OFFERING CIRCULAR

per pro SFM Directors Ltd as Director 29/09/03

£394,198,330*

Iolaus (European Loan Conduit No. 15) plc

(incorporated with limited liability in England and Wales)

Commercial Mortgage Backed Floating Rate Notes due 2012

*Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the £133,930,000 Class A1 Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A1 Notes**"), the U.S.$111,200,000 Class A2 Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), the £78,220,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), the £9,500,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), the £30,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class D Notes**"), the £31,750,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class E Notes**"), the £15,750,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class F Notes**"), the £10,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class G Notes**"), the £15,858,000 Class H Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class H Notes**") and the £2,000,000 Class I Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class I 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, the Class G Notes and the Class H Notes, the "**Notes**") of Iolaus (European Loan Conduit No. 15) plc (the "**Issuer**") to be admitted to the Official List of the Irish Stock Exchange. A copy of this offering circular (this "**Offering Circular**"), which comprises approved listing particulars with regard to the Issuer and the Notes in accordance with requirements of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the "**Regulations**"), has been delivered to the Registrar of Companies in Ireland in accordance with the Regulations.*

*Interest on the Notes will be payable quarterly in arrear in pounds sterling (or, in the case of the Class A2 Notes, in U.S. 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 25th October, 2003. 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 A2 Notes, three-month U.S. dollar deposits) (save, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for two-week and one-month sterling or U.S. 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 Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes, Class H Notes and Class I Notes are expected on issue to be assigned the 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 the Rating Agencies only address the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the relevant Maturity Date and do not address the likelihood of receipt by any Noteholder of principal prior to the relevant Maturity Date.*

	Expected Ratings								
Class	Fitch	Moody's[1]	S&P	Initial Principal Amount	Margin over LIBOR[2]	Estimated Average Life	Expected Final Interest Payment Date	Maturity Date	Issue Price[3]
A1	AAA	Aaa	AAA	£133,930,000	0.45 per cent.	4.7 years	25th July, 2009	25th April, 2012	100%
A2	AAA	Aaa	AAA	U.S.$111,200,000	0.38 per cent.	4.7 years	25th July, 2009	25th April, 2012	100%
B	AAA	Aaa	AAA	£78,220,000	0.55 per cent.	5.9 years	25th January, 2010	25th April, 2012	100%
C	AAA	Aa2	AAA	£9,500,000	0.70 per cent.	6.1 years	25th April, 2010	25th April, 2012	100%
D	AA	Aa2	AA	£30,000,000	0.85 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%
E	A	A2	A	£31,750,000	1.10 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%
F	BBB	Baa2	BBB	£15,750,000	2.25 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%
G	BBB	-	BBB	£10,000,000	2.50 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%
H	BB	-	BB	£15,858,000	2.35 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%
I	BB-	-	BB	£2,000,000	2.35 per cent.	6.2 years	25th April, 2010	25th April, 2012	100%

(1) The Class G Notes, the Class H Notes and the Class I Notes are not being rated by Moody's.

(2) Interest on the Class H Notes and the Class I Notes is limited, in accordance with Condition 5(i), to an amount equal to the lesser of (a) the Interest Amount in respect of such class of Notes for that Interest Payment Date, and (b)(i) the Available Interest Receipts in respect of the relevant Interest Payment Date minus (ii) the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on such class of Notes.

(3) Plus accrued interest, if any.

*The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Morgan Stanley Dean Witter Bank Limited ("**MSDW Bank**") or any affiliate of MSDW Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, the Depository, the Exchange 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 Notes.*

*The Notes will be issued simultaneously on the Closing Date. All Notes will be secured by the same security, subject to the priority described herein. The Class A1 Notes and the Class A2 Notes will rank pari passu and without priority among themselves. The Notes of each other 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 April, 2012 (the "**Maturity Date**"), the Notes will be subject to mandatory redemption in certain circumstances. For further information, see "Terms and Conditions of the Notes – Redemption and Cancellation".*

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

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

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

*The Notes are expected to settle in book-entry form through the facilities of DTC, Euroclear and Clearstream, Luxembourg (each as defined herein) on or about 29th September, 2003 (the "**Closing Date**") against payments therefor in immediately available funds. The Class H Notes and the Class I Notes are expected to trade in the Private Offerings, Resales and Trading through Automatic Linkages Market, also known as the PORTAL Market.*

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

**Approximately, calculated using an exchange rate of £1= U.S.$1.655*

MORGAN STANLEY

ABN AMRO **Dexia Capital Markets**

The date of this Offering Circular is 29th September, 2003

IMPORTANT NOTICE

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

The Rule 144A Global Notes and the Reg S Global Notes will be deposited with or to the order of HSBC Bank USA, as book-entry depository (the "**Depository**") pursuant to a depository agreement among the Issuer, the Depository and the Trustee (the "**Depository Agreement**"). The Depository will, for each class of Notes (a) register a certificateless depository interest in respect of one of the Rule 144A Global Notes in the name of The Depository Trust Company ("**DTC**") or its nominee, (b) issue a certificated depository interest in respect of the other Rule 144A Global Note to HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee on behalf of HSBC Bank plc (the "**Common Depositary**") as common depositary for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), and (c) issue a certificated depository interest in respect of the Reg S Global Note to the Common Depositary (each certificateless depository interest and certificated depository interest, a "**CDI**"). The Depository, acting as agent of the Issuer, will maintain a book-entry system in which it will register DTC (or a nominee of DTC) as the owner of the certificateless depository interests in respect of the Rule 144A Global Note held by DTC or its nominee and the Common Depositary (or a nominee of the Common Depositary) as the owner of the certificated depository interests held by the Common Depositary (or a nominee of the Common Depositary). Transfer of all or any portion of the interests in the Rule 144A Global Notes or the Reg S Global Notes may be made only through the book-entry system maintained by the Depository. Each of DTC, Euroclear and Clearstream, Luxembourg will record the beneficial interests in the CDIs attributable to the relevant Global Notes ("**Book-Entry Interests**"). Book-Entry Interests in the CDIs will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear or Clearstream, Luxembourg, and their respective participants. Prior to the 40th day after the Closing Date, beneficial interests in the Reg S Global Notes may be held only through Euroclear or Clearstream, Luxembourg. No person who owns a Book-Entry Interest will be entitled to receive a Note in definitive form (a "**Definitive Note**") unless Definitive Notes are issued in the limited circumstances described in "Terms and Conditions of the Notes – Definitive Notes" at page 110. Definitive Notes will be issued in registered form only. For further information, see also "Description of the Notes and the Depository Agreement" at page 104.

Holders of beneficial interests in the Rule 144A Global Notes (other than the Rule 144A Global Notes representing the Class A2 Notes) who hold such interests directly with DTC or through its participants and who wish payments to be made to them in pounds sterling outside DTC must give advance notice thereof to DTC in accordance with the rules and procedures of DTC prior to each Interest Payment Date. If such instructions are not given, pounds sterling payments on such Rule 144A Global Notes will be exchanged for dollars by the Exchange Agent (as defined herein) prior to their receipt by DTC and the affected holders will receive dollars on the relevant Interest Payment Date. For further information, see "Description of the Notes and the Depository Agreement – Payments on Global Notes" at page 105.

The Issuer accepts responsibility for all information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. In addition to the Issuer, Eversmann Investments Limited (a company incorporated in Gibraltar) (the "**First Principal Borrower**") accepts responsibility for all information relating to it in "Appendix 1 – The First Principal Borrower" at page 161, Property Investment Holdings Limited (a company incorporated in Gibraltar) (the "**Second Principal Borrower**" and, together with the First Principal Borrower, the "**Principal Borrowers**") accepts responsibility for all information relating to it in "Appendix 2 – The Second Principal Borrower" at page 164 and Premier Self Storage Properties Limited and Access Storage Solutions Limited each accept responsibility for all information relating to them in "The Loans and the Related Security – The Access Loan" at page 63.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, MSDW Bank, the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, the Depository, the Exchange Agent or the Operating Bank. Neither the delivery of this

Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been no change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

Other than the approval by the Irish Stock Exchange of this Offering Circular as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Circular to the Registrar of Companies in Ireland for registration in accordance with the Regulations, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of, the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see "Notice to U.S. Investors", "Subscription and Sale" and "Transfer Restrictions" below, at page 155 and at page 157 respectively.

NOTICE TO U.S. INVESTORS

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgments that are described in this Offering Circular under "Transfer Restrictions" at page 157.

The Notes have not been and will not be registered under the Securities Act and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of certain further restrictions on resale or transfer of the Notes, see "Description of the Notes and the Depository Agreement" and "Transfer Restrictions" at page 104 and page 157 respectively.

AVAILABLE INFORMATION

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

ENFORCEABILITY OF JUDGMENTS

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A

TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FORWARD-LOOKING STATEMENTS

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

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

In connection with this issue, Morgan Stanley & Co. International Limited or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on Morgan Stanley & Co. International Limited or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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SUMMARY

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

Transaction Overview

On the Closing Date the Issuer will issue the Notes and with the proceeds of such issuance will acquire from MSDW Bank, 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 MSDW Bank's interests as beneficiary of the Security Trusts created over the various security interests granted in respect of those loans (together, the "**Loan Pool**"). The Loan Pool will consist of 11 loans (each a "**Loan**" and together the "**Loans**"). Save with respect to two of the Loans, the Loans are made to different borrowers and, as at 11th July, 2003 (the "**Cut-Off Date**"), the Loans had an outstanding aggregate principal amount of £396,358,555. All of the Loans provide for the relevant borrowers (each a "**Borrower**" and together, the "**Borrowers**") to pay a fixed rate of interest and are governed by English law. Further, all of the Loans are denominated in sterling, are full recourse obligations of the relevant Borrowers and are secured by, among other things, first ranking legal mortgages, a first ranking standard security or a first ranking Jersey law fixed charge (*hypothèque judiciaire*) over commercial properties situated in England and Wales, Scotland and Jersey, as the case may be, granted by the relevant Borrowers or, in the case of certain Loans, entities related to the relevant Borrowers (each a "**Mortgagor**" and together, the "**Mortgagors**"). There are a total of 48 properties constituting security for the Loans (each a "**Property**" and together the "**Properties**"). Two of the Loans, which are made to the same Borrower, are fully cross-collateralised.

The Properties are all substantially occupied by tenants under occupational leases, who make periodic rental payments in respect of the Properties. The terms of the credit agreements relating to the Loans (each a "**Credit Agreement**" and together, the "**Credit Agreements**") require, with one exception, that each of the Borrowers or Mortgagors establish an account (each a "**Rent Account**") into which net rents payable by the tenants occupying the relevant Property or Properties are to be paid.

In the case of the Loan to Premier Self Storage Properties Limited (the "**Access Loan**"), the Properties which constitute security therefor are substantially occupied by licensees and are used for storage, car parking or office purposes, as part of the businesses operated from such Properties by Access Storage Solutions Limited (the "**Operator**"), an affiliated company of the relevant Borrower. The Operator is obliged to collect all income from the relevant Properties and has agreed to make, under the terms of an operating agreement with the relevant Borrower (the "**Operating Agreement**"), monthly payments to an account in the name of the Borrower (the "**Receipts Account**") which, in the case of the Access Loan, serves the same purpose as the Rent Account in respect of the other Loans. For further information on the Access Loan and the Operating Agreement relating to the businesses undertaken from the relevant Properties, see "The Loans and the Related Security – The Access Loan" at page 63.

Following the acquisition of the Loans by the Issuer pursuant to the Loan Sale Agreement, on or shortly after each payment date under the Credit Agreements (each a "**Loan Payment Date**") the Security Trustee, on the basis of information provided by the Servicer, will, to the extent it is possible to do so (i.e. provided funds are available for such purpose), transfer from each Rent Account (or, in the case of the Access Loan, the Receipts 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 Credit Agreement. On each interest payment date under the Notes, the Cash Manager will, also on the basis of information provided by the Servicer, identify the source of the funds standing to the credit of the Transaction Account and will, after payment of those obligations of the Issuer having a higher priority, apply such funds in payment of, among other things, interest due on the Notes and, where applicable, in repayment of principal. Thus, payments of interest on, and repayments of principal of, the Notes are made substantially, though not exclusively, from the payments received by the Issuer in respect of the 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 the Loans whilst the Issuer is required to pay floating rates of interest on the Notes, the Issuer will enter into interest rate swap transactions with the Interest Rate Swap Provider whose obligations under such interest rate swap transactions will be guaranteed by the Interest Rate Swap Guarantor.

In addition, the Issuer will be protected against exchange rate risk arising as a result of the Class A2 Notes being denominated in U.S. dollars whilst the Loans are denominated in sterling by entering into exchange rate swap transactions with the FX Swap Provider.

In the event of the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor falling 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 Interest Rate Swap Guarantor falling below "A1" by Moody's, 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. 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.

Upon the rating of the short-term, unsecured, unsubordinated debt obligations of the FX Swap Provider falling 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 falling below "A1" by Moody's, the FX Swap Provider may be required to transfer collateral to an account in the name of the Issuer in support of the obligations of the FX Swap Provider. 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 about the Closing Date.

The obligations of the Issuer to the Noteholders in respect of the Notes 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 or, to the extent applicable, the laws of Scotland, Jersey or Guernsey. The Issuer will create, pursuant to the Deed of Charge and Assignment, among other things, (a) an assignment by way of security of the Loans and the Issuer's rights under the Credit Agreements, (b) an assignment by way of security of the Issuer's beneficial interests in the 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 and Scotland (other than undertakings and assets situated in Jersey or Guernsey, to which a floating charge will not apply), save to the extent that such assets are otherwise secured by way of effective fixed security but extending over all the Issuer's undertaking and assets in Scotland, or otherwise governed by the laws of Scotland.

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.

The Parties

The major transaction parties are as follows:

Issuer	Iolaus (European Loan Conduit No. 15) plc, a public company incorporated in England and Wales with limited liability under registration number 4710866.
Originator	Morgan Stanley Dean Witter Bank Limited, a company incorporated in England and Wales with limited liability under registration number 3722571, whose principal offices are located at 25 Cabot Square, Canary Wharf, London E14 4QA.
Security Trustee	Morgan Stanley Mortgage Servicing Limited, ("**MSMS**" and in such capacity, the "**Security Trustee**"), a company incorporated in England and Wales with limited liability under registration number 3411668 whose principal offices are located at 25 Cabot Square, Canary Wharf, London E14 4QA, and which holds all the Related Security granted by each Borrower or Mortgagor, as the case may be, in respect of each Loan on trust (each such trust a "**Security Trust**" and, together, the "**Security Trusts**"), as security for the obligations of that Borrower in respect of that Loan. The beneficiaries of the Security Trusts, prior to the sale pursuant to the Loan Sale Agreement, are MSDW Bank and the Security Trustee, and the Security Trusts enure to the benefit of their respective successors and assigns.

Trustee	HSBC Bank USA, (the "**Trustee**") will act as trustee for (a) the holders of the Notes pursuant to a trust deed (the "**Trust Deed**") between the Trustee and the Issuer, to be entered into on or prior to the Closing Date, and (b) the Secured Parties pursuant to the Deed of Charge and Assignment.
Servicer	MSMS will, pursuant to a servicing agreement (the "**Servicing Agreement**") to be entered into on or prior to the Closing Date between the Servicer, the Trustee, the Issuer, the Security Trustee and the Special Servicer, act as servicer (in such capacity, the "**Servicer**") in respect of the Loans and the Related Security.
Special Servicer	In certain circumstances relating to the default by, or the occurrence of insolvency-related events in relation to, a Borrower, as further described in "Servicing - Appointment of the Special Servicer and Operating Adviser" at page 81, the servicing of a Loan and its Related Security will be transferred to a "**Special Servicer**". MSMS has agreed in the Servicing Agreement to act as the initial Special Servicer. If servicing of a Loan is transferred to the Special Servicer, the Special Servicer will become responsible for servicing and administering the relevant Loan and its Related Security in substitution of the Servicer, save in certain limited respects. The Controlling Party from time to time will be entitled to require the Trustee to terminate the appointment of a person as Special Servicer and to direct the Trustee to appoint a replacement which is acceptable to the Controlling Party. The consent of the Special Servicer will be required prior to the exercise by the Servicer of certain discretions by the Servicer on behalf of the Issuer, the Security Trustee or the Trustee.
Interest Rate Swap Guarantor	Morgan Stanley, whose principal office is located at 1585 Broadway, New York, New York 10036, (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 and the Interest Rate Swap Transactions.
Interest Rate Swap Provider and the Interest Rate Swap Agreement	Morgan Stanley Capital Services Inc., whose principal office is located at 1585 Broadway, New York, New York 10036, (the "**Interest Rate Swap Provider**") will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) dated on or prior to the Closing Date (the "**Interest Rate Swap Agreement**") with the Issuer. The Issuer and the Interest Rate Swap Provider will, on or prior to the Closing Date, enter into interest rate swap confirmations evidencing the terms of interest rate swap transactions (the "**Interest Rate Swap Transactions**") to be entered into pursuant to the Interest Rate Swap Agreement in order to protect the Issuer against interest rate risk arising as a result of the Borrowers paying a fixed rate of interest on the Loans whilst the Issuer is required to pay floating rates of interest on the Notes. For further information, see "Credit Structure – The Interest Rate Swap Agreement" at page 98. In the event of the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor falling 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 Interest Rate Swap Guarantor falling below "A1" by Moody's, and subject to the provisions of the Interest Rate Swap Agreement, the Interest Rate Swap Provider may be required to make transfers to the Issuer of collateral in support of its obligations under

the Interest Rate Swap Agreement, pursuant to the terms of a 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**"). For further information in respect of the Interest Rate Swap Agreement, the Interest Rate Swap Transactions and the Interest Rate Swap Agreement Credit Support Document, see "Credit Structure – Interest Rate Swap Agreement" and "Credit Structure – Interest Rate Swap Agreement Credit Support Document" at pages 98 and 99, respectively.

FX Swap Provider and the FX Swap Agreement..... JPMorgan Chase Bank (the "**FX Swap Provider**" and, together with the Interest Rate Swap Provider, the "**Swap Providers**"), whose principal office is located at 270 Park Avenue, New York, New York 10260, will enter into an exchange rate swap agreement in the form of an International Swaps and Derivatives Association Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) dated on or prior to the Closing Date (the "**FX Swap Agreement**" and, together with the Interest Rate Swap Agreement, the "**Swap Agreements**") with the Issuer. The Issuer and the FX Swap Provider will, on or prior to the Closing Date, enter into exchange rate swap confirmations evidencing the terms of exchange rate swap transactions relating to the Class A2 Notes (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 in order to protect the Issuer against the risk of movements in foreign exchange rates given that the Class A2 Notes will be denominated in U.S. dollars and the Loans are denominated in sterling. In the event of the rating of the short-term, unsecured, unsubordinated debt obligations of the FX Swap Provider falling 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 falling below "A1" by Moody's, and subject to the provisions of the FX Swap Agreement, the FX Swap Provider may be required to make transfers of collateral in support of its obligations under the FX Swap Agreement pursuant to the terms of a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into on or about the Closing Date between the Issuer and the FX Swap Provider (the "**FX Swap Agreement Credit Support Document**" and, together with the Interest Rate Swap Agreement Credit Support Document, the "**Swap Agreement Credit Support Documents**"). For further information in respect of the FX Swap Agreement, the FX Swap Transaction and the FX Swap Agreement Credit Support Document, see "Credit Structure – FX Swap Agreement" and "Credit Structure – FX Swap Agreement Credit Support Document" at pages 100 and 102, respectively. For information in relation to early termination of the FX Swap Agreement, see "Credit Structure – The FX Swap Agreement" at page 100.

Liquidity Facility Provider and Liquidity Facility Agreement..... Barclays Bank PLC, acting through its branch located at 54 Lombard Street, London EC3V 9EX, will act as the liquidity facility provider (the "**Liquidity Facility Provider**") under a liquidity facility agreement (the "**Liquidity Facility Agreement**") with an initial maximum aggregate principal amount of £32,000,000 (such amount being subject to reduction in certain specified circumstances), to be entered into on or prior to the Closing Date between the Liquidity Facility Provider, the Issuer and the Trustee.

The Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the

amount of interest and principal received from Borrowers in respect of any of the Loans ("**Interest Drawings**" and "**Principal Drawings**", respectively), as well as shortfalls in the amounts required to pay interest that has accrued on outstanding drawings under the Liquidity Facility Agreement ("**Accrued Interest Drawings**"). In addition, drawings under the Liquidity Facility Agreement will be available to fund shortfalls in Revenue Priority Amounts payable to a third party other than MSDW Bank, the Servicer or the Special Servicer ("**Expenses Drawings**").

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

For a more detailed description of the Liquidity Facility, see "Credit Structure – Liquidity Facility" at page 94.

The remaining transaction parties are as follows:

Corporate Services Provider..... SFM Corporate Services Limited (in such capacity, the "**Corporate Services Provider**") will, pursuant to a corporate services agreement between the Corporate Services Provider, the Issuer and the Trustee (the "**Corporate Services Agreement**"), provide certain administrative services to the Issuer.

Depository and Registrar..... HSBC Bank USA (in such capacities, the "**Depository**" and the "**Registrar**", respectively).

Operating Bank..... HSBC Bank plc (in such capacity, the "**Operating Bank**").

Principal Paying Agent, Cash Manager, Agent Bank and Exchange Agent..... HSBC Bank plc (in such capacities, the "**Principal Paying Agent**", the "**Cash Manager**", the "**Agent Bank**" and the "**Exchange Agent**", respectively).

Share Trustee..... SFM Corporate Services Limited (in such capacity, the "**Share Trustee**") will, pursuant to the charitable declaration of trust constituting the "European Loan Conduit No. 15 Securitisation Trust" (the "**Declaration of Trust**"), provide certain services as trustee of that trust (the "**Share Trust**").

Sub-Paying Agent ..... HSBC Global Investor Services (Ireland) Limited (in such capacity, the "**Sub-Paying Agent**" and together with the Principal Paying Agent and any other paying agents that may be appointed pursuant to the Agency Agreement, the "**Paying Agents**").

The Loans

Loan Pool..... All the Loans are full recourse obligations of the relevant Borrowers and are secured by, among other things, first ranking mortgages, a first ranking standard security or a first ranking *hypothèque judiciaire* on commercial properties situated in England and Wales, Scotland and Jersey, as the case may be, of which 69.0 per cent. are office properties, 9.9 per cent. are retail properties, 9.5 per cent. are warehouse properties, 7.8 per cent. are self-storage properties and 3.7 per cent. are industrial properties, in each case by property value (calculated by reference to the relevant Condition Precedent Valuations). There are 48 Properties in total. On the basis of the Condition Precedent Valuations, the weighted average loan to value ratio ("**LTV**") of the Loans as at the Cut-Off Date is 81.4 per cent.

All of the Loans were originated by MSDW Bank between August 2002 and April 2003. At the time of their origination, the Loans complied, in all material respects, with the lending criteria described in "The Loans and the Related Security" at page 54 as applied by MSDW Bank (the "**Lending Criteria**"), subject to such variations or waivers as would have been acceptable to a reasonably prudent lender of money secured on commercial real property or to such material variations or waivers as are described in "The Loans and the Related Security" at page 54.

The following is a summary of certain characteristics of the Loan Pool as at the Cut-Off Date:

Minimum Cut-Off Date Balance	£3,529,451
Maximum Cut-Off Date Balance	£161,545,061
Average Cut-Off Date Balance	£36,032,596
Minimum Mortgage Rate	5.74%
Maximum Mortgage Rate	7.31%
Weighted Average Mortgage Rate	6.14%
Minimum Cut-Off Date ICR	130%
Maximum Cut-Off Date ICR	246%
Weighted Average Cut-Off Date ICR	156%
Minimum Cut-Off Date Debt Service Coverage Ratio	100%
Maximum Cut-Off Date Debt Service Coverage Ratio	246%
Weighted Average Cut-Off Date Debt Service Coverage Ratio	118%
Minimum Cut-Off Date LTV	60.2%
Maximum Cut-Off Date LTV	86.5%
Weighted Average Cut-Off Date LTV	81.4%
Minimum Balloon LTV	60.2%
Maximum Balloon LTV	76.8%
Weighted Average Balloon LTV	70.5%

For further information about the Loan Pool, see "The Loan Pool" at page 71.

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

Payments on the Loans ..... As at the Cut-Off Date, no payment had been made under one of the Loans, one payment had been made under three of the Loans, two payments had been made under six of the Loans and three payments had been made under one of the Loans since the origination of the same. All of the Loans were current as at the Cut-Off Date. The Loans are repayable at their respective final maturity dates, subject to prepayment. Two of the Loans, accounting for 8.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date, are "interest only" loans.

All of the Loans are prepayable by the relevant Borrower, in whole or in part, on any Loan Payment Date subject, in all cases, to a

prepayment fee dependent upon the amount of time left unexpired until the final maturity date. In certain cases no prepayment fee will be payable, principally where the term of the relevant Loan left unexpired is relatively short. In the case of one of the Loans, no prepayment fee is payable in respect of the first £2,500,000 of the principal amount of the Loan which is prepaid. In the case of another of the Loans, no prepayment fee is payable in relation to the first £1,750,000 of the principal amount of the Loan which is prepaid, provided the prepayment is made prior to 15th October, 2003.

Representations and Warranties ..... The Loan Sale Agreement contains certain warranties given by MSDW Bank in respect of the Loans and the Related Security, which are summarised in "The Loans and the Related Security – The Loan Sale Agreement - Representations and Warranties" at page 66. If there is a material breach of any such warranty by MSDW Bank, with respect to any Loan or its Related Security, which breach (if capable of remedy) has not been remedied within the time specified in the Loan Sale Agreement, MSDW Bank will be required, under the terms of the Loan Sale Agreement (should the Issuer choose to exercise this right), to repurchase the relevant Loan together with the beneficial interest in the related Security Trust. The consideration for such repurchase shall be the principal amount then outstanding of the relevant Loan together with an amount in respect of interest, including accrued and unpaid interest. Any such repurchase would result in redemption of the Notes in accordance with Condition 6*(b)* at page 123.

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

Two of the Loans, totalling 6.4 per cent. in aggregate of the principal outstanding of the Loan Pool as of the Cut-Off Date, are made to the same Borrower and are cross-collateralised. In the case of all other Loans, however, there is no cross-collateralisation.

In some circumstances, the Borrower and the Mortgagor will be the same legal entity granting security for the applicable Loan. In other cases, the Borrower and Mortgagor will not be the same legal entity but the Mortgagor will be the owner of the relevant Property or Properties and an affiliate of the Borrower.

Security for each 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 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**"), though each Loan has its own related security package.

In the case of the Properties situated outside England or Wales, the equivalent of first ranking fixed charges under the law of the country where such Properties are situated have also been granted in favour of the Security Trustee. All such charges, together with the

Debentures, Subordination Agreements, Duty of Care Agreements, Share Charges and/or any other security (including the beneficial interests in the Security Trusts to be acquired on the Closing Date by the Issuer pursuant to the Loan Sale Agreement) are referred to herein 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 Credit 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 Credit Agreement that would require the Issuer to make a further advance to any Borrower.

Insurance ..... Each 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 MSDW Bank. MSMS's interest in its capacity as Security Trustee has been noted or is in the course of being noted on such policy or its interest is included in the relevant policy under a "general interest noted" provision and any such interest will be held by MSMS on trust for the Issuer pursuant to the terms of the Security Trusts.

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 Loans – Insurance" at page 33 and "The Loans and the Related Security – The Loan Pool – Terms of the Loans – Insurance" at page 60. For further information relating to the Servicer's responsibilities regarding the maintenance of insurance, see "Servicing – Insurance" at page 83.

Operation of Business ..... In relation to the Properties constituting security for the Access Loan, a storage business and certain other businesses are being undertaken at those Properties by the Operator. Those businesses are being carried on pursuant to the Operating Agreement between the Operator and the relevant Borrower. Amounts available to repay the Access Loan are dependent on the revenues generated by those businesses. For further information about the Access Loan, see "The Loans and the Related Security – The Access Loan" at page 63.

The Notes

Status and Form ..... The Notes will be constituted by the Trust Deed. The Class A1 Notes and the Class A2 Notes will rank *pari passu* without any preference or priority among themselves. The Notes of each other class will rank *pari passu* without any preference or priority over other Notes of the same class.

The Notes will all share the same security. However, in the event of the security granted in respect of the Notes being enforced, the Class A Notes will rank higher in priority to the Class B Notes, the Class B Notes will rank higher in priority to the Class C Notes, the Class C Notes will rank higher in priority to the Class D Notes, the Class D Notes will rank higher in priority to the Class E Notes, the Class E Notes will rank higher in priority to the Class F Notes, the Class F Notes will rank higher in priority to the Class G Notes, the Class G Notes will rank higher in priority to the Class H Notes and the Class H Notes will rank higher in priority to the Class I Notes.

Definitive Notes will be issued in registered form only in certain limited circumstances (for further information, see "Terms and Conditions of the Notes – Definitive Notes" at page 112 and

"Description of the Notes and the Depository Agreement" at page 104). So long as the Notes are held by the Depository in global form, the Depository will be deemed for all purposes to be the owner of the Notes and will be entitled to receive all principal, premium (if any), interest and other amounts payable in respect of the Notes. However, for the purposes of forming a quorum for meetings of Noteholders, the Depository will be deemed to constitute two persons.

The Trust Deed contains provisions requiring the Trustee 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 the holders of the Class I Notes (the "**Class I 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**"). However, where there is, in the Trustee's opinion, a conflict between the interests of one or more classes of Noteholders, the Trustee will be required to have regard only to the interests of the holders of the most senior class of Notes then outstanding.

Certain Noteholders are restricted in their ability to pass Extraordinary Resolutions. For further information, see Condition 3(*A*)*(d)* and Condition 12 at page 115 and page 136 respectively.

Limited Recourse ..... The Notes are limited recourse obligations of the Issuer only and, accordingly, any claims which Noteholders may have against the Issuer will be limited to the Issuer Security. The proceeds of realisation of the Issuer Security may, after paying or providing for all prior-ranking claims, be less than the sums due to Noteholders or certain of the Noteholders. For further information, see "Security for the Notes" at page 27. Under such circumstances, any claims of Noteholders which remain unsatisfied after the proceeds of the Issuer Security have been realised and applied will cease to be payable.

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 pounds sterling or, in the case of the Class A2 Notes, in U.S. 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 the Interest Payment Date falling in October 2003.

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

A2 Notes, three-month U.S. dollar deposits) (save in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for two-week and one-month sterling or U.S. 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	*0.45 per cent. per annum*
A2	*0.38 per cent. per annum*
B	*0.55 per cent. per annum*
C	*0.70 per cent. per annum*
D	*0.85 per cent. per annum*
E	*1.10 per cent. per annum*
F	*2.25 per cent. per annum*
G	*2.50 per cent. per annum*
H	*2.35 per cent. per annum*
I	*2.35 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 A2 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 10 at page 132) which may in turn result in the Trustee enforcing the Issuer Security. To the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the more senior-ranking class or classes of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid 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. In particular, the Issuer's obligation to pay interest in respect of the Class H Notes and the Class I Notes is limited, on each Interest Payment Date, to an amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5*(d)* at page 121) in respect of such class of Notes for that Interest Payment Date, and (b) the Adjusted Interest Amount (as defined in Condition 5*(i)* at page 122).

Principal Amount Outstanding ..... The "**Principal Amount Outstanding**" of a Note on any date will, as described in greater detail in Condition 6*(e)* at page 128, be its face amount less the sum of (a) the aggregate amount of principal repayments that have been paid in respect of that Note since the Closing Date, and (b) an amount equal to the sum of Applicable Principal Losses applied to that Note.

Principal Final Redemption..... Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in April, 2012 (the "**Maturity Date**").

Mandatory Redemption in Part ..... Unless a Note Enforcement Notice has been served, the Notes will be subject to mandatory redemption in part in the manner described in "Available Funds and their Priority of Application – Payments out of

the Transaction Account prior to Enforcement of the Notes – Available Principal" at page 23, including upon the Special Servicer or the Servicer exercising its right to purchase Loans in certain limited circumstances pursuant to the Servicing Agreement. Either party to the Interest Rate Swap Agreement may require that its obligations and those of its counter party in respect of the relevant Interest Rate Swap Transaction terminate proportionally in the event that the 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 counter party. For further information, see Condition 6*(b)* at page 123.

Mandatory Redemption in Full ..... The Notes will be subject to mandatory redemption in full in the following circumstances:

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

(b) if a Tax Event occurs under the Interest Rate Swap Agreement and (i) the Issuer cannot avoid such 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 Tax Event, and (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),

provided further that, in either case, the Issuer has certified to the 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 Enforcement of the Notes" at page 19, 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 the Trustee and all the Noteholders of such lowest class of Notes to the redemption of such Notes at such lower amount. For further information, see Conditions 6*(c)* and 6*(d)* at page 123 and page 126 respectively.

Ratings ..... The Notes 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
B	AAA	Aaa	AAA
C	AAA	Aa2	AAA
D	AA	Aa2	AA
E	A	A2	A
F	BBB	Baa2	BBB
G	BBB	-	BBB
H	BB	-	BB
I	BB-	-	BB

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

The ratings of the Notes are dependent upon, among other things, the short-term, unsecured, unsubordinated debt ratings of the Liquidity Facility Provider and the Interest Rate Swap Guarantor and, in the case of the Class A2 Notes, 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 Notes.

Sales Restrictions..... The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities law and unless so registered may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and the applicable state 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), 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 157.

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

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

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

Available Funds and their Priority of Application

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

Funds paid into the Transaction Account..... On or shortly after each Loan Payment Date, the Security Trustee, on the basis of information provided by the Servicer, will transfer from each Borrower's Rent Account or, in the case of the Access Loan, the Receipts Account, to the Transaction Account an amount in respect of interest, principal, fees and other amounts then due and payable in respect of the Loans. Amounts standing to the credit of the Transaction Account from time to time are referable to, among other things, the following sources:

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

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

(c) "***Prepayment Redemption Funds***", comprising all payments in respect of principal (excluding any Prepayment Fees) received as a result of (i) any prepayment in part or in full of a Loan (including upon the receipt of insurance proceeds not applied in reinstating the relevant Property prior to the final maturity of the relevant Loan), (ii) the repurchase of a Loan by MSDW Bank pursuant to the Loan Sale Agreement, or (iii) the purchase of a Loan by the Servicer pursuant to the Servicing Agreement;

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

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

(f) "***Prepayment Fees***", comprising all fees and costs (except for breakage costs, if any) received as a result of any prepayment in part or in full of a Loan, including any such fees arising from a prepayment following the enforcement of a Loan or the Related Security;

(g) "***Interest Rate Swap Breakage Receipts***", comprising all amounts paid to the Issuer under the Interest Rate Swap Agreement as a result of the termination thereof;

(h) "***FX Swap Breakage Receipts***", comprising all amounts paid to the Issuer under the FX Swap Agreement as a result of the termination thereof; and

(i) "***Post Write-off Recovery Funds***", comprising all amounts of principal received by the Servicer or Special Servicer on behalf of the Issuer in respect of a Loan following the write-off of such amounts by the Servicer or the Special Servicer on the completion of the Enforcement Procedures in relation to such Loan.

For the avoidance of doubt, Prepayment Fees will not be included in the calculation of Borrower Interest Receipts at any time. Prepayment Fees received during any Collection Period (collectively, the "**Prepayment Amount**" in respect of that Collection Period) will be paid to MSDW Bank (or, in the event that the right to such amounts has been assigned to a third party, to the person then entitled to them) on the immediately following Interest Payment Date as a component of the Deferred Consideration then payable.

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 Enforcement of the Notes

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

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

(ii) out of Borrower Interest Receipts, when due, any amount of interest payable by the Issuer to MSDW Bank or to the Special Servicer or the Servicer, under the circumstances described in the paragraph immediately following (iii) below (such amounts, together with any amounts described in paragraph (i), being "**Revenue Priority Amounts**"); and

(iii) out of Borrower Principal Receipts, when due, any amount of principal payable by the Issuer to MSDW Bank or to the Servicer ("**Principal Priority Amounts**") under the circumstances described in the immediately following paragraph.

