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This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of DRACO (ECLIPSE 2005-4) plc or BARCLAYS BANK PLC (nor any person who controls any of them respectively nor any director, officer, employee nor agent of any of them respectively nor affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from BARCLAYS CAPITAL, THE INVESTMENT BANKING DIVISION OF BARCLAYS BANK PLC

# DRACO (ECLIPSE 2005-4) plc

(incorporated with limited liability in England and Wales with registration number 5620351)

## £284,978,000 Commercial Mortgage Backed Floating Rate Notes due 2017

DRACO (ECLIPSE 2005-4) plc (the **Issuer**) will issue the £210,900,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class A Notes**), the £17,100,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class B Notes**), the £15,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class C Notes**), the £22,800,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class D Notes**), £12,100,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class E Notes**) and the £6,378,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class F Notes**) and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Notes** on 20 December 2005 (or such later date as the Issuer may agree with Barclays Bank PLC (the **Arranger**), Barclays Bank PLC (the **Lead Manager**), CALYON (the **Co-Manager**) and, together with the Lead Manager, the **Managers**) (the **Closing Date**).

Application has been made to the Irish Financial Services Regulatory Authority (IFSRA), as competent authority under Directive 2003/71/EC (the **Prospectus Directive**) for the Offering Circular to be approved. Application has been made to the Irish Stock Exchange Limited (the **Irish Stock Exchange**) for the Notes to be admitted to the Official List and trading on its regulated market. This document constitutes the prospectus (the **Prospectus**) in connection with the application for the Notes to be admitted to the Official List of the Irish Stock Exchange. Reference throughout the document to "Offering Circular" shall be taken to read "Prospectus".

The Notes are expected, on issue, to be assigned the relevant ratings set out opposite the relevant Class in the table below by Fitch Ratings Ltd. (**Fitch**), Moody's Investors Service Limited (**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 address only the likelihood of timely receipt by any Noteholder of interest on the Notes (other than the AFC Excess Interest Amount in respect of the Class F Notes (as defined below in **Condition 5.8** (Interest on the Class F Notes))) and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date (as defined below) and do not address the likelihood of receipt by any Noteholder of principal prior to the Final Maturity Date.

### Anticipated Ratings

Class	Initial Principal Amount	Margin (% p.a.)	Fitch	Moody's	S&P	Estimated Average Life <sup>1</sup>	Expected Maturity Date <sup>1</sup>	Final Maturity Date	Issue Price
Class A	£210,900,000	0.26	AAA	Aaa	AAA	8.2 years	Oct 2015	Oct 2017	100%
Class B	£17,100,000	0.32	AAA	Aa2	AAA	9.1 years	Oct 2015	Oct 2017	100%
Class C	£15,700,000	0.46	AA	Aa3	AA+	9.1 years	Oct 2015	Oct 2017	100%
Class D	£22,800,000	0.70	A	A2	A+	9.1 years	Oct 2015	Oct 2017	100%
Class E	£12,100,000	0.90	BBB	Baa1	BBB+	9.1 years	Oct 2015	Oct 2017	100%
Class F	£6,378,000	2.50	NR	NR	BBB	9.1 years	Oct 2015	Oct 2017	100%

<sup>1</sup> Based on 0% CPR and the further assumptions set out in "Estimated Average Lives of the Notes and Assumptions", to which investors should refer.

Interest on the Notes will be payable quarterly in arrear in pounds sterling on 25 January, 25 April, 25 July and 25 October in each year (subject to adjustment for non-Business Days as described herein) (each, an **Interest Payment Date**). The first Interest Payment Date will be the Interest Payment Date falling in January 2006. The interest rate applicable to each Class of Notes from time to time will be determined by reference to the London Interbank Offered Rate for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of one month and two month sterling deposits) (**LIBOR**), as further defined in **Condition 5.3** (Rates of Interest) plus the relevant Margin. Each Margin will be as set out in the table above.