Revenue Priority Amounts and/or Principal Priority Amounts payable to MSDW Bank will occur where there has been a material breach of warranty under the Loan Sale Agreement and MSDW Bank has repurchased the relevant Loan. Revenue Priority Amounts and/or Principal Priority Amounts payable to the Special Servicer or the Servicer will occur where the Special Servicer or the Servicer, as the case may be, has purchased the Loan pursuant to the Servicing Agreement. Revenue Priority Amounts (as described in paragraph (ii) above) and Principal Priority Amounts (as described in paragraph (iii) above) are any moneys received by or on behalf of the Issuer following the repurchase or purchase of the Loan, as the case may be, which do not belong to the Issuer, and notwithstanding that the Security Trustee will hold the relevant Related Security on trust for MSDW Bank following the repurchase of the Loan by MSDW Bank, or for the Special Servicer or the Servicer following the purchase of the Loan by the Special Servicer or the Servicer, as the case may be. The funds received by the Issuer on the repurchase of a Loan by MSDW Bank or the purchase of a Loan by the Special Servicer or the Servicer will, for the avoidance of doubt, be classified as Prepayment Redemption Funds and will be applied by the Issuer to redeem the Notes in accordance with Condition 6*(b)* at page 123. Consequent upon such a repurchase or purchase of a Loan, as the case may be, either the Issuer or the Interest Rate Swap Provider may require that their respective obligations under the Interest Rate Swap Agreement terminate proportionally so as to reflect such repurchase or purchase. Upon such termination, either the Issuer or the Interest Rate Swap Provider may be required, subject to the circumstances then prevailing, to make a termination payment to the other.

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

(b) ***Available Interest Receipts*** ..... Subject as provided below, on each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer or the Interest Rate Swap Provider, as the case may be, will make any relevant payment then due and payable pursuant to the Interest Rate Swap Agreement. Then, on each such Interest Payment Date, (i) all Borrower Interest Receipts transferred at the direction of the Servicer into the Transaction Account during the Collection Period ended immediately preceding such Interest Payment Date (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the amounts referred to in "Priority Amounts" above or applied to make any relevant payment pursuant to the Interest Rate Swap Agreement on such date); (ii) any payments received by the Issuer under the Interest Rate Swap Agreement or the Interest Rate Swap Guarantee, including any Interest Rate Swap Breakage Receipts which comprise (x) any Interest Rate Swap Breakage Receipts paid to the Issuer following an early termination

of the Interest Rate Swap Agreement where the Interest Rate Swap Provider was the Defaulting Party (as defined in the Interest Rate Swap Agreement) or (y) any Interest Rate Swap Breakage Receipts paid to the Issuer following any default under a Loan, provided that Available Interest Receipts shall not include amounts received by the Issuer in respect of (A) any amounts provided by the Interest Rate Swap Provider by way of collateral pursuant to the Interest Rate Swap Agreement Credit Support Document and (B) any other Interest Rate Swap Breakage Receipts which do not comprise those amounts described at (x) or (y) above; (iii) an amount equal to Principal Recovery Funds to be applied towards the payment of the Liquidation Fee, if any, payable on such Interest Payment Date; (iv) the proceeds of any Interest Drawing or Accrued Interest Drawing made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date; and (v) any interest accrued upon and paid to the Issuer on the Issuer's Accounts and the Stand-by Account, (such amounts being, collectively, the "**Available Interest Receipts**", in respect of such Interest Payment Date and as determined by the Cash Manager on the basis of, among other things, information provided by the Servicer) will be applied in the following order of priority (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in or towards payment or discharge of any amounts due and payable by the Issuer on such Interest Payment Date to (A) the Trustee, the Security Trustee and any receiver appointed by or on behalf of the Trustee pursuant to the Deed of Charge and Assignment or any receiver appointed by or on behalf of the Security Trustee in respect of a Loan or its Related Security, *pari passu* and *pro rata*; then (B) the Paying Agents and the Agent Bank under the Agency Agreement; then (C) *pari passu* and *pro rata*, any amounts due to the Servicer and the Special Servicer (including the Servicing Fee, the Special Servicing Fee, the Work-out Fee and the Liquidation Fee); then (D) the Cash Manager under the Cash Management Agreement; then (E) the Corporate Services Provider under the Corporate Services Agreement; then (F) the Share Trustee under the Declaration of Trust; then (G) the Operating Bank under the Cash Management Agreement; then (H) the Depository under the Depository Agreement; then (I) the Exchange Agent under the Exchange Rate Agency Agreement; then (J) the Interest Rate Swap Provider under the Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Interest Rate Swap Agreement (other than payments to be made by the Issuer referred to in (xii) below); and then (K) the Liquidity Facility Provider under the Liquidity Facility Agreement in respect of any drawings (other than any repayments of Principal Drawings) made by the Issuer under the Liquidity Facility Agreement and the commitment fee (except to the extent that the commitment fee has been increased pursuant to the imposition of increased costs on the Liquidity Facility Provider), and any Mandatory Costs (as defined in the Definitions Agreement) up to a maximum aggregate amount of 0.125 per cent. per annum as provided in the Liquidity Facility Agreement;

(ii) in or towards payment or discharge of sums due to third parties (other than payments made to any third party as described in item (i) of "Priority Amounts" at page 19)

under obligations incurred in the course of the Issuer's business, including provision for any such obligations expected to come due in the following Interest Period (as defined in Condition 5*(b)*) and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(iii) *pari passu* and *pro rata*, in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class A1 Notes, and in or towards 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 use the corresponding U.S. dollar amounts received from the FX Swap Provider in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class A2 Notes;

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

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

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

(vii) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class E Notes;

(viii) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class F Notes;

(ix) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class G Notes;

(x) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class H Notes (but not including any interest overdue (and any interest due on such overdue interest) on the Class H Notes attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments);

(xi) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class I Notes (but not including any interest overdue (and any interest due on such overdue interest) on the Class I Notes attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments);

(xii) in or towards payment or discharge of any amounts due and payable by the Issuer on such Interest Payment Date to the Interest Rate Swap Provider under the Interest Rate Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Interest Rate Swap Agreement as a result of 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);

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

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

(xv) any surplus to the Issuer.

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

The aggregate of (a) 50 per cent. of any Available Prepayment Redemption Funds and Available Final Redemption Funds received in respect of the Loans during that Collection Period, and (b) any Available Amortisation Funds, Available Principal Recovery Funds and Available Interest Rate Swap Breakage Receipts received in respect of the Loans during that Collection Period, calculated on each Calculation Date, is referred to as the "**Available Sequential Principal**" for the purposes of the Interest Payment Date immediately following such Calculation Date.

The remaining 50 per cent. of any Available Prepayment Redemption Funds and Available Final Redemption Funds received in respect of the Loans during that Collection Period, calculated on each Calculation Date is referred to as the "**Available Pro Rata Principal**" for the purposes of the Interest Payment Date immediately following such Calculation Date.

Application of Available Sequential Principal

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

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

(ii) *pari passu* and *pro rata*, in repaying principal on the Class A1 Notes and in payment 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 use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on the Class A2 Notes, until all of the Class A Notes have been redeemed in full;

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

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

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

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

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

(viii) in repaying principal on the Class G Notes until all of the Class G Notes have been redeemed in full;

(ix) in repaying principal on the Class H Notes until all of the Class H Notes have been redeemed in full;

(x) in repaying principal on the Class I Notes until all of the Class I Notes have been redeemed in full;

(xi) in paying that component of Deferred Consideration, if any, that comprises any excess Available Sequential Principal in accordance with element (c) of the definition of the term "Deferred Consideration" as set out at page 66; and

(xii) any surplus to the Issuer.

Application of Available Pro Rata Principal

Subject as provided below, on each Interest Payment Date following the application of Available Sequential Principal as set forth immediately above, Available Pro Rata Principal will be applied from the Transaction Account in the following order of priority, all as more fully set out in the Deed of Charge and Assignment:

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

(ii) in repaying concurrently, *pari passu* and *pro rata*, according to the Principal Amount Outstanding of each class of Notes on the Closing Date, principal on the Class A1 Notes, the Class A2 Notes (in the case of the Class A2 Notes, by way of paying 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 use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on 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, the Class H Notes and the Class I Notes, until each such Note is redeemed in full and, to the extent that a prior-ranking class

of Notes has been redeemed in full, the Available Pro Rata Principal that would otherwise have been applied to redeem such prior-ranking Notes shall be applied in redeeming the next most senior class of Notes outstanding;

(iii) in paying that component of Deferred Consideration, if any, that comprises any excess Available Pro Rata Principal in accordance with element (d) of the definition of the term "Deferred Consideration" as set out at page 66; and

(iv) any surplus to the Issuer,

provided that, in the event that any of the following circumstances exist on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal shall be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in (i) to (xi) of "Application of Available Sequential Principal" at page 23 above, all as more fully set out in the Deed of Charge and Assignment:

(A) there is any event of default subsisting under any Credit Agreement on such Calculation Date; or

(B) the cumulative percentage of Loans (calculated by reference to the principal amount outstanding of the Loans as at the Cut-off Date) which have defaulted since the Closing Date is greater than 15 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; provided that, in determining whether a Loan has defaulted for the purposes of this paragraph (B):

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

(2) a 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 and such default has been remedied or cured within 30 days of such default; or

(C) there has been any loss incurred by the Noteholders since the Closing Date resulting from a failure to repay principal of, or pay interest on, any Note on the due date for such payment; or

(D) the aggregate Principal Amount Outstanding of all the Notes on such Calculation Date is less than 20 per cent. of their Principal Amount Outstanding as at the Closing Date.

For further information about repayment of the Principal Amount Outstanding of the Notes, see Condition 6*(b)* at page 123.

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 temporary liquidity surpluses in the Transaction Account will be invested in Eligible Investments.

Application of Post Write-off Recovery Funds

On each Calculation Date, the Servicer will be required to notify the Cash Manager of any Post Write-off Recovery Funds received during the Collection Period then ended. On each Interest Payment Date, all Post Write-Off Recovery Funds received during the related Collection Period shall be paid by the Issuer to the holders of the most senior class of Notes then outstanding to which an Applicable Principal Loss has been applied, provided that the aggregate amount so paid in respect of a Note shall not exceed the aggregate amount of all Applicable Principal Losses previously applied to that Note.

Payments paid out of the Transaction Account Post-Enforcement of the Notes..... The Issuer Security will become enforceable upon the Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security, the Trustee will be required to apply all funds received or recovered by it in accordance with the order of priority described under "Credit Structure – Post-Enforcement Priority of Payments" at page 92.

Early Termination of the FX Swap Agreement..... If, prior to the service of a Note 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), the Issuer will 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 Trustee) with a counterparty (a "**Replacement FX Swap Provider**") whose (or whose guarantor's) short-term (and long-term, in the case of Moody's), unsecured, unsubordinated debt obligations are such that the then applicable ratings of the Notes will not be downgraded, withdrawn or qualified, 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 U.S. dollars in order to

make payments due to the Class A2 Noteholders at the prevailing spot rate of exchange on the relevant payment date using only the amounts in sterling (being the maximum principal amount of approximately £67,200,000) that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class A2 Noteholders shall have no recourse to the Issuer for such shortfall amounts in the amount of U.S. dollars available for such payments.

Security for the Notes

The obligations of the Issuer to the Noteholders and to each of the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Interest Rate Swap Provider, the FX Swap Provider, the Paying Agents, the Agent Bank, the Registrar, the Operating Bank, the Depository, the Exchange Agent, MSDW Bank or any receiver appointed by or on behalf of the Trustee pursuant to the Deed of Charge and Assignment or by or on behalf of the Security Trustee in respect of a Loan or its Related Security (all of such persons or entities being, collectively, the "**Secured Parties**") will be secured by and pursuant to the Deed of Charge and Assignment which is governed by English law (or Jersey law, Guernsey law and Scottish law in relation to the security interests created pursuant to items (iii) and (iv) below, respectively) 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 (the "**Issuer Security**"):

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

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

(iii) assignments by way of security under Jersey and Guernsey law over the Issuer's beneficial interests in the Security Trusts created over the Related Security, and over the Issuer's rights and interest under, among other things, all other contracts and agreements, to the extent that such property is situated in Jersey or Guernsey, to the extent not otherwise assigned by way of security under (i) above;

(iv) an assignation in security over the Issuer's beneficial interests in the Security Trusts created over the Related Security under Scottish law to the extent not otherwise assigned by way of security under (ii) above;

(v) 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 Liquidity 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 contained therein), the FX Swap Agreement Credit Support Document, the Cash Management Agreement, the Corporate Services Agreement, the Agency Agreement, the Exchange Rate Agency

Agreement, the Depository Agreement and the Definitions Agreement;

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

(vii) a floating charge governed by English law over the whole of the undertaking and assets of the Issuer (other than any property or assets of the Issuer subject to an effective fixed security set out in paragraphs (i) to (vi) above, but extending over all Scottish situated (but not Jersey or Guernsey situated) assets of the Issuer.

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties (other than the Noteholders) will rank higher in priority to payments of interest or principal on the Class A Notes except for certain amounts owed to MSDW Bank under the Loan Sale Agreement and to the Interest Rate Swap Provider as described in items (xi) and (xii), respectively, of "Credit Structure – Post-Enforcement Priority of Payments" at page 92.

Upon enforcement of the Issuer Security, all amounts owing to the Class A1 Noteholders and the Class A2 Noteholders will rank *pari passu* and *pro rata* according to the amounts owed, 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, all amounts owing to the Class G Noteholders will rank after all payments on the Class F Notes, all amounts owing to the Class H Noteholders will rank after all payments on the Class G Notes and all amounts due to the Class I Noteholders will rank after all payments on the Class H Notes.

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

respect to, the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of such shortfall will be extinguished, and (iii) if a shortfall in the amount owing in respect of principal of the Notes of any class exists on the Maturity Date of the Notes of any class, after payment on the Maturity Date of all other claims ranking higher in priority to the Notes or the relevant class of Notes and after the realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at the Maturity Date, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

The Issuer expects that an appointment of an administrative receiver by the 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 issues of which prospective Noteholders should be aware, but it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision. Some of the issues set out in this section are mitigated by certain representations and warranties which MSDW Bank will provide in the Loan Sale Agreement in relation to the Loans, the Related Security, the Properties and other associated matters (for further information, see "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 66).

Factors Relating to the Loans

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

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

All of the Borrowers were incorporated or formed for the purpose of acquiring the legal and/or beneficial interests in the Property or Properties constituting security for the Loans. In certain cases, the Loans were used by the Borrowers to refinance loans which had been entered into for the purposes of acquiring the Properties. In all cases, MSDW Bank is satisfied (on the basis of due diligence undertaken at the time of originating the Loans) that the Borrowers have no actual or contingent liabilities which are material in nature, other than: (a) liabilities which are fully subordinated to the liabilities in respect of the Loans pursuant to formal subordination agreements; (b) liabilities in relation to the relevant Property or Properties; and (c) as set out in "The Loans and Related Security – The Loan Pool – Status of Borrowers/Mortgagors" at page 57.

Each Credit Agreement contains provisions requiring the relevant Borrower to make a repayment of principal on the final maturity date of the relevant Loan. The Borrower's ability to make such repayment may be dependent upon its ability to refinance its Loan or to sell or, if it is not the owner, procure the sale by the Mortgagor, of the Property or Properties constituting security for that Loan. Neither the Issuer nor MSDW Bank is under any obligation to provide any such refinancing and there can be no assurance that a Borrower would be able to refinance its Loan or that a Borrower would be able to sell or, if it is not the owner, procure the sale by the Mortgagor, of the relevant Property or Properties.

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

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

The Loans will be secured by, amongst other things, mortgages, a standard security or a Jersey law *hypothèque judiciaire* over the Properties and the repayment of each Loan in part may be, and the payment of interest on each Loan is, dependent on the ability of the applicable Property to generate income sufficient to make such payment. However, the income-producing capacity of the Properties 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; (g) a decline in rental rates as leases are renewed or entered into with new tenants; (h) the length of tenant leases; (i) the creditworthiness of tenants; (j) the size of the real estate market in the relevant jurisdiction; and (k) in the case of the Access Loan, a

decline in income due to a reduction in demand for the self-storage and other businesses undertaken at the relevant Properties by the Operator.

Other factors which may affect the ability of the applicable Property to generate an amount sufficient to make such payment 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 (such as an oversupply or under supply of warehouse, retail or office space); (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.

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

In relation to the Access Loan, income from the various businesses carried out from the relevant Properties may be more sensitive than income from other commercial properties, which are partly or wholly let, to economic downturns or increased competitive conditions, as such income is generated primarily by agreements with customers which are terminable on short notice.

Any one or more of the above described factors could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the relevant Borrower to default on its Loan, reduce the chances of a Borrower refinancing a Loan or reduce a Borrower's ability to sell or, where it is not the owner, procure the sale of the relevant Property.

Risks relating to Loan Concentration

In relation to any pool of loans, loan losses will be more severe: (a) if 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 11 Loans in the Loan Pool, losses on any Loan may have a substantial adverse effect on the ability of the Issuer to make payments due under the Notes. The Loans made to the Principal Borrowers (by principal balance of those Loans) represent approximately 40.8 per cent. and 22.7 per cent. of the aggregate principal balance of the Loan Pool as of the Cut-Off Date. For further information about these Loans, see "Appendix 1 – The First Principal Borrower" and "Appendix 2 – The Second Principal Borrower" at page 161 and page 164 respectively. The Loans made to the three largest Borrowers after the Principal Borrowers (by principal balance of those Loans) represent approximately 8.1 per cent., 6.8 per cent. and 5.8 per cent., respectively, of the aggregate principal balance of the Loan Pool as of the Cut-Off Date.

In addition, concentrations of Properties in geographic areas may increase the risk that adverse economic or other developments or a natural disaster affecting a particular region could increase the frequency and severity of losses on the Loans which are secured by such Properties. Details of the location of the various Properties are set out in "The Loan Pool" at page 71.

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. No such compulsory purchase proposals have been revealed in the certificates of title issued to MSDW Bank by its external legal advisers who acted in connection with the origination of the Loans.

Any property situated in Jersey may be compulsorily acquired by the States of Jersey pursuant to a special law authorising the acquisition of the property, which acquisition must be in accordance with the requirements contained in the Compulsory Purchase of Land (Procedure) (Jersey) Law 1961, as amended. In the absence of agreement with the owner, lessee and occupier of the land to be acquired, compensation would be assessed on the basis of the value of the land, being the amount which the land, if sold in the open market by a willing seller, might be expected to realise.

If a compulsory purchase order was made in respect of a Property (or part thereof) in the United Kingdom, compensation would be payable on the basis of the open market value of all of the relevant Borrower's or, as the case may be, Mortgagor's and the tenants' proprietary interests in the Property (or part thereof) at the time

of the relevant compulsory purchase. The relevant freehold (or, in Scotland, feuhold) estate and any tenancy would both be acquired and the tenants would cease to be obliged to make any further rental payments to the Borrower or Mortgagor (as applicable) under the relevant tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold, feuhold or leasehold estate may be less than the corresponding Principal Amount Outstanding on the Notes together with accrued interest.

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

Frustration

A tenancy or other occupational arrangement could, in exceptional circumstances, be frustrated under English law, or the laws of Scotland, as the case may be, whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. 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. In such event, a Borrower's ability to generate cash-flow from its Property or Properties would be compromised, as would its ability to make payments of interest and repayments of principal on its Loan.

Under Jersey contract law, the scope allowed to the doctrine of "*force majeure*" is narrower than that contained under the doctrine of frustration in English law. Events which would constitute "*force majeure*" need to make performance of a contractual obligation impossible (and not merely more onerous) and, in addition, the impediment must have been unforeseeable and irresistible (i.e. unavoidable and insurmountable). No doctrine of change of circumstances, or economic impossibility, or frustration of the common venture has yet been admitted by the Royal Court of Jersey, but it is possible that, under the influence of English law, principles closer to the English principles of frustration will be admitted in the future.

Principal Losses

The Principal Amount Outstanding of each Note will be reduced by the corresponding amount of Applicable Principal Losses that are applied against each Note of the relevant class. Noteholders will have no claim against the Issuer in respect of the amount by which the Principal Amount Outstanding of any Notes has been so reduced. For further information, see "Terms and Conditions of the Notes" at page 110, and the definitions of "Principal Amount Outstanding" and "Principal Loss" at page 129 and page 97 respectively.

Prepayment Risk

A high prepayment rate in respect of the Loans will result in a reduction in interest receipts on the Loans by the Issuer and therefore may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes. The prepayment risk will, in particular, be borne by the holders of the most junior classes of Notes then outstanding.

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

Except as described under "The Loans and the Related Security – The Loan Sale Agreement – Representation and Warranties" at page 66, neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions as to the Loans or the Related Security or as to the status of the Borrowers or Mortgagors and the Issuer and the Trustee will instead each rely solely on the warranties given by MSDW Bank in respect of such matters in the Loan Sale Agreement (for further information, see "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 66). If any breach of warranty relating to the Loans and the Related Security is material and (if capable of remedy) is not remedied, the Issuer and the Trustee may require MSDW Bank to repurchase any Loan together with its beneficial interest in the related Security Trust. The exercise of this remedy by the Issuer shall not, however, limit any other remedies available to the Issuer and/or the Trustee if MSDW Bank fails to repurchase a Loan and the beneficial interest in the related Security Trusts when obliged to do so.

Insurance

MSMS's interest (in its capacity as Security Trustee) has been noted on each buildings insurance policy maintained in respect of each Property or is in the course of being noted or is otherwise included by the relevant insurers under a "general interest noted" provision in the relevant buildings insurance policy.

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

On the Closing Date, the Issuer will acquire from MSDW Bank, pursuant to the Loan Sale Agreement, the beneficial interests in the Security Trusts (which includes MSMS's interests in the buildings insurance policies), and the Issuer's beneficial interests in the Security Trusts will form part of the Issuer Security secured under the Deed of Charge and Assignment in favour of the Trustee for the benefit of, among others, Noteholders. The Servicer will serve notice of the assignment of such rights under the Deed of Charge and Assignment on each insurer within fifteen Business Days of the Closing Date. However, for the reasons described above, the ability of the Security Trustee to make a claim under the relevant buildings insurance policies is not certain.

Privity of Contract

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

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

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

The Covenants Act does not apply in Scotland or Jersey. In Scotland, under common law upon assignation of the tenant's interest, the tenant's liability to the landlord ceases, subject to any express contractual agreement to the contrary. It is not usual for a guarantee from the outgoing tenant to be obtained in Scotland, it being largely for the landlord to withhold consent to the assignation if it is not satisfied with the covenant of the proposed assignee.

There is no established doctrine in Jersey law that on an assignment of a lease the original tenant and assignor remains liable to the landlord, and, as is very widely the case in Jersey law, rights and obligations are a matter of contract between the parties, consistent with the asserted maxim of Jersey law that "*la convention fait la loi des parties*". It would be reasonable to expect that a landlord who consents to an assignment would, in the absence of express or contrary provision, be satisfied with the covenant of the assignee in place of that of the assignor.

Statutory Rights of Tenants

In certain limited circumstances, tenants of a property may have legal rights to require the landlord of that property to grant them tenancies, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act (both of which statutes apply to the English and Welsh properties only). 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.

There are no equivalent statutory rights in relation to tenants of Properties located in Scotland or Jersey.

Appointment of Substitute Servicer

Under certain circumstances, the appointment of the Servicer under the Servicing Agreement may be terminated. For a termination of the appointment of the Servicer to be effective, however, a substitute servicer must have been appointed. For further information, see "Servicing" at page 79. There is no guarantee that a substitute servicer could be found who would be willing to service the Issuer's assets (including the Loans and the Related Security) at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though this agreement provides for the fees payable to a substitute servicer to be consistent with those payable generally at that time for the provision of commercial mortgage administration services). In any event, the ability of such substitute servicer to perform such services fully would depend on the information and records then available to it. The fees and expenses of a substitute servicer performing services in this way would be payable in priority to payment of interest under the Notes.

Special Servicer's control over the exercise of certain discretions by the Servicer.

As described under "Modifications to Loans and Exercise of Discretions" at page 81, the Servicer may not exercise certain discretions on behalf of the Issuer, the Trustee or the Security Trustee in relation to the Loan and the Related Security without having received the prior consent of the Special Servicer (which will be deemed to have been given in certain circumstances) and must, if required by the Special Servicer, act in accordance with the directions of the Special Servicer given in relation thereto. Although any decision as to when, whether and in what manner to direct the Servicer to exercise any discretion on behalf of the Issuer, the Trustee or the Security Trustee or to desist in exercising any such discretion must be made by the Special Servicer acting in accordance with the Servicing Standard, no assurance can be given that the restrictions on the ability of the Servicer to act prior to obtaining the Special Servicer's consent (or its deemed consent) will not be to the detriment of the Noteholders or any class of Noteholders.

Risks relating to Conflicts of Interest

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

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

Mortgagee in Possession Liability

The Security Trustee may (on enforcement of its security interests) under English or Scottish law be deemed to be a mortgagee or heritable creditor in possession if it physically enters into possession of a Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Security Trustee. The enforcement procedures contained in the

Debentures contemplate that, following a default, notice would be served on the tenants of a Property requiring all further rents to be paid directly to the Issuer or a receiver appointed by the Security Trustee. Similar notice may be served under a Standard Security in respect of Properties situated in Scotland in such circumstances. In each case this could result in the Security Trustee becoming a mortgagee or a heritable creditor in possession.

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

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

The rights of the holder of a *hypothèque* over Jersey immovables do not include a right to take possession. Therefore, there can be no equivalent doctrine to the principle of a mortgagee in possession in the case of a *hypothèque* over immovable property in Jersey.

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

With respect to any property situated in Jersey, the Island Planning (Jersey) Law 1969 as amended imposes liability on the owner and occupier of the land where the amenities of any part of the island of Jersey are seriously injured by the condition of the land. Both the owner and occupier of the land will also be responsible for the costs of remedying the condition of the land. The holder of a *hypothèque* over Jersey immovables would not as such be an owner or occupier, and, as above, the rights of the holder of such a *hypothèque* do not include a right to take possession. Under the Water Pollution (Jersey) Law 2000, it is an offence to cause or knowingly permit pollution of any "controlled waters" unless this is done in accordance with the conditions of a discharge permit. Controlled waters are defined to include the territorial sea adjacent to the island of Jersey, coastal, inland, and ground waters.

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

Legal Title

All of the Properties situated in England comprise registered land. The Property situated in Scotland comprises land recorded in the General Register of Sasines (which, together with the Land Register of Scotland, is referred to herein as the "**Registers of Scotland**"). The Property situated in Jersey comprises land registered in the *Registre Public* (the "**Jersey Land Registry**"). In relation to all of the Properties situated in England, the relevant Borrower or Mortgagor is registered as legal proprietor of each Property (following its acquisition of the relevant Property) and the Security Trustee is registered as proprietor of the legal mortgage granted to it by the Borrower or Mortgagor over each such Property.

Due Diligence

The only due diligence (including valuations in respect of the Properties) that has been undertaken in relation to the Loans and the Properties is described in "The Loans and the Related Security – Loan Origination Procedure – Legal Due Diligence" at page 55. This due diligence was undertaken in the context of and at the time of the origination of each Loan and is, therefore, historic. Prior to the Closing Date, non-priority searches of H.M. Land Registry and the Registers of Scotland, and searches of the Jersey Land Registry, will be undertaken in respect of the Properties by external legal advisors to MSDW Bank, in the context of the representations and warranties that are being given under the Loan Sale Agreement but, other than this, none of the due diligence previously undertaken will be verified or updated prior to the sale of the Loans and the beneficial interests in the Security Trusts to the Issuer. Neither the Issuer nor the Trustee has itself conducted any due diligence in respect of the Borrowers, the Mortgagors, the Loans or the Related Security. Accordingly, the Issuer and the Trustee will each rely solely on the representations and warranties of MSDW Bank contained in the Loan Sale Agreement and the remedies provided for in the Loan Sale Agreement or otherwise in the event that such representation and warranties are breached.

Receivers

Pursuant to the Servicing Agreement, the Servicer and, where relevant, the Special Servicer is required to take all reasonable steps to recover amounts due from the Borrowers, and to comply with the procedures for enforcement of the Loans and the Related Security which are in place from time to time. For further information, see "Servicing" at page 79. The principal remedies available following a default under a Loan or its Related Security, as contemplated by the Servicer's and Special Servicer's enforcement procedures, are the appointment of a receiver by the Security Trustee over the relevant Property or over all of the assets of a corporate Borrower and/or entering into possession of the relevant Property. A receiver would usually require an indemnity to meet his costs and expenses (notwithstanding the statutory indemnity to which he is entitled under the Insolvency Act 1986) as a condition of his appointment or continued appointment. Such an indemnity would rank ahead of payments on the Notes.

With respect to the Properties situated in England, the Servicer's usual practice would be to require the Security Trustee to appoint a fixed charge or "**LPA**" receiver rather than an administrative receiver. An LPA receiver's powers derive not only from the mortgage under which he has been appointed but also from the Law of Property Act 1925 and such LPA receiver is deemed by law to be the agent of the entity providing security until the commencement of liquidation proceedings against such entity. For as long as the LPA receiver acts within his powers, he will only incur liability on behalf of the entity providing security but if the Security Trustee, or the Servicer or the Special Servicer on behalf of the Security Trustee, improperly directs or interferes with and influences the LPA receiver's actions, a court may decide that he would be the Security Trustee's, the Servicer's or the Special Servicer's agent, as the case may be, rather than the agent of the entity providing security, and that the Security Trustee, the Servicer or the Special Servicer, as the case may be, should, under such circumstances, be responsible for the LPA receiver's acts.

The Law of Property Act 1925 does not apply in Scotland and, therefore it is not possible to appoint an LPA receiver in that jurisdiction with respect to the Property situated in Scotland. In Scotland, the Servicer or Special Servicer would require the Security Trustee to appoint a receiver pursuant to a floating charge contained in the relevant Debenture. The appointment of a receiver in this context is intended to provide the Security Trustee with remedies which are in addition to existing Scottish statutory rights of enforcement in respect of the Standard Security. The receiver would conduct himself in a manner broadly analogous to an administrative receiver appointed under a debenture granted by a company in relation to property situated in England and Wales.

Receivers are not part of the law of Jersey, and the Courts of Jersey are unlikely to recognise the powers of any receiver appointed in respect of Jersey situated assets. The principal enforcement procedure available in relation to the Property situated in Jersey would be an application for a declaration of *désastre* under the Bankruptcy (Désastre) (Jersey) Law 1990. Another realisation/enforcement procedure which would be available in respect of the Property situated in Jersey is that of *dégrèvement*. For further information with respect to *désastre* and *dégrèvement* under Jersey law, see "Jersey Security" under "The Loans and the Related Security – The Loan Pool – Jersey Security" at page 61.

With respect to other Jersey situated assets (intangible movables), for example assets secured under a relevant Share Charge or the Lease Receivables Security Interest Agreement (as further described on page 35) relating to the Property situated in Jersey (as described below), the only enforcement or realisation rights permitted under Jersey law are the power of sale or appropriation of moneys; however, certain rights, such as voting rights on shares, remain exercisable by the grantor of the security pending an event of default under the

relevant document, and, following the occurrence of such an event of default, these rights would become exercisable by the Security Trustee without the need to enforce against or realise the security over the relevant secured assets.

It should be noted that in cases where the Security Trustee believes that the Borrower is diligently taking all appropriate steps to make good any breach under any Credit Agreement and where the Security Trustee believes that the security granted for the relevant Loan is not thereby prejudiced, or where the Security Trustee does not believe it would be in the interests of the Issuer and/or the Noteholders to do so, the Security Trustee may decline or defer appointment of any receiver.

Administration

A recent case decided by the English courts made clear that the appointment of an administrator in respect of a company incorporated outside England and Wales was possible on the basis that the administration of the affairs of the company was carried out from its head office in England. Those of the Borrowers or Mortgagors which are companies registered outside of England and Wales, but which in fact have their centre of main interests situated in the United Kingdom might be placed into administration on this basis. Whilst an English Court would not appoint an administrator where an administrative receiver has already been appointed, the Security Trustee may not be able to appoint an administrative receiver in cases where the Borrower or Mortgagor is incorporated outside of England and Wales. This could result in the Security Trustee losing control of the enforcement process to an administrator who would be under a duty to act in the best interests of all creditors of the relevant Borrower or Mortgagor, not just the secured creditors as would be the case with an administrative receiver appointed by the Security Trustee. An administrator may decide that it is in the best interests of the creditors of the relevant Borrower or Mortgagor to delay the sale of the secured assets. Further, the Security Trustee would not be able to enforce the security granted by the relevant Borrower or Mortgagor for the duration of the administration without the leave of the Court or the consent of the administrator. This might compromise the interests of the Noteholders.

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

A Borrower's ability to make its payments under a Loan may be dependent on payments being made by the tenants or other occupiers of the relevant Property. 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. The terms of many of the tenancies and agreements, however, specifically exclude such right of set-off. In respect of a multi-occupied Property, a Borrower or Mortgagor would normally be obliged to provide services in respect of the Property irrespective of whether certain parts of the Property are unlet. The Borrower or Mortgagor as landlord, in such circumstances, would have to meet any shortfall in recovering the costs of the services or risk the occupiers exercising any right of set-off which an occupier has.

In order to ensure that it receives rent payments from the tenants or occupiers, MSDW Bank has structured the Loans so that, except as described below, rent or licence payments are made, either directly or indirectly through a managing agent account or other account, to Rent Accounts charged to the Security Trustee for the benefit of MSDW Bank and controlled by MSMS (in its capacity as Security Trustee). Each Borrower or Mortgagor has agreed, under the terms of the relevant Credit Agreement or related documentation, not to countermand or vary the instructions as to such payments. Save as described below, in the case of Loans in respect of which no Managing Agent has been appointed (or where the Managing Agent is associated with the relevant Borrower/Mortgagor), tenants/occupiers have been notified that payments are to be made into an account charged to the Security Trustee for MSDW Bank. However, for business reasons, where an independent Managing Agent is appointed, tenants/occupiers are not advised of the existence of the Rent Accounts, and MSDW Bank relies upon such Managing Agent, with whom it will establish a contractual relationship pursuant to Duty of Care Agreements, to collect rents and other monies and ensure that they are credited to the Rent Accounts.

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

Scottish law is broadly analogous (i.e. the right to receive payment of rent is deemed to be assigned to the heritable creditor under a Standard Security upon enforcement).

All independent Management Agents have, however, entered into Duty of Care Agreements with MSMS undertaking to pay rents reserved or Value Added Tax payments directly into the relevant Rent Account and to hold the rent on trust until it is paid into the Rent Account. To the extent, therefore, that any Managing Agent failed to do this, MSMS would have recourse to the Managing Agent concerned.

The purchase of the Loans and beneficial interests in the Security Trusts created over the Related Security has been structured in an attempt to address any risk to the rent and other payments as outlined in the preceding paragraph by ensuring that such payments will continue to be made into the Rent Accounts. On the Closing Date, the Issuer's beneficial interests in the Security Trusts (which includes its interest in the Rent Accounts) will be assigned by way of security to the Trustee under the Deed of Charge and Assignment. For further information, see "The Structure of the Accounts" at page 69.

The lease of the Property situated in Jersey is the subject of a lease receivables security interest agreement (the "**Lease Receivables Security Interest Agreement**") pursuant to which the tenant under the lease of that Property is required to pay the rent directly to a Rent Account.

In the case of the Access Loan, income from the relevant Properties is collected by the Operator who pays a proportion of this to the Borrower by way of a monthly payment into the Receipts Account. For further information, see "The Loans and the Related Security – The Access Loan" at page 63.

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

The terms of the tenancies might affect the realisable value of the Properties. Each Loan provides that no lease may be granted to the Borrower thereunder (or an affiliate of the Borrower) without MSMS's consent (subject to certain limited exceptions). Granting or assigning a lease to any other entity is otherwise unrestricted to the extent permitted by Section 99 of the Law of Property Act 1925, as applicable (broadly, this section allows the grant of leases at market rent for terms of up to 50 years). Each Loan also provides that such lease should be granted on normal commercial terms. In accordance with the provisions of the Standard Security over the Property situated in Scotland, the granting or assigning of a lease of such Property is subject to obtaining the consent of MSMS.

In the case of the Access Loan the consent of MSMS to the grant of an occupational agreement is not required. However, all occupational agreements not comprising formal tenancies must be in one of three designated standard forms (depending upon the use of the relevant area).

In the case of leasehold Properties (or leasehold parts of Properties) which are sublet (by a Borrower or Mortgagor), there is also a risk of the rents being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 if the relevant Borrower or Mortgagor fails to pay its rent under the relevant headlease. In similar circumstances, in the case of leasehold properties located in Scotland, a superior landlord has in these circumstances the right at common law to arrest the rents in the hands of the sub-tenants and thereafter make court application to have the rents made over to the superior landlord. It may also be diverted voluntarily by the sub-tenant in accordance with Section 21 of that Act. 55.2 per cent. of the Properties, by property value (calculated by reference to the Condition Precedent Valuations), are substantially leasehold properties. The remainder of the Properties are freehold or feuhold properties. In the case of leasehold Properties, however, MSMS (as Security Trustee) has the right to pay rents due under the headlease out of monies standing to the credit of the relevant Rent Account or the Receipts Account.

Any one or more of the factors described above could operate to have an adverse effect on the amount of income derived from a Property or the income capable of being generated from that Property, which could in turn cause the Borrower in respect of such Property to default on its Loan, reduce the chances of a Borrower refinancing a Loan or reduce a Borrower's or as the case may be, Mortgagor's ability to sell a Property.

Property Owners' Liability to Provide Services

In relation in particular to large multi-occupational premises, there are parts of certain properties which are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the property collectively, rather than being attributable to one particular unit or tenant. Occupational tenancies will usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining common areas calculated with reference, 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. In the case of occupational agreements applicable to the Properties charged as security for the Access Loan, however, the amount paid by the occupier is a fixed sum inclusive of any such contribution.

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

Competition

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

9.9 per cent. of the Properties, by property value (calculated by reference to the Condition Precedent Valuations) are retail properties.

The following two Risk Factors only apply to the Access Loan:

Management

Each of the Properties constituting security for the Access Loan are currently operated by the Operator under the "Access Self Storage" mark. The income generating ability of the relevant Properties depends, in part, on the continued existence and financial strength of the group of companies incorporating the Operator and the public perception of the corporate brand of the 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 Operator

The Operator is not a single purpose entity and it or its affiliates own and continue to operate a number of similar premises. An insolvency with respect to the Operator or the relevant group as a whole could have a material adverse effect on the management and operation of the relevant Properties, which could, in turn, have an adverse effect on the cash-flow generated by them and, therefore, the ability of the Borrower to make payments under the relevant Loan.

A termination of the Operating Agreement would leave the relevant Properties without an operator and consequently require the Borrower to appoint a suitable replacement. No assurance can be given that any such termination would not have an adverse effect on the revenues of the affected Property and so ultimately upon the ability of the Issuer to meet its obligations under the Notes or that a suitable alternative operator could be appointed on similar terms.

Factors Relating to the Notes

Liability under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by MSDW Bank or any affiliate of MSDW Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent

Bank, the Registrar, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, the Depository, the Exchange Agent or the Operating Bank or any company in the same group of companies as the Managers, the Servicer, the Special Servicer, the Cash Manager, the Trustee, the Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, the Depository, the Exchange Agent or the Operating Bank and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Interest Payments on the Class H Notes and the Class I Notes

On each Interest Payment Date, the maximum amount of interest then due and payable on the Class H Notes or the Class I Notes, as applicable, will be limited to the amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5*(d)* at page 121) in respect of such class of Notes, and (b) the Adjusted Interest Amount (as defined in Condition 5*(i)* at page 122) for such class of Notes on such Interest Payment Date. If the difference between the Interest Amount and the Adjusted Interest Amount applicable to the Class H Notes or the Class I Notes, as applicable, is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments, the interest portion of such debt that would otherwise be represented by such difference will be extinguished on such Interest Payment Date, and the affected Noteholders will have no claim against the Issuer in respect thereof.

Limited Recourse

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

The Issuer and the Trustee will have no recourse to MSDW Bank save as provided in the Loan Sale Agreement (for further information, see "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 66).

Rights Available to Holders of Notes of Different Classes

In performing its duties as trustee for the Noteholders, the Trustee will not be entitled to consider solely the interests of the holders of the most senior class of Notes then outstanding but will need to have regard to the interests of all of the Noteholders. Where, however, there is a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, the Trustee will be required to have regard only to the interests of the most senior class of Notes then outstanding.

Ratings of Notes and Confirmations of Ratings

The ratings assigned to the Notes by the Rating Agencies are based on the Loans, the Related Security, the Properties, the operation of the warehouses in the case of the Access Loan and other relevant structural features of the transaction, including, among other things, the short-term, unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the Interest Rate Swap Guarantor and, in the case of the Class A2 Notes, the FX Swap Provider, and reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon both the value of the Notes or their marketability in secondary market transactions.

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

The Servicing Agreement requires the Servicer and, if circumstances require, the Special Servicer, to determine whether, and on what basis, to exercise certain discretions of the Security Trustee and the Issuer in connection with the Loans and the Related Security. Prior to exercising any discretion on behalf of the Issuer, the Trustee or the Security Trustee in relation to a Loan and/or its Related Security the effect of which could be (i) (in the reasonable opinion of the Servicer or Special Servicer, as the case may be) to materially reduce the net present value of the amount recoverable in respect of a Loan; or (ii) (in the case of the Access Loan) to terminate the Operating Agreement or to dismiss the Operator or appoint another in addition thereto or in replacement thereof, or (iii) to materially and adversely vary the terms of the applicable Credit Agreement and/or the documentation constituting the Related Security (together, the "**Loan Conditions**"), the Servicer or the Special Servicer, as appropriate, must notify, among others, the Rating Agencies and the Trustee in writing of the manner in which it proposes to exercise the relevant discretion and the time at which it proposes to do so (the "**Specified Time**"), which shall be no earlier than the fifteenth Business Day following the date of such notification, and provide the Rating Agencies and the Trustee with such additional information within their control that may reasonably be necessary to enable them to properly evaluate the proposed manner of exercise of the discretion in question.

Neither the Servicer nor the Special Servicer may exercise any discretion referred to above prior to the Specified Time, unless a failure to do so would be inconsistent with the Servicing Standard or (in the reasonable opinion of the Servicer or Special Servicer, as the case may be) have an effect which was more adverse to the interests of the Noteholders than would the exercise of the discretion at or after the Specified Time, in which case, prior to actually exercising the relevant discretion, the Servicer or the Special Servicer, as the case may be, shall notify the Trustee in writing of its intention to do so. Furthermore, if the Trustee notifies the Servicer or Special Servicer that it does not consent to the exercise of the relevant discretion in the manner proposed, the Servicer or Special Servicer shall desist from so acting. However, without prejudice to the obligation of the Servicer and the Special Servicer to act at all times in accordance with the Servicing Standard, nothing shall prevent the Servicer or the Special Servicer from exercising the relevant discretion at, after or prior to the Specified Time if it has notified the Rating Agencies and the Trustee in writing of the proposed exercise and the reasons therefor, and provided any additional information required by the Servicing Agreement but has received no response.

Although the Rating Agencies will be given prior notice of the exercise of the discretions referred to above, they are under no obligation to revert to the Servicer or Special Servicer regarding the impact of such exercise on the ratings of the Notes and any decision as to whether or not to confirm, downgrade, withdraw or qualify the ratings of all classes or any class of Notes based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the exercise of the discretion by the Servicer or Special Servicer.

Absence of Secondary Market; Limited Liquidity

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

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed facility for drawings to be made in the circumstances described in "Credit Structure – Liquidity Facility" at page 94. The facility will, however, be subject to an initial maximum aggregate principal amount of £32,000,000 which will in certain specified circumstances be reduced. The amount available to be drawn under the facility in the event of a non-payment in respect of a Loan may, if followed by an Appraisal Reduction in respect of such Loan, be reduced, such that insufficient funds may be available to the Issuer to pay in full interest due on the Notes, such risk being borne initially by the holders of the Class H Notes and Class I Notes as described under "Credit Structure – Liabilities under the Notes" at page 90. The Liquidity Facility Agreement is not available to meet shortfalls in Final Redemption Funds, Principal Recovery Funds or Prepayment Redemption Funds or to fund any Principal Priority Amount.

United States Tax Characterisation of the Notes

Although all of the Notes are denominated as debt, there is a significant possibility that the Class H Notes and the Class I Notes (and to a lesser extent, one or more senior classes of Notes) may be treated as equity for United States federal income tax purposes. Such a characterisation could have certain adverse tax consequences

to United States investors who hold such Notes. For further information, see "United States Taxation – Possible Alternative Characterisation of the Notes" at page 150.

Proposed European Union Directive on Taxation of Certain Interest Payments

On 3rd June, 2003, the Council of Economic and Finance Ministers of the European Union (the "**EU**") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by EU member states beginning 1st January, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each EU member state will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state; however, Austria, Belgium and Luxembourg may instead apply an alternative system for a transitional period in relation to such payments, withholding tax at rates rising over time to 35 per cent. The transitional period is scheduled to run from (a) the date on which the directive is to be applied by EU member states, to (b) the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Withholding Tax under the Notes

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

Introduction of the Euro

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

Where such a change in currency occurs, the Notes and the Conditions will be amended in the manner agreed between the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position as if no change in currency had occurred. Such amendments are to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with a change in currency. All such amendments will be binding on the Noteholders. Notification of the amendments will be made in accordance with Condition 15 at page 141.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law, Scottish law, Jersey 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, Scottish law, Jersey 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 Notes.

The Insolvency Act 2000

Noteholders should note that significant changes to the English and Scottish insolvency regimes have recently been enacted. On 1st January, 2003, certain provisions of the Insolvency Act 2000 came into force, which allow "small" companies incorporated in England and Wales, or Scotland (which are defined by reference to certain financial and other tests), as part of the company voluntary arrangement ("**CVA**") procedure, to obtain protection from their creditors by way of a "moratorium". The initial duration of the moratorium is up to 28 days. A meeting of creditors may resolve that the duration of the moratorium be extended for up to a further two months. The Secretary of State may by order increase or decrease either the initial moratorium period or any period by which the moratorium may be extended.

Whether a company is a "small" company for the purposes of the Insolvency Act 2000 is an accounting matter determined on a financial year by financial year basis by reference to criteria set out in section 247(3) of the Companies Act 1985, currently being a company which fulfils two or more of the following three

conditions: (a) a turnover of not more than £2.8 million, (b) a balance sheet total of not more than £1.4 million, and (c) having not more than 50 employees. The Secretary of State may by regulations modify both the definition of a "small" company and the qualifications for eligibility of a company for a moratorium. Accordingly, at any given time the Issuer, Borrowers and Mortgagors might fall within the definition of "small company" depending on their financial position and number of employees during the financial year immediately prior to the filing.

Effect of moratorium

If a moratorium is obtained in relation to a company then during the period it is in force, amongst other things, (a) no administrative receiver of the company may be appointed, no petition may be presented (other than, in certain circumstances, by the Secretary of State) or resolution passed or order made for the winding up of the company and no petition for an administration order may be presented, and (b) any security created by that company over its property cannot be enforced (except with the leave of the Court and subject to such terms as the Court may impose) and no proceedings and no execution or other legal process may be commenced or continued, or distress levied, against the company or its property (except with the leave of the Court and subject to such terms as the Court may impose).

However, a company subject to a moratorium may continue to make payments in respect of its debts and liabilities in existence before the moratorium. It may do so if there are reasonable grounds for believing such payments will benefit that company and the payment is approved by either a moratorium committee of the creditors of that company or by a nominee of that company appointed under the provisions of the Insolvency Act 2000.

Companies excluded from eligibility for a moratorium

Pursuant to regulations made by the Secretary of State which also came into force on 1st January, 2003, a company which is, on the date of filing for a CVA, party to an agreement which forms part of a capital market arrangement, under which a party incurs a debt of at least £10 million and which involves the issue of a capital market investment, is excluded from being eligible for the moratorium. The definitions of "capital market arrangement" and "capital market investment" are such that, in general terms, any company which is a party to an agreement which forms part of an arrangement under which (a) security is granted to a trustee on behalf of a person that holds a rated, listed or traded debt instrument issued by a party to that arrangement, and (b) a party has incurred, or after the agreement was entered into, was expected to incur, a debt of at least £10 million, may be ineligible to seek the benefit of a small companies moratorium.

The Issuer should fall within this exception but there is a risk that the Borrowers and Mortgagors do not. There is therefore a risk that the moratorium might prevent the security granted by the Borrowers or Mortgagors being enforced for the period of the moratorium unless the Court grants leave for it to be enforced.

Proposed changes to the Basel Accord

The Basel Committee on Banking Supervision (the "**Basel Committee**") has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline. The consultation period on the initial proposals ended in March 2000 and the Basel Committee published its second consultation document, the "**New Basel Capital Accord**", on 16th January, 2001. The consultation period on the further proposals contained in the New Basel Capital Accord ended on 31st May, 2001.

On 1st October, 2002, the Basel Committee launched a comprehensive field test for banks, known as the quantitative impact study, or QIS3, to gauge the impact of its revised proposals on minimum capital requirements under pillar one of the New Basel Capital Accord before finalisation of the third consultative paper. The survey period ended on 20th December, 2002, and the results were issued on 5th May, 2003. The third consultative paper on the New Basel Capital Accord was issued on 29th April, 2003. Comments on the third consultative paper were due by 31st July, 2003.

The Basel Committee intends to finalise the New Basel Capital Accord in the fourth quarter of 2003, allowing for implementation of the new framework in each country at year end 2006. If adopted in their current form, the proposals could affect the risk weighting of the Notes for certain investors if those investors are regulated in a manner which will be affected by the proposals. Consequently, recipients of this Offering Circular should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord proposals.

Hedging risks

The Interest Rate Swap Transactions

The Loans bear interest at a fixed rate while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three-month LIBOR plus a margin (for further information, see Condition 5 at page 119). In order to hedge 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 may suffer a loss if, as a result of a default by a Borrower under a Credit 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 Enforcement of the Notes" and "Credit Structure – Post-Enforcement Priority of Payments" at page 19 and page 92 respectively.

The FX Swap Transactions

The Class A2 Notes are denominated in dollars. In order to hedge 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 A2 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 U.S. dollars in order to make payments due to the Class A2 Noteholders, respectively, at the prevailing spot rate of exchange on the relevant Interest Payment Date using only the amounts in sterling (being in the maximum principal principal amount of approximately £67,200,000) that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class A2 Noteholders shall have no recourse to the Issuer for such shortfall amounts in the amount of U.S. dollars available for such payments.

For a more detailed description of the Swap Agreements see "Credit Structure – The Interest Rate Swap Agreement" and – "Credit Structure – The FX Swap Agreement" at pages 98 and 100 respectively.

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

THE ISSUER

The Issuer, Iolaus (European Loan Conduit No. 15) plc, was incorporated in England and Wales on 25th March, 2003 (registered number 4710866), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Issuer has no subsidiaries.

1. Principal Activities

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

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

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

2. Directors and Secretary

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

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

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

3. Capitalisation and Indebtedness

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

Share Capital

Authorised Share Capital £	Issued Share Capital £	Value of each Share £	Shares Fully Paid Up	Shares Quarter Paid Up	Paid Up Share Capital £
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 SFM Corporate Services Limited (the '**Share Trustee**") as trustee of the European Loan Conduit No. 15 Securitisation Trust pursuant to a Declaration of Trust declared by the Share Trustee on 25th September, 2003. The Issuer will, in accordance with the Declaration of Trust, pay the fees and expenses of the Share Trustee. The remaining one share in the Issuer (which is fully paid) is held by Structured Finance Management Limited (registered number 3853947) as nominee for SFM Corporate Services Limited in its capacity as trustee of the European Loan Conduit No. 15 Securitisation Trust.

Loan Capital

Class A1 Commercial Mortgage Backed Floating Rate Notes due 2012..... £133,930,000
Class A2 Commercial Mortgage Backed Floating Rate Notes due 2012.....U.S.$111,200,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2012..... £78,220,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2012.....£9,500,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2012 ..... £30,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2012..... £31,750,000
Class F Commercial Mortgage Backed Floating Rate Notes due 2012 ..... £15,750,000
Class G Commercial Mortgage Backed Floating Rate Notes due 2012 ..... £10,000,000
Class H Commercial Mortgage Backed Floating Rate Notes due 2012 ..... £15,858,000
Class I Commercial Mortgage Backed Floating Rate Notes due 2012.....£2,000,000

Total Loan Capital..... £394,198,332

———

Note: The relevant exchange rate used for the Class A2 Notes was £1 = U.S.$1.655.

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

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from BDO Stoy Hayward, who have been appointed as auditors and reporting accountants to the Issuer. BDO Stoy Hayward are chartered accountants and registered auditors. The balance sheet contained in the report does not comprise the Issuer's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since the Issuer's incorporation. The Issuer's accounting reference date will be 30th June and the first statutory accounts will be drawn up to 30th June, 2004.

8 Baker Street
London W1U 3LL

BDO Stoy Hayward
Chartered Accountants

The Board of Directors
Iolaus (European Loan Conduit No. 15) plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Morgan Stanley & Co. International Limited
25 Cabot Square
Canary Wharf
London E14 4QA
(as Lead Manager and Listing Agent)

HSBC Bank USA
452 Fifth Avenue
New York
New York 10018
(as Trustee)

29th September, 2003

Dear Sirs

IOLAUS (EUROPEAN LOAN CONDUIT NO. 15) plc (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the offering circular dated 29th September, 2003, of the Company (the "Offering Circular") relating to the issue of the £133,930,000 Class A1 Commercial Mortgage Backed Floating Rate Notes due 2012, U.S.$111,200,000, Class A2 Commercial Mortgage Backed Floating Rate Notes due 2012, £78,220,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012, £9,500,000, Class C Commercial Mortgage Backed Floating Rate Notes due 2012, £30,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012, £31,750,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012, £15,750,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2012, £10,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2012, £15,858,000 Class H Commercial Mortgage Backed Floating Rate Notes due 2012 and £2,000,000 Class I Commercial Mortgage Backed Floating Rates due 2012.

The Company was incorporated and registered as a public limited company in England and Wales on 25th March, 2003, under the name Iolaus (European Loan Conduit No. 15) plc, registered number 4710866.

We have been auditors of the Company since our appointment on 14th May, 2003.

Basis of preparation

The financial information set out in this report is based on audited non-statutory financial statements of the Company for the period from incorporation to 29th September, 2003, to which no adjustments were considered necessary.

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

Responsibility

The financial statements are the responsibility of the directors of the Company and have been approved by them.

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial information set out below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company as at 29th September, 2003.

IOLAUS (EUROPEAN LOAN CONDUIT NO. 15) plc

BALANCE SHEET as at 29th September, 2003

	£
Current Assets:	
Cash in hand	12,501.50
Net Assets	12,501.50
Capital and reserves:	
Called-up share capital	12,501.50
Shareholders' funds – equity	12,501.50

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

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

2. Called up share capital

On incorporation the authorised share capital of the Company was £50,000 divided into 50,000 ordinary shares of £1 each.

On 25th March, 2003, one share of £1 was issued fully paid to SFM Corporate Services Limited and one share of £1 was issued fully paid to Structured Finance Management Limited.

On 24th April, 2003, 49,998 ordinary shares of £1 each were issued to SFM Corporate Services Limited and partially called up for cash consideration of £12,499.50.

The shares are held in trust by SFM Corporate Services Limited and Structured Finance Management Limited for the European Loan Conduit No. 15 Securitisation Trust.

3. Profit and loss account

Since incorporation, the Company has not traded, nor has it received any income, incurred any expenses or paid any dividends. The Company has not entered into any material contracts save for those detailed in the Offering Circular. Consequently, neither a profit and loss account nor a statement of total recognised gains and losses have been prepared.

Yours faithfully

BDO Stoy Hayward
Chartered Accountants

THE PARTIES

Morgan Stanley Dean Witter Bank Limited

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

Servicer, Special Servicer and Security Trustee

Morgan Stanley Mortgage Servicing Limited ("**MSMS**") is a specialist loan servicing company and a subsidiary of 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.

Interest Rate Swap Provider

Morgan Stanley Capital Services Inc. ("**MSCS**"), a Delaware corporation, is a wholly owned unregulated 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 MSCS is located at 1585 Broadway, New York, New York 10036.

Interest Rate Swap Guarantor

Morgan Stanley, whose principal office is located at 1585 Broadway, New York, New York 10036, USA, (the "**Interest Rate Swap Guarantor**") 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.

MSCS's obligations under the Interest Rate Swap Agreement benefit from an unconditional, irrevocable guarantee of Morgan Stanley under the Interest Rate Swap Guarantee. If MSCS ceases to be the Interest Rate Swap Provider, Morgan Stanley will cease to be the Interest Rate Swap Guarantor. The long-term, unsecured, unsubordinated debt obligations of Morgan Stanley are rated "AA-" by Fitch, "Aa3" by Moody's and "A+" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Morgan Stanley are rated "F1+" by Fitch, "P-1" by Moody's and "A-1" by S&P. The consolidated accounts of Morgan Stanley are available on request.

FX Swap Provider

JPMorgan Chase Bank (the "**FX Swap Provider**") is a wholly owned bank subsidiary of J.P. Morgan Chase & Co., a Delaware Corporation whose principal office is located in New York, New York.

The FX Swap Provider is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. Its business is subject to examination and regulation by Federal and New York State banking authorities.

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

Additional information, including the most recent Form 10-K for the year ended 31 December, 2002, of J.P. Morgan Chase & Co., the 2002 Annual Report of J.P. Morgan Chase & Co. and additional annual, quarterly and current reports filed with the Securities and Exchange Commission by J.P. Morgan Chase & Co., as they become available, may be obtained without charge by each person to whom this Official Circular is delivered upon the written request of any such person to the Office of the Secretary, J.P. Morgan Chase & Co., 270 Park Avenue, New York, New York 10017.

Liquidity Facility Provider

Barclays Bank PLC, acting through its branch located at 54 Lombard Street, London EC3V 9EX, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. The long-term, unsecured, unsubordinated debt obligations of Barclays Bank PLC are rated "AA+" by Fitch, "Aa1" by Moody's and "AA" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Barclays Bank PLC are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

Operating Bank

HSBC Bank plc in its capacity as the Operating Bank will act as the operating bank pursuant to the Cash Management Agreement in relation to the Transaction Account, Stand-by Account, Interest Rate Swap Collateral Cash Account, Interest Rate Swap Collateral Custody Account, FX Swap Collateral Cash Account and FX Swap Collateral Custody Account through its office located at Mariner House, Pepys Street, London EC3N 4DA. 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.

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

HSBC Bank plc, whose specified office is at Mariner House, Pepys Street, London EC3N 4DA, will be appointed as Principal Paying Agent and Agent Bank under the Agency Agreement, as Cash Manager under the Cash Management Agreement and as Exchange Agent under the Exchange Rate Agency Agreement.

Sub-Paying Agent

HSBC Global Investor Services (Ireland) Limited whose principal office is at International House, 20-22 Lower Hatch Street, Dublin 2, Ireland will be appointed as Sub-Paying Agent under the Agency Agreement.

Depository and Registrar

HSBC Bank USA whose principal office is at 452 Fifth Avenue, New York, New York 10018, will be appointed as Depository under the Depository Agreement and Registrar under the Agency Agreement.

Corporate Services Provider and Share Trustee

SFM Corporate Services Limited, whose registered office is at Blackwell House, Guildhall Yard, London EC2V 5AE, will be appointed as Corporate Services Provider and Share Trustee under the Corporate Services Agreement and the Declaration of Trust, respectively.

Trustee

HSBC Bank USA whose principal office is at 452 Fifth Avenue, New York, New York 10018, will be appointed as Trustee pursuant to the Trust Deed to represent the interests of the Noteholders. The Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Trust Deed on trust for the Noteholders and the security created by, under or pursuant to the Deed of Charge and Assignment for the benefit of the Noteholders and the other Secured Parties.

Among other things, the Trust Deed:

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

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

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

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

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

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

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

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

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

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

The Trust Deed also contains provisions governing the retirement or removal of the Trustee and the appointment of a successor Trustee. The Trustee may at any time and for any reason resign as Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes of each class, acting by Extraordinary Resolution, may together remove the Trustee from office. No retirement or removal of the Trustee (or any successor Trustee) will be effective until a trust corporation has been appointed to act as successor Trustee.

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

THE BORROWERS

The Loan Pool consists of 11 Loans. Nine of the Loans have different Borrowers but two Loans, which are cross-collateralised, have the same Borrower. Of the 11 Loans, all have been made to Borrowers which are limited liability companies, one of which is a registered charity.

Limited Liability Companies

Each Borrower has been incorporated as a limited liability company in the jurisdiction of England and Wales, Gibraltar, the British Virgin Islands or Jersey, and will be governed by the laws of such jurisdiction in relation to their business proceedings. However, the Second Principal Borrower has recently indicated its intention to transfer its seat of incorporation from Gibraltar to Luxembourg in which event the Second Principal Borrower will be governed by the laws of Luxembourg in relation to its business proceedings.

Charities

The Borrower under one of the Loans is a charity, incorporated in England and Wales as a company limited by guarantee.

Charities are governed in England and Wales by the Charities Act 1993 (the "**Charities Act**"). The Charities Act covers any institution which is established for charitable purposes. A charity may be either placed on the register of charities held by the Charities Commissioner, or remain unregistered pursuant to the terms of the Charities Act. The effect of registration is that an institution is conclusively presumed to be or to have been a charity at any time when it is or was on the register of charities. It is the duty of the charity trustee to register the charity unless such charity is not required, pursuant to the legislation, to be registered. Pursuant to Section 5(3) of the Charities Act, a charity will not be required to register itself if it (i) is considered to be an "exempt charity" under the Charities Act, (ii) is excepted by order or regulations, or (iii) has neither any permanent endowment or the use or occupation of any land and whose income does not in aggregate amount to more than £1,000 a year. Also, no charity is required to be registered in respect of any registered place of worship. Institutions which have not registered themselves as charities will not on that ground alone be excluded from being classified as a charity.

Pursuant to Section 38 of the Charities Act, a charity's power to mortgage its property is limited. A charity will not be able to mortgage its property unless it has obtained the order of the court or of the commissioners, except in relation to mortgages where land is given as security for the repayment of a loan. In relation to mortgages for which land has been given as security, the charity's trustees must obtain and consider proper advice in writing covering (i) whether the loan is necessary in order for the charity to pursue the course of action which is sought by it, (ii) whether the terms of the loan are reasonable having regard to the status of the charity as a prospective borrower, and (iii) the ability of the charity to repay the loan on the terms proposed in the mortgage, before entering into such mortgage. The advice must be obtained from a person who the charity believes is reasonably qualified in its ability and practical experience of financial matters and who has no financial interest in the making of the loan. The restrictions relating to the mortgaging of a charity's property as outlined in Section 38 of the Charities Act are not applicable to a charity which is classified as an exempt charity. However, Section 39(4) of the Charities Act provides that a mortgagee (or a person acquiring from a mortgagee) in good faith is not prejudiced even if the above requirements of Section 38 of the Charities Act have not been complied with.

Security granted by a registered or unregistered charity is subject to the same rules and restrictions as any other corporate body. However, the Attorney-General or the Charity Commissioners may (in addition to another creditor) bring a petition for the winding up of any charity if it believes that (a) there has been misconduct or mismanagement in the charity's affairs; or (b) it is necessary or desirable so to act to protect the charity's property.

THE LOANS AND THE RELATED SECURITY

Origination of the Loans

The Loan Pool consists of 11 Loans, all of which are secured over commercial properties, as described below. The decision to advance any Loan (subject to obtaining satisfactory legal due diligence) was based on compliance with MSDW Bank's lending criteria, as described below (the "**Lending Criteria**"). All of the Loans and Related Security contained in the Loan Pool were originated by MSDW Bank between August 2002 and April 2003.

The origination process that MSDW Bank adopts in originating loans was modified in the case of the Access Loan to take into account the different nature and circumstances of that Loan. For further information, see "The Access Loan" at page 63.

There is no right on the part of the Issuer to substitute Loans in the Loan Pool. However, certain Borrowers have the right to substitute a limited number of Properties with other properties in accordance with the terms set out in the relevant Loan and Related Security documentation. For further information, see "Disposal and Substitution of Properties" at page 62.

Loan Origination Procedure

The description that follows relates to the procedures followed by MSDW Bank in originating loans generally.

1. Lending Criteria

(A) Lending Philosophy

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

(B) Types of Borrower

Borrowers are, typically, special purpose companies sponsored by experienced property investors. A borrower may be incorporated and/or resident in the United Kingdom or in an overseas jurisdiction.

(C) Security

MSDW Bank's principal security for a loan originated by it will be a first ranking charge by way of legal mortgage over freehold or long leasehold land and buildings which are the subject matter of the relevant loan (or equivalent or corresponding available security in jurisdictions other than England and Wales, as applicable), and a floating charge over the borrower's other assets (or equivalent security in jurisdictions other than England and Wales, if applicable, though this will not be the case in certain jurisdictions such as Jersey, the laws of which do not recognise the concept of a floating charge or any similar concept). The security is held on trust for MSDW Bank by a security trustee.

(D) Advance Level

MSDW Bank normally advances new loans having a principal amount of between £0.5 million and £1000 million. The loan to value ratios of loans originated by MSDW Bank typically range from 60 per cent. to 87 per cent.

(E) Purpose of the Loan

The purpose of the loans will normally be to assist in the acquisition or re-financing of commercial real estate and/or general purposes.

(F) Repayment Terms

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

2. Legal Due Diligence

Following the approval in principle by MSDW Bank of the relevant loan facility, certain legal due diligence procedures are followed before the loan is advanced. Details of these procedures are set out below. The legal due diligence is in each case addressed to MSDW Bank; it is not updated prior to the sale of the relevant loan and its related security to an issuer in connection with any securitisation thereof and the assignment by such issuer thereafter by way of security to a trustee, nor is it re-addressed either to such issuer or trustee. Such issuer and trustee instead each rely solely on the representations and warranties given by MSDW Bank, which are contained in the relevant loan sale agreement entered into by them.

(A) General Information

MSDW Bank's external English legal advisers in relation to the origination of loans relating to property situated in England or Wales are Denton Wilde Sapte ("**DWS**") or Sidley Austin Brown & Wood ("**SABW**") (SABW and DWS, each, an "**English Legal Adviser**", and together, the "**English Legal Advisers**"). An English Legal Adviser initially obtains (and, where reasonably practicable, checks) general information relating to a proposed facility including details of a borrower's shareholders; any borrowings that it has entered into; the accounts to be operated in connection with the proposed facility; any managing agents appointed (or to be appointed) in connection with the collection of rents and/or management of the property; and insurance of the property.

With respect to properties situated in jurisdictions other than England and Wales, MSDW Bank appoints external legal advisers in such jurisdictions who will undertake tasks relating to such properties analogous to those undertaken by the English Legal Advisers in England or Wales. Such legal advisers will be appropriately qualified and experienced in the relevant jurisdictions.

(B) Property Title Investigation

An important part of the legal due diligence process is to verify that the prospective borrower and/or mortgagor has or, if the property is being purchased, will have, good title to the property to be charged, free from any encumbrances or other matters which would be considered to be of a material adverse nature. The process of title verification is slightly different depending upon whether a report on title is prepared and issued in favour of MSDW Bank by the borrower's solicitors or whether the title investigation is undertaken by an English Legal Adviser and a report is issued by it.

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

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

An English Legal Adviser reviews the draft form of report to ensure that it covers all relevant matters (i.e. the matters that such English Legal Adviser would expect to cover in a report (for further information, see "Report on Title from the English Legal Advisers" at page 56 below)). Once the draft report has been issued, it will raise requisitions in case of omissions, ambiguities or material disclosures in the report and satisfy itself in relation to any issues arising from the report.

The relevant English Legal Adviser then prepares a summary report for MSDW Bank, confirming (if appropriate) approval of the form and content of the report on title and highlighting any matters contained in the report which the relevant English Legal Adviser considers should be drawn to the attention of MSDW Bank and its valuers.

(b) *Report on Title from the English Legal Advisers*

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

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

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

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

The relevant English Legal Adviser ensures that the valuer providing the valuation of a property has a copy of the report, and it cross checks and verifies basic details relating to the property (namely tenure and term and rents for any occupational tenancies) set out in any valuation received by it.

(C) Capacity of Borrowers/Mortgagors

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

In relation to any borrower or mortgagor incorporated outside England and Wales, lawyers competent in the jurisdiction where the company is incorporated (and also, if different, the jurisdiction where the relevant property is situated) are appointed to undertake a similar due diligence process to that undertaken by the English Legal Advisers taking account of jurisdictional differences (for example, there is no register of company security interests in Jersey). The lawyers advising in connection with jurisdictions outside England and Wales are required to deliver an appropriate legal opinion confirming, among other things, that the choice of English law to govern the loan documentation (save in relation to the security over an asset whose "situs" is outside England and Wales, where local law will apply) will be recognised and upheld.

(D) Structural/Environmental Reports

Reports relating to the structure or construction of a property are not usually obtained nor are specific environmental surveys or enquiries undertaken unless it is thought appropriate in any particular instance to do so.

3. Drawdown and Post-Completion Formalities

The relevant English Legal Adviser ensures that all necessary registration formalities and the service of notices are dealt with at drawdown or, as appropriate, within any applicable priority or other time periods following drawdown.

In relation to registrations at any relevant land registry, the relevant English Legal Adviser or its agent either undertake these registrations or obtain an unconditional undertaking from the borrower's solicitors to effect the registrations and forward the relevant charge certificate when the registration has been completed (and, in the meantime, to hold the deeds to the order of the relevant English Legal Adviser on behalf of the

security trustee). Where any borrower's solicitors ask to retain any occupational leases in order to deal with day to day management matters, they are permitted to do so subject to providing an unconditional undertaking to hold them to the relevant English Legal Adviser's order and to deliver them on demand.

4. Standard form documentation

Each loan is documented in a credit agreement which is governed by English law, and which is in a standard form subject to variations which an individual borrower may negotiate. The standard form of debenture secures all obligations of a borrower to MSDW Bank pursuant to the credit agreement and is drafted on a security trust basis, so that the security trustee holds the security created pursuant to the debenture on trust for, among others, MSDW Bank. Material amendments to the standard form credit agreement and debenture are generally resisted by MSDW Bank unless they are necessary to reflect the terms and conditions or the structure of the particular loan.

The Loan Pool

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

1. Status of Borrowers/Mortgagors

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 Loan, and/or for acquiring the entire issued share capital in other companies owning the legal and/or beneficial interests in such Property or Properties. In all cases, except as described below, MSDW Bank 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) save in relation to the Property or Properties which constitute security for the relevant Loans.

In relation to eight of the Loans (accounting for 95.4 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date), a sum of money has been deposited on a blocked account in the name of the relevant Borrower over which the Security Trustee has sole signing rights and which can be used to fund shortfalls in sums standing to the credit of the relevant Rent Account or Receipts Account (for further information, see "The Structure of the Accounts" at page 69).

In relation to two Loans (accounting for 23.6 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date, and including the Loan to the Second Principal Borrower) sums of money have been deposited by the relevant Borrower or Mortgagor in separate accounts and first ranking charges over such accounts have been granted in favour of a third party lender. However, these sums do not comprise part of the Related Security for such Loans (this being secured on the various Properties). The rights of such third party lenders are otherwise fully subordinated pursuant to the applicable Subordination Agreements.