If any withholding or deduction for or on account of tax is applicable to the Notes, the payment of interest on and principal in respect of the Notes will be made subject to such withholding or deduction. In such circumstances, neither the Issuer nor any other party will be obliged to pay any additional amounts as a consequence.

All Notes will be secured by the same security, subject to the priorities described in this Offering Circular. Notes of each Class will rank *pari passu* with, and without priority among, other Notes of the same Class. Unless previously redeemed in full, the Notes of each Class will mature on the Interest Payment Date falling in October 2017 (the **Final Maturity Date**). The Notes will be subject to mandatory redemption before such date in the specific circumstances and subject to the conditions more fully set out under "Transaction Summary - Principal features of the Notes". The Principal Amount Outstanding of the then outstanding most junior class of Notes may be written down on any Interest Payment Date following an Adjusted Loan Principal Loss (as defined below) in accordance with **Condition 6.9** (Principal Amount Outstanding and Write-Downs).

The securities offered hereby have not been approved or disapproved by the United States Securities and Exchange Commission (the **SEC**), any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering Circular. Any representation to the contrary is unlawful.

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 laws, and are subject to U.S. tax law requirements. The Notes are being offered by the Issuer only to persons who are not U.S. Persons (as defined in Regulation S under the Securities Act (**Regulation S**)) in offshore transactions in reliance on Regulation S and in accordance with applicable laws. Subject to certain exceptions, the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Notes of each Class will each initially be represented on issue by a temporary global note in bearer form (each, a **Temporary Global Note**) for such Class of Notes, without interest coupons attached, which will be deposited on or about the Closing Date with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Each Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (each, a **Permanent Global Note**) representing the same Class of Notes, without interest coupons attached, not earlier than 40 days after the Closing Date (provided that certification as to non-U.S. beneficial ownership has been received). Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the **Global Notes**) will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. The Permanent Global Notes will be exchangeable for Definitive Notes in bearer form only in certain limited circumstances as set forth therein.

See "Risk Factors" for a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes.

*Arranger, Lead Manager and Sole Bookrunner*

**BARCLAYS CAPITAL**

*Co-Manager*

**CALYON**

The date of this Offering Circular is 16 December 2005

THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, NOR WILL THEY BE GUARANTEED BY, THE FINANCE PARTIES (OTHER THAN THE ISSUER), THE ARRANGER, THE LEAD MANAGER, THE CO-MANAGER, THE SELLER, THE MASTER SERVICER, THE SPECIAL SERVICER, THE TRUSTEE, THE CASH MANAGER, THE CORPORATE SERVICES PROVIDER, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK, OPTIONS HOLDER, THE LIQUIDITY FACILITY PROVIDER, THE INTEREST RATE SWAP PROVIDER OR THE ACCOUNT BANK (AS EACH TERM IS DEFINED IN THIS OFFERING CIRCULAR) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THEM.

The Issuer (as **Responsible Person** for the purposes of the Prospectus Directive) 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.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Borrower, Guarantor or Chargor (each, an **Obligor** and together, the **Obligors**), as to the accuracy or completeness of any information contained in this Offering Circular or any other information supplied in connection with the Notes or their distribution. The Obligors have not separately verified the information contained herein and no representation, warranty or undertaking, express or implied, is made and no liability accepted by any of the Obligors as to the accuracy or completeness of such information. Each person receiving the Offering Circular acknowledges that such person has not relied on any Obligor or their affiliates in connection with its investigation of the information contained in this Offering Circular.

No person is or has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those 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, any Obligor (or any companies in the same group of companies as, or affiliated to, any Obligor), the Finance Parties (other than the Issuer), the Arranger, the Lead Manager, the Co-Manager, the Seller, the Master Servicer, the Special Servicer, the Trustee, the Cash Manager, the Liquidity Facility Provider, Options Holder, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Interest Rate Swap Provider or the Account Bank or any of their respective affiliates or advisers. Neither the delivery of this Offering Circular nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer, any of the Obligors (or any companies in the same group of companies as, or affiliated to, any of the Obligors) or in any of the information contained herein since the date of this document or that the information contained in this document is correct as of any time subsequent to its date.