In relation to one Loan (accounting for 2.5 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date) the Mortgagors (which are separate entities from the Borrower) have owned other properties (in addition to the Properties) in the past, which they have disposed of, and the Mortgagors had employees as at the date of origination of the relevant Loan and, so far as MSDW Bank is aware, continue to have employees. The primary security for this Loan is a first fixed charge over the relevant Property. The first fixed charge over this Property should rank ahead of the actual or contingent liabilities of the Mortgagors, which are unsecured, including unsecured liabilities in relation to the employees. MSDW Bank is nevertheless satisfied that the Borrower does not have any material assets or liabilities save in relation to the Property or Properties which constitute security for the relevant Loan.

In relation to one Loan (accounting for 6.8 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date) the Borrower entered into an agreement to purchase shares, which shares it disposed of on the same date that it acquired them. The Borrower has nevertheless warranted that it has no actual or contingent liabilities (save in relation to the relevant Property).

The Borrower under one of the Loans in the Loan Pool is a charitable company (for further information about this Borrower, see "The Borrowers" at page 53).

2. Information on the Loans and the Related Security

The loan and security package in relation to each Loan comprises a Credit Agreement; one or more Debentures from the Borrower or Mortgagor (incorporating, in each case save as set out below in "Terms of

Debenture – Creation of Security" at page 60, a first legal charge or local equivalent over the relevant Property; a first fixed charge over or first priority security interest in the relevant Rent Account (or, in the case of the Access Loan, the Receipts Account) and other accounts established by the Borrowers as required by the terms of the Credit Agreements; fixed and floating charges over all the Borrower's and the Mortgagor's assets (other than the Jersey-situated assets to which a floating charge will not apply); and a charge over, or security interest in, the shares in the Borrower (save in the case of one of the Loans where the Borrower has no share capital and save in relation to one Loan, where a share charge has been granted in relation to the Mortgagors). In relation to the Property situated in Scotland, a Standard Security has been granted by the relevant Borrower and Mortgagor separate from the relevant Debenture, together with such other forms of fixed security as were appropriate (such as, for example, an assignation of rents). In relation to the Property situated in Jersey, in addition to the *hypothèque judiciaire*, the relevant Borrower has granted an assignment of lease receivables.

Where managing agents are employed, a Duty of Care Agreement in favour of the 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 "Terms of the Debenture" at page 60.

The Loans all have original maturities of between three and eight years. No Loan is scheduled to be repaid later than April, 2010.

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

Interest payable in relation to all of the Loans is at a fixed rate, accrues daily and is payable quarterly in arrear. The interest rate is notified to the relevant Borrower by MSDW Bank prior to making the Loan.

All the Properties are let to third party tenants (save for the properties comprised in the Access Loan – for further information, see "The Access Loan" at page 63). Certain matters concerning the tenancies could affect the value of a Property; these are part of the normal risks of lending on the security of let property and are referred to at "Risk Factors – The Issuer's Ability to Meet its Obligations under the Notes – The Tenants" at page 37.

3. Terms of the Loans

Each Credit Agreement contains the types of representations, warranties and undertakings on the part of the Borrower that a reasonably prudent lender would usually require. MSDW Bank is entitled to assign to the Issuer any of its rights under the Credit Agreement without restriction.

A summary of the principal terms of each Credit Agreement is set out below.

(A) Loan Amount and Drawdown and Further Advances

The maximum amount of a Loan is calculated by reference to a pre-agreed percentage which is between 60 per cent. and 85 per cent. of the value of the property to be charged to the Security Trustee (calculated by reference to the relevant Condition Precedent Valuation).

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

(B) Conditions Precedent

The Conditions Precedent to a drawdown 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 constitutional documents and appropriate 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 Amortisation Payments/Repayments

Interest on each Loan is due to be paid quarterly in arrear on the designated Loan Payment Dates and amortisation payments (where required to be made) are also made on Loan Payment Dates in accordance with a pre-determined amortisation schedule.

Subject to the payment of a prepayment fee and payment of any breakage cost, voluntary prepayment of the Loans, in full or in part is only permitted on a Loan Payment Date or (save as set out below), on not less than 30 days' prior notice to MSDW Bank (but for one of the Loans on 10 days' prior notice and for one of the Loans on 14 days' prior notice). In certain cases no prepayment fee will be payable, principally where the term of the Loan left unexpired is relatively short. In the case of one of the Loans, no prepayment fee is payable in respect of the first £2,500,000 of the principal amount of the Loan which is prepaid. In the case of another of the Loans, no prepayment fee is payable in relation to the first £1,750,000 of the principal amount of the Loan which is prepaid, provided the prepayment is made prior to the 15th October, 2003.

On each Loan Payment Date, moneys are debited from the Rent Accounts (or, in the case of the Access Loan, the Receipts Account) to discharge any interest and/or principal payments due under the Credit Agreements. In the case of certain of the Loans, transfers may also be made from the relevant Escrow Account or the Sales Account should there be insufficient funds standing to the credit of the relevant Rent Account or the Receipts Account to cover a Borrower's interest and/or principal payments. Subject to there being no event of default under the relevant Credit Agreement and the Interest Cover Percentages being at or above a prescribed level (125 per cent., but for one of the Loans 140 per cent.) of the interest payable pursuant to the relevant Credit Agreement in respect of the relevant period(s), any surplus moneys standing to the credit of the Rent Account on the relevant Interest Payment Date (after payment of certain other prescribed costs, fees and expenses) will be paid to the relevant Borrower (save in relation to the Access Loan, where there are no provisions for the release of surplus from the Receipts Account).

(D) Rent Accounts

Rental income from each Property is paid, directly or indirectly through a Managing Agent, into the Rent Account (save in relation to the Access Loan – see "The Access Loan" at page 63) which is charged (or subject to equivalent security) in favour of the Security Trustee and over which the Security Trustee, in all cases, has sole signing rights.

(E) Representations and Warranties

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

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

(F) Undertakings

The Borrower gives various undertakings which take effect so long as any amount is outstanding under the relevant Loan. The undertakings relate, among other things, to the provision of financial information on an ongoing basis; an obligation to supply MSDW Bank with details of shareholder documentation; details of any material litigation and any potential event of default under the credit agreement; an obligation not to permit or allow any charge to arise over any of its assets and an obligation not (without the Security Trustee's consent) to sell, transfer, lease or otherwise dispose of all or a substantial part of its assets (subject to certain limited exceptions).

The Borrower also undertakes to insure or procure insurance of all relevant Properties for the full reinstatement value (on terms acceptable to the Security Trustee) (for further information, see "Insurance"

below) and within 10 days after each Loan Payment Date, to supply a certificate setting out certain rental and tenancy information relating to each Property (or, in the case of the Access Loan, licence income and a summary of all relevant expenses, including employment costs).

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

With regard to Interest Cover Percentages, the Borrowers undertake that so long as they remain less than the designated figure (125 per cent. in general but for one of the Loans 140 per cent.) not to declare any dividend, issue further shares, repay any principal or pay interest on any other borrowings or repay or redeem any share capital. The Borrower undertakes in any event to ensure that the Interest Cover Percentages always exceed a certain prescribed figure (110 per cent.) of the interest payable pursuant to the relevant Credit Agreement in respect of the relevant period(s)).

(G) Insurance

Each Borrower or Mortgagor is required to effect or procure prior to drawdown (in each case in form acceptable to the Security Trustee): (i) insurance of the relevant Property, including fixtures and improvements, on a full reinstatement basis, with not less than three years' loss of rent on occupational tenancies at the relevant Property (or, in the case of the Access Loan, three years' loss of income in respect of the self-storage business carried on at the relevant Properties); (ii) insurance against third party liabilities; (iii) insurance against acts of terrorism; and (iv) such other insurance as a prudent company in the business of the relevant Borrower would effect. With respect to the Loans, MSMS's interest in its capacity as Security Trustee has been noted or is in the course of being noted on such policy or its interest is included in the relevant policy under a "general interest noted" provision (any such interest will be held on trust for the Issuer). For further information, see "Risk Factors – Insurance" at page 33.

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. In general, insurance costs are recoverable by the Borrower as part of the service charge.

(H) Events of Default

Each Credit Agreement contains usual events of default entitling MSDW Bank to terminate the Loan and/or enforce the Related Security for such Loan, including non-payment of amounts due, breach of the Borrower's other obligations under the Credit 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 no longer than two business days or 10 business days respectively.

4. Terms of the Debenture

(A) Creation of Security

Each Debenture grants a first ranking charge by way of legal mortgage over the Property and an equitable charge over any other property, plant and machinery (not extending over any Property or assets situated in Scotland, or Jersey, for further information as to which, see "Scottish Mortgages" or "Jersey Security" below and page 61 respectively). It grants a first fixed charge over the relevant Rent Account (or, in the case of the Access Loan, the Receipts Account) and the other accounts of the Mortgagor (including the Sales Account, where relevant), if any; the benefit of any insurance policy relating to the Property; book and other debts; the goodwill and uncalled capital of the Mortgagor; rights in respect of any agreement to purchase the Property; the benefit of any hedging arrangements (subject to netting and set-off provisions contained therein) and a general floating charge over all other assets.

(B) Representations and Warranties

The 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 beneficial owner of the Property, that there is no breach of any law or regulation that might materially affect the value of the Property; nor any facility or right required for the necessary use and enjoyment of the

Property that is liable to be terminated, and that the Property is in good and substantial repair and complies with all provisions of any applicable environmental law.

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

(C) Undertakings

The Mortgagor undertakes, among other things, not to permit or allow any charge or encumbrance to arise over the Property or sell or dispose of any asset charged as security (save for assets charged by way of floating security only, and disposed of in the ordinary course of business and save for permitted disposals (for further information, see "Disposal and Substitution of Properties" at page 62) and certain other limited exceptions) and that it will keep the Property in good and substantial repair and comply with obligations contained in any leases or covenants and all statutes and obligations affecting the Property.

(D) Enforceability

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

As the security created by each Debenture has been created prior to 15th September, 2003, the prohibition in Section 72A of the Insolvency Act 1986 on the appointment of an administrative receiver under charges created after that date will not apply pursuant to any Debenture.

5. Scottish Mortgages

One of the Loans is secured or partially secured over a Property situated in Scotland by way of a first ranking standard security (the "**Standard Security**") which is the only means of creating a fixed charge or security over heritable or long leasehold property in Scotland. In relation to the Standard Security, references in this Offering Circular to a "mortgage", or a "mortgagor" and a "mortgagee" (or the "legal owner" of a mortgage) and similar capitalised terms are to be read as references to such a standard security, the grantor thereof and the heritable creditor thereunder respectively.

A statutory set of standard conditions (the "**Standard Conditions**") is automatically imported into all standard securities, including the Standard Security. However, the majority of these Standard Conditions may be varied by agreement between the parties. The Standard Conditions as varied will therefore form part of the mortgage conditions relating to any Standard Security.

The main provisions of the Standard Conditions which cannot be varied by agreement relate to enforcement. Generally, where a breach by a Borrower entitles the Security Trustee to enforce the security, an appropriate statutory notice must first be served. First, the Security Trustee may serve a "calling-up notice" requiring repayment, in which case the Borrower has two months to comply with the notice and in default the Security Trustee may enforce its rights under the Standard Security by sale, entry into possession or the other remedies provided by statute. A court application for possession is only necessary if the Borrower fails to vacate the property. Alternatively, in the case of remediable breaches, the Security Trustee may serve a "notice of default", in which case the Borrower has only one month in which to comply with the notice, but also has the right to object to the notice by court application within 14 days of the date of service. In addition, the Security Trustee may in certain circumstances make a direct application to the court without the requirement of a preliminary notice. The appropriate steps for enforcement therefore depend on the circumstances of each case, and the Servicer (where appropriate, at the direction of the Trustee) will in practice proceed with the remedy most likely to be effective in enforcing or protecting the security.

6. Jersey Security

One of the Loans is secured over a Property situated in Jersey by way of a *hypothèque judiciaire*. In relation to this *hypothèque judiciaire*, references in this Offering Circular to a "mortgage" and a "charge" are to be read as references to such *hypothèque judiciaire.*

A *hypothèque judiciaire* is a form of security over land and buildings in Jersey under the *Loi (1880) sur la propriété foncière* and results from a judicial act or judgment of the Royal Court. It confers on the party obtaining it a real and special right and a "*droit de suite*" from the date of such judicial act or judgment on all and on each of the "*bien-fonds*" in the debtor's actual possession or to which he was entitled at that date (*bien-fonds* is effectively the land and everything affixed to it and contract leases, that is leases where the demise is over nine years in duration, and the *droit de suite* is the right to follow any part of the property upon which the *hypothèque judiciaire* is charged into the hands of a third party and demand payment of what is outstanding or relinquishment of the property). The *droit de suite* is lost unless the *hypothèque judiciaire* is renewed within ten years; the Loan relating to the Property situated in Jersey is for a term of less than 10 years. Because of the defined nature of a *hypothèque judiciaire*, it is, effectively, obtained by the debtor allowing the creditor to enter a judgment against him in the borrowed sum. The judgment may be either for the acknowledgment of a debt (*reconnaissance*) or the payment of a debt (*condemnation*), and must be for a certain sum (which is the case with the *hypothèque judiciaire* over the Property situated in Jersey). *Hypothèques* over immovable property are registered in the Jersey Land Registry.

A *hypothèque judiciaire* does not give rise to a power of sale exercisable by the holder thereof, nor does it give possession or a right to possession, nor does it constitute a proprietary interest in the relevant property. Should the property owner be subject to a declaration of "*désastre*" of its property under the Bankruptcy (Désastre) (Jersey) Law 1990 (the relevant Borrower is capable of being within the jurisdiction of this Law by reason of having immovable property in Jersey) then all its property vests in the Viscount, the Jersey insolvency official. After costs and expenses, the Viscount is bound to apply the proceeds of sale of a property first in repayment of their debts to the holders of the *hypothèques* secured on the property. Another realisation/enforcement procedure is that of dégrèvement, being a discumberment and, as the case may be, foreclosure procedure. It is designed to clear off and cancel debts and security given by the debtor. First unsecured creditors, then secured creditors in reverse order of priority, are invited to take the property. If they decline then their debt and/or security is cancelled. If they do take the property then there is an element of foreclosure in that any equity in the property is taken by the creditor and the debtor is deprived of it. Any creditor who so takes the property takes it subject to prior *hypothèques* and can be required to pay off such prior secured debt or surrender the property.

7. The Additional Security

In addition to the Debenture, the Mortgagors and other related third parties enter into and grant various further related security as referred to above (for further information, see "Information on the Loans and the Related Security" at page 57).

In relation to all Loans (save in the case of one Loan where the relevant Borrower does not have any shareholders and save in relation to another Loan where a share charge has been entered into in relation to the shares of the Mortgagors rather than the relevant Borrower), a Share Charge is entered into creating a first fixed charge over or first priority security interest in all shares in the relevant Borrower and all associated rights.

The relevant security provider gives the usual representations as to, among other things, its incorporation and authority to enter into the Share Charge and also undertakes in the usual manner, among other things, not to charge further, sell, transfer or otherwise dispose of the shares.

All borrowing obligations of the Borrower to a party other than MSDW Bank (the "**Subordinated Lender**") are fully subordinated to all amounts due to MSDW Bank under its Credit Agreement (save as set out above – see "Status of Borrowers/Mortgagors" at page 57). The Borrower undertakes, among other things, not to secure any part of the subordinated liabilities and not to repay all or any part of the subordinated liabilities. This is usually qualified to the extent that surplus monies released to the Borrower can be used to make such payments. The Subordinated Lender 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 Security Trustee, as described under "The Structure of the Accounts – The Borrower Accounts" at page 69.

8. Disposal and Substitution of Properties

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

In relation to one of these Loans, according to the terms of the relevant Credit Agreement, the Security Trustee has an absolute discretion as to whether it will grant consent to the proposed substitution, and the Security Trustee may impose such conditions as it sees fit.

In relation to the remaining two Loans where substitution is permitted, the consent of the Security Trustee to the substitution of a Property may not, according to the terms of the relevant Credit Agreements, be unreasonably withheld where the aggregate value of the Properties released (including the Property to be substituted) from the security does not exceed 15 per cent. of the value of the Properties initially charged as security for such Loan, provided that certain further conditions are satisfied including that:

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

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

In relation to those two Loans, if the aggregate value of the Properties does exceed 15 per cent. of the value of the Properties initially charged as security for such Loan then the Security Trustee may, with the approval of the Rating Agencies, consent to the release of a Property and the substitution of an Additional Property on such terms and conditions as it considers necessary. Where the Security Trustee consents to the substitution of a Property then, subject to a number of conditions (including the receipt of a valuation for the Additional Property), the Security Trustee will release such Property from the security.

Alternatively, under the terms of five of the Loans, if the net sale proceeds of a Property being disposed of exceed 115 per cent. (or, in relation to one Loan, 140 per cent if certain tests are not met, and, in relation to one Loan, 120 per cent.) of the amount initially lent in respect of that Property then the relevant Borrower can dispose of the same without substituting an Additional Property provided that the sum referred to is paid into a blocked sales account or is used to prepay the whole or part of the Loan (if there is a shortfall, the Borrower may deposit additional monies into the sales account to make up the sum required).

In relation to one Loan, the Borrower can dispose of a Property without substituting an Additional Property provided the gross sale proceeds exceed the higher of (i) the relevant Condition Precedent Valuation; and (ii) 79 per cent. of the relevant Condition Precedent Valuation, together with the costs of the sale, and any prepayment fee which is payable. A sum equivalent to the amount referred to in (ii) above will be applied to make a prepayment in respect of the relevant Loan.

The Security Trustee can authorise withdrawals from the blocked sales accounts to pay any amount due under the finance documents (where there are insufficient monies in the Rent Account or, in the case of the Access Loan, the Receipts Account), to purchase additional properties which are to be subject to the security (where substitution is permitted by the terms of the Credit Agreement), to make a prepayment of the Loan in accordance with the terms of the relevant Credit Agreement or to make capital improvements where the cost is not recoverable from an occupational tenant.

In the case of two Loans (which are made to the same Borrower, which are fully cross-collateralised and which together account for 6.4 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date), the relevant Borrower may dispose of, or grant a long lease or a building licence in respect of, part of a Property which is not income producing on condition that the amount then outstanding in respect of the Loan would not exceed 85 per cent. of the value of the Property after the disposal, and the disposal is not such that the Interest Cover Percentages for such Loan during the succeeding twelve months would be less than 131 per cent. Provided that no default is outstanding in respect of the Loan, any sums received by the Borrower which relate to the property which has been disposed of, or let on a long lease, or in respect of which a building licence has been granted, are to be released to the relevant Borrower.

9. The Access Loan

(A) General

The Access Loan is in the principal amount of £23,075,080 and was advanced to the relevant Borrower (the "**Access Borrower**") to finance the acquisition from an associated company of seven Properties which are let or licensed to various tenants or occupiers for use for self storage, car parking or office purposes.

(B) Properties

The relevant Properties are all used in connection with the business of licensing parts of the same to third parties, predominantly for the purpose of storage/warehousing, but in the case of some properties also for car parking or office purposes. There are also a small number of formal tenancies.

The essence of the business is to provide storage/car parking/office space for users on a temporary or more permanent basis, as required. The majority of such occupational arrangements are effected by one of three standard forms of agreement (one for self storage space, one for car parking and one for office space) which typically provide for the user/occupier to pay a specific sum for use of the space inclusive of any service charge, insurance premium or Value Added Tax. The standard form agreements are determinable upon 14 days' notice (storage areas) or one month's notice (car parking/office space).

The average "break even" occupancy level and average occupancy levels for all the relevant Properties during the last financial year was 30.4 per cent. and 72.4 per cent., respectively.

(C) Operating Agreement

The Access Borrower entered into the Operating Agreement with the Operator on the date of drawdown of the Access Loan, whereby the Operator was granted the exclusive right to manage the self storage/car parking/office space licensing businesses undertaken from each relevant Property. Under the terms of the Operating Agreement, the Access Borrower is entitled to 40 per cent. of the gross income received from the relevant Properties on a month by month basis (the "**Turnover Payment**"), provided that if and to the extent that such amount is less than the interest payable in respect of the Access Loan, the Operator is obliged to make a fixed monthly payment to the Access Borrower equivalent to the interest payable in respect of the Access Loan (the "**Minimum Payment**"). The Access Borrower is liable to pay not only the interest which is payable under the Access Loan, but also certain other costs, such as the cost of insuring the relevant Properties and the cost of paying headlease rent. The Access Borrower will utilise the Turnover Payment and, where less, the Minimum Payment, to meet these liabilities. The Operator is entitled, under the terms of the Operating Agreement, to 60 per cent. of the gross income received from the relevant Properties subject to the requirement that the Borrower receives the Minimum Payment.

The Operator collects income from each relevant Property into a designated collection account in respect of each relevant Property from which such monies (less a small float) are transferred into one single master collection account. MSMS, as Servicer/Security Trustee has standing order authority to take from the master collection account the monthly payment referred to above on the tenth day of each month, which amounts are paid into the Receipts Account. MSMS does not however, have any interest in or the ability to exercise any control over the original collection accounts or the process pursuant to which transfers are made from those accounts to the master collection account, such transfers being controlled solely by the Operator. MSMS therefore relies on the Operator to make such transfers.

The Operating Agreement may not be determined by the Operator during the period of subsistence of the Access Loan. The Access Borrower may determine the Operating Agreement at any time upon written notice to the Operator, however the related Credit Agreement provides that the Access Borrower may not serve any such notice of determination without the Security Trustee's prior written consent. Prior to agreeing to the termination of the Operating Agreement, the Security Trustee (or the Servicer on its behalf) must follow the procedures for notifying the Rating Agencies and the Trustee as described under "Risk Factors – Factors Relating to the Notes – Ratings of Notes and Confirmations of Ratings" at page 40. The Operator may seek to claim that a relationship of landlord and tenant has arisen, however the Operator is expressed to act as the agent of the Access Borrower, and the Operating Agreement provides that no relationship of landlord and tenant will exist as a result of the Operating Agreement. The Access Borrower is also expressed to be entitled to terminate the Operating Agreement on notice. These factors make it less likely that the Operator would be successful in making such a claim, however if it were successful then it may benefit from statutory security of tenure (for further information, see "Risk Factors – Statutory Rights of Tenants" at page 34).

The other principal obligations of the Operator in the Operating Agreement are as follows:

(a) to pay all taxes and all other outgoings payable in respect of the relevant Properties;

(b) to keep the relevant Properties in good repair and condition;

(c) not to use the premises other than for the self storage/car park/office space licensing businesses and ancillary uses;

(d) to comply with all legislation;

(e) not to transfer, sub-licence or part with the possession of any part of any relevant Property, save by one or more of the approved occupational agreements;

(f) to use all reasonable endeavours to manage the business undertaken from the relevant Properties in accordance with the standards of a normal and prudent operator of businesses of a similar nature; and

(g) to observe the provisions of all covenants, licenses and other matters affecting the relevant Properties.

The Access Borrower has deposited an amount equivalent to three months' interest due on the Access Loan on an account (the "**Access Retention Account**") which is in the name of the Access Borrower and which has been charged in favour of the Security Trustee. The Security Trustee has sole signing rights over the Access Retention Account. Sums can be applied from the Access Retention Account to fund shortfalls in sums standing to the credit of the Receipts Account.

The Loan Sale Agreement

1. Acquisition

(A) Consideration

Pursuant to the Loan Sale Agreement, MSDW Bank will agree to sell and the Issuer will agree to purchase the Loans, and MSDW Bank will assign and transfer to the Issuer its beneficial interests in the Security Trusts created over the Related Security on the Closing Date. The initial purchase consideration in respect of the Loans and the beneficial interests in the Security Trusts will be approximately £394,208,000 which will be paid on the Closing Date.

On each Interest Payment Date prior to enforcement of the Issuer Security, the Issuer will pay to MSDW Bank (or to the person or persons then entitled thereto or any component thereof), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loans and their Related Security (the "**Deferred Consideration**"), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to (a) the Prepayment Fees and any other amounts received as a result of the prepayment of a Loan (other than principal of or interest on that Loan) received during that Collection Period, plus (b) the Available Interest Receipts less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (xii) set out in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Interest Receipts" at page 20, plus (c) Available Sequential Principal less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (ix) set out in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal – Application of Available Sequential Principal" at page 23, plus (d) Available Pro Rata Principal less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to (i) items (i) and (ii) set out in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of Notes – Available Principal – Application of Available Pro Rata Principal" at page 24, or (ii) items (i) through (ix) set out in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal – Application of Available Sequential Principal" at page 23, as the case may be, less (e) an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Security Trustee, acting on the instructions of the Servicer, into the Transaction Account during that Collection Period, provided that the resulting amount is not less than nil. For avoidance of doubt, Prepayment Fees payable upon the sale of a Property following enforcement of the relevant Loan and Related Security will be applied as Prepayment Fees only upon satisfaction in full of the principal amount outstanding under such Loan and all interest accrued due and payable thereon. The right to receive the Deferred Consideration or any component of the Deferred Consideration is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment.

(B) Registration and Legal Title

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

2. Representations and Warranties

Neither the Issuer nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant security would normally make in relation to the Loans or Related Security purchased on the Closing Date. In addition, neither the Issuer nor the Trustee has made or will make any enquiry, search or investigation at any time in relation to compliance by MSDW Bank, the Servicer or any other person with 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 Loan or the Related Security purchased on the Closing Date.

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

If there is a material breach of any warranty in relation to any Loan or Related Security (details of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, MSDW Bank will be obliged, if required by the Issuer, to repurchase such Loan and to accept a reassignment of its beneficial interests in the Security Trusts from the Issuer for an aggregate amount equal to the outstanding principal amount under the relevant Loan together with Interest accrued (but not yet payable) and costs up to, but excluding, the date of the repurchase. The Issuer will have no other remedy in respect of such a breach unless MSDW Bank fails to purchase the relevant Loan, and to accept a reassignment of its beneficial interests in the Security Trusts 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 constitutes investment property let predominantly for commercial use or the operation of a warehouse storage business and is either freehold (or the Jersey equivalent), feuhold 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. This is adapted as appropriate in the case of Properties situated outside England and Wales;

(c) in relation to each Property situated in England and Wales, the title has been registered at H.M. Land Registry with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property;

(d) in relation to the Property situated in Scotland, title thereto has been registered in the General Register of Sasines;

(e) in relation to the Property situated in Jersey, the Mortgagor's title has been registered at the Jersey Land Registry, title being *"à fin d'héritage*" (equivalent to freehold), and the Property situated in Jersey was at the date of the *hypothèque judiciaire* held by the Mortgagor free (save for the *hypothèque judiciaire*) from any encumbrance which would materially and adversely affect such title or value for the mortgage purposes set out in any valuation (including any encumbrance contained in the leases of the Property situated in Jersey);

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

(g) (A) each Loan constitutes a valid and binding obligation of, and is enforceable against, the relevant Borrower; (B) each mortgage is a valid and subsisting first charge by way of legal mortgage, Standard Security or *hypothèque judiciaire* (as the corresponding available security) on the Property to which such mortgage relates, (C) the Security Trustee has a good title to each mortgage, including, in the case of the Scottish and Jersey Property, the relevant Standard Security and *hypothèque judiciaire*, respectively, at law and all things necessary to complete the Security Trustee's title to each mortgage have been duly done at the appropriate time or are in the process of being done, (D) the Security Trustee is the legal owner of each mortgage free and clear of all encumbrances, overriding interests (other than those to which the Property is subject), claims and equities and there were at the time of completion of the relevant mortgage no adverse entries of encumbrances, or applications for adverse entries of encumbrances against any title at H.M. Land Registry, the Registers of Scotland or at the Jersey Land Registry (as applicable) to any related Property which would rank higher in priority to the relevant Security Trustee's or MSDW Bank's interests therein; and (E) MSDW Bank is the legal and beneficial owner of each Loan free and clear of all encumbrances, claims and equities;

(h) prior to completion of the relevant Loan and mortgage, Standard Security or *hypothèque judiciaire*, a report on title or certificate of title (addressed to MSDW Bank) 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;

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

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

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

(l) MSDW Bank 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 Loan secured by the relevant mortgage over that Property in the context of the Lending Criteria;

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

(n) MSDW Bank 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 Loan and related mortgage and other Related Security and has not had since its incorporation nor does it have as at the Closing Date any material liability or assets other than the relevant Loan and related Properties providing security for such Loan.

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

The Loan Sale Agreement also contains a representation from MSDW Bank, to the Issuer and the Trustee to the effect that the information in this Offering Circular with regard to the administration of the Loans, the Loans, the Related Security, the 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 Trustee may rely upon this representation from MSDW Bank. Breach of this representation will not give rise to any obligation on MSDW Bank to repurchase any Loan but would enable the Issuer to claim damages from MSDW Bank in respect of any loss incurred as a result of such breach.

THE STRUCTURE OF THE ACCOUNTS

1. The Borrower Accounts

In accordance with the terms of each of the Credit Agreements, each of the Borrowers is required to establish or procure that there is established an account (a "**Rent Account**" or, in the case of the Access Loan, a "**Receipts Account**") into which sums representing the rents payable by the tenants and other occupiers of the relevant Property or Properties or the other income are to be paid.

In the case of the Access Loan, income derived from the running of the businesses undertaken on the relevant Properties is paid into initial operating accounts for each Property from which funds are swept into a separate "master" account. Certain specified sums are swept by the Operator from the master account into the Receipts Account on a monthly basis. The Security Trustee has not been granted a fixed or floating security over the operating accounts, or the master account, though it has been granted fixed security over the Receipts Account. For further information, see "The Loans and the Related Security – The Access Loan" at page 63.

In some cases, the Borrower is required to maintain a blocked account (each a "**Sales Account**" and together, the "**Sales Accounts**") into which net sales proceeds are to be paid.

In the case of seven Loans, the Borrower is required to establish a blocked account (each an "**Escrow Account**" and together, the "**Escrow Accounts**") which is charged in favour of the Security Trustee and over which the Security Trustee has sole signing rights. The initial balance in relation to the Escrow Accounts varied from £170,000 in the case of one Loan to an aggregate of approximately £4,400,000 in relation to the Loan to the First Principal Borrower. The relevant Credit Agreements provide that the balance on three of the Escrow Accounts, with an aggregate initial balance of approximately £4,450,000, is to be retained on the relevant Escrow Accounts until the date of repayment or prepayment of the relevant Loan, and provide for the balance of the account to be maintained from excess standing to the credit of the relevant Rent Account from time to time. In relation to the remaining Escrow Accounts, with an aggregate initial balance of approximately £2,640,000, the moneys on deposit in the relevant accounts were to be released to the Borrower if certain financial or other specified tests were met. Monies standing to the credit of the Escrow Accounts are to be used to fund shortfalls in the monies on the relevant Rent Accounts.

In addition, an account – the Access Retention Account - was established in relation to the Access Loan into which three months' interest was paid (see further "The Loans and the Related Security – The Access Loan" at page 63).

Each such Rent Account, Receipts Account, Sales Account and Escrow Account is expressed to be subject to a first fixed charge (or equivalent) in favour of the Security Trustee on trust for the benefit of MSDW Bank (the charges may take effect only as floating security – see "Risk Factors – The Issuer's Ability to Meet its Obligations under the Notes: the Tenants" at page 37). The beneficial interests of MSDW Bank in such trusts (which constitute part of the Security Trusts) will be assigned to the Issuer under the Loan Sale Agreement.

The Borrowers are required to make payments in arrear in respect of their Loans by one of the following methods:

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

(b) where no Managing Agent has been appointed on behalf of a Borrower (or the managing agent is connected with the Borrower or Mortgagor), tenants will be required to pay rent directly to the Borrower's Rent Account save in the case of the Access Loan (as to which, see above).

In each case, MSMS, in its capacity as Security Trustee, is and, following the sale of the Loans and assignment of the beneficial interests in the Security Trusts created over the Related Security to the Issuer, will remain the sole signatory on the Rent Accounts, the Receipts Account, the Sales Accounts and the Escrow Accounts. Under the Credit Agreements, the Security Trustee will be entitled to withdraw on each Loan

Payment Date all amounts due to the Issuer under the applicable Loan before other payments are released to the Borrower from the applicable accounts. Under the Servicing Agreement, the Servicer is required, following the Closing Date, to notify each of the Borrowers that MSDW Bank has assigned the relevant Loan to the Issuer.

2. The Issuer's Accounts

The Transaction Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Transaction Account**") into which the Security Trustee will, on the basis of information provided by the Servicer, transfer all amounts due from the Borrowers. 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

Any 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**"). Both the Interest Rate Swap Collateral Cash Account and the Interest Rate Swap Collateral Custody Account shall be 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

Any 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**"). Both the FX Swap Collateral Cash Account and the FX Swap Collateral Custody Account shall be 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 "**Issuer's Accounts**".

The Stand-by Account

Any Stand-by Drawing which the Issuer may require from the Liquidity Facility Provider (for further information, see "Credit Structure – Liquidity Facility" at page 94) will be credited to an account in the name of the Issuer (the "**Stand-by Account**") with the Operating Bank or, if the Operating Bank ceases to have a "F1+" rating (or its equivalent) by Fitch, a "P-1" rating (or its equivalent) by Moody's, or an "A-1+" rating (or its equivalent) by S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is commensurate with the rating assigned to the Notes from time to time) (the "**Requisite Rating**"), the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have the Requisite Rating, any bank which has the Requisite Rating.

THE LOAN POOL

The aggregate of the principal balances within the Loan Pool, as at the Cut-Off Date, was £396,358,555. All of the Loans are current as of the Cut-Off Date.

The Loans had, at origination, a weighted average maturity of approximately 26.20 quarters (approximately 6.55 years). The Loans bear interest quarterly on the current principal balance outstanding. Each Loan may consist of one or more tranches which may differ in terms of interest rate characteristics, principal repayment profile and maturity. In addition, each Loan may be secured by a first fixed charge on more than one Property.

The following pages contain certain tables setting out statistics relating to the Loan Pool. The defined terms set forth in and the assumptions behind the tables are as follows:

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

(b) "**Cut-Off Date**" means the date as at which the information is provided, being 11th July, 2003.

(c) "**Cut-Off Date ICR**" means the interest cover ratio ("**ICR**") calculated as of the Cut-Off Date.

(d) "**Cut-Off Date LTV**" means the loan to value ratio of the Loan as of the Cut-Off Date and the relevant Property value as set out in the relevant Condition Precedent Valuation.

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

(f) "**Original Term to Maturity**" mean the number of quarterly periods remaining to the maturity of the Loans as of the origination date.

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

In addition, please note that due to rounding, the percentages contained in the tables on the following pages may not necessarily total 100 per cent.