This Offering Circular and any other information supplied in connection with the Notes are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Lead Manager, the Co-Manager or any person that any recipient of this Offering Circular should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

Other than the approval by the Irish Financial Services Regulatory Authority of this Offering Circular as a prospectus in accordance with the requirements of the Prospectus Directive, 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. 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 of it) comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular, see "*Subscription and Sale*" below.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Managers or any of them to subscribe for or purchase any of the Notes.

All references in this document to **sterling, pounds, pounds sterling** or **£** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland and to **euros** or **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended.

**In connection with this issue of any tranche, Barclays Bank PLC (in this capacity, the *Stabilising Manager*) or any person acting for it may over-allot Notes (provided that, in the case of any tranches of Notes to be listed on the Irish Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the relevant tranche) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager or any person acting for it will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant tranche of Notes and 60 days after the date of the allotment of the relevant tranche of Notes.**

## TABLE OF CONTENTS

Principal Characteristics of the Notes .....	5
Transaction Summary .....	6
Risk Factors .....	29
The Issuer .....	57
Options Holder .....	59
The Loans and the Loan Security .....	60
Transaction Documents .....	102
Cashflows .....	119
Servicing .....	125
Seller/Interest Rate Swap Provider .....	134
Liquidity Facility Provider .....	135
Account Bank .....	136
Cash Management .....	137
Estimated Average Lives of the Notes and Assumptions .....	141
Use of Proceeds .....	146
Terms and Conditions of the Notes .....	147
United Kingdom Taxation .....	184
Subscription and Sale .....	187
General Information .....	191
<b>Appendix</b>	
1. Index of Defined Terms .....	193

## PRINCIPAL CHARACTERISTICS OF THE NOTES

The following is a brief overview of the principal characteristics of the Notes referred to in this Offering Circular. This information is subject to, and is more fully explained in, the other sections of this Offering Circular.

Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes	Class F Notes
Initial Principal Amount	£210,900,000	£17,100,000	£15,700,000	£22,800,000	£12,100,000	£6,378,000
Issue price	100%	100%	100%	100%	100%	100%
Interest rate	LIBOR + 0.26 per cent. per annum	LIBOR + 0.32 per cent. per annum	LIBOR + 0.46 per cent. per annum	LIBOR + 0.70 per cent. per annum	LIBOR + 0.90 per cent. per annum	LIBOR + 2.50 per cent. per annum
Expected Maturity Date	October 2015	October 2015	October 2015	October 2015	October 2015	October 2015
Final Note Maturity Date	October 2017	October 2017	October 2017	October 2017	October 2017	October 2017
Estimated average life <sup>1</sup>	8.2 years	9.1 years	9.1 years	9.1 years	9.1 years	9.1 years
Day count	Actual/365					
Business day convention/Business Days	Modified following / London, Dublin business days					
Interest Payment Dates	Quarterly on 25 January, 25 April, 25 July and 25 October					
Form of Notes	Bearer					
Denomination <sup>2</sup>	£50,000 but tradable in nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof					
Clearing system	Euroclear and Clearstream, Luxembourg					
Credit enhancement (provided by other Classes of Notes subordinated to the relevant Class)	Subordination of the Class B Notes, Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes	Subordination of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes	Subordination of the Class D Notes, the Class E Notes and the Class F Notes	Subordination of the Class E Notes and the Class F Notes	Subordination of the Class F Notes	No Subordination
Listing	Irish Stock Exchange					
ISIN	XS0238139983	XS0238140569	XS0238140999	XS0238141377	XS0238141617	XS0238142342
Common Code	0238139983	0238140569	0238140999	0238141377	0238141617	0238142342
Expected rating - Fitch	AAA	AAA	AA	A	BBB	NR
Expected rating - Moody's	Aaa	Aa2	Aa3	A2	Baa1	NR
Expected rating - S&P	AAA	AAA	AA+	A+	BBB+	BBB

<sup>1</sup> Based on 0% CPR and the further assumptions set out in "*Estimated Average Lives of the Notes and Assumptions*", to which investors should refer.

<sup>2</sup> See further **Condition 2.3** (Trading in differing nominal amounts) for certain restrictions in respect of holdings not in a multiple of £50,000 in nominal amount.

## TRANSACTION SUMMARY

*The following information is a summary of the principal features of the issue of the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular. Prospective purchasers of the Notes are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Offering Circular in making any decision whether or not to invest in any Notes. Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular, unless otherwise stated. An index of defined terms is set out at the end of this Offering Circular.*

On the Closing Date the Issuer will issue the Notes and with the proceeds of such issuance will acquire from Barclays Bank PLC (the **Seller**), pursuant to the terms of a loan sale agreement to be entered into between them on or prior to the Closing Date (the **Loan Sale Agreement**) and a novation certificate in respect of each Loan (each such certificate, a **Transfer Certificate** and together, the **Transfer Certificates**, and together with the Loan Sale Agreement, the **Loan Sale Documents**), the following:

- (a) the Loans (as defined below);
- (b) the Seller's interests as beneficiary of the security trusts (each, a **Security Trust** and together, the **Security Trusts**) created over the various security interests granted in respect of each Loan (in respect of each Loan, the **Related Security** and in respect of the Loan Pool (as defined below), the **Loan Security**); and
- (c) the rights of the Seller as lender under the Finance Documents (as defined below) (including, without limitation, under the credit agreement pursuant to which each Loan was originated (each, a **Credit Agreement** and together, the **Credit Agreements**) and the Trafalgar Square Intercreditor Agreement (as defined below)).

The Issuer will use receipts of principal and interest (other than any Prepayment Fees and Break Costs) in respect of the Loan Pool, together with certain other funds available to it (as described elsewhere in this Offering Circular) to make payments of, among other things, principal and interest due in respect of the Notes.

The Loan Pool will consist of five Loans:

1. the Flintstone Portfolio Loan;
2. the Trafalgar Square Loan;
3. the Clifton Portfolio Loan;
4. the Pitch Loan; and
5. the Herbert House Loan;

(the **Loans**, each a **Loan** and together, the **Loan Pool**).

The Clifton Portfolio Loan and the Herbert House Loan are together referred to as the **Short Form Loans**. Additionally, on account of it being a loan to an individual, rather than a company, the Clifton Portfolio Loan is referred to as the **Individual Borrower Loan**, and the Borrower under the Clifton Portfolio Loan is referred to as the **Individual Borrower**.

The Loans are made to different borrowers (each a **Borrower** and together, the **Borrowers** and in respect of each specific Loan, the **Relevant Borrower**) and, as at 22 November 2005 (the **Cut-Off Date**), the Loans had an aggregate outstanding principal balance of £284,978,602. Each Loan is governed by English law. All of the Loans provide for the Relevant Borrower to pay a fixed rate of interest. Further, each Loan is denominated in sterling, constitutes a full recourse obligation (other than the Clifton Portfolio Loan and the Pitch Loan, where recourse is limited to the Clifton Portfolio Borrower's interest in the Clifton Portfolio Properties and the Pitch Borrower's interest in the Pitch Properties, respectively and all rights and assets in relation to the relevant Properties) of the Relevant Borrower and is secured by, among other things, a first ranking legal mortgage or charge (subject, in the case of the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan, to completion of registration at the Land Registry) over commercial property situated in England and Scotland. The Related Security granted in respect of each Loan is granted by the Relevant Borrower or, in the case of certain Loans, by one or more entities related to the Relevant Borrower (each, a **Chargor** and, together with the Borrowers, the **Obligors** and each, an **Obligor**). In relation to a Loan, the obligations of the Relevant Borrower may be guaranteed by one or more third parties (each, a **Guarantor** and together, the **Guarantors**).