Cut-Off Date Balances

Cut-Off Date Balances			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Mortgage Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
				(£)			(Years)	(Years)			
0	≤	10,000,000	3	18,229,451	4.6%	5.95%	5.44	4.93	2.09	72.4%	64.8%
10,000,001	≤	20,000,000	3	44,656,040	11.3%	6.69%	5.28	4.64	1.43	82.8%	74.3%
20,000,001	≤	30,000,000	2	50,010,080	12.6%	5.90%	5.91	5.48	1.98	70.7%	65.4%
30,000,001	≤	40,000,000	1	31,975,134	8.1%	6.39%	6.92	6.02	1.30	84.1%	73.5%
40,000,001	≤	100,000,000	1	89,942,789	22.7%	6.17%	7.32	6.77	1.69	84.1%	67.8%
100,000,001	≤	200,000,000	1	161,545,061	40.8%	6.02%	6.75	6.02	1.38	83.3%	72.7%
Total		**396,358,555**									
Minimum		**3,529,451**									
Maximum		**161,545,061**									
Weighted Average Cut-Off Date Balance		**36,032,596**									

Mortgage Rate

Mortgage Rate			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Mortgage Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
				(£)			(Years)	(Years)			
5.50%	≤	5.75%	1	23,075,080	5.8%	5.74%	4.54	4.27	2.19	60.2%	60.2%
5.75%	≤	6.00%	2	13,429,451	3.4%	5.89%	4.94	4.45	2.28	68.7%	64.4%
6.00%	≤	6.25%	6	308,520,850	77.8%	6.08%	6.97	6.30	1.51	83.4%	71.2%
6.25%	≤	6.50%	1	31,975,134	8.1%	6.39%	6.92	6.02	1.30	84.1%	73.5%
6.50%	≤	7.50%	1	19,358,040	4.9%	7.31%	2.99	2.52	1.46	78.5%	71.5%
Total				**396,358,555**							
Minimum		**5.74%**									
Maximum		**7.31%**									
Weighted Average Loan Rate		**6.14%**									

Cut-Off Date Loan-to-Value Ratios

Cut-Off Date LTV			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Mortgage Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
				(£)			(Years)	(Years)			
60%	≤	65%	2	32,975,080	8.3%	5.79%	4.68	4.34	2.27	61.4%	61.4%
65%	≤	80%	2	46,293,040	11.7%	6.57%	5.37	4.85	1.66	79.1%	70.6%
80%	≤	85%	5	291,792,435	73.6%	6.11%	6.92	6.23	1.47	83.6%	71.0%
85%	≤	90%	2	25,298,000	6.4%	6.21%	7.04	6.27	1.41	86.1%	76.5%
Total				**396,358,555**							
Minimum		**60.2%**									
Maximum		**86.5%**									
Weighted Average Cut-Off Date LTV		**81.4%**									

Balloon Loan-to-Value Ratios

Balloon LTV			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Mortgage Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
				(£)			(Years)	(Years)			
60%	≤	65%	3	36,504,531	9.2%	5.79%	4.69	4.33	2.22	63.3%	61.7%
65%	≤	70%	3	121,677,789	30.7%	6.14%	7.25	6.69	1.71	83.1%	68.2%
70%	≤	75%	3	212,878,235	53.7%	6.19%	6.44	5.70	1.38	83.0%	72.7%
75%	≤	80%	2	25,298,000	6.4%	6.21%	7.04	6.27	1.41	86.1%	76.5%
Total				**396,358,555**							
Minimum		**60.2%**									
Maximum		**76.8%**									
Weighted Average Balloon LTV		**70.5%**									

Cut-Off Date Interest Coverage Ratios

Cut-Off Date ICR			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Mortgage Rate	Weighted Average Original Term to Maturity	Weighted Average Remaining Term to Maturity	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV
				(£)			(Years)	(Years)			
120%	≤	130%	1	31,975,134	8.1%	6.39%	6.92	6.02	1.30	84.1%	73.5%
130%	≤	140%	2	175,467,061	44.3%	6.03%	6.78	6.04	1.38	83.5%	73.0%
140%	≤	150%	1	19,358,040	4.9%	7.31%	2.99	2.52	1.46	78.5%	71.5%
150%	≤	160%	2	16,176,000	4.1%	6.19%	6.98	6.27	1.53	84.7%	73.1%
160%	≤	200%	3	120,407,240	30.4%	6.13%	7.19	6.64	1.71	83.0%	68.1%
200%	≤	250%	2	32,975,080	8.3%	5.79%	4.68	4.34	2.27	61.4%	61.4%
Total				**396,358,555**							
Minimum		**130%**									
Maximum		**246%**									
Weighted Average Initial ICR		**156%**									

Region

Region	Number of Properties	Aggregate Property Value	Percentage by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
England						
Greater London	13	276,960,000	56.4%	222,864,634	56.2%	81.2%
West Midlands	3	45,250,000	9.2%	37,604,992	9.5%	83.5%
East Anglia	3	41,285,000	8.4%	34,583,612	8.7%	83.8%
South East	10	38,505,000	7.8%	30,047,071	7.6%	78.5%
North West	3	29,170,000	5.9%	24,708,832	6.2%	84.8%
South West	8	26,105,000	5.3%	20,696,600	5.2%	79.4%
Yorkshire & Humberside	2	21,965,000	4.5%	17,391,485	4.4%	80.1%
East Midlands	2	2,925,000	0.6%	1,808,082	0.5%	61.9%
North East	1	900,000	0.2%	578,384	0.1%	64.3%
Jersey	1	5,800,000	1.2%	4,800,000	1.2%	82.8%
Wales	1	1,300,000	0.3%	835,443	0.2%	64.3%
Scotland	1	560,000	0.1%	439,420	0.1%	78.5%
Total	**48**	**490,725,000**	**100.0%**	**396,358,555**	**100.0%**	**81.4%**

Property Type

Property Type	Number of Properties	Aggregate Property Value	Percentage by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
Office	21	338,820,000	69.0%	280,407,970	70.7%	82.9%
Retail	10	48,390,000	9.9%	40,315,157	10.2%	83.5%
Warehouse	2	46,850,000	9.5%	39,022,429	9.8%	83.3%
Self Storage	7	38,350,000	7.8%	23,075,080	5.8%	60.2%
Industrial	8	18,315,000	3.7%	13,537,920	3.4%	74.7%
Total	**48**	**490,725,000**	**100.0%**	**396,358,555**	**100.0%**	**81.4%**

County/Town

County/Town	Number of Properties	Aggregate Property Value	Percentage by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Amount	Percentage by Aggregate Cut-Off Date Allocated Loan Amount	Weighted Average Cut-Off Date Allocated LTV
		(£)		(£)		
Abingdon	1	1,025,000	0.2%	862,206	0.2%	84.1%
Amesbury	1	8,855,000	1.8%	7,051,276	1.8%	79.6%
Ashford	1	3,450,000	0.7%	2,747,251	0.7%	79.6%
Barrow in Furness, Cumbria	1	3,670,000	0.7%	2,879,773	0.7%	78.5%
Basildon	1	2,000,000	0.4%	1,285,297	0.3%	64.3%
Birmingham	1	29,250,000	6.0%	24,604,410	6.2%	84.1%
Bristol	3	3,490,000	0.7%	2,654,733	0.7%	76.4%
Buxton	1	16,100,000	3.3%	13,922,000	3.5%	86.5%
Chelmsford	1	7,270,000	1.5%	5,704,619	1.4%	78.5%
Corby	1	1,175,000	0.2%	755,112	0.2%	64.3%
Coventry	1	2,700,000	0.6%	1,624,582	0.4%	60.2%
Cowley, Oxford	1	38,000,000	7.7%	31,975,134	8.1%	84.1%
Croydon	1	24,500,000	5.0%	20,608,822	5.2%	84.1%
Droitwich	1	13,300,000	2.7%	11,376,000	2.9%	85.5%
East Sussex	1	600,000	0.1%	385,589	0.1%	64.3%
Epsom	1	6,650,000	1.4%	5,593,823	1.4%	84.1%
Hayes	1	6,800,000	1.4%	4,091,540	1.0%	60.2%
Ipswich	1	2,650,000	0.5%	2,110,207	0.5%	79.6%
Kings Lynn	1	635,000	0.1%	498,271	0.1%	78.5%
Lancing	1	835,000	0.2%	536,611	0.1%	64.3%
Leeds	1	5,465,000	1.1%	3,512,074	0.9%	64.3%
Llantrisant	1	1,300,000	0.3%	835,443	0.2%	64.3%
London	7	227,940,000	46.4%	183,806,900	46.4%	81.3%
Newbury	1	3,000,000	0.6%	2,388,914	0.6%	79.6%
Nottingham	1	1,750,000	0.4%	1,052,970	0.3%	60.2%
Perth	1	560,000	0.1%	439,420	0.1%	78.5%
Poole	1	2,760,000	0.6%	2,165,715	0.5%	78.5%
Reading	1	2,950,000	0.6%	1,775,006	0.4%	60.2%
Romford	2	12,350,000	2.5%	10,388,529	2.6%	84.1%
Sheffield	2	17,400,000	3.5%	14,457,795	3.6%	83.3%
Southend-on-Sea	1	5,375,000	1.1%	4,217,652	1.1%	78.5%
St Helier	1	5,800,000	1.2%	4,800,000	1.2%	82.8%
Stockport	1	9,400,000	1.9%	7,907,058	2.0%	84.1%
Swindon	1	3,650,000	0.7%	2,906,511	0.7%	79.6%
Sywell	1	8,850,000	1.8%	7,047,295	1.8%	79.6%
Wallington	1	3,370,000	0.7%	2,683,546	0.7%	79.6%
Watford	1	1,500,000	0.3%	1,177,019	0.3%	78.5%
Yeovil, Somerset	1	4,350,000	0.9%	3,529,451	0.9%	81.1%
Total	**48**	**490,725,000**	**100.0%**	**396,358,555**	**100.0%**	**81.4%**

Loans

Loan No.	Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Cut-off Date LTV	Maturity	Cut-off Date ICR	Weighted Average remaining lease term (years)[1]
	(£)					(Years)
1	161,545,061	40.76%	83.3%	15th July, 2009	1.38	9.68
2	89,942,789	22.69%	84.1%	15th April, 2010	1.69	7.43
3	31,975,134	8.07%	84.1%	15th July, 2009	1.30	19.11
4	26,935,000	6.80%	79.6%	15th January, 2010	1.80	6.29
5	23,075,080	5.82%	60.2%	15th October, 2007	2.19	9.73
6	19,358,040	4.88%	78.5%	16th January, 2006	1.46	6.73
7	13,922,000	3.51%	86.5%	15th October, 2009	1.32	9.84
8	11,376,000	2.87%	85.5%	15th October, 2009	1.52	13.17
9	9,900,000	2.50%	64.3%	15th January, 2008	2.46	4.09
10	4,800,000	1.21%	82.8%	15th October, 2009	1.57	8.61
11	3,529,451	0.89%	81.1%	15th October, 2007	1.76	8.71
Total	**396,358,555**	**100.0%**	**81.4%**	**07 June, 2009**	**1.56**	**9.50**

Note:

(1) Weighted Average remaining lease term calculations are based on lease expiry dates.

Amortisation Schedule

Payment Date of Loans	Amortisation Funds due under Loans	
	With Balloon[1]	Without Balloon[1]
	(£)	(£)
July, 2003[2]	2,150,061	2,150,061
October, 2003	1,922,489	1,922,489
January, 2004	1,978,138	1,978,138
April, 2004	2,041,261	2,041,261
July, 2004	2,032,830	2,032,830
October, 2004	1,978,013	1,978,013
January, 2005	1,961,922	1,961,922
April, 2005	2,047,519	2,047,519
July, 2005	2,180,538	2,180,538
October, 2005	2,326,466	2,326,466
January, 2006	19,786,553	2,153,513
April, 2006	2,347,847	2,347,847
July, 2006	2,363,927	2,363,927
October, 2006	2,383,618	2,383,618
January, 2007	1,786,798	1,786,798
April, 2007	1,774,509	1,774,509
July, 2007	1,562,811	1,562,811
October, 2007	27,491,773	1,604,831
January, 2008	11,552,645	1,652,645
April, 2008	1,702,919	1,702,919
July, 2008	1,712,986	1,712,986
October, 2008	1,745,477	1,745,477
January, 2009	2,309,492	2,309,492
April, 2009	2,425,925	2,425,925
July, 2009	170,140,212	1,282,833
October, 2009	27,565,671	1,242,671
January, 2010	24,642,236	1,002,236
April, 2010	72,443,919	-
Total	**396,358,555**	**51,674,275**

Notes:

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

(2) For information in relation to the scheduled principal repayments made on the Loans in July, 2003, please see the table entitled "Scheduled Principal Repayments: July, 2003" on the next page.

Scheduled Principal Repayments: July 2003

Loan No.	Cut-off Date Loan Amount	Cut-off Date LTV	Property Value	Principal repayment 15th July, 2003	Loan Amount post 15th July, 2003	LTV post 15th July, 2003
	(£)		(£)	(£)	(£)	
1	161,545,061	83.3%	194,000,000	743,349	160,801,712	82.9%
2	89,942,789	84.1%	106,925,000	874,609	89,068,180	83.3%
3	31,975,134	84.1%	38,000,000	114,104	31,861,030	83.8%
4	26,935,000	79.6%	33,825,000	125,000	26,810,000	79.3%
5	23,075,080	60.2%	38,350,000	-	23,075,080	60.2%
6	19,358,040	78.5%	24,670,000	162,500	19,195,540	77.8%
7	13,922,000	86.5%	16,100,000	53,000	13,869,000	86.1%
8	11,376,000	85.5%	13,300,000	40,000	11,336,000	85.2%
9	9,900,000	64.3%	15,405,000	-	9,900,000	64.3%
10	4,800,000	82.8%	5,800,000	-	4,800,000	82.8%
11	3,529,451	81.1%	4,350,000	37,499	3,491,952	80.3%
Total	**396,358,555**	**81.4%**			**394,208,494**	**80.9%**

SERVICING

Introduction

Pursuant to the Servicing Agreement, each of the Issuer, the Security Trustee and the Trustee will appoint MSMS as the Servicer and Special Servicer to act as its agents to provide certain services in relation to the Loans and the Related Security. In performing their respective obligations under the Servicing Agreement, the Servicer and the Special Servicer must act in accordance with the '**Servicing Standard**", which requires the Servicer and the Special Servicer to act in accordance with the standard it would be reasonable to expect a reasonably prudent lender of money secured on commercial property to apply in servicing mortgages over commercial property which are beneficially owned by it, with a view to the timely collection of all sums due in respect of the Loans and, on the occurrence of an event of default under a Loan, the maximisation of recoveries available to the Noteholders as a collective whole (taking into account the likelihood of recovery of amounts due from the Borrowers, the timing of any such recovery and the costs of recovery). In so acting, neither the Servicer nor the Special Servicer may have any regard to any fees or other compensation to which the Servicer or Special Servicer may be entitled, any relationship the Servicer or Special Servicer may have with a Borrower or any other party to the transaction, the different payment priorities among the Notes or the ownership of any Note by the Servicer or Special Servicer or any affiliate thereof providing the services required of it. If, in the course of providing the Services required of it, a conflict arises between the interests of the Servicer or the Special Servicer or any of their respective affiliates on the one hand and the interests of the Noteholders (as such interests may be determined by the Trustee) on the other, the interests of the Noteholders shall prevail.

Each of the Servicer and the Special Servicer may become the owner or otherwise hold an interest in the Notes with the same rights as each would have if it were not the Servicer or Special Servicer, as the case may be. Any such interest of the Servicer or Special Servicer in the Notes will not be taken into account by any person when evaluating whether actions of the Servicer or Special Servicer were consistent with the Servicing Standard.

Payments from Borrowers

On each Loan Payment Date, the Security Trustee will, on the basis of information provided by the Servicer, transfer amounts owing to the Issuer under the Credit Agreements from the various Rent Accounts, the Receipts Account, the Escrow Accounts and the Sales Accounts to the Transaction Account. Once deposited in the Transaction Account, such amounts will be applied by the Cash Manager in accordance with the Cash Management Agreement and the Deed of Charge and Assignment. For further information regarding the application of funds by the Cash Manager, see "Cash Management" at page 86. On each Calculation Date and otherwise as required by the Issuer and the Trustee from time to time, the Servicer will determine and inform the Cash Manager and any sub-contractor or delegate of the Cash Manager appointed in accordance with the Cash Management Agreement of:

(a) Borrower Interest Receipts;

(b) Borrower Principal Receipts;

(c) Post Write-off Recovery Funds; and

(c) Prepayment Fees,

with respect to the Collection Period then ended, and will determine which portions of Borrower Principal Receipts transferred to the Transaction Account consist of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds. The Servicer will also, from time to time, determine all Revenue Priority Amounts and all Principal Priority Amounts required to be paid by the Issuer.

Annual Review Procedure

The Servicer is required to undertake an annual review in respect of each Borrower and the Loan advanced to it in accordance with its then current servicing procedures and the Servicing Standard. The Servicer is authorised to conduct this review process more frequently if the Servicer, acting in accordance with the Servicing Standard, has cause for concern as to the ability of a Borrower to meet its financial obligations under the relevant Credit Agreement. The Special Servicer has agreed to assist the Servicer by providing such information as may be available to it which may be needed by the Servicer for the carrying out of any such review.

Quarterly Arrears Report

Within 10 Business Days after the end of each Interest Period, the Servicer will deliver a report to the Issuer, the Trustee, the Special Servicer, the Cash Manager and the Rating Agencies in which it will notify such parties, as the case may be, of any Loans then known by the Servicer to be in arrears or in respect of which the Borrower or the Mortgagor is known by the Servicer to be in breach of any other term of its Credit Agreement or Related Security. Such report will include, among other things, the following:

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

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

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

(d) details of Loans with respect to which enforcement procedures were completed and the amounts written-off with respect to such Loans;

(e) details of Loans with respect to which the relevant Borrowers or Mortgagors are known by the Servicer to be in breach of any term of their Loan or Related Security which breaches are likely to prejudice the value of the relevant Loan or Related Security, as the case may be; and

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

The Special Servicer has agreed to assist the Servicer by providing such information as it may have available to it which may be needed by the Servicer for the production of any such report. A summary of each such report produced (or, if more than one, the most recent report) will be included in the quarterly investor report made available to the Noteholders by the Servicer on request from the Trustee. Investor reports will also be made available to Noteholders and certain other persons on a quarterly basis via Wells Fargo Securitisation Services Limited's internet website currently located at www.ctslink.com; however, such website does not form part of the information provided for the purposes of this Offering Circular. Registration may be required for access to this website and disclaimers may be posted with respect to the information posted thereon.

Arrears and Default Procedures

The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of all Loans. Each of the Servicer and the Special Servicer is required to use all reasonable endeavours to recover amounts due from Borrowers. Each of the Servicer and the Special Servicer has agreed, in relation to any default under or in connection with a Loan and its Related Security, to comply with the procedures for enforcement of Loans and Related Security of the Servicer or the Special Servicer, as the case may be, current from time to time (the "**Enforcement Procedures**"). Such procedures for enforcement include directing the Security Trustee as to the steps it is required to take to enforce the security held by the Security Trustee pursuant to the Security Trusts which may include the appointment of a receiver. If a receiver is appointed, the Servicer or, as the case may be, the Special Servicer is authorised by the Security Trustee, the Issuer and the Trustee to agree with the receiver a strategy for best preserving the Security Trustee's, the Issuer's and the Trustee's rights and securing any available money from the relevant Property, which may in certain circumstances involve the receiver managing the relevant Property (including the handling of payments of rent) for a period of time and/or seeking to sell the Property to a third party.

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

Modifications to Loans and exercise of Discretion

The Servicer and, in certain circumstances, the Special Servicer will be appointed to act on behalf of the Issuer, the Security Trustee and the Trustee in exercising certain of their respective rights, powers and discretions, and to perform certain of their respective duties, under the Loans and the Related Security. Prior to exercising any discretion, the effect of which could, in the reasonable opinion of the Servicer or the Special Servicer, acting in accordance with the Servicing Standard, (i) materially reduce the net present value of the amount recoverable in respect of a Loan, or (ii) (in the case of the Access Loan) result in the termination of the Operating Agreement or the dismissal of the Operator or the appointment of another in addition thereto or replacement thereof, or (iii) result in a material and adverse change to the Loan Conditions, the Servicer or the Special Servicer, as the case may be, must provide advance written notice to the Rating Agencies and the Trustee of the manner in which it proposes to exercise such discretion as described under "Risk Factors – Factors Relating to the Notes – Ratings of Notes and Confirmations of Ratings" at page 40.

To the extent that it is within the powers of a lender or the Security Trustee to do so under the relevant documentation, the Servicer or the Special Servicer, as the case may be, will be required to determine whether to agree to any request to waive, vary or amend the terms of any Loan or its Related Security. In making any such determination, the Servicer or Special Servicer, as the case may be, must act in accordance with the Servicing Standard and must meet certain conditions which are specified in the Servicing Agreement. Furthermore, in addition to being required to notify the Trustee and the Rating Agencies in the circumstances described in the preceding paragraph, the Servicer will be required to obtain the Special Servicer's consent prior to: (i) making any material waivers, consents or modifications to any of the Loan Conditions, or (ii) granting any consent which, pursuant to the applicable Loan Conditions, the Issuer or the Security Trustee may be required to grant with respect to a lease of a Property in circumstances where either the rent payable under such lease is more than the greater of £50,000 and an amount equal to ten per cent. of the total rent payable in respect of the Property, or where the area subject to the relevant lease comprises more than 20,000 square feet of the related Property, or (iii) exercising any discretion which may result in the sale or other transfer of an interest in a Property, the release of any Borrower from its obligations under the applicable Loan Agreement, the creation of any other Encumbrance on a Property or the release or substitution of any Related Security (provided that the Special Servicer's consent to such matters will only be required where the applicable Loan Conditions grant the lender or Security Trustee an unfettered discretion as to whether or not to consent to the relevant matter), or (iv) appointing a receiver or undertaking similar enforcement actions in respect of a Loan and its Related Security, or (v) taking any action in order to ensure compliance with environmental laws applicable to a Property, or (vi) exercising any discretion in relation to the Access Loan, the result of which could be to terminate the Operating Agreement, to dismiss the Operator or accept the appointment of another operator in addition thereto or in replacement thereof. Such consent will be deemed to have been given by the Special Servicer if, within five Business Days of the Servicer having notified the Special Servicer of the manner in which it proposes to exercise the relevant discretion, the Special Servicer has not notified the Servicer that it has declined to give its consent. Any determination made by the Special Servicer as to whether to issue any directions to the Servicer and the nature of the directions to be issued shall be in made in accordance with the Servicing Standard. Provided the Servicer has notified the Special Servicer of the proposed exercise of a discretion as required by the Servicing Agreement, the Servicer shall be deemed not to be in breach of the Servicing Standard or of any other provision of the Servicing Agreement if it does not exercise a discretion before the Special Servicer grants its consent thereto (or until its consent is deemed to have been granted) or if it exercises the discretion in accordance with the instructions of the Special Servicer.

Appointment of the Special Servicer and Operating Adviser

MSMS has agreed with the Issuer, the Security Trustee and the Trustee to act initially as Special Servicer (the "**Special Servicer**"). The Controlling Party from time to time shall be entitled to direct the Trustee to terminate the appointment of a person then acting as the Special Servicer, as described under "Termination of the Appointment of the Servicer or Special Servicer" at page 84. The "**Controlling Party**" means the holders of the most junior class of Notes outstanding from time to time, which class has a Principal Amount Outstanding that is not less than 25 per cent. of that Class' 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 (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes or otherwise), 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.

If:

(a) a Borrower has failed to pay any amount of interest or principal when due and such payment has not been made within five Business Days of the date on which it was due; or

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

(c) the Servicer determines that either of the interest cover percentages in respect of a Loan (being the proportions (expressed as percentages) which the net rental income payable to or for the benefit of the Borrower over (i) the immediately preceding interest period, and (ii) the immediately following period of 12 months, bear to the amount of interest payable pursuant to the applicable Credit Agreement) for the corresponding period (the "**Interest Cover Percentages**")) are equal to or less than 110 per cent.,

(each a "**Servicing Transfer Event**") the Servicer shall notify the Trustee and the Special Servicer thereof, whereupon the servicing of the relevant Loan will be transferred to the Special Servicer and the Loan will become a "**Specially Serviced Loan**". Servicing of a Specially Serviced Loan will be retransferred to the Servicer and the Loan will therefore cease to be a Specially Serviced Loan once the Servicing Transfer Event which gave rise to the Loan becoming a Specially Serviced Loan no longer persists and has not persisted for a period of three consecutive Collection Periods, provided that no other Servicing Transfer Event has occurred in relation to that Loan and is persisting. The Servicer will continue to have certain limited responsibilities relating to loan administration in respect of Specially Serviced Loans, but will not be liable for the actions of the Special Servicer (if a person other than itself).

If, on any Loan Payment Date, the Servicer determines that an Interest Cover Percentage of a Loan is equal to or less than 125 per cent. then the Servicer will promptly give notice thereof to the Special Servicer, will consult with the Special Servicer in relation to the future servicing or exercise of rights in respect of that Loan and/or its Related Security and will provide information to the Special Servicer regarding communications with the relevant Borrower and/or Mortgagor.

The Controlling Party may elect to appoint an operating adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about the following matters in relation to each Specially Serviced Loan: (a) appointment of a receiver or similar actions to be taken; (b) the amendment, waiver or modification of any term of the applicable Loan 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; (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. 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 in relation thereto and must take due account of the advice and representations of the Operating Adviser. However, in the event that 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 approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Business Days. Furthermore, the Special Servicer 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 Loan and, for 60 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Standard.

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 holders 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 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.

Insurance

The Servicer will, on behalf of the Trustee, the Security Trustee and the Issuer, establish and maintain procedures to monitor compliance with the terms of the Loans regarding the insurance of the Properties.

If the Servicer or the Special Servicer becomes aware that there has been a failure to pay premiums due under any buildings insurance policy relating to any of the Properties, the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer, shall take such action as the Issuer and/or the Security Trustee and/or the Trustee shall reasonably direct. In the absence of such direction and provided that to do so would be in accordance with the Servicing Standard, the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer, shall, on behalf of the Issuer, the Security Trustee and the Trustee, use reasonable endeavours to procure that the premiums due and payable under any buildings insurance policy are paid in order that the cover provided by such buildings insurance policy will not lapse. The Special Servicer must, upon becoming aware of the same, notify the Servicer of any failure to pay premiums under a buildings insurance policy relating to a Specially Serviced Loan.

Upon receipt of notice (including, in the case of a Specially Serviced Loan, a notice from the Special Servicer), 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, the Servicer is required to arrange such insurance. Under the terms of the Loans, each Borrower will be required to reimburse the Issuer for such costs of insurance and sums may be applied by the Security Trustee, acting in accordance with the instructions of the Servicer, from the Rent Accounts for such purposes. For further information, see also "Risk Factors – Insurance" at page 33.

Delegation by the Servicer and the Special Servicer

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

Servicing Fee

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

Both before enforcement of the Notes and thereafter (subject to certain exceptions), the Issuer will pay the Servicing Fee to the Servicer and will reimburse the Servicer for all costs and expenses incurred by the Servicer in the enforcement of a Loan and its Related Security. Both prior to, and following, an enforcement of the Issuer Security, the Servicing Fee is payable in priority to payments on the Notes. This order of priority has been agreed with a view to procuring the continuing performance by the Servicer of its duties in relation to the Issuer, the Security Trustee, the Trustee, the Loans, the Related Security and the Notes. For further information, see "Credit Structure" at page 90.

Special Servicing Fee, Work-out Fee and Liquidation Fee

Pursuant to the Servicing Agreement, if a Loan becomes a Specially Serviced Loan, the Issuer is required to pay to the Special Servicer a fee (a "**Special Servicing Fee**") equal to 0.25 per cent. per annum (exclusive of VAT) of the outstanding principal amount of the Specially Serviced Loan, for a period from (and including) the date such Loan is designated as a Specially Serviced Loan to (but excluding) the earlier of (a) the completion of Enforcement Procedures in respect of such Loan, and (b) the date on which the Loan becomes a Corrected Loan

and is retransferred to the Servicer. The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Interest Payment Date commencing with the Interest Payment Date following the date on which such period begins and ending on the Interest Payment Date following the end of such period. No Servicing Fee will be payable in respect of any Specially Serviced Loan in respect of which the Special Servicing Fee is payable. In addition to the Special Servicing Fee, the Special Servicer will be entitled to a fee (a "**Liquidation Fee**") in respect of a Specially Serviced Loan equal to 1 per cent. (exclusive of VAT) of the proceeds (net of costs and expenses of sale), if any, arising on the sale of the Property securing such Specially Serviced Loan (the "**Liquidation Proceeds**") (or such lesser fee as may be agreed between the Trustee (acting in accordance with the instructions of the Controlling Party) and the Special Servicer from time to time). The Liquidation Fee will be payable out of Liquidation Proceeds (including amounts representing Principal Recovery Funds) on the Interest Payment Date immediately following the receipt of such net proceeds, provided that no amount will be payable in respect of a Liquidation Fee in respect of Liquidation Proceeds relating to the purchase of a Property relating to the Specially Serviced Loan or of the Specially Serviced Loan by the Servicer, the Special Servicer, any Noteholder or any affiliate of any of the foregoing.

The Special Servicer will also be entitled to charge an additional fee (a "**Work-out Fee**") in relation to Corrected Loans in the amount described below. Upon a Loan becoming a Corrected Loan, the Special Servicer must notify the Servicer, the Trustee, the Cash Manager and the Rating Agencies in writing as to whether or not it wishes to exercise its right to charge a Work-out Fee in relation to such Loan. If the Special Servicer elects to charge a Work-out Fee, it will, for so long as that Loan remains a Corrected Loan, be payable by the Issuer to the Special Servicer on each Interest Payment Date in addition to any Special Servicing Fee, Liquidation Fee or other any amount which may be payable by the Issuer to the Special Servicer on such date and will be equal to the product of (x) 1.0 per cent. and (y) the Borrower Interest Receipts and Borrower Principal Receipts received in respect of the relevant Corrected Loan during the Collection Period then ended. Notwithstanding the foregoing, the Special Servicer may not elect to be paid a Work-out Fee in respect of a Corrected Loan if, prior to becoming a Corrected Loan, such Loan became and remained a Specially Serviced Loan solely by virtue of an Interest Cover Percentage in respect thereof being less than or equal to 110 per cent.. A "**Corrected Loan**" is a Loan which has been a Specially Serviced Loan but has ceased to be and in respect of which no other Servicing Transfer Event has occurred and is continuing.

Ability to purchase Loans and beneficial interests in Security Trusts

Pursuant to the Servicing Agreement the Servicer or the Special Servicer may purchase all, but not some only, of the Loans and the beneficial interests in the Security Trusts; provided that (a) on the Interest Payment Date on which the Servicer or the Special Servicer intends to purchase the Loans and the beneficial interests in the Security Trusts the then aggregate Principal Amount Outstanding of all the Notes would be less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date and (b) if the Special Servicer intends to effect such a purchase, the Servicer, having been notified by the Special Servicer of the Special Servicer's intention to do so, has not elected to purchase them itself. The Special Servicer (or, in the case of an intended purchase by the Servicer), the Servicer, must give the Issuer and Trustee not more than 60 nor less than 30 day's written notice of its intention to purchase all of the Loans and the beneficial interests in the Security Trusts. The purchase price to be paid by the Special Servicer or, as the case may be, the Servicer to the Issuer or as the Issuer or the Trustee shall direct will be either (i) an amount sufficient to discharge the aggregate of (x) all of the Issuer's liabilities in respect of the Notes and (y) any amounts required to be paid under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes on the date of the purchase by the Special Servicer or the Servicer, all in accordance with the Deed of Charge and Assignment and Condition 6*(b)*, or (ii) an amount otherwise agreed to by the Special Servicer or the Servicer, on the one hand, and the Trustee (acting upon the instructions of the Controlling Party), on the other, and notified to the Issuer in writing by the Special Servicer or the Servicer.

Termination of Appointment of Servicer or Special Servicer

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

The Trustee may terminate the Servicer's or Special Servicer's appointment under the Servicing Agreement upon the occurrence of a termination event in respect of that entity 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 and which default 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, as the case may be, of written notice by the Trustee requiring the same to be remedied, or, in certain circumstances, a default in performance of any of its other material covenants or obligations under the Servicing Agreement, or in the event that an order is made or an effective resolution passed for its winding

up, or if it becomes insolvent. On the termination of the appointment of the Servicer or, as the case may be, the Special Servicer by the Trustee, the Trustee may, subject to certain conditions (including, but not limited to, the receipt of written confirmation from the Rating Agencies that the then current rating of the Notes will not be downgraded, withdrawn or qualified as a result thereof, unless otherwise agreed by an extraordinary resolution of separate class meetings of each class of the Noteholders), appoint a substitute servicer or, as the case may be, a substitute special servicer. If the appointment of the Special Servicer is terminated in respect of any Loan (otherwise than by reason of that Loan ceasing to be a Specially Serviced Loan) and a successor is not appointed in accordance with the Servicing Agreement, the Servicer will assume the rights and obligations of the Special Servicer in respect of that Loan.

In addition the Controlling Party shall be entitled, by an Extraordinary Resolution of such Controlling Party, to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to use its reasonable endeavours to appoint a successor thereto acceptable to the Controlling Party.

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

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

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

Receivers

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

General

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

The Servicer or, if it has been appointed, the Special Servicer on behalf of the Issuer, the Security Trustee and the Trustee may agree to any request by a Borrower to vary or to amend certain terms of the relevant mortgage conditions, subject to any variation or amendment satisfying certain conditions set out in the Servicing Agreement.

Notwithstanding the foregoing, neither the Servicer nor the Special Servicer will be liable for any obligation of a Borrower or a Mortgagor under any Credit Agreement or any Related Security, have any liability to any third party for the obligations of the Issuer, the Security Trustee or the Trustee under the Notes or any of the documents listed under paragraph 9 of "General Information" at page 159 (the "**Relevant Documents**") or have any liability to the Issuer, the Security Trustee, the Trustee, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the Relevant Documents unless such failure by the Issuer results from a failure by the Servicer or the Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

CASH MANAGEMENT

Cash Manager

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

Operating Bank and Issuer's Accounts

Pursuant to the Cash Management Agreement, HSBC Bank plc (in this capacity, the "**Operating Bank**") will open and maintain the Transaction Account and, if required, the Interest Rate Swap Collateral Cash Account, the FX Swap Collateral Cash Account, the Stand-by Account, the Interest Rate Swap Collateral Custody Account and the FX Swap Collateral Custody Account in the name of the Issuer. The Operating Bank has agreed to comply with any direction of the Cash Manager, the Issuer or the Trustee to effect payments from the Transaction Account, the Stand-by Account, the Interest Rate Swap Collateral Cash Account or the FX Swap Collateral Cash Account if such direction is made in writing and in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

Under the Servicing Agreement, the Servicer and the Special Servicer are required to provide certain information to the Security Trustee in order for the Security Trustee to transfer all Borrower Interest Receipts, Borrower Principal Receipts and Prepayment Fees from the Rent Accounts, the Receipts Account, the Escrow Accounts, the Sales Accounts and, if relevant, the Interest Rate Swap Collateral Cash Account and/or the FX Swap Collateral Cash Account, 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. In addition, all payments made by the Interest Rate Swap Provider, the Interest Rate Swap Guarantor and/or 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 Liquidity Drawings will be paid into the Transaction Account. For further information, see "Servicing", "Credit Structure – The Interest Rate Swap Agreement", "Credit Structure – The FX Swap Agreement" and "Credit Structure – Liquidity Facility" at page 79, page 98, page 100 and page 94, respectively. Once such funds have been credited to the Transaction Account, the Cash Manager shall invest such sums in Eligible Investments and is required to apply such funds in accordance with the Deed of Charge and Assignment and the Cash Management Agreement, as described below.

On each Calculation Date (being the second Business Day prior to the relevant Interest Payment Date), the Cash Manager is required to determine, on the basis of information provided by the Servicer, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer, and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding and the Pool Factor (each as defined in Condition 6*(e)* at page 128) for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date and the amount of each Note Principal Payment due on the next following Interest Payment Date, in each case pursuant to Condition 6*(e)* at page 128.

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

The Cash Manager will make all payments required to carry out a redemption of Notes pursuant to Condition 6*(c)* or Condition 6*(d)* at page 126 and 127 respectively, in each case according to the provisions of the relevant Condition. For further information, see "Terms and Conditions of the Notes" at page 110.

If the Cash Manager, acting on the basis of information provided to it by the Servicer, determines on any Calculation Date that a drawing is required to be made under the Liquidity Facility Agreement, then the Cash Manager will submit a notice of drawdown to the Liquidity Facility Provider (for further information, see "Credit Structure – Liquidity Facility" at page 94). If the Cash Manager fails to submit a notice of drawdown when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) the Interest Ledger;

(b) the Principal Ledger;

(c) the Liquidity Ledger;

(d) the Prepayment Fee Ledger;

(e) the Interest Rate Swap Breakage Receipts Ledger;

(f) the FX Swap Breakage Receipts Ledger; and

(g) the Post Write-off Recovery Funds Ledger.