The Trafalgar Square Loan (as defined below) is the senior tranche of a whole loan (the **Trafalgar Square Whole Loan**) that also has a junior tranche (the **Junior Trafalgar Square Loan**). The Junior Trafalgar Square Loan will not be acquired by the Issuer on the Closing Date and will instead be retained by an investor (the **Junior Trafalgar Square Lender**). The outstanding principal balance as at the Cut-Off Date of the Trafalgar Square Loan was £102,875,000. The Trafalgar Square Loan will be acquired by the Issuer on the Closing Date. All references in this Offering Circular to the Trafalgar Square Loan (including all financial information with respect to such Loan) are to the senior tranche of the Trafalgar Square Whole Loan unless stated otherwise. For more information on the Trafalgar Square Loan see "*The Loans and the Loan Security – Description of the Loans and Related Properties - Trafalgar Square Loan*" below.

There are a total of 36 properties constituting security for the Loans (the **Properties**, each a **Property** and together, the **Portfolio**). The Loan Security is held on trust by either Barclays Bank PLC or Barclays Capital Mortgage Servicing Limited (each in its capacity as **Security Agent** and, where the context so requires, the **Relevant Security Agent**) on behalf of the Finance Parties (which, after the Closing Date, will include the Issuer as set out below). Each Security Agent will, pursuant to the terms of the Servicing Agreement, delegate its duties and discretions as Security Agent to the Master Servicer and the Special Servicer under the Servicing Agreement.

The Properties are all substantially occupied by tenants (the **Tenants**), in the majority of cases under occupational leases (each an **Occupational Lease** and, together with any other lease granted in respect of the Properties, the **Leases**). The Tenants under the Leases make periodic rental payments in respect of the Properties. The terms of the Credit Agreements relating to the Loans require that the Relevant Borrower establishes, among other accounts, a rent account (each a **Rent Account** and, together with the other accounts of the Borrowers, the **Borrower Accounts**, each of which, a **Borrower Account**) into which net rents payable by the Tenants are to be paid, either directly or indirectly. Following the acquisition of the Loan Pool by the Issuer pursuant to the Loan Sale Documents, on or shortly after each payment date under each Credit Agreement (each a **Loan Interest Payment Date**), the Master Servicer will, as agent for the Issuer or the Relevant Security Agent, transfer (to the extent funds are available for such purpose) all amounts then due to the Issuer under such Credit Agreement (such amounts, collectively, the **Collections**) from each Borrower Account directly or indirectly, as the case may be, to an account with the Account Bank in the name of the Issuer (the **Transaction Account**).

Prior to each Calculation Date, the Master Servicer (acting on the basis of information provided by the Special Servicer as necessary) will identify both the amount of Collections and the extent to which such Collections are principal amounts (including any scheduled principal and any principal paid

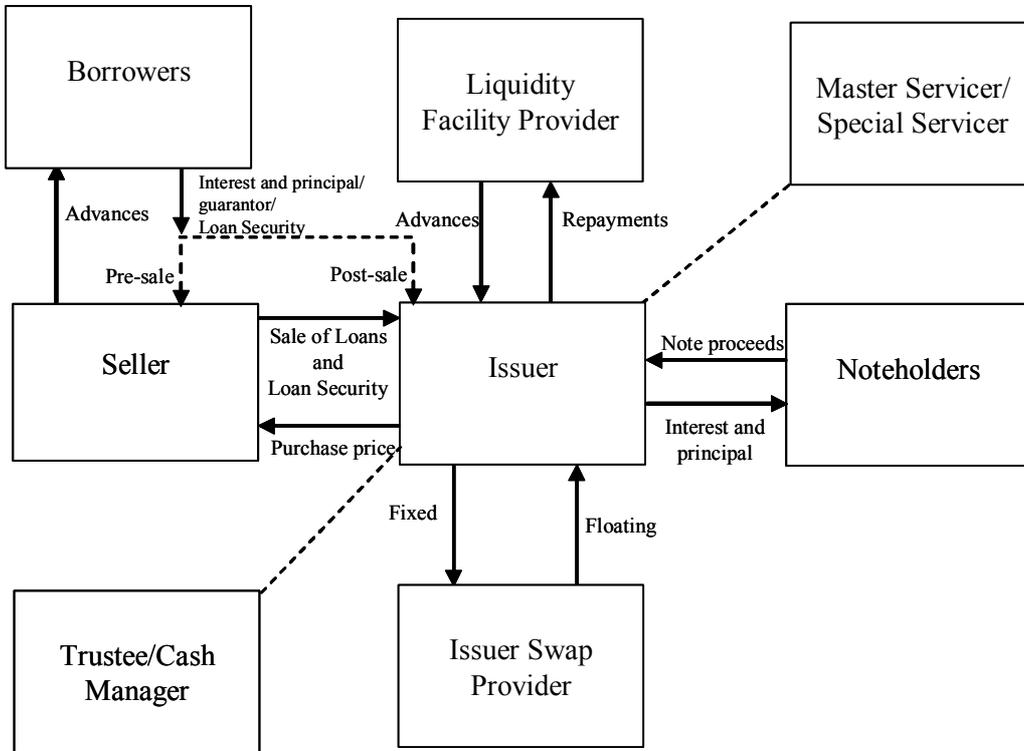
upon final redemption and/or prepayment of a Loan), interest amounts, Prepayment Fees, Break Costs, costs and other amounts. The Cash Manager on behalf of the Issuer will on each Interest Payment Date, after payment of those obligations of the Issuer having a higher priority under the relevant Priority of Payments, apply such Collections (other than Prepayment Fees and Break Costs) and certain other funds available to the Issuer as described in this Offering Circular in payment of, among other things, interest and principal due on the Notes.

With a view to protecting the Issuer against interest rate mismatches arising as a result of the Borrowers paying fixed rates of interest on the Loans whilst the Issuer is required to pay floating rates of interest on the Notes and different interest periods applicable under the Loans and the Notes, the Issuer will enter into interest rate swap transactions in respect of each Loan with the Interest Rate Swap Provider.

As security for its obligations under (among other things) the Notes, the Issuer will grant fixed and floating security interests over all its assets and undertaking (which comprises, primarily, its rights in respect of the Loans and the Loan Security) in favour of the Trustee under the Issuer Deed of Charge. The Trustee will hold the benefit of this security on trust for itself, the Note holders and the other Issuer Secured Creditors pursuant to the Issuer Deed of Charge and the Trust Deed. The priority of the claims of the Issuer Secured Creditors will be subject to the relevant Priority of Payments set out in the Cash Management Agreement. See "*Cash flows*" and "*Terms and Conditions of the Notes*" below.

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.