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Trustee, the Servicer or the Special Servicer may from time to time request.

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

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

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

(c) credit the Liquidity Ledger with any transfer made pursuant to item (i)(K) or item (ix) in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – (b) Available Interest Receipts" at page 20, or item (i) in each of "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – (c) Available Principal – Available Sequential Principal" and "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – (c) Available Principal – Available Pro Rata Principal" at page 24 and debit the Liquidity Ledger with all drawings under the Liquidity Facility;

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

(e) 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 Ledger with all payments made out of Interest Rate Swap Breakage Receipts;

(f) 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; and

(g) credit the Post Write-off Recovery Funds Ledger with all Post Write-off Recovery Funds transferred and credited to the Transaction Account and debit the Post Write-off Recovery Funds Ledger with all payments made out of Post Write-off Recovery Funds.

Cash Management Quarterly Report

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

Delegation by the Cash Manager

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

Cash Management Fee

Pursuant to the Cash Management Agreement, the Issuer will pay to the Cash Manager on each Interest Payment Date a cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager 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 and Operating Bank, respectively. Any successor cash manager 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 and the Operating Bank will be payable in priority to 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 and the Operating Bank of their duties in relation to the Issuer, the Trustee, the Loans, the Related Security and the Notes.

Termination of Appointment of the Cash Manager

The appointment of HSBC Bank plc as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Trustee. The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things, (i) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer in accordance with the Cash Management Agreement, or (ii) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for a period of 15 Business Days after the earlier of the Cash Manager becoming aware of such default or receipt by the Cash Manager of written notice from the Trustee requiring the same to be remedied, or (iii) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, examiner or similar official. On the termination of the appointment of the Cash Manager by the Trustee, the Trustee may, subject to certain conditions, appoint a successor cash manager.

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

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If HSBC Bank plc ceases to be an Authorised Entity, the Operating Bank will give written notice of such event to the Issuer, the Servicer, the Special Servicer, the Cash Manager and the Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer, the Special Servicer and the Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, procure the transfer of the Transaction Account and each other account held by the Issuer with the Operating Bank to another bank which is an

Authorised Entity. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts need not be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

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

If, other than in the circumstances specified above, the Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Cash Manager is required to obtain the prior written consent of the Issuer and the Trustee, such consent not to be unreasonably withheld, and the transfer of such account will be subject to the same directions and arrangements as are provided for above.

CREDIT STRUCTURE

The composition of the Loans and the Related Security and the structure of the transaction and the other arrangements for the protection of the Noteholders, in the light of the risks involved, have been reviewed by the Rating Agencies. The ratings assigned by the Rating Agencies to each class of Notes are set out in "Summary – The Notes – Ratings" at page 16. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The ratings of the Notes are dependent upon, among other things, the short-term unsecured, unguaranteed, unsubordinated debt ratings of the Liquidity Facility Provider and the long term unsecured, unsubordinated debt rating of the Interest Rate Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of either such ratings may have an adverse effect on the ratings of the Notes.

The principal risks associated with the Notes and the manner in which they are addressed in the structure are set out below. Attention is also drawn to the section of this Offering Circular entitled "Risk Factors" at page 30 for a description of the principal risks in respect of the Loans and Related Security.

1. Liquidity, Credit and Basis Risk

The Issuer is subject to:

(a) the risk of delay arising between scheduled Loan Payment Dates and the receipt of payments due from the Borrowers. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings under the Liquidity Facility Agreement to cover certain third party expenses, Borrower Interest Receipts and certain amounts in respect of Amortisation Funds and by the liquidity support provided to 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 Security Trustee, the Servicer or the Special Servicer, on behalf of the Issuer, to realise or to recover sufficient funds under the enforcement procedures in respect of the relevant Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrower under a Loan. This risk is addressed in respect of the Notes by the credit support provided to 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 Loans being less than that required by the Issuer in order to meet its commitments under the Notes and its other obligations. This risk is addressed by the Interest Rate Swap Transactions (for further information, see "The Interest Rate Swap Agreement" at page 98), and by the ability of the Issuer to seek drawings under the Liquidity 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 A2 Notes being denominated in U.S. dollars, and the Loan being denominated in sterling. This risk is addressed by the FX Swap Transaction (for further information, see "The FX Swap Agreement" at page 100).

2. Liabilities under the Notes

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

On each Interest Payment Date, payments of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes, respectively, will be due and payable only if and to the extent that there are sufficient funds available to the Issuer to pay interest on the Class A Notes and other liabilities of the Issuer ranking higher in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes respectively, as provided in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the

Notes – Available Interest Receipts" at page 20, and which have been paid or provided for in full. To the extent that there are insufficient funds available to the Issuer on any Interest Payment Date to pay in full interest otherwise due on any one or more classes of junior-ranking Notes then outstanding, after making the payments and provisions ranking higher in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but subject, in the case of the Class H Notes and the Class I Notes, to the following paragraph, will become due and payable, together with accrued interest thereon, on subsequent Interest Payment Dates, but only if and to the extent that funds are available therefor.

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

The Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes will provide credit support for the Class A Notes. Funds which are available in respect of payments of principal on the Notes as described in the definition of Available Sequential Principal in Condition 6(*b*) will be applied first, in paying the aggregate of all Liquidity Facility Repayment Amounts (as defined in the Definitions Agreement) applicable to Principal Drawings then outstanding under the Liquidity Facility Agreement, and second, *pari passu* and *pro rata*, in repaying principal on the Class A1 Notes and the Class A2 Notes (though, in respect of the Class A2 Notes, this will be done by way of paying sterling amounts due to the Swap Provider under the FX Swap Transaction to enable the Issuer, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on the Class A2 Notes) until all the Class A Notes have been redeemed in full and only then will payments of principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes become payable, as further described in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal – Application of Available Sequential Principal" at page 23 and Condition 6(*b*) at page 123.

However, funds which are available in respect of payments of principal on the Notes as described in the definition of Available Pro Rata Principal in Condition 6(*b*) will be applied first, in paying the aggregate of all Liquidity Facility Repayment Amounts (as defined in the Definitions Agreement) applicable to Principal Drawings then outstanding under the Liquidity Facility Agreement, and second, in repaying concurrently, *pari passu* and *pro rata*, according to the Principal Amount Outstanding of each class on the Closing Date, principal on the Class A1 Notes, the Class A2 Notes (though, in respect of the Class A2 Notes, this will be done by way of paying 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 use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on 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, as further described in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal – Application of Available Pro Rata Principal" at page 24 and Condition 6(*b*) at page 123; provided that, in the event that any of the following circumstances exist on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal shall be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in the paragraph immediately above and as further described in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement of the Notes – Available Principal – Application of Available Sequential Principal" at page 23:

(a) there is any event of default subsisting under any Credit Agreement on such Calculation Date; or

(b) the cumulative percentage of Loans (calculated by reference to the principal amount outstanding of the Loans as at the Cut-Off Date) which have defaulted since the Closing Date is greater than 15 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; provided that, in determining whether a Loan has defaulted for the purposes of this paragraph (b):

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

(ii) a 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 and such default has been remedied or cured within 30 days of such default; or

(c) there has been any loss incurred by the Noteholders since the Closing Date resulting from a failure to repay principal of, or pay interest on, any Note on the due date for such payment; or

(d) the aggregate Principal Amount Outstanding of all the Notes on such Calculation Date is less than 20 per cent. of their Principal Amount Outstanding as at the Closing Date.

3. Post-Enforcement Priority of Payments

The Issuer Security will become enforceable upon the Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security, the Trustee will be required to apply all funds (other than funds standing to the credit of the Stand-by Account which shall be repaid to the Liquidity Facility Provider and Prepayment Fees which shall be paid to MSDW Bank under the Loan Sale Agreement) 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 Trustee, the Security Trustee and any receiver appointed by or on behalf of the Trustee pursuant to the Deed of Charge and Assignment or any receiver appointed by the Security Trustee in respect of a Loan and/or its Related Security, *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 payments to be made by the Issuer referred to in (xi) below); then (c) the Paying Agents, the Exchange Agent and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement or the Exchange Rate Agency Agreement, *pari passu* and *pro rata*; then (d) the Servicer in respect of the Servicing 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 Agreement, in each case as between the Servicer and the Special Servicer, *pari passu* and *pro rata*; then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreement; then (g) the Share Trustee under the Declaration of Trust; then (h) the Depository under the Depository Agreement; then (i) the Operating Bank under the Cash Management Agreement; and then (j) the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement in respect of Principal Drawings, Interest Drawings, Accrued Interest Drawings, Expenses Drawings (but excluding, for the avoidance of doubt, any Stand-by Drawings), the commitment fee, any Mandatory Costs and any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation, including, without limitation, any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs;

(ii) *pari passu* and *pro rata*, (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A1 Notes, and (b) in payment of sterling amounts due to the FX Swap Provider under the FX Swap Transaction to enable the Trustee, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A2 Notes; and after payments of all such sums, *pari passu* and *pro rata*, (c) 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 and (d) in payment of sterling amounts to the FX Swap Provider under the FX Swap Transaction to enable the Trustee, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on the Class A2 Notes, and all other amounts due on the Class A2 Notes, until the outstanding principal balance of the Class A Notes is reduced to zero.

(iii) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes; and after payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class B Notes and all other amounts 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 (but not including any interest overdue (and any interest due on such overdue interest) on the Class H Notes attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments); 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) (a) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class I Notes (but not including any interest overdue (and any interest due on such overdue interest) on the Class I Notes attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments); and after payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class I Notes and all other amounts due in respect of the Class I Notes until the outstanding principal balance of the Class I Notes is reduced to zero;

(xi) in or towards satisfaction of any amounts due and payable by the Issuer to the Interest Rate Swap Provider under the Interest Rate Swap Agreement in respect of any payments due by the Issuer following an early termination of the Interest Rate Swap Agreement as a result of 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);

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

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

provided that at the time a payment is proposed to be made to a Secured Party (other than the Noteholders) following an enforcement of the Issuer Security and that 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 the Secured Party shall be reduced by an amount equal to such defaulted payment.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loans and the Related Security and all other assets constituting the Issuer Security. Other than (a) as

provided in the Loan Sale Agreement for material breach of warranty in relation to the Loans and, in certain limited circumstances, the Related Security (as to which, for further information, see "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 66) and breach of other provisions specified therein, and (b) in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of MSMS or MSDW Bank set out therein, the Issuer and/or the Trustee will have no recourse to MSMS or MSDW Bank.

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

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

4. Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Trustee, whereby the Liquidity Facility Provider will provide the Liquidity Facility to the Issuer. The "**Liquidity Facility**" will consist of (a) a 364-day committed sterling revolving loan facility, which will be renewable as described below, and (b) a committed sterling stand-by facility (the "**Stand-by Facility**"). The Liquidity Facility which will permit drawings to be made by the Issuer of up to an initial aggregate amount of £32,000,000. However, on any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £320,000,000, the liquidity facility commitment will be reduced to an amount equal to 10 per cent. of such outstanding principal balance, and provided that on any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £50,000,000, the liquidity facility commitment will be the lesser of £5,000,000 and 25 per cent. of the aggregate outstanding principal amount of the Loans.

If on any Business Day the Cash Manager determines that there will be a shortfall in the amount available to pay the Revenue Priority Amounts due from the Issuer to a third party other than, among others, MSDW Bank or the Servicer (an "**Expenses Shortfall**"), the Cash Manager may, on behalf of the Issuer, make a drawing pursuant to the Liquidity Facility Agreement on the next Business Day in an amount equal to the relevant Expenses Shortfall.

On each Calculation Date, the Cash Manager will determine whether an Interest Shortfall, Principal Shortfall or Accrued Interest Shortfall will arise in respect of any of the Loans (which will then become a "**Shortfall Loan**") on the immediately following Interest Payment Date and, if so, may make Interest Drawings, Principal Drawings and Accrued Interest Drawings, as appropriate, on the day immediately preceding that

Interest Payment Date. Each such drawing will be in an amount equal to the relevant shortfall (subject to any Appraisal Reduction, as described at page 96 below) and will be credited to the Transaction Account.

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

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

The Liquidity Facility will not be available to fund shortfalls in the amount of Final Redemption Funds, Principal Recovery Funds or Prepayment Redemption Funds or to fund any Principal Priority Amount.

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

The "**Scheduled Interest Receipts**" for a Loan in a Collection Period include all payments of interest, fees (other than Prepayment Fees), breakage costs (other than Interest Swap Breakage Receipts and FX Swap Breakage Receipts), expenses, commissions and other sums due and payable by the Borrower during that Collection Period (other than any payments in respect of principal).

The "**Scheduled Principal Receipts**" for a Loan in a Collection Period include all payments of principal (other than Final Redemption Funds or Prepayment Redemption Funds) scheduled to be paid by the relevant Borrower during that Collection Period.

The amount of Scheduled Interest Receipts and Scheduled Principal Receipts due in a Collection Period will be calculated on the assumption that the Borrower has made all prior payments under the applicable Credit Agreement when due (but taking into account, for the avoidance of doubt, any prepayment made by the Borrowers). However, if on any Interest Payment Date there are insufficient funds available under the Liquidity Facility to enable the Issuer to draw the amount it would otherwise be entitled to draw in respect of an Interest Shortfall or a Principal Shortfall (i.e. there is a "**Liquidity Facility Deficiency**"), the "**Scheduled Interest Receipts**" and/or "**Scheduled Principal Receipts**" due from the Borrower during the Collection Period immediately following that Interest Payment Date will be calculated on the assumption that the Borrower Interest Receipts or Borrower Principal Receipts, as the case may be, for the prior Collection Period were reduced by the amount of the Liquidity Facility Deficiency. Further, if a Borrower defaults in payment of the Final Redemption Funds due in respect of that Borrower's 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 Loan as a result of the failure to pay the Final Redemption Funds when due.

If completion of the Enforcement Procedures takes place in respect of a Shortfall Loan during a Collection Period, all outstanding Interest Drawings, Accrued Interest Drawings, drawings to cover Expenses Shortfalls and other amounts associated with that Shortfall Loan (together, the "**Liquidity Drawings**") will be repaid in full on the next following Interest Payment Date. If completion of the Enforcement Procedures does not take place in respect of a Shortfall Loan, any outstanding Liquidity Drawings will be repaid on each Interest Payment Date as follows:

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

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

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

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

While a Stand-by Drawing is outstanding, any amount that has been withdrawn from the Stand-by Account shall be repaid by crediting such amount to the Stand-by Account as if it were a Liquidity Drawing in accordance with clause (1) above and the Stand-by Drawing shall be increased by the amount of the Liquidity Drawing repaid.

Appraisals and Valuations

Not later than the earliest to occur of (i) the date 120 days after the occurrence of any non-payment with respect to a Loan if such non-payment remains uncured, (ii) the date 90 days after an order is made or an effective resolution is passed for the winding up of the relevant Borrower or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the relevant Borrower or a related Property, provided such order, resolution or appointment is still in effect, (iii) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of a Loan, other than the extension of the date that a final principal payment is due for a period of less than six months, and (iv) the date 30 days following the date a Loan becomes a Specially Serviced Loan, the Servicer or, if has been 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 Loan is greater than £5,000,000) or an internal valuation (if the outstanding principal balance of the Loan is equal to or less than £5,000,000) of the related Property, unless such an appraisal or valuation had previously been obtained within the preceding 12 months. As a result of such appraisal or internal valuation, an "**Appraisal Reduction**" may be created, being an amount:

(a) in the case of a Loan whose related Property is the subject of an appraisal by a Member of the Royal Institute of Chartered Surveyors, calculated as of the first Calculation Date that is at least 15 days after the date on which the appraisal or valuation is obtained or performed, equal to the excess, if any, of (i) the sum of the outstanding principal balance of such Loan, all unpaid interest on such 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 (ii) 90 per cent. of the appraised value of such Property as determined by such appraisal or valuation; or

(b) in the case of a Loan whose related Property is the subject of an internal valuation, equal to the greater of (i) the amount calculated in accordance with paragraph (a) above, and (ii) 25 per cent. of the then outstanding principal balance of the relevant Loan.

An Appraisal Reduction will be reduced to zero as of the date that the relevant Loan is brought current under the then current terms of the relevant Credit Agreement for at least three consecutive months, paid in full, liquidated, repurchased or otherwise disposed of.

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

The Liquidity Facility Agreement may be renewed until the earlier of 25th April, 2012, or such date the principal balance of the Loans has been reduced to zero. The Liquidity Facility Agreement will provide that if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below the Requisite Rating, or the Liquidity Facility Provider refuses to renew the Liquidity Facility Agreement, then the Issuer may appoint a replacement liquidity facility provider with the Requisite Rating and acceptable to the Trustee. In the event that the Issuer is not able to appoint a replacement

liquidity facility provider pursuant to the terms of the Liquidity Facility Agreement, then the Issuer will require the Liquidity Facility Provider to make a drawing under the Stand-by Facility (a "**Stand-by Drawing**") equal to its undrawn commitment under the Liquidity Facility Agreement and pay such amount into a designated bank account of the Issuer (the "**Stand-by Account**") maintained with the Operating Bank. On any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £320,000,000 and the proceeds of a Stand-by Drawing stand to the credit of the Stand-by Account (a "**Stand-by Deposit**"), such Stand-by Deposit shall be reduced by an amount such that the aggregate of the reduced Stand-by Deposit and any amount drawn therefrom shall be equal to 10 per cent. of such outstanding principal balance, and the amount representing such reduction shall be repaid to the Liquidity Facility Provider, provided that, on any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £50,000,000, such Stand-by Deposit shall be reduced such that the aggregate of the reduced Stand-by Deposit and any amount drawn therefrom shall be the lesser of £5,000,000 and 25 per cent. of the aggregate outstanding principal amount of the Loans. In the event that the Cash Manager makes a Stand-by Drawing and/or there are, during an Interest Period, sums standing to the credit of the Transaction Account, the Cash Manager is required (save to the extent that the same are required to make payments on behalf of the Issuer prior to the next following Interest Payment Date) to invest such funds in Eligible Investments.

"**Eligible Investments**" means (i) sterling denominated government securities or (ii) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one business day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed European Union credit institution) are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P, and the long-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 European Union credit institution) are rated "A1" by Moody's, or are otherwise acceptable to each Rating Agency.

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

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement both before and after enforcement of the Issuer Security (other than in respect of any amounts due thereunder which are described in item (xii) of "Summary – Available Funds and their Priority of Application – Payments out of Transaction Account prior to Enforcement of the Notes – Available Interest Receipts" at page 20 will rank higher in priority to payments of interest and principal on the Notes.

5. Principal Losses

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

On the Interest Payment Date following the occurrence of a Principal Loss, the Principal Amount Outstanding of the Notes will, subject to certain conditions, be reduced by an amount equal to the excess of the Principal Loss over the aggregate principal amount of the Notes redeemed pursuant to the mandatory partial redemption provisions set out in Condition 6*(b)* at page 123 as follows: first, the Principal Amount Outstanding of the Class I Notes will be reduced until the Principal Amount Outstanding of the Class I Notes is zero; second, the Principal Amount Outstanding of the Class H Notes will be reduced until the Principal Amount Outstanding of the Class H Notes is zero; third the Principal Amount Outstanding of the Class G Notes will be reduced until the Principal Amount Outstanding of the Class G Notes is zero; fourth, the Principal Amount Outstanding of the Class F Notes will be reduced until the Principal Amount Outstanding of the Class F Notes is zero; fifth, the Principal Amount Outstanding of the Class E Notes will be reduced until the Principal Amount Outstanding of the Class E Notes is zero; sixth, the Principal Amount Outstanding of the Class D Notes will be reduced until the Principal Amount Outstanding of the Class D Notes is zero; seventh, the Principal Amount Outstanding of the Class C Notes will be reduced until the Principal Amount Outstanding of the Class C Notes is zero; eighth, the Principal Amount Outstanding of the Class B Notes will be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and ninth, the Principal Amount Outstanding of the Class A Notes will be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

6. The 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). 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 the Loans (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 two-week and one-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 Transactions 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 it 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 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 "**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 the 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 6*(d)* at page 127. The Interest Rate Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate the Interest Rate Swap Agreement. In the event that a Loan is repurchased by MSDW Bank pursuant to the Loan Sale Agreement or purchased 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 the Interest Rate Swap Transactions will, in accordance with the terms of the Interest Rate Swap Agreement, be novated to MSDW Bank or the Servicer, as the case may be.

The Interest Rate Swap Provider may, at its own discretion and at its own expense, assign its rights or novate its rights and obligations under the Interest Rate Swap Agreement (including the Interest Rate Swap Transactions) to any third party provided the Rating Agencies have confirmed in writing that such transfer would not cause a downgrading of the then applicable ratings of the Notes 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.

7. 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 MSCS 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.

8. Interest Rate Swap Guarantor Downgrade Event

If the rating of the short-term, unsecured, unsubordinated debt obligations of the Interest Rate Swap Guarantor falls below "F1" by Fitch, "P-1" by Moody's or "A-1" by S&P, or the long-term, unsecured debt obligations of the Interest Rate Swap Guarantor falls below "A1" by Moody's at any time, then the Interest Rate Swap Provider will be required to :

(a) obtain a guarantee of its obligations under the Interest Rate Swap Agreement from a third party whose short-term unsecured, unsurbordinated debt obligations are rated "F1" or above by Fitch, "P-1" or above by Moody's and "A-1" or above by S&P, and whose long-term, unsecured, unsubordinated debt obligations are rated "A1" or above Moody's; 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 "F1" or above by Fitch, "P-1" or above by Moody's and "A-1" or above by S&P, and such third party's (or that third party's credit support provider's) long-term, unsecured, unsubordinated debt obligations are rated "A1" or above by Moody's.

9. 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 Trustee and for a receiver following the

enforcement of the Notes. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the 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.

10. 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 A2 Notes being denominated in U.S. dollars and, consequently, principal of and interest on the Class A2 Notes being payable in U.S. dollars, and payments on the Loans being denominated in sterling. The relevant U.S. dollar/sterling exchange rate for all payments under the FX Swap Transaction has been set at £1 = U.S.$1.655 (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 U.S. dollars received on the issue of the Class A2 Notes and will receive in exchange an amount in sterling equal to such U.S. 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 A2 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 two-week and one-month sterling LIBOR) plus the Relevant Margin. On each Interest Payment Date, the FX Swap Provider will pay to the Issuer an amount in U.S. dollars equal to the interest due on the Class A2 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 A2 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 A2 Notes on such day converted into sterling at the Exchange Rate and the FX Swap Provider shall pay to the Issuer an amount in U.S. dollars equal to the aggregate principal amount due to be paid on the Class A2 Notes. On the final exchange date (being 25th April, 2012, subject to adjustment for non-business days) 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 A2 Notes has been reduced pursuant to Condition 6*(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 U.S. dollars equal to the U.S. dollar amount paid to it on the Closing Date by the Issuer less the sum of (a) all interim payments of U.S. dollars paid by it to the Issuer in respect of principal, and (b) an amount in U.S. dollars equal to the amount by which the Principal Amount Outstanding of the Class A2 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 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 Shortfall Amount converted into U.S. 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 U.S. 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 U.S. 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 A2 Notes on such day, the FX Swap Transaction will enable the Issuer to make the payments in U.S. dollars due on the Class A2 Notes using the sterling amounts available for such purpose.

The FX Swap Transaction is scheduled to terminate on 25th April, 2012, 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 any amount 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 A2 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 a Note 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 (and long-term, in the case of Moody's), unsecured, unsubordinated debt obligations are such that the then applicable ratings of the Notes will not be downgraded, withdrawn or qualified, 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 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 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 U.S. dollars in order to make payments due to the Class A2 Noteholders at the prevailing spot rate of exchange on the relevant Interest Payment Date using only the amounts in sterling (being in the maximum principal amount of approximately £67,200,000) that would otherwise have been available to pay amounts due to the FX Swap Provider under the FX Swap Transaction. The Class A2 Noteholders shall have no recourse to the Issuer for such shortfall amounts in the amount of U.S. 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 the Rating Agencies have provided written confirmation that such third party's (or its guarantor's) short-term (and long-term, in the case of confirmation by Moody's), unsecured, unsubordinated debt obligations are such that the then applicable ratings of the Notes will not be qualified, downgraded or withdrawn and provided further that such third party agrees to be bound by, among other things, the terms of the Deed of Charge and Assignment, on substantially the same terms as the original FX Swap Provider.

11. 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 "A1" by Moody's 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.

12. 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 Trustee and for a receiver following the enforcement of the Notes. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the 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 Loans will be repaid or prepaid and a number of other relevant factors are unknown.

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

(a) no Loans are sold by the Issuer;

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

(c) neither of the Swap Agreements will be terminated; and

(d) the Closing Date is 29th September, 2003,

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:

Payment Date of the Notes	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	Class I Notes
					(%)					
Closing Date	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th October, 2003	99.0	99.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th January, 2004	98.1	98.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th April, 2004	97.0	97.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th July, 2004	96.0	96.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th October, 2004	95.1	95.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th January, 2005	94.1	94.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th April, 2005	93.1	93.1	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th July, 2005	92.0	92.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th October, 2005	90.8	90.8	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
25th January, 2006	83.1	83.1	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th April, 2006	82.0	82.0	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th July, 2006	80.8	80.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th October, 2006	79.6	79.6	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th January, 2007	78.7	78.7	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th April, 2007	77.8	77.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th July, 2007	77.1	77.1	97.8	97.8	97.8	97.8	97.8	97.8	97.8	97.8
25th October, 2007	66.5	66.5	94.5	94.5	94.5	94.5	94.5	94.5	94.5	94.5
25th January, 2008	62.0	62.0	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th April, 2008	61.1	61.1	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th July, 2008	60.3	60.3	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th October, 2008	59.4	59.4	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th January, 2009	58.3	58.3	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th April, 2009	57.1	57.1	93.2	93.2	93.2	93.2	93.2	93.2	93.2	93.2
25th July, 2009	0.0	0.0	53.9	71.8	71.8	71.8	71.8	71.8	71.8	71.8
25th October, 2009	0.0	0.0	23.6	68.5	68.5	68.5	68.5	68.5	68.5	68.5
25th January, 2010	0.0	0.0	0.0	36.5	65.5	65.5	65.5	65.5	65.5	65.5
25th April, 2010	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Average Life (years)	4.7	4.7	5.9	6.1	6.2	6.2	6.2	6.2	6.2	6.2
First Principal Payment Date	25th October, 2003	25th October, 2003	25th January, 2006	25th January, 2006	25th January, 2006	25th January, 2006	25th January, 2006	25th January, 2006	25th January, 2006	25th January, 2006
Last Principal Payment Date	25th July, 2009	25th July, 2009	25th January, 2010	25th April, 2010	25th April, 2010	25th April, 2010	25th April, 2010	25th April, 2010	25th April, 2010	25th April, 2010

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 360-day year.

DESCRIPTION OF THE NOTES AND THE DEPOSITORY AGREEMENT

General

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

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

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

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

Book-Entry Interests in respect of Global Notes (other than in respect of the Class A2 Notes) will be recorded in original denominations of £50,000 and integral multiples of £100 in excess thereof and, in the case of the Class A2 Notes, U.S.$50,000 and integral multiples of U.S.$100 in excess thereof. Ownership of Book-Entry Interests in respect of Global Notes will be limited to persons that have accounts with DTC, Euroclear or Clearstream, Luxembourg or persons that hold interests in the Book-Entry Interests through participants, including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with DTC, Euroclear or Clearstream, Luxembourg, either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such indirect participants. Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective Book-Entry Interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. The accounts to be credited will be designated by Morgan Stanley & Co. International Limited. Ownership of Book-Entry Interests will be shown on, and transfers of Book-Entry Interests or the interests therein will be effected only through, records maintained by DTC, Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their participants). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdiction or otherwise subject to the laws thereof to own, transfer or pledge Book-Entry Interests.

So long as the Depository or its nominee is the holder of the Global Notes underlying the Book-Entry Interests, the Depository or such nominee, as the case may be, will be considered the sole Noteholder for all purposes under the Trust Deed. Except as set forth under "Issuance of Definitive Notes" at page 108, participants or indirect participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive bearer or registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of the Depository and DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the participant or indirect participants through which such person owns its interest in the relevant Book-Entry Interests to exercise any rights and

obligations of a holder of Notes under the Trust Deed (for further information, see "Action in Respect of the Global Notes and the Book-Entry Interests" at page 108).

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default (as defined in Condition 10 at page 132) under the Notes, holders of Book-Entry Interests will be restricted to acting through DTC, Euroclear, Clearstream, Luxembourg and the Depository unless and until Definitive Notes are issued in accordance with the Terms and Conditions. There can be no assurance that the procedures to be implemented by DTC, Euroclear and Clearstream, Luxembourg and the Depository under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

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

Purchasers of Book-Entry Interests in a Global Note pursuant to Reg S will hold Book-Entry Interests in the Reg S Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Reg S Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "Transfer and Transfer Restrictions" at page 107), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. After the expiration of the Note Distribution Compliance Period (as defined under "Transfer and Transfer Restrictions" at page 107) but not earlier, investors may also hold such Book-Entry Interests through organisations, other than Euroclear or Clearstream, Luxembourg, that are participants in the DTC system. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Reg S Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Payments on Global Notes

Payment of principal of and interest on the Global Notes will be made to the Depository as the holder thereof. All such amounts will, subject as provided below, be payable by a paying agent, in pounds sterling or, in the case of the Class A2 Notes, U.S. dollars. Upon receipt of any payment of principal of or interest on a Global Note, the Depository will distribute all such payments to (in the case of the Reg S Global Notes and Rule 144A Global Notes held by or on behalf of the Common Depositary) the nominee for the Common Depositary and (in the case of the Rule 144A Global Notes held by or on behalf of DTC) the nominee for DTC. All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other

governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

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

DTC is unable to accept payments denominated in pounds sterling in respect of the Global Notes. Accordingly, holders of beneficial interests in Rule 144A Global Notes (other than the Class A2 Rule 144A Global Note) held through DTC who wish payments to be made to them outside DTC must, in accordance with the Depository Agreement, notify DTC not less than 15 days prior to each Interest Payment Date (i) that they wish to be paid in pounds sterling and (ii) of the relevant bank account details into which such pounds sterling payments are to be made.

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

Information Regarding DTC, Euroclear and Clearstream, Luxembourg

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

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

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

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to

Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

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

Redemption

In the event that any Global Note (or portion thereof) is redeemed, the Depository will deliver all amounts received by it in respect of the redemption of such Global Note to the nominee of the Common Depositary (in the case of a Reg S Global Note and the Rule 144A Global Note held by Euroclear and Clearstream, Luxembourg) and to the nominee of DTC (in the case of a Rule 144A Global Note held by DTC or its nominee) and, upon a final payment, surrender such Global Note to or to the order of a Paying Agent for cancellation. The redemption price payable in connection with the redemption of Book-Entry Interests will be equal to the amount received by the Depository in connection with the redemption of the Global Note (or portion thereof) relating thereto. For any redemptions of a Global Note in part, selection of the Book-Entry Interests relating thereto to be redeemed will be made by DTC, Euroclear or Clearstream, Luxembourg, as the case may be, on a pro rata basis (or on such other basis as DTC, Euroclear or Clearstream, Luxembourg deems fair and appropriate) provided that only Book-Entry Interests in the original principal amount of £50,000 and integral multiples of £100 in excess thereof or, in the case of the Class A2 Notes, U.S.$50,000 and integral multiples of U.S.$100 in excess thereof, or integral multiples of such original principal amount will be redeemed. Upon any redemption in part, the Depository will cause the relevant Paying Agent to mark down or to cause to be marked down the schedule to such Global Note by the principal amount so redeemed.

Transfer and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. For further information, see "General Information" at page 159.

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

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

Any Book-Entry Interest in a Reg S Global Note of one class that is transferred to a person who takes delivery in the form of a Book-Entry Interest in a Rule 144A Global Note of the same class will, upon transfer,

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

Issuance of Definitive Notes

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

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

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

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

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

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

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

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

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

with respect to soliciting instructions from their respective participants. The Depository will not exercise any discretion in the granting of consents or waivers or the taking of any other action in respect of the Book-Entry Interests or the Global Notes.

Reports

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

Action by Depository

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

Charges of Depository and Indemnity

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

Amendment and Termination

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

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

Resignation or Removal of Depository

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

Obligation of Depository

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

TERMS AND CONDITIONS OF THE NOTES

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

The £133,930,000 Class A1 Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A1 Notes**"), the U.S.$111,200,000 Class A2 Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A2 Notes**" and, together with the Class A1 Notes, the "**Class A Notes**"), the £78,220,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), the £9,500,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), the £30,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class D Notes**"), the £31,750,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class E Notes**"), the £15,750,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class F Notes**"), the £10,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class G Notes**"), the £15,858,000 Class H Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class H Notes**") and the £2,000,000 Class I Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class I 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, the Class G Notes and the Class H Notes, the "**Notes**" (as more fully defined below)) of Iolaus (European Loan Conduit No. 15) plc (the "**Issuer**") are constituted by a trust deed dated on or about 29th September, 2003 (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 Bank USA (the "**Trustee**", which expression includes its successors or any further or other trustee under the Trust Deed) as trustee for the holders for the time being of the Notes. Any reference to a "**class**" of Notes or of Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I 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 29th September, 2003 (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 and the Trustee. By an agency agreement dated on or about 25th September, 2003 (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Trustee, 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), agent bank (the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes), HSBC Global Investor Services (Ireland) Limited as paying agent in Ireland (the "**Sub-Paying Agent**", which expression shall include any other paying agent appointed in Ireland in respect of the Notes) and HSBC Bank USA as registrar (the "**Registrar**", which expression shall include any other registrar appointed in respect of the Notes) (the Principal Paying Agent being, together with any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**" and, together with the Agent Bank and the Registrar, the "**Agents**"), provision is made for, 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 Agreement, the Deed of Charge and Assignment, the Depository Agreement, the Exchange Rate Agency Agreement and the Definitions Agreement (each as defined herein). Copies of the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Depository Agreement, the Exchange Rate Agency Agreement and the Definitions Agreement (each as defined herein) 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 Agreement, the Deed of Charge and Assignment, the depository agreement dated on or about 29th September, 2003, between the Issuer, the Trustee and HSBC Bank USA, in its capacity as depository (the "**Depository Agreement**", which expression includes such depository agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified and the "**Depository**", respectively), the exchange rate agency agreement dated on or about 29th September, 2003, between the Issuer, HSBC Bank plc, in its capacity as exchange agent (the "**Exchange Agent**", which expression shall include any other exchange

agent appointed in respect of the Notes), the Trustee and the Depository (the "**Exchange Rate Agency Agreement**", which expression includes such exchange rate agency agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and a definitions agreement dated on or about 29th September, 2003, made between, among others, the Issuer and the Trustee (the "**Definitions Agreement**", which expression includes such definitions agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and the documents referred to in each of them.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 25th September, 2003.

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

(b) Reg S Global Notes

The Class 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, the Class H Notes and the Class I 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 initially be represented by a separate global note in bearer form for each class of Note (collectively, the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Reg S Global Notes will each be deposited with or to the order of the Depository pursuant to the terms of the Depository Agreement. The Depository will issue a certificated depository interest in respect of each Reg S Global Note to the Common Depositary for the account of Euroclear and Clearstream, Luxembourg.