## TRANSACTION STRUCTURE DIAGRAM



## KEY TRANSACTION PARTIES

- Issuer:** DRACO (ECLIPSE 2005-4) plc (the **Issuer**) is a public company incorporated in England and Wales with limited liability. The Issuer's company registration number is 5620351 and its registered office is at 35 Great St. Helen's, London EC3A 6AP. The entire issued share capital of the Issuer is held by or on behalf of SFM Corporate Services Limited on trust for charitable purposes.
- Seller:** Barclays Bank PLC (the **Seller**) is a public company incorporated in England and Wales with limited liability under registered number 1026167, whose registered office is 1 Churchill Place, London E14 5HP.
- Security Agent:** In respect of the Clifton Portfolio Loan, the Pitch Loan and the Herbert House Loan, Barclays Bank PLC and in respect of the Flintstone Portfolio Loan and the Trafalgar Square Loan, Barclays Capital Mortgage Servicing Limited, each as trustee under the terms of the relevant Security Agreements and as agent of the Lenders (in these capacities, each a **Security Agent** and, as the context so requires, the **Relevant Security Agent**) holds all the Loan Security granted by the Obligors in respect of the Relevant Borrower's obligations under each relevant Loan on trust for the Finance Parties. Each Security Agent will delegate its duties and discretions as Security Agent to the Master Servicer and the Special Servicer, under the Servicing Agreement.
- Trustee:** J. P. Morgan Corporate Trustee Services Limited, acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the **Trustee**) will be appointed pursuant to a trust deed to be entered into on or about the Closing Date by the Issuer and the Trustee (the **Trust Deed**) to represent the interests of the holders of the Notes and to hold the security granted or created, as the case may be, under the deed of charge to be entered into on or about the Closing Date by the Issuer and the Trustee, among others, (the **Issuer Deed of Charge**) on behalf of itself and any receiver or other appointee of the Trustee and the holders of the Notes, the Master Servicer, the Special Servicer, the Seller, the Corporate Services Provider, the Account Bank, the Cash Manager, the Interest Rate Swap Provider, the **Liquidity Facility Provider**, the Agent Bank, the Principal Paying Agent, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement (together, the **Issuer Secured Creditors**) and will be entitled to enforce the security granted or created, as the case may be, in its favour under the Issuer Deed of Charge.
- Principal Paying Agent and Agent Bank:** JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT will be appointed to act as principal paying agent and agent bank under the Agency Agreement dated on or about the Closing Date between the Issuer, the Principal Paying Agent and the Agent Bank, among others (in these capacities, the **Principal Paying Agent** and the **Agent Bank**).

- Irish Paying Agent:** J.P. Morgan Bank (Ireland) plc, acting through its branch at JPMorgan House, International Financial Services Centre, Dublin 1, Ireland will be appointed to act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent**). The Irish Paying Agent, the Principal Paying Agent and any other paying agent(s) which may be appointed pursuant to the Agency Agreement are together referred to in this Offering Circular as the **Paying Agents**.
- Options Holder:** ECLIPSE Options Limited (**Options Holder**) is a private company with limited liability incorporated in England and Wales. Options Holder's company registration number is 5371756 and its registered office is 35 Great St. Helen's, London EC3A 6AP. Options Holder will agree to act as Post-Enforcement Call Option holder and Post-Redemption Call Option holder in respect of the Notes under the Call Option Agreement. The entire issued share capital of Options Holder is held by SFM Corporate Services Limited on trust for charitable purposes.
- Account Bank:** JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT will act as account bank for the Issuer under the Bank Account Agreement (in this capacity, the **Account Bank**).
- Liquidity Facility Provider:** CALYON (London Branch) (the **Liquidity Facility Provider**), acting through its office at Broadwalk House, 5 Appold Street, London EC2A 2DA will make the Liquidity Facility available to the Issuer under the Liquidity Facility Agreement.
- Corporate Services Provider:** Structured Finance Management Limited (the **Corporate Services Provider**) will provide certain corporate administration and secretarial services to the Issuer under the Corporate Services Agreement. The Corporate Services Provider also provides certain corporate administration and secretarial services to Options Holder under the Options Holder Corporate Services Agreement dated 22 March 2005.
- Share Trustee:** SFM Corporate Services Limited (the **Share Trustee**) holds its interest in the shares of the Issuer on trust for charitable purposes under the terms of a trust deed dated 30 November 2005 (the **2005-4 Share Trust Deed**). The Share Trustee holds its interest in the shares of Options Holder on trust for charitable purposes under the terms of a separate trust deed dated 23 February 2005 (the **2005-1 Share Trust Deed**).
- Master Servicer and Special Servicer:** Barclays Capital Mortgage Servicing Limited, acting through its offices at 1 Churchill Place, London E14 5HP will be appointed pursuant to the terms of the Servicing Agreement to carry out certain servicing and special servicing functions on behalf of the Issuer in connection with the Loans and the Loan Security (in these capacities, the **Master Servicer** and the **Special Servicer** respectively, and each, as the context requires, the **Relevant Servicer**). The Master Servicer and the Special Servicer will additionally be appointed to act as agent of each Security Agent.
- Operating Adviser:** The Controlling Creditor (as defined below) will have the right to appoint and remove an adviser (the **Operating Adviser**) with respect to the Loans. The Operating Adviser will, among other things, have certain rights with respect to certain material actions relating to the Loans. See "*Servicing* –