(c) Form and Title

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

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

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

2. Definitive Notes

(a) Issue of Definitive Notes

A Global Note will be exchanged for definitive Notes of the relevant class in registered form ("**Definitive Notes**") in an aggregate principal amount equal to the Principal Amount Outstanding (as defined in Condition 6*(e)*) of the relevant Global Note only if, 40 days or more after the Closing Date, any of the following circumstances apply:

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

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

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

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

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

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

(b) Title to and Transfer of Definitive Notes

Title to a Definitive Note will pass upon registration in the register which the Issuer will procure to be kept by the Registrar. A Definitive Note (other than any definitive Class A2 Note (a "**Definitive Class A2 Note**") will have an original principal balance of £50,000 or any integral multiple of £100 in excess thereof and, in respect of a Definitive Class A2 Note, an original principal balance of U.S.$50,000 or any integral multiple of U.S.$100 in excess thereof, and will be serially numbered. Definitive Notes may be transferred in whole or in part (provided that any partial transfer relates to a Definitive Note (other than any Definitive Class A2 Note) in the original principal amount of £50,000 or any integral multiple of £100 in excess thereof and, in respect of a Definitive Class A2 Note, in the original principal amount of U.S.$50,000 or any integral multiple of U.S.$100 in excess thereof upon surrender of the relevant Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of

Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

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

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

No transfer of a Definitive Note will be registered in the period beginning 15 Business Days before, and ending on the fifth Business Day after, each Interest Payment Date (as defined in Condition 5(*b*)).

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

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

3. Status, Security and Priority

(A) Status and relationship between the Notes

(a) The Notes constitute direct, secured and unconditional obligations of the Issuer and are secured by the same security that secures each of the Notes. The Class A1 Notes and the Class A2 Notes rank *pari passu* without preference or priority among themselves. The Notes of each other class rank *pari passu* without preference or priority among the other Notes of such class.

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

interest on, the Class A Notes and the Class B Notes; repayments of principal of, and payments of interest on, the Class B Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes.

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

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

(A) holders of the Class A1 Notes (the "**Class A1 Noteholders**") and the Class A2 Notes (the "**Class A2 Noteholders**" and, together with the Class A1 Noteholders, the "**Class A Noteholders**") (for so long as the Class A Notes are outstanding (as defined in the Trust Deed)); and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

then the 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 Trustee's opinion, there is a conflict between the interests of:

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

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

then the 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 Trustee's opinion, there is a conflict between the interests of:

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

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

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

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

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

(B) the Class I Noteholders,

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

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

(d) The Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, among other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the Class A Noteholders, (ii) the Class C Noteholders, among other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders and/or the Class B Noteholders, (iii) the Class D Noteholders, among other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders and/or the Class C Noteholders, (iv) the Class E Noteholders, among other things, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and/or the Class D Noteholders, (v) the Class F Noteholders, among other things, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Class E Noteholders, (vi) the Class G Noteholders, among other things, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, (vii) the Class H Noteholders, among other things, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and/or the Class G Noteholders, and (viii) the Class I Noteholders, among other things, to request or direct the Trustee to take any action or pass an

effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and/or the Class H 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 and/or the Class I Noteholders, irrespective of the effect thereof on their interests.

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

(B) Security and Priority of Payments

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

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

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne in accordance with the provisions of Condition 16 and the Deed of Charge and Assignment. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that (i) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security, (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished, and (iii) in the event that a shortfall in the amount available to pay principal of the Notes of any

class exists on the Interest Payment Date falling in April 2012 (the "**Final Interest Payment Date**") or on any earlier redemption in full of the Notes or the relevant class of Notes, after payment on the Final Interest Payment Date or such date of earlier redemption of all other claims ranking higher in priority to, or *pari passu* with, the Notes or the relevant class of Notes and after the realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at such date, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

4. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee (which consent shall not be given without the prior resolution of Noteholders, the required majority for such resolution being not less than 50.1 per cent. of the Principal Amount Outstanding of Notes then outstanding) or unless otherwise provided in or envisaged by these Conditions or the Relevant Documents (as defined in the Definitions Agreement), 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, assignation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital);

(b) Restrictions on Activities

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

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

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

(c) Disposal of Assets

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

(d) Dividends or Distributions

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

(e) Borrowings

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

(f) Merger

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

(g) Variation

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

(h) Bank Accounts

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

(i) Assets

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

(j) VAT

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

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

(B) Cash Manager and Servicer

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager in respect of the monies from time to time standing to the credit of the Transaction Account (as defined in the Definitions Agreement) and any other account of the Issuer from time to time and a servicer. Neither the Cash Manager nor the Servicer (each as defined in the Definitions Agreement) will be permitted to terminate its appointment unless a replacement cash manager or servicer, as the case may be, acceptable to the Issuer and the Trustee has been appointed. The appointment of the Cash Manager and the Servicer may be terminated by the Trustee if, among other things, the Cash Manager or the Servicer, as applicable, defaults in any material respect (in the case of the Servicing Agreement (as defined in the Definitions Agreement)) or in any respect (in the case of the Cash Management Agreement (as defined in the Definitions Agreement)) in the observance and performance of any obligation imposed on it under the Servicing Agreement or the Cash Management Agreement, as applicable, which default is not remedied (i) within 15 Business Days, in the case of the Cash Management Agreement, after the earlier of the Cash Manager becoming aware of such default and written notice of such default being served on the Cash Manager by the Trustee (except in respect of a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer, in which case the appointment of the Cash Manager may be terminated immediately), or (ii) within 30 Business Days, in the case of the Servicing Agreement, after written notice of such default shall have been served on the Servicer by the Issuer or the Trustee.

(C) Special Servicer

The Controlling Party will be entitled, by an Extraordinary Resolution of such Controlling Party, to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to appoint a successor thereto acceptable to the Controlling Party. In these Conditions, the "**Controlling Party**" means the holders of the most junior class of Notes outstanding from time to time, which class has a Principal Amount Outstanding that is not less than 25 per cent. of that Class' original Principal Amount Outstanding on the Closing Date (as

defined below); provided however, that if no class of Notes has a Principal Amount Outstanding that satisfies this requirement (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes or otherwise), 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.

Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

(a) the Controlling Party may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes;

(b) the Controlling Party may act solely in the interests of the Controlling Party;

(c) the Controlling Party does not have any duties to any Noteholders other than the Controlling Party;

(d) the Controlling Party may take actions that favour the interests of the Controlling Party over the interests of the other Noteholders;

(e) the Controlling Party will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Controlling Party; and

(f) the Controlling Party will have no liability whatsoever for having acted solely in the interests of the Controlling Party, and no holder of any other class of Notes may take any action whatsoever against the Controlling Party for having so acted.

(D) Operating Adviser

The Controlling Party may, by an Extraordinary Resolution of such Controlling Party, appoint an adviser (the "**Operating Adviser**") with whom the Special Servicer will be required to liaise in accordance with the Servicing Agreement.

Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

(a) an Operating Advisor elected by the Controlling Party may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes;

(b) an Operating Advisor elected by the Controlling Party may act solely in the interests of the related Controlling Party;

(c) an Operating Advisor elected by the Controlling Party does not have any duties to any Noteholders;

(d) an Operating Advisor elected by the Controlling Party may take actions that favour the interests of the Controlling Party over the interests of the other Noteholders;

(e) an Operating Advisor elected by the Controlling Party will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of a Controlling Party; and

(f) an Operating Advisor elected by the Controlling Party will have no liability whatsoever for having acted solely in the interests of a Controlling Party, and no holder of any class of Notes may take any action whatsoever against an Operating Advisor for having so acted.

5. Interest

(a) Period of Accrual

Each Note will bear interest on its Principal Amount Outstanding from (and including) 29th September, 2003, (the "**Closing Date**"). Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal, together with the interest

accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 15 or individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) Interest Payment Dates and Interest Periods

Subject to Condition 16*(a)*, interest on the Notes is payable quarterly in arrear on the 25th day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in October 2003.

In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or, in respect of the payment of the first Interest Amount (as defined in Condition 5*(d)* below), the Closing Date) to (but excluding) the next following Interest Payment Date (or, in respect of the payment of the first Interest Amount, the Interest Payment Date falling in October 2003) and "**Business Day**", in these Conditions (other than Condition 6 and Condition 7), means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and Dublin.

(c) Rate of Interest

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

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

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

(ii) (1) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places with the mid-point rounded up) for three-month sterling deposits (or, in the case of the Class A2 Notes, three-month U.S. dollar deposits) (save, in the case of the first Interest Determination Date, the linear interpolation of two-week and one-month sterling or U.S. dollar deposits, as the case may be), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the "**Screen Rate**") (rounded to five decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or

(2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5*(h)* below) as the rate at which three-month sterling deposits in an amount of £10,000,000 (or, in the case of the Class A2 Notes, three-month U.S. dollar deposits in an amount of U.S.$10,000,000) (save, in the case of the first Interest Determination Date, the linear interpolation of two-week and one-month sterling or U.S. 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 Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

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

(A) in respect of the Class A1 Notes, 0.45 per cent. per annum;

(B) in respect of the Class A2 Notes, 0.38 per cent. per annum;

(C) in respect of the Class B Notes, 0.55 per cent. per annum;

(D) in respect of the Class C Notes, 0.70 per cent. per annum;

(E) in respect of the Class D Notes, 0.85 per cent. per annum;

(F) in respect of the Class E Notes, 1.10 per cent. per annum;

(G) in respect of the Class F Notes, 2.25 per cent. per annum;

(H) in respect of the Class G Notes, 2.50 per cent. per annum;

(I) in respect of the Class H Notes, 2.35 per cent. per annum; and

(J) in respect of the Class I Notes, 2.35 per cent. per annum.

There shall be no minimum or maximum Rate of Interest.

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

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Trustee, the Cash Manager and the Paying Agents in writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date (or, in respect of the first Interest Amount, the Closing Date) in respect of the Notes of each class, and (ii) the sterling amount (the "**Interest Amount**") payable, subject to Condition 16*(a)* and Condition 5*(i)*, in respect of such Interest Period in respect of the Notes of each class (such amount in respect of the Class A2 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 Rate of Interest to the Principal Amount Outstanding of the Notes of each class, multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 (or, in the case of the Class A2 Notes, 360) and rounding the resultant figure downward to the nearest penny (or, in the case of the Class A2 Notes, cent).

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

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

(f) Determination or Calculation by the Trustee

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of the Notes in accordance with the foregoing Conditions, the Trustee 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), and (ii) calculate the Interest Amount for each class of Notes in the manner specified in Condition 5*(d)* above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) Notifications to be Final

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

(h) Reference Banks and Agent Bank

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

(i) Interest on the Class H Notes and the Class I Notes

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

6. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 6, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in April 2012.

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

(b) Mandatory Redemption in Part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts and Available Principal Recovery Funds

Subject as provided in Conditions 6*(c)* and 6*(d)*, prior to the service of a Note Enforcement Notice and subject as provided below, the Class A Notes or, if no Class A Notes are outstanding, the most senior class of Notes then outstanding shall be subject to mandatory redemption in part on each Interest Payment Date if on the Calculation Date (as defined below) relating thereto there are any Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts or Available Principal Recovery Funds (each as defined below), after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, and if the amount of such Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts and Available Principal Recovery Funds, after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, is not less than £1.

The "**Calculation Date**" means the second Business Day prior to the relevant Interest Payment Date save in respect of the Interest Payment Date falling in April 2012 when it means the actual Interest Payment Date in April 2012.

For the purposes of these Conditions:

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

(B) "**Available Principal**" means, in respect of any Calculation Date, the aggregate of (i) Available Pro Rata Principal (as defined below), and (ii) Available Sequential Principal (as defined below);

(C) "**Available Pro Rata Principal**" means, in respect of any Calculation Date, 50 per cent. of any Available Prepayment Redemption Funds and Available Final Redemption Funds received in respect of the Loans during that Collection Period;

(D) "**Available Sequential Principal**" means, in respect of any Calculation Date, the aggregate of (i) 50 per cent. of any Available Prepayment Redemption Funds and Available Final Redemption Funds received in respect of the Loans during that Collection Period, and (ii) any Available Amortisation Funds, Available Principal Recovery Funds and Available Interest Rate Swap Breakage Receipts received in respect of the Loans during that Collection Period;

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

(F) "**Prepayment Redemption Funds**" means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loans as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the relevant Credit Agreements

(including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan), and (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase of a Loan by MSDW Bank pursuant to the Loan Sale Agreement, 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 Loan by the Servicer pursuant to the Servicing Agreement, and "**Available Prepayment Redemption Funds**" means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Prepayment Redemption Funds applied by the Issuer in respect of any Principal Priority Amounts and Revenue Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

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

(H) "**Interest Rate Swap Breakage Receipts**" means the aggregate of all amounts paid to the Issuer under the Interest Rate Swap Agreement (as defined in the Definitions Agreement) as a result of the termination thereof, and "**Available Interest Rate Swap Breakage Receipts**" means, in respect of any Calculation Date, the Interest Rate Swap Breakage Receipts received by or on behalf of the Issuer during the Collection Period then ended (but excluding (i) any Interest Rate Swap Breakage Receipts paid to the Issuer following an early termination of the Interest Rate Swap Agreement as a result of an event of default where the Interest Rate Swap Provider was the Defaulting Party (as defined in the Interest Rate Swap Agreement) or (ii) any Interest Rate Swap Breakage Receipts paid to the Issuer following any default under a Loan); and

(I) "**Post Write-off Recovery Funds**" means the aggregate amount received by the Servicer or the Special Servicer on behalf of the Issuer in respect of a Loan following the write-off of such amounts by the Servicer or the Special Servicer on the completion of the Enforcement Procedures in relation to such Loan,

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts, Available Sequential Principal, Available Pro Rata Principal or Available Principal Recovery Funds, as applicable, on any preceding Calculation Date.

I. Application of Available Sequential Principal

Available Sequential Principal determined on each Calculation Date shall, save in the circumstances set out above, be applied, on the immediately following Interest Payment Date in the following order of priority:

(i) first, in repaying or paying any amounts due or overdue in respect of the repayment of any Principal Drawings (as defined in the Definitions Agreement) (excluding any interest accrued due and unpaid thereon) to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (each as defined in the Definitions Agreement);

(ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class A1 Notes and in paying sterling amounts due to the FX Swap Provider under the FX Swap Transaction (as defined in the Definitions Agreement) to enable the Issuer, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on the Class A2 Notes, until all the Class A Notes have been redeemed in full;

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

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

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

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

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

(viii) eighth, in repaying principal on the Class G Notes until all the Class G Notes have been redeemed in full;

(ix) ninth, in repaying principal on the Class H Notes until all the Class H Notes have been redeemed in full;

(x) tenth, in repaying principal on the Class I Notes until all the Class I Notes have been redeemed in full;

(xi) eleventh, in paying any portion of Deferred Consideration (as defined in the Definitions Agreement) to MSDW Bank under and in accordance with the Loan Sale Agreement (as defined in the Definitions Agreement); and

(xii) twelfth, in paying any surplus to the Issuer.

II. Application of Available Pro Rata Principal

Following application of Available Sequential Principal as set forth immediately above, the Available Pro Rata Principal determined on each Calculation Date shall, save in the circumstances below, be applied, on the immediately following Interest Payment Date in the following order of priority:

(i) first, in repaying or paying any amounts due or overdue in respect of the repayment of any Principal Drawings (as defined in the Definitions Agreement) (excluding any interest accrued and unpaid thereon) to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (each as defined on the Definitions Agreement;

(ii) second, *pari passu* and *pro rata*, in repaying concurrently according to the Principal Amount Outstanding of each class on the Closing Date, principal on the Class A1 Notes, the Class A2 Notes (in the case of the Class A2 Notes, by way of paying sterling amounts due to the FX Swap Provider under the FX Swap Transaction (as defined in the Definitions Agreement) to enable the Issuer, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in repaying principal on 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, the Class H Notes and the Class I Notes, until each such Note has been redeemed in full and, to the extent that a prior-ranking class of Notes has been redeemed in full, the Available Pro Rata Principal that would otherwise have been applied to redeem such prior-ranking Notes shall be applied in redeeming the next most senior class of Notes outstanding;

(iii) third, in paying any portion of Deferred Consideration (as defined in the Definitions Agreement) to MSDW Bank under and in accordance with the Loan Sale Agreement (as defined in the Definitions Agreement); and

(iv) fourth, in paying any surplus to the Issuer,

provided that, in the event that any of the following circumstances exist on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal shall be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in (i) to (xi) of

"Application of Available Sequential Principal" above, all as more fully set out in the Deed of Charge and Assignment:

(A) there is any event of default subsisting under any Credit Agreement on such Calculation Date; or

(B) the cumulative percentage of Loans (calculated by reference to the principal amount outstanding of the Loans as at the Cut-Off Date) which have defaulted since the Closing Date is greater than 15 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; provided that, in determining whether a Loan has defaulted for the purposes of this paragraph (B):

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

(2) a 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 and such default has been remedied or cured within 30 days of such default; or

(C) there has been any loss incurred by the Noteholders since the Closing Date resulting from a failure to repay principal of, or pay interest on, any Note on the due date for such payment; or

(D) the aggregate Principal Amount Outstanding of all the Notes on such Calculation Date is less than 20 per cent. of their Principal Amount Outstanding as at the Closing Date.

III. Application of Post Write-off Recovery Funds

On each Interest Payment Date, all Post Write-off Recovery Funds received during the related Collection Period shall be paid by the Issuer to the holders of the most senior class of Notes then outstanding to which an Applicable Principal Loss has been applied, provided that the aggregate amount so paid in respect of a Note shall not exceed the aggregate amount of all Applicable Principal Losses previously applied to that Note.

(c) Mandatory Redemption for Tax or Other Reasons

If the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than (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 Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Trustee that either (x) it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6*(c)* and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, 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 lowest class of Notes then outstanding, and that the Issuer has obtained the written consent of the Trustee and all of the Noteholders of such lowest class of Notes 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 Note 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 Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15, redeem:

(A) *pari passu* and *pro rata*, all Class A1 Notes and, in respect of the Class A2 Notes, by way of paying sterling amounts due to the FX Swap Provider under the FX Swap Transaction (as defined in the Definitions Agreement) to enable the Issuer, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in redeeming all Class A2 Notes, in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

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

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

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

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

(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; and

(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; and

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

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

(d) Mandatory Redemption in Full – Interest Rate Swap Transactions

If, at any time, one or more of the Interest Rate 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 (as defined in the Definitions 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, 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 Trustee and to the Noteholders in accordance with Condition 15 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served and further provided that the Issuer has, prior to giving such notice, certified to the Trustee that 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 6*(d)* and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Notes, 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 lowest class of Notes then outstanding and that the Issuer has obtained the written consent of the Trustee and all of the Noteholders of such lowest class of Notes to the redemption at such lower amount, which certificate will be conclusive and binding, then the Issuer shall redeem on such Interest Payment Date:

(A) *pari passu* and *pro rata*, all Class A1 Notes and, in respect of the Class A2 Notes, by way of paying sterling amounts due to the FX Swap Provider under the FX Swap Transaction (as defined in the Definitions Agreement) to enable the Issuer, or the Cash Manager on its behalf, to use the corresponding U.S. dollar amounts received from the FX Swap Provider in redeeming all Class A2

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

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

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

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

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

(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; and

(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; and

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

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

For these purposes, a "**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 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 (as defined in the Definitions Agreement) will, or there is a substantial likelihood that it will, (i) be required to pay additional amounts or make an advance in respect of tax under the Interest Rate Swap Agreement, or (ii) receive a payment under the Interest Rate Swap Agreement 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 6*(b)* or Condition 6*(c)* or Condition 6*(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 6*(b)* or Condition 6*(c)* or Condition 6*(d)*, as applicable, (rounded down to the nearest penny or, in the case of the Class A2 Notes, the nearest cent) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

On each Calculation Date, the Cash Manager shall determine (i) the amount of any Note Principal Payment (if any) due on the next following Interest Payment Date, (ii) the Principal Amount Outstanding of each Note on the next following Interest Payment Date (after deducting any Note Principal Payment to be paid and any Applicable Principal Losses (as defined below) to be applied 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 and any Applicable Principal Losses to be applied 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 A2 Notes, U.S.$50,000) and the denominator is 50,000. Each determination by the Cash Manager of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of a Note of any class on any date shall be the nominal amount thereof on the date of issuance thereof less (a) the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date and on or prior to the date of calculation, and (b) the aggregate amount of all Applicable Principal Losses in respect of such Note that have arisen since the Closing Date and on or prior to the date of calculation. For the purposes of these Conditions, "**Applicable Principal Losses**" means on any Interest Payment Date, in relation to the Notes of a particular class, a *pro rata* share of the amount equal to the aggregate amount of Principal Losses required to be applied to the Notes of that class on such Interest Payment Date in accordance with the following sentence (rounded down to the nearest penny or cent, as the case may be). On the Interest Payment Date following the occurrence of a Principal Loss, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by an amount equal to the excess of the Principal Loss over the aggregate principal amount of the Notes redeemed pursuant to the mandatory partial redemption provisions set out in Condition 6*(b)* as follows: first, the Principal Amount Outstanding of the Class I Notes shall be reduced until the Principal Amount Outstanding of the Class I Notes is zero; second, the Principal Amount Outstanding of the Class H Notes shall be reduced until the Principal Amount Outstanding of the Class H Notes is zero; third, the Principal Amount Outstanding of the Class G Notes shall be reduced until the Principal Amount Outstanding of the Class G Notes is zero; fourth, the Principal Amount Outstanding of the Class F Notes shall be reduced until the Principal Amount Outstanding of the Class F Notes is zero; fifth, the Principal Amount Outstanding of the Class E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero; sixth, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero; seventh, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero; eighth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and, ninth, the Principal Amount Outstanding of the Class A Notes shall be reduced, *pari passu* and *pro rata*, until the Principal Amount Outstanding of the Class A Notes is zero. Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the face amount of such Note on the date of issuance thereof was £50,000 or, in the case of the Class A2 Notes, U.S.$50,000.

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

If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this Condition 6*(e)*, such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Trustee (but without any liability accruing to the Trustee as a result), in accordance with this Condition 6*(e)*, and each such determination or calculation will be binding and will be deemed to have been made by the Issuer or the Cash Manager, as the case may be.

(f) Notice of Redemption

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

(g) Cancellation

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

7. Payments

(a) Global Notes

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

Payments in respect of the Rule 144A Global Notes will be paid (i) in sterling or, in the case of the Rule 144A Global Notes representing the Class A2 Notes, U.S. dollars, to holders of interests in such Notes who hold such interests through Euroclear and/or Clearstream, Luxembourg (the "**Rule 144A Euroclear/Clearstream Holders**"), and (ii) subject to the provisions below, in U.S. dollars to holders of interests in such Notes who hold such interests through DTC (the "**DTC Holders**"). Payments in respect of the Reg S Global Notes will be paid in sterling or, in the case of the Reg S Global Notes representing the Class A2 Notes, U.S. dollars, to holders of interests in such Notes (such holders being, together with the Rule 144A Euroclear/Clearstream Holders, the "**Euroclear/Clearstream Holders**").

At present, DTC can only accept payments in U.S. dollars. As a result, DTC Holders will receive payments in U.S. dollars as described above unless they elect, in accordance with DTC's customary procedures, to receive payments in sterling. Such an ability to elect to receive payments in sterling will not be available to DTC Holders in respect of the Rule 144A Global Notes representing the Class A2 Notes.

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

(b) Definitive Notes

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the relevant Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note, in which case the relevant payment of principal or interest, as the case may be, will be made against surrender of such Note)) in respect of Definitive Notes will be made by sterling cheque drawn on a branch of a bank in London (or, in the case of Definitive Class A2 Notes, a U.S. dollar cheque drawn on a branch of a bank in New York City) posted to the holder (or to the first-named of joint holders) of such Definitive Note at the address shown in the Register not later than the due date for such payment. If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, paid. For the purposes of this Condition 7, the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the "**Record Date**").

Upon application by the holder of a Definitive Note to the specified office of the Registrar not later than the Record Date for payment in respect of such Definitive Note, such payment will be made by transfer to a sterling account maintained by the payee with a branch of a bank in London (or, in the case of a Definitive Class A2 Note, by transfer to a U.S. dollar account maintained by the payee with a branch of a bank in New York City). Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

(c) Laws and Regulations

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

(d) Overdue Principal Payments

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

(e) Change of Agents

The Principal Paying Agent is HSBC Bank plc at its offices at Mariner House, Pepys Street, London EC3N 4DA. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain a Paying Agent with a specified office in, for so long as the Notes are listed on the Irish Stock Exchange, Dublin. The Issuer shall cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15.

(f) Presentation on Non-Business Days

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

(g) Accrual of Interest on Late Payments

If interest is not paid in respect of a Note of any class on the date when due and payable (other than by reason of non-compliance with Condition 7*(a)* or *(b)*), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 15, provided that such interest and interest thereon are, in fact, paid.

(h) Redenomination in Euro

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling will be 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 will be amended in the manner agreed by the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 7*(h)* will be binding upon holders of such Notes.

(iii) Notification of the amendments made to Notes pursuant to this Condition 7*(h)* will be made to the Noteholders in accordance with Condition 15 which will state, among other things, the date on which such amendments are to take or took effect, as the case may be.

8. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. **Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.**

9. Prescription

Claims for principal in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes will become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the "**relevant date**" means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15.

10. Events of Default

(a) Eligible Noteholders

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Trustee may, and if so requested in writing by the "**Eligible Noteholders**", being:

(1) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or

(2) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(3) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or

(4) if there are no Class A Notes, Class B Notes and Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

(5) if there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class E Notes then outstanding; or

(6) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class F Notes then outstanding; or

(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

(9) if there are no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes, Class G Notes and Class H Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class I Notes then outstanding,

or if so directed by or pursuant to an Extraordinary Resolution (as defined in Condition 12) of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders, shall, and in any case aforesaid, subject to the Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class B Notes outstanding, any Class C Note; or, if there are no Class C Notes outstanding, any Class D Note; or, if there are no Class D Notes outstanding, any Class E Note; or, if there are no Class E Notes outstanding, any Class F 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, if there are no Class H Notes outstanding, any Class I Note, in each case when and as the same becomes due and payable in accordance with these Conditions; or

(ii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Notes of any class, the Trust Deed, the Deed of Charge and Assignment or the other Relevant Documents to which it is party and, in any such case (except where the Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10*(a)*(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or

(iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Eligible Noteholders; or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process is levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

provided that, in the case of each of the events described in Condition 10*(a)*(ii), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders.

(b) Effect of Note Enforcement Notice

Upon the giving of a Note Enforcement Notice by the Trustee in accordance with Condition 10*(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.

11. Enforcement

Subject to the provisions of Condition 16, the Trustee may, without notice, take such proceedings against the Issuer or any other person as are appropriate to enforce the provisions of the Notes and the Relevant Documents and may, at any time after the Issuer Security has become enforceable, without notice, take possession of the Issuer Security or any part thereof and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part thereof in such manner and upon such terms as the Trustee may think fit to enforce the Issuer Security, but it will not be bound to take any such proceedings or steps unless:

(a) subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, as applicable, then outstanding; and

(b) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing,

PROVIDED THAT:

(i) the Trustee shall not be bound to act at the direction of the Class A1 Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the interests of the Class A2 Noteholders or the Trustee has been directed to take such action by an Extraordinary Resolution of 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 A2 Notes then outstanding;

(ii) the Trustee shall not be bound to act at the direction of the Class A2 Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the interests of the Class A1 Noteholders or the Trustee has been directed to take such action by an Extraordinary Resolution of the Class A1 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 then outstanding;

(iii) the Trustee shall not be bound to act at the direction of the Class B Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the interests of the Class A Noteholders or the Trustee has been directed to take such action by an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding;

(iv) the Trustee shall not be bound to act at the direction of the Class C Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes then outstanding;

(v) the Trustee shall not be bound to act at the direction of the Class D Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes then outstanding;

(vi) the Trustee shall not be bound to act at the direction of the Class E Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes then outstanding;

(vii) the Trustee shall not be bound to act at the direction of the Class F Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes then outstanding;

(viii) the 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 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 Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, 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;

(ix) the 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 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 Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, 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; and

(x) the Trustee shall not be bound to act at the direction of the Class I Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders, or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and 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 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, the Class G Notes and the Class H Notes then outstanding.

Enforcement of the Issuer Security will be the only remedy available to the Trustee and the Noteholders for the repayment of the Notes and any interest thereon. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Relevant Documents or to enforce the Issuer Security unless the Trustee, having become bound to do so, fails to do so within 90 days from the date it becomes so bound and such failure shall be continuing; provided that no Class B Noteholder (for so long as there 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), and no Class I 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, Class G Note or Class H Note outstanding) will 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 Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party (each as defined in the Definitions Agreement) under the Deed of Charge and Assignment.

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

12. Meetings of Noteholders, Modification and Waiver

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Relevant Documents. The Trustee may convene a single meeting of Class A Noteholders or if, in its absolute discretion, it considers that there is a conflict, in respect of the subject matter of such meetings, between the interests of the Class A1 Noteholders, on the one hand, and the Class A2 Noteholders, on the other hand, separate meetings for the Class A1 Noteholders and the Class A2 Noteholders.

(b) An Extraordinary Resolution passed at any meeting of the Class A1 Noteholders shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A2 Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A2 Noteholders.

An Extraordinary Resolution passed at any meeting of the Class A2 Noteholders shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A1 Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A1 Noteholders.

An Extraordinary Resolution passed at any meeting of the Class A Noteholders will be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders, Class E Noteholders, Class F Noteholders, Class G Noteholders, Class H Noteholders and Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G

Noteholders, the Class H Noteholders or the Class I Noteholders. In these Conditions, references to Extraordinary Resolutions of the Class A Noteholders mean, where separate meetings of the Class A1 Noteholders and Class A2 Noteholders are held, Extraordinary Resolutions of the Class A1 Noteholders and Extraordinary Resolutions of the Class A2 Noteholders, respectively. The term "**Extraordinary Resolution**" means a resolution passed at a meeting of the Noteholders or 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 the Class B Noteholders (other than as referred to in Condition 12 *(b)*) shall not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders will be binding on all Class C Noteholders, Class D Noteholders, Class E Noteholders, Class F Noteholders, Class G Noteholders and 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 Relevant Documents which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders.

(d) An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than as referred to in Conditions 12*(b)* or 12*(c)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders will be binding on all Class D Noteholders, Class E Noteholders, Class F Noteholders, Class G Noteholders, Class H Noteholders and the Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders.

(e) An Extraordinary Resolution passed at any meeting of the Class D Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)* or 12*(d)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders will be binding on all Class E Noteholders, Class F Noteholders, Class G Noteholders, Class H Noteholders and the Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions

of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders.

(f) An Extraordinary Resolution passed at any meeting of the Class E Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)*, 12*(d)* or 12*(e)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

An Extraordinary Resolution passed at any meeting of the Class E Noteholders will be binding on all Class F Noteholders, Class G Noteholders, Class H Noteholders and Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and Class I Noteholders, or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders.

(g) An Extraordinary Resolution passed at any meeting of the Class F Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)*, 12*(d)*, 12*(e)* or 12*(f)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

An Extraordinary Resolution passed at any meeting of the Class F Noteholders will be binding on all Class G Noteholders, Class H Noteholders and Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class G Noteholders, the Class H Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class G Noteholders, the Class H Noteholders or the Class I Noteholders.

(h) An Extraordinary Resolution passed at any meeting of the Class G Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)*, 12*(d)*, 12*(e)*, 12*(f)* or 12*(g)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, 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 A 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 all Class H Noteholders and Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of each of the Class H

Noteholders and the Class I Noteholders, or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class H Noteholders or the Class I Noteholders.

(i) An Extraordinary Resolution passed at any meeting of the Class H Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)*, 12*(d)*, 12*(e)*, 12*(f)*, 12*(g)* or 12*(h)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, 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 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.

An Extraordinary Resolution passed at any meeting of the Class H Noteholders will be binding on all Class Class I Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Relevant Documents, which will not take effect unless it has been sanctioned by an Extraordinary Resolution of the Class I Noteholders, or it will not, in the opinion of the Trustee in its sole discretion, be materially prejudicial to the interests of the Class I Noteholders.

(j) An Extraordinary Resolution passed at any meeting of the Class I Noteholders (other than as referred to in Conditions 12*(b)*, 12*(c)*, 12*(d)*, 12*(e)*, 12*(f)*, 12*(g)*, 12*(h)* or 12*(i)*) will not be effective for any purpose unless either:

(i) the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, 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; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders and the Class H Noteholders.

(k) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes (whether being Definitive Notes or represented by a Global Note) of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Trust Deed) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 1/3 per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(l) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Relevant Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders, or (ii) to any modification of the Notes (including these Conditions) or any of the Relevant Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Event of

Default will not, subject to specified conditions, be treated as such, provided always that the Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 15.

(m) Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(n) The Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Class A1 Noteholders or, as the case may be, the Class A2 Noteholders or, as the case may be, the Class A Noteholders or, as the case may be, the Class B Noteholders or, as the case may be, the Class C Noteholders or, as the case may be, the Class D Noteholders or, as the case may be, the Class E Noteholders, or, as the case may be, the Class F Noteholders or, as the case may be, the Class G Noteholders or, as the case may be, the Class H Noteholders or, as the case may be, the Class I Noteholders and if the Trustee 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 Trustee shall be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Notes of the relevant class would or, as the case may be, would not, be adversely affected by such event, matter or thing.

No provision in this Condition 12 will limit the exercise of any right of the Controlling Party set forth under the Servicing Agreement.

13. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Relevant Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Relevant Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Trustee.

The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Relevant Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Relevant Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also relieves the Trustee of liability for, 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 Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified to its satisfaction or to supervise the performance by the Issuer, the Servicer, the Special Servicer, the Cash Manager,

the Liquidity Facility Provider, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider or any other person of their obligations under the Relevant Documents and the Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar or the Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

15. Notice to Noteholders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 15, to Noteholders shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language with general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. For so long as the Notes of any class are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so allow, at the option of the Issuer, if delivered to the Depository for communication by it to Euroclear and/or Clearstream, Luxembourg and/or to DTC for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC as aforesaid shall be deemed to have been given on the day on which it is delivered to the Depository.

(b) Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount or a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Trustee and notified to the Noteholders pursuant to Condition 15*(a)*. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15*(a)*.

(c) A copy of each notice given in accordance with this Condition 15 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange 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, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to "rating" and "ratings" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(d) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. Subordination

(a) Interest

Subject to Condition 10 and for so long as any Class A Note is outstanding, in the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes); items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes); items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes); items (a) to (p) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class E Notes); items (a) to (q) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class F Notes); items (a) to (r) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class G Notes); items (a) to (s) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class H Notes); and items (a) to (t) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class I 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 (but subject, in the case of the Class H Notes and the Class I Notes, to the terms of Condition 5*(i)*), due and, subject to this Condition 16*(a)*, 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, the Class H Notes and the Class I 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 and/or Class I 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, Class G Note, Class H Note or Class I 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, Class H Notes or Class I Notes as at the Closing Date, as the case may be, and multiplying the result by the relevant Interest Residual Amount, and then rounding down to the nearest penny.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, as the case may be, on any Interest Payment Date in accordance with this Condition 16*(a)* falls short of the Interest Amount due on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, as the case may be, on that date pursuant to Condition 5 (but subject always to Condition *5(i)*). 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, the Class H Notes or the Class I Notes, as applicable, and shall be payable together with such accrued interest on any succeeding Interest Payment Date and any such unpaid interest and accrued interest thereon shall be paid, but only if and to the extent that, on such Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (m) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes); items (a) to (n) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes); items (a) to (o) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class D Notes); items (a) to (p) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class E Notes); items (a) to (q) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class F Notes); items (a) to (r) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class G Notes); items (a) to (s) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class H Notes); and items (a) to (t) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class I Notes), respectively, are, in any such case, sufficient to make such payment.

In the event that no Class A Note is outstanding, the provisions in this Condition 16(*a*) shall apply, *mutatis mutandis*, save that reference to the most senior class of Notes outstanding at that time and all classes of Notes that were, prior to their redemption, senior to that class of Notes shall be deleted.

(b) Principal

Subject to Condition 6*(c)* and Condition 6*(d)*, Condition 10 and Condition 11, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I 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, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, 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, the Class H Noteholders and the Class I 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, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class C Notes are outstanding, 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 D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class D Notes are outstanding, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I 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, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class E Notes are outstanding, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders shall not be entitled to any repayment of principal in respect of the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class F Notes are outstanding, the Class G Noteholders, the Class H Noteholders and the Class I Noteholders shall not be entitled to any repayment of principal in respect of the Class G Notes, the Class H Notes or the Class I Notes, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class G Notes, Class H Notes and Class I Notes are outstanding, the Class H Noteholders and the Class I Noteholders shall not be entitled to any repayment of principal in respect of the Class H Notes or the Class I Notes. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class H Notes and Class I Notes are outstanding, the Class I Noteholders shall not be entitled to any repayment of principal in respect of the Class I Notes.

(c) General

In the event that the Issuer Security is enforced and the proceeds of such enforcement are insufficient, after payment of all other claims ranking higher in priority thereto or *pari passu* therewith under the Deed of Charge and Assignment, to pay in full all principal and interest and other amounts whatsoever due in respect of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes, then the holders of such Notes shall have no further claim against the Issuer in respect of any such unpaid amounts, as described in Condition 11. In the event that a shortfall in the amount available to pay principal of the Notes of any class exists on the Final Interest Payment Date, after payment of all other claims ranking higher in priority to or *pari passu* with the Notes or the relevant class of Notes and after the realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at such date, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

(d) Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes or the Class I Notes, as the case may be, will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders, the Class G Noteholders, the Class H Noteholders or the Class I Noteholders, as the case may be, in accordance with Condition 15 and, for so long as the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes, the Class G Notes, the Class H Notes and the Class I Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

17. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Relevant Documents and the Notes are governed by, and shall be construed in accordance with, English law other than the Depository Agreement and the Exchange Rate Agency Agreement, which are governed by and shall be construed in accordance with the laws of the State of New York.

19. U.S. Tax Treatment and Provision of Information

(a) It is the intention of the Issuer, each Noteholder and beneficial owner ("**Owner**") of an interest in the Notes that the Notes will be indebtedness of the Issuer for United States federal, state and local income and franchise tax purposes and for the purposes of any other United States federal, state and local tax imposed on or measured by income (the "**Intended U.S. Tax Treatment**"). To the extent applicable and absent a final determination to the contrary, the Issuer and each Noteholder and Owner, by acceptance of a Note, or a beneficial interest therein, agree to treat the Notes, for purposes of United States federal, state and local income or franchise taxes and any other United States federal, state and local taxes imposed on or measured by income, consistent with the Intended U.S. Tax Treatment and to report the Notes on all applicable tax returns in a manner consistent with such treatment.

(b) For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or Owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or Owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

USE OF NET PROCEEDS

The net proceeds from the issuance of the Notes will be approximately £394,198,330 and this sum will be applied by the Issuer towards payment to MSDW Bank of the purchase consideration in respect of the Loans and interest accrued thereon, and MSDW Bank's beneficial interests in the Security Trusts comprising the Related Security to be purchased on the Closing Date pursuant to the Loan Sale Agreement. For further information, see "The Loans and the Related Security" at page 54. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Morgan Stanley & Co. International Limited.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to 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 the Inland Revenue 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 any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company and for accounting periods beginning on or after 1st January, 2003, 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 the Inland Revenue as constituting "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the 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 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and SDRT

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

Proposed European Union Directive on Taxation of Certain Interest Payments

On 3rd June, 2003, the Council of Economic and Finance Ministers of the European Union (the "**EU**") adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by EU member states beginning 1st January, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each EU member state will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state; however, Austria, Belgium and Luxembourg may instead apply an alternative system for a transitional period in relation to such payments, withholding tax at rates rising over time to 35 per cent. The transitional period is scheduled to run from (a) the date on which the directive is to be applied by EU member states, to (b) the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

UNITED STATES TAXATION

The following is a summary of certain United States federal income tax considerations for original purchasers of the Notes that use the accrual method of accounting for United States federal income tax purposes and that hold the Notes as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt institutions, non-United States persons engaged in a trade or business within the United States, or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to rules not described herein. In addition, this summary does not discuss any non-United States, state, or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), and administrative and judicial authorities, all as in effect on the date hereof and all of which are subject to change, possibly on a retroactive basis. Prospective investors should consult their tax advisors regarding the federal, state, local, and non-United States income and other tax considerations of owning the Notes. No rulings will be sought from the United States Internal Revenue Service (the "**IRS**") with respect to the United States federal income tax consequences described below.

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 U.S. 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 U.S. tax treatment and tax structure.

For purposes of this summary, a "United States holder" means a beneficial owner of a Note that is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust described in section 7701(a)(30) (D) or (E) of the Code (taking into account effective dates, transition rules and elections in connection therewith). A "non-United States holder" means a beneficial owner of a Note that is not a United States holder.

Characterisation of the Notes

The Issuer intends to take the position that the Notes are debt for United States federal income tax purposes. However, the Issuer will not obtain any rulings or opinions of counsel on the characterisation of the Notes and there can be no assurance that the IRS or the courts will agree with the position of the Issuer. In particular, because of the subordination and other features of the Class H Notes and the Class I Notes (and to a lesser extent, more senior classes of Notes), there is a significant possibility that the IRS could contend that they should be treated as equity. For further information, see "Possible Alternative Characterisations of the Notes" at page 150. Absent a final determination to the contrary, the Issuer and each Noteholder and Owner, by acceptance of a Note or a beneficial interest therein, agree to treat the Notes as debt for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state and local taxes imposed on or measured by income and to report the Notes on all applicable tax returns in a manner consistent with such treatment. Unless otherwise indicated, the discussion in the following paragraphs assumes this characterisation of the Notes is correct for United States federal income tax purposes. The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the income from the Notes is effectively connected.

Interest Income of United States Holders

In General

The Notes will not be issued with original issue discount ("**OID**") for United States federal income tax purposes (as discussed below). Interest on such Notes will be taxable to a United States holder as ordinary income at the time it is accrued prior to the receipt of cash attributable to that income.

A Note will be considered issued with OID if its "stated redemption price at maturity" exceeds its "issue price" (i.e., the price at which a substantial portion of the respective class of Notes is first sold (not including sales to the Managers)) by an amount equal to or greater than 0.25 per cent. of such Note's stated redemption price at maturity multiplied by such Note's weighted average maturity ("**WAM**"). In general, a Note's "stated redemption price at maturity" is the sum of all payments to be made on the Note other than payments of "qualified stated interest." The WAM of a Note is computed based on the number of full years each distribution

of principal (or other amount included in the stated redemption price at maturity) is scheduled to be outstanding. The schedule of such likely distributions should be determined in accordance with the assumed rate of prepayment (the "**Prepayment Assumption**") used in pricing the Notes. The pricing of the Notes is calculated on the basis of the scheduled amortisation payments (for further information, see "The Loan Pool" at page 71) on the assumption that there will be no prepayments.

In general, interest on the Notes will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Notes contain terms and conditions that make the likelihood of late payment or non-payment "remote." Although the Conditions of the Notes provide that a holder cannot compel the timely payment of any interest accrued in respect of the Notes (other than the Class A Notes) and that interest due on the Class H Notes and Class I Notes is limited to specified amounts, Treasury Regulations provide that in determining whether interest is unconditionally payable the possibility of non-payment due to default, insolvency or similar circumstances is ignored. Accordingly, the Issuer intends to take the position that interest payments on the Notes constitute "qualified stated interest." It is possible that the IRS could take a contrary position.

Sourcing

Interest on a Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom withholding tax, if any, imposed on payments on the Notes will generally be treated as 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 Class A1 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, the Class H Notes and the Class I Notes (the "**Sterling 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 Sterling 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 Sterling 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 Sterling Note is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt, the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Notes by United States Holders

In General

Upon the sale, exchange or retirement of a Note, a United States holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the United States holder's adjusted tax basis in the Note. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Note (which will be treated as interest as described under "Interest Income of United States Holders" above). A United States holder's adjusted tax basis in a Note generally will equal the cost of the Note to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Note.

In general, except as described below, gain or loss realised on the sale, exchange or redemption of a Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a Sterling 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 Sterling 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 Sterling 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 Sterling 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 Sterling Note, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Sterling Note is disposed of, and (ii) the United States dollar value of the applicable sterling principal amount of such Sterling Note, on the date such holder acquired such Sterling 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 Sterling 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 Sterling 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 Sterling Note equal to the United States dollar value of such sterling, determined at the time of such receipt, sale, exchange or retirement. Any gain or loss realised by a United States holder on a subsequent sale or other disposition of sterling (including its exchange for United States dollars) will generally be ordinary income or loss.

Realised Losses

It is likely that the Notes will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Notes as a result of one or more realised losses on the Loans will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Notes are wholly worthless.

Each United States holder will be required to accrue interest with respect to a Note without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Loans until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the more subordinated Notes, the amount of taxable income reported during the early years of the term of the Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Note would eventually recognise a loss or reduction in income attributable to the previously accrued income that is ultimately not received as a result of such defaults, the law is unclear with respect to the timing and character of such loss or reduction in income.

Possible Alternative Characterisations of the Notes

In General

Although, as described above, the Issuer intends to take the position that the Notes will be treated as debt for United States federal income tax purposes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the subordination and other features of the Class H Notes and Class I Notes (and to a lesser extent, more senior classes of Notes), there is a significant possibility that the IRS could contend that they should be treated as an equity interest in the Issuer.

If the Notes were treated as equity interests in the Issuer (any such Note, a "**Recharacterised Note**"), a United States holder of a Recharacterised Note would be required to include in income (with no dividends received deduction available to corporate United States holders) payments of "interest" as dividends to the extent of current or accumulated earnings and profits of the Issuer, as determined for United States federal

income tax purposes. "Dividend" payments on the Recharacterised Note, in excess of current or accumulated earnings and profits of the Issuer, generally would reduce the United States holder's tax basis in the Note and, to the extent the aggregate amount of dividends exceeded the United States holder's basis, such excess would generally constitute capital gain. "Dividend" income derived by a United States holder with respect to a Recharacterised Note generally would constitute foreign source income that would be treated as passive income for foreign tax credit purposes. If the Issuer were a PFIC as described below, "dividend" income derived by a United States holder of a Recharacterised Note would 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 should consult its own tax advisors as to how it would be required to treat this income for purposes of its particular United States foreign tax credit calculation.

Classification of Issuer as Passive Foreign Investment Company

The Issuer will likely be treated as a passive foreign investment company ("**PFIC**") for United States federal income tax purposes. As a result, a United States holder of any Recharacterised Notes might be subject to potentially adverse United States federal income tax consequences as the holder of an equity interest in the Issuer. A United States holder of an equity interest in a PFIC that receives an "excess distribution" must allocate the excess distribution rateably to each day in the holder's holding period for the stock and will be subject to a "deferred tax amount" with respect to each prior year in the holding period. The total excess distribution for any taxable year is the excess of (a) the total distributions for the taxable year over (b) 125 per cent. of the average amount received in respect of such equity interest by the United States holder during the three preceding taxable years. In addition, any gain recognised on the sale, retirement or other taxable disposition of such Notes would be recharacterised as ordinary income and would further be treated as having been recognised *pro rata* over such United States holder's entire holding period. The amount of gain treated as having been recognised in prior taxable years would be subject to tax at the highest tax rate in effect for such years, with interest thereon calculated by reference to the interest rate generally applicable to underpayments with respect to tax liabilities from such prior taxable years.

Although, United States shareholders of a PFIC can mitigate any adverse tax consequences of the PFIC rules by filing an election to treat the PFIC as a qualified electing fund ("**QEF**") if the PFIC complies with certain reporting requirements, the Issuer does not intend to comply with such reporting requirements necessary to permit United States holders to elect to treat the Issuer as a QEF.

A United States holder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark the Recharacterised Notes to market as of the close of each taxable year. A United States holder that made the mark-to-market election would be required to include in income each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Recharacterised Notes at the close of the year over the United States holder's adjusted tax basis in the Recharacterised Notes. For this purpose, a United States holder's adjusted tax basis generally would be the United States holder's cost for the Recharacterised Notes, increased by the amount previously included in the United States holder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the United States holder as a deduction pursuant to such election (as described below). If, at the close of the year, the United States holder's adjusted tax basis exceeded the fair market value of the Recharacterised Note, then the United States holder would be allowed to deduct any such excess from ordinary income, but only to the extent of net mark-to-market gains on such Recharacterised Notes previously included in income. Any gain from the actual sale of the Recharacterised Notes would be treated as ordinary income, and to the extent of net mark-to-market gains previously included in income any loss would be treated as ordinary loss. Recharacterised Notes would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Notes. However, there can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange, that they will be "regularly traded" or that such exchange would be considered a qualified exchange for these purposes.

Depending on the percentage of deemed equity interests of the Issuer held by United States holders, it is possible that the Issuer might be treated as a "controlled foreign corporation" or "foreign personal holding company" for United States federal income tax purposes. In such event, United States holders that own a certain percentage of Recharacterised Notes might be required to include in income their *pro rata* shares of the earnings and profits of the Issuer, and generally would not be subject to the rules described above relating to PFICs. Prospective investors should consult with their tax advisors concerning the potential effect of the controlled foreign corporation and foreign personal holding company provisions.

Information Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire Notes that are characterised (in whole or in part) as equity of the Issuer to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Notes as of the date of purchase (generally up to a maximum penalty of U.S.$100,000 in the absence of intentional disregard of the filing requirement; in case of intentional disregard, no maximum applies). In addition, if (i) U.S. holders acquire Notes that are recharacterised as equity of the Issuer and (ii) the Issuer is treated as a "controlled foreign corporation" or a "foreign personal holding company" for United States federal income tax purposes, certain of those United States holders will generally be subject to additional information reporting requirements (e.g., certain United States holders will be required to file a Form 5471). Prospective investors should consult with their tax advisors concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

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 recently issued 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 U.S.$10 million in any one taxable year or U.S.$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 U.S.$2 million in any taxable year or U.S.$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 U.S.$50,000 in any one taxable year arising from a currency exchange loss (for further information, see *"Foreign Currency Considerations*" at page 150). 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 advisors regarding these information return requirements.

U.S. ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as "**ERISA Plans**"), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on ERISA Plans and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans and arrangements are hereinafter referred to as "**Plans**"). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), generally are not subject to the requirements of ERISA. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA prohibited transaction considerations described below, subject to the provisions of other applicable federal and state law.

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimise the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under the Code with respect to such Plans (collectively, "**Parties in Interest**"). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons.

Certain transactions involving the purchase, holding or transfer of the Notes might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101 (the "**Plan Asset Regulations**"), the assets of the Issuer would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquires an equity interest in the Issuer and none of the exceptions contained in the Plan Asset Regulations is applicable. An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G 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 H Notes and the Class I Notes may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class H Notes and the Class I Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code.

However, without regard to whether the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes, Class B Notes, Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, MSDW Bank, the Managers, the Trustee or any of their respective affiliates is or becomes a Party in Interest with respect to such Plan. However, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the fiduciary making the decision to acquire the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest and PTCE

95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest (collectively, the "**Exemptions**"). Even if the conditions specified in one or more of the Exemptions are met, the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

Nevertheless, even if an Exemption applies, a Plan generally should not purchase the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes if the Issuer, MSDW Bank, the Managers, the Trustee, the Servicer, the Special Servicer, the Paying Agents, the Cash Manager, the Operating Bank, the Agent Bank, the Exchange Agent, the Security Trustee, the Share Trustee, the Registrar, the Depository, the Interest Rate Swap Provider, the Interest Rate Swap Guarantor, the FX Swap Provider, the Liquidity Facility Provider, the Corporate Services Provider or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

An insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to ERISA and Section 4975 of the Code. On 5th January, 2000, the 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 H Notes or Class I Notes if any of such general account assets are considered to be plan assets.

The sale of any Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes to a Plan is in no respect a representation by the Issuer, MSDW Bank, the Manager or the Trustee that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Each purchaser of the Class A Notes, 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 deemed to have represented and agreed that (i) either it is not purchasing such Notes with the assets of any Plan or that one of more exemptions applies such that the use of such assets will not constitute a prohibited transaction under ERISA or the Code, and (ii) with respect to transfers, it will either not transfer such Notes to a transferee purchasing such Notes with the assets of any Plan, or one or more exemptions applies such that the use of such assets will not constitute a prohibited transaction. The Class H Notes and the Class I Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code. Any Plan fiduciary that proposes to cause a Plan to purchase such instruments should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption or exemptions have been satisfied.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International Limited, ABN AMRO and Dexia Capital Markets (together, the "**Managers**"), pursuant to a subscription agreement dated 25th September, 2003 (the "**Subscription Agreement**"), between the Managers, the Issuer, MSMS, MSDW Bank, agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class 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, the Class H Notes at 100 per cent. of the principal amount of such Notes and the Class I Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 41 days after the later of the commencement of the offering of the Notes and the Closing Date (for the purposes only of this section "Subscription and Sale", the "**Distribution Compliance Period**") within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

United Kingdom

Each of the Managers has further represented and agreed that:

(a) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(b) 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 FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("**FSMA**"), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

Attention is drawn to the information set out under "Important Notice" at page 2.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

Each purchaser of an interest in the Notes will be deemed to have acknowledged, represented and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) The purchaser either (A)(i) is a qualified institutional buyer, (ii) is aware that the sale of interests in the Notes to it is being made in reliance on Rule 144A and (iii) is acquiring such interest in the Notes for its own account or for the account of a qualified institutional buyer, as the case may be, or (B) is not a U.S. person and is acquiring the Notes outside the United States.

(2) Each purchaser described in subclause (A) of paragraph (1) above understands that the Notes have not been and will not be registered under the Securities Act and that interests therein may be reoffered, resold, pledged or otherwise transferred only (A)(i) to the Issuer, (ii) a person whom the purchaser reasonably believes is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer in a transaction meeting the requirements of Rule 144A, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Reg S or (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available) and (B) in accordance with all applicable securities laws of the States of the United States.

(3) The Notes that represent interests sold to purchasers described in subclause (A) of paragraph (1) above will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES, AND MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED ONLY (1)(A) TO THE ISSUER, OR (B) TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, OR (C) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (D) PURSUANT TO AN EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) AND (2) IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES.

(4) Each purchaser described in subclause (B) of paragraph (1) above understands that the Notes have not been and will not be registered under the Securities Act and that any offers, sales or deliveries in the United States or to U.S. persons of its interest in the Notes prior to the date that is 40 days after the later of the commencement of the offering of the Notes and the original issue date of the Notes may constitute a violation of United States law.

(5) The Notes that represent interests sold to purchasers described in subclause (B) of paragraph (1) above will bear a legend to the following effect:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES AND PRIOR TO THE DATE THAT IS 40 DAYS AFTER THE LATER OF THE COMMENCEMENT OF THE OFFERING OF THE NOTES AND THE DATE OF ORIGINAL ISSUANCE OF THE NOTES MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED IN THE UNITED STATES OR TO A U.S. PERSON EXCEPT PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

(6) The purchaser is duly authorised to purchase its interest in the Notes and its purchase of investments having the characteristics of the Notes is authorised under, and not directly or indirectly in contravention of, any law, charter, trust investment or other operative document, investment guidelines or list of permissible or impermissible investments which is applicable to the purchaser.

(7) (a) Either (i) the purchaser is not an employee benefit plan subject to Title I of the Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), or a plan subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the "**Code**") (each, a "**Plan**"), or an entity whose underlying assets are considered, for any purpose of ERISA or Section 4975 of the Code, to be assets of any Plan by reason of any Plan's investment in the entity (a "**Plan Asset Entity**") or (ii) the purchaser is acquiring its interest in the Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes and the acquisition and holding of such interest by the purchaser is not prohibited by either Section 406 of ERISA or Section 4975 of the Code, and (b) it will not transfer any Notes or interest therein to a Plan or a Plan Asset Entity unless the Notes that are the subject of the transfer are not Class H Notes or Class I Notes and the acquisition and holding of an interest in such Notes by the transferee is not prohibited by either Section 406 of ERISA or Section 4975 of the Code.

(8) The purchaser will furnish the Issuer such information regarding payment and notification instructions and such tax forms (including, to the extent appropriate, Internal Revenue Service Form W-8, W-9 or 4224) as the Issuer may require.

(9) The purchaser acknowledges that the Issuer, each of the Managers and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations, warranties and agreements, and agrees that if any of the acknowledgements, representations, warranties or agreements deemed to have been made by it by its purchase of an interest in the Notes are no longer accurate, it will promptly notify the Issuer and the Managers. If it is acquiring an interest in any Note as fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing acknowledgements, representations, warranties and agreements on behalf of each such account.

(10) Each purchaser described in subclause (A) of paragraph 1 above acknowledges that the Depository will not be required to transfer any interests in Rule 144A Global Notes for interests in Reg S Global Notes, except upon written certification to the Depository that the restrictions set forth in clause (c) of the legend contained in paragraph 3 above have been complied with.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 25th September, 2003.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 29th September, 2003, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction. The Class H Notes and the Class I Notes are expected to be eligible for trading in the PORTAL Market, the National Association of Securities Dealers' screen-based automated market for trading of securities eligible for resale under Rule 144A; however, no assurance can be given as to the liquidity of, or trading market for, the Class H Notes and the Class I Notes.

3. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg 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	017316532	XS0173165324	46202Q AA 9	017316907	XS0173169078
A2	017686828	XS0176868288	46202Q AJ 0	017687476	XS0176874765
B	017316940	XS0173169409	46202Q AB 7	017316982	XS0173169821
C	017317024	XS0173170241	46202Q AC 5	017317164	XS0173171645
D	017317245	XS0173172452	46202Q AD 3	017317270	XS0173172700
E	017318365	XS0173183657	46202Q AE 1	017318381	XS0173183814
F	017318411	XS0173184119	46202Q AF 8	017318420	XS0173184200
G	017318446	XS0173184465	46202Q AG 6	017318454	XS0173184549
H	017318462	XS0173184622	46202Q AH 4	017318497	XS0173184978
I	017686844	XS0176868445	46202Q AL 5	017687514	XS0176875143

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. The Issuer is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. BDO Stoy Hayward, auditors of the Issuer, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

8. Save as disclosed herein, since 25th March, 2003 (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.

9. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at Blackwell House, Guildhall Yard, London EC2V 5AE and at the specified offices of the Sub-Paying Agent in Dublin during the period of 14 days from the date of this document:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the balance sheet of the Issuer as at 29th September, 2003, and the auditors report thereon;

(iii) the Subscription Agreement referred to in paragraph 6 above; and

(iv) drafts (subject to modification) of the following documents:

(a) the Trust Deed;

(b) the Loan Sale Agreement;

(c) the Deed of Charge and Assignment;

(d) the Declaration of Trust;

(e) the Servicing Agreement;

(f) the Cash Management Agreement;

(g) the Interest Rate Swap Agreement, the Interest Rate Swap Agreement Credit Support Document and the Interest Rate Swap Guarantee;

(h) the FX Swap Agreement and the FX Swap Agreement Credit Support Document;

(i) the Corporate Services Agreement;

(j) the Liquidity Facility Agreement;

(k) the Depository Agreement;

(l) the Agency Agreement;

(m) the Exchange Rate Agency Agreement; and

(n) the Definitions Agreement.

APPENDIX 1

THE FIRST PRINCIPAL BORROWER

The First Principal Borrower

The First Principal Borrower, Eversmann Investments Limited was incorporated in Gibraltar on 15th May, 2002 (registered number 84801) as a private company with limited liability under the Companies Ordinance. The registered office of the company is at Suites 7B and 8B, 50 Town Range, Gibraltar.

The First Principal Borrower is a wholly owned subsidiary of Riverlodge Limited, a company incorporated in Gibraltar. The First Principal Borrower has no subsidiaries of its own.

Principal Activities

The principal business of the First Principal Borrower is property investment. It was set up specifically for the purpose of acquiring a leasehold interest in the property known as Cannon Bridge House, Dowgate Hill, London, EC4 (the "**Eversmann Property**").

Since the date of its incorporation, the First Principal Borrower has not engaged in any activities other than the purchase and management of the Eversmann Property.

The First Principal Borrower is not, and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the First Principal Borrower is aware) which may have, or have had, since the date of its incorporation, a significant effect on the First Principal Borrower's financial position.

Director and Secretary

The principal officers of the First Principal Borrower are as follows:-

Name	Business Address
Finsbury Corporate Services Limited (Director)	Suites 7B/8B Town Range, Gibraltar
Finsbury Secretaries Limited (Secretary)	Suites 7B/8B Town Range, Gibraltar

Capitalisation and Indebtedness Statement

The capitalisation and indebtedness of the First Principal Borrower as at the date of this Offering Circular is as follows:

Share Capital

The authorised and issued share capital of the First Principal Borrower comprises 1,000 shares of £1 each.

Loan Capital

The outstanding loan capital of the First Principal Borrower consists of:

(a) £164,640,000 drawn down under the loan from the Originator secured on the Eversmann Property; and

(b) monies borrowed from an associated company (Worldwide Petroleum Company Limited), which had been fully subordinated by means of a subordination agreement to the loan referred to in (a) above.

Except as set out above, the First Principal Borrower has no outstanding loan capital, borrowings, indebtedness or contingent liabilities (other than in relation to the Eversmann Property) and the First Principal Borrower has not created any mortgages or charges, nor has it given any guarantees as of the date of this Offering Circular (other than in favour of the Security Trustee).

The Loan

The principal amount of the Loan made to the First Principal Borrower is £164,640,000 of which the first tranche in the sum of £155,000,000 was drawn down on 15th October, 2002, and the second tranche of £9,640,000 was drawn down on 4th December, 2002. The principal amount outstanding of the Loan at the Cut-Off Date is £161,545,061. Interest is payable quarterly in arrear at a fixed rate on the 15th day of January, April, July and October in each year during the subsistence of the facility. The Loan is to be amortised in accordance with a repayment schedule. The balance is to be repaid on 15th July, 2009 (subject to earlier prepayment). The first payment of interest under the Loan and the first amortisation payment were each made on 15th January, 2003.

The Loan is secured by a Debenture from the First Principal Borrower, which includes a first legal mortgage over the Eversmann Property, together with fixed and floating charges over the company's other assets.

The Property

The Eversmann Property comprises a building constructed above, but independently of, Cannon Street Railway Station in London and is held by the First Principal Borrower under four leases, two of which are for terms of 250 years from 11th August, 2000, one is for a term of 250 years (less three days) from 11th August, 2000, and one is for a term of 250 years from 4th July, 1991, each at a peppercorn rent. The leases are registered at H.M. Land Registry with title absolute in the name of the First Principal Borrower.

Two of the leases are headleases and two of the leases are effectively overriding underleases. Under the terms of the overriding underleases, a rent is payable of 75 per cent. of the rents received from the occupational tenants, subject to a minimum of £1,000 per annum. However, since both the headleases and the overriding underleases are all vested in the First Principal Borrower, this is of little practical significance.

The Eversmann Property is underlet to occupational tenants. The following table summarises the six principal underleases which have been granted by the First Principal Borrower or its predecessors in title, including details of the percentage of the projected annual passing rent payable under each such underlease as against the projected total annual passing rent received under all currently subsisting underleases of the property for the year ending 31st December, 2003.

Premises	**Size of Premises (sq ft)**	**Percentage of projected total annual passing rent (year ended 31st December, 2003) %**	**Tenant**
River Building and Level 1, Atrium Building	136,002	46.1	Liffe Administration and Management ("**Liffe**") (guaranteed by Liffe (Holdings) Plc).
Part Level Three, Atrium Building	12,493	5.7	CDC IXIS Capital Markets (a company registered in France).
Part Level Three, Atrium Building	21,474	9.4	Winterflood Securities Limited
Level Four (East), Atrium Building	25,690	7.2*	Trio Holdings Plc*
Level Four (West), Atrium Building	8,550	4.0	Commsale 2000 Limited
Levels Five and Six, Atrium Building	67,758	27.6	Standard Bank London Limited

Liffe has rolling breaks under both its leases. In relation to the River Building lease, the tenant can break at any time upon at least 12 months and less than 18 months notice. If the lease ends before 16th December, 2003,

* Based upon (a) eight months rent following the expiry of the tenant's rent-free period on 23rd April, 2003, and (b) a full annual rent of £1,355,725.

a payment of £2,015,500 must be made by the tenant. If the lease ends between 16th December, 2003, and 15th December, 2006, then a payment of £1,007,750 is due from the tenant. Under the lease of part Level 1 of the Atrium Building, the tenant can break on six months notice at any time before 30th June, 2003.

The principal tenant, Liffe, accounts for approximately 46.1 per cent. of the rent payable by occupational tenants of the Property and comprises the London International Financial Futures and Options Exchange. Liffe primarily offers trading facilities in a wide variety of derivative products, including futures and options contracts, short term interest rates, bonds, swaps, equities, indices and non-financials such as soft and agricultural products. It has occupied parts of the Eversmann Property since 1990 on various leases.

The Eversmann Property is used for office or similar business/commercial purposes or retail purposes. As of the Cut-Off Date, MSDW Bank has no knowledge of these breaks having been exercised.

APPENDIX 2

THE SECOND PRINCIPAL BORROWER

The Second Principal Borrower

The Second Principal Borrower, Property Investment Holdings Limited, was incorporated in Gibraltar on 22nd June, 2001 (registered number 81130) as a private company with limited liability under the Companies Ordinance. The registered office of the company is at Suites 7B and 8B, 50 Town Range, Gibraltar.

The Second Principal Borrower has recently indicated its intention to transfer its seat of incorporation from Gibraltar to Luxembourg.

Borrower/Mortgagor group structure

The immediate holding company of the Second Principal Borrower is Oxenford Holdings Limited, a company incorporated with limited liability in Jersey (the "**SPB Shareholder**"). The ultimate holding company of the Second Principal Borrower is Delek-Belron International Limited ("**Delek-Belron**"), a company incorporated in Israel. The Second Principal Borrower has no subsidiaries of its own.

The Properties charged as security for the Loan to the Second Principal Borrower (the "**SPB Properties**") are owned by various affiliated companies of the Second Principal Borrower, all of which are direct or indirect wholly owned subsidiaries of Delek-Belron (the "**Mortgagor Companies**"). The Mortgagor Companies do not undertake any business or have any material assets or liabilities save in connection with the relevant Properties and are incorporated in Gibraltar, Guernsey or Jersey on various dates between 24th July, 1997, and 13th September, 2000.

Principal Activities

The principal business of the Second Principal Borrower is the borrowing of monies for on-lending to affiliated companies in order to finance or refinance the acquisition of the SPB Properties and it was specifically set up for such purpose.

Since the date of its incorporation, the Second Principal Borrower has not engaged in any activities other than as set out above.

The Second Principal Borrower is not, and has not been involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Second Principal Borrower is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Second Principal Borrower's financial position.

Director and Secretary

The principal officers of the Second Principal Borrower are as follows:

Name	Business Address
Finsbury Corporate Services Limited (Director)	Suites 7B/8B, Town Range, Gibraltar
Finsbury Secretaries Limited (Secretary)	Suites 7B/8B, Town Range, Gibraltar

Capitalisation and Indebtedness Statement

Capitalisation and indebtedness of the Second Principal Borrower as at the date of this Offering Circular is as follows:

Share Capital

The authorised and issued share capital of the Second Principal Borrower comprises 1000 shares of £1 each.

Loan Capital

The outstanding loan capital of the Second Principal Borrower consists of:

(a) £90,886,250 drawn down under the loan from the Originator secured on the SPB Properties; and

(b) monies borrowed from Schroders (C.I.) Limited, ("**SCIL**").

The monies borrowed from SCIL are fully subordinated to the Loan made to the Second Principal Borrower save that each of the companies providing security for the Loan has also deposited with SCIL certain amounts held on designated deposit accounts in respect of which SCIL is entitled to first recourse in case of default. These deposit accounts are not intended to provide security for the Loan to the Second Principal Borrower. SCIL otherwise has no recourse to any of the assets charged as security for the Loan to the Second Principal Borrower unless and until the principal amount of such Loan and interest and costs in respect thereof are fully repaid.

The Loan

The principal amount of the Loan is £90,886,250 which was drawn down on 20th December, 2002. Interest is payable quarterly on the 15th day of January, April, July and October in each year during the subsistence of the facility. The principal amount outstanding of the Loan as at the Cut-Off Date is £89,942,789. The Loan is to be amortised in accordance with a repayment schedule. The balance is to be repaid on the 15th January, 2010 (subject to earlier prepayment). The first payment of interest under the Loan was made on 15th January, 2003.

The Loan is secured by a Debenture from the Second Principal Borrower and third party Debentures from each of the property owning companies (including a first legal mortgage over the relevant property) together with fixed and floating charges over the Second Principal Borrower's and Mortgagor Companies' other assets. Further security has been granted in the form of charges over the shares in the Borrower and the Mortgagor Companies and a subordination agreement with SCIL.

The Properties

The Loan is secured by first legal charges over nine properties, each of which is owned by a Mortgagor Company. Further details are as follows:

Premises	**Property Owner/Security Provider**	**Amount of Annual Rental Income (year 1st January to 31st December, 2003) as a percentage of aggregate rental income for all Properties** * **%**
City Plaza, Pinfold Street, Sheffield	Old Forge Investments Limited	14.8
NLA Tower, Addiscombe Road, Croydon, Surrey	Flush Investments Limited	25.3
Edward & McBeath House, Angel Gate, London, EC1	Ragdale Properties Limited	6.0
Taurus House, Stirt Street, Abingdon, Oxfordshire	Romford Properties Limited	1.0
Hexagon & Chaucer House, Western Road, Romford, Essex	Hexagon Properties Limited	9.4
Commercial Union House, Eastern Road, Romford, Essex	Romford Properties Limited	3.2
Epsom Wells, Church Street, Epsom, Surrey	Dovenport Properties Limited	6.0
Sim Chem House, Cheadle Hulme, Cheshire	Padwick Properties Limited	6.5
Centre City Atrium, Hill Street, Birmingham	Shatto Holdings Limited	27.8

[*] Calculation based upon rents contractually payable for 1st January, 2003, to 31st December, 2003, excluding car parking income.

Six of the SPB Properties (NLA Tower, Edward & McBeath House, Taurus House, Commercial Union House, Epsom Wells and Sim Chem House) are let to a single tenant, one property (Chaucer/Hexagon House) is let to two tenants and the remaining two properties (City Plaza and City Centre Atrium) are each let to a variety of individual tenants.

All of the SPB Properties are used for office or similar business/commercial purposes or retail purposes.

APPENDIX 3
INDEX OF PRINCIPAL DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER

Blackwell House
Guildhall Yard
London EC2V 5AE

TRUSTEE

HSBC Bank USA
452 Fifth Avenue
New York
New York 10018

SERVICER

Morgan Stanley Mortgage Servicing Limited
25 Cabot Square
Canary Wharf
London E14 4QA

AUDITORS TO THE ISSUER

BDO Stoy Hayward
8 Baker Street
London W1U 3LL

LEGAL ADVISERS

To the Managers
As to English and New York Law:
Sidley Austin Brown & Wood
1 Threadneedle Street
London EC2R 8AW

To the Trustee
As to English Law:
Sidley Austin Brown & Wood
1 Threadneedle Street
London EC2R 8AW

To the Managers
As to Scots Law:
Tods Murray WS
66 Queen Street
Edinburgh EH2 4NE

To the Managers
As to Jersey and Guernsey Law:
Carey Olsen
47 Esplanade
St. Helier
Jersey JE1 0BD

To the Issuer
As to English Law:
Denton Wilde Sapte
1 Fleet Place
London EC4M 7WS

To the Managers
As to Gibraltar Law:
Denton Wilde Sapte
Suite E, Regal House
Queensway
Gibraltar

PRINCIPAL PAYING AGENT, CASH MANAGER, AGENT BANK, OPERATING BANK AND EXCHANGE AGENT

HSBC Bank plc
Mariner House
Pepys Street
London EC3N 4DA

SUB-PAYING AGENT

HSBC Global Investor Services (Ireland) Limited
International House
20-22 Lower Hatch Street
Dublin 2
Ireland

DEPOSITORY AND REGISTRAR

HSBC Bank USA
452 Fifth Avenue
New York
New York 10018

LISTING AGENT

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