*Appointment of the Operating Adviser" below.*

**Cash Manager:** JPMorgan Chase Bank, N.A., acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the **Cash Manager**) will provide certain cash management services to the Issuer under the Cash Management Agreement to be dated on or about the Closing Date between the Issuer and the Cash Manager, among others.

**Interest Rate Swap Provider:** Barclays Bank PLC (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) to be 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 enter into interest rate swap transactions in respect of each Loan (together with the schedules thereto, the **Interest Rate Swap Transactions** and each an **Interest Rate Swap Transaction**) pursuant to the Interest Rate Swap Agreement.

**Finance Parties:** The **Finance Parties** under any Credit Agreement include the lenders from time to time under that Credit Agreement (each, a **Lender**), the Junior Trafalgar Square Lender and each Security Agent. The Finance Parties will include the Issuer following the sale of the Loans to the Issuer on the Closing Date.

## RELEVANT DATES AND PERIODS

- Cut-Off Date:** The Cut-Off Date is 22 November 2005 (the **Cut-Off Date**). The Cut-Off Date is the date on which much of the information relating to the Loans, their Related Security and the Properties set out in this Offering Circular is presented.
- Closing Date:** The Notes will be issued on or about 20 December 2005 (or such later date as the Issuer may agree with the Managers and the Arranger) (the **Closing Date**).
- Loan Interest Payment Date:** Each of the Loans provides that payment of quarterly instalments of interest and principal (if applicable) are due on (in respect of the Herbert House Loan) the 7th, (in respect of the Flintstone Portfolio Loan and the Trafalgar Square Loan) the 15th, (in respect of the Clifton Portfolio Loan) the 16th, (in respect of the Pitch Loan) the 17th day of each January, April, July and October. If, however, any such day is not a London Business Day, payments will be made on the next London Business Day in that calendar month (if there is one) or the preceding London Business Day (if there is not) (the **Loan Interest Payment Date**). **London Business Day** is any day other than a Saturday or Sunday on which banks are open for general business in London.
- Loan Interest Period:** Interest accrues on a Loan from and including a Loan Interest Payment Date up to but excluding the next succeeding Loan Interest Payment Date (each a **Loan Interest Period**). Interest is payable quarterly in arrear on each Loan Interest Payment Date in respect of the immediately preceding Loan Interest Period.
- Calculation Date:** Three London Business Days prior to each Interest Payment Date (each such day, a **Calculation Date**) the Cash Manager will, based on information relating to Collections on the Loans received from the Master Servicer, perform calculations in respect of the immediately preceding Collection Period and payments to be made to, among others, the holders of the Notes (the **Noteholders**) in accordance with the relevant Priority of Payments on such Interest Payment Date.
- Collection Period:** Amounts available for payment on the Notes on any Interest Payment Date will depend on the Collections received with respect to the Loans during the immediately preceding Collection Period, the payments received with respect to any Interest Rate Swap Agreement for the applicable Interest Period, any Loan Income Deficiency Drawings relating to such Interest Payment Date and any other amount standing to the Credit of the Transaction Account other than any amount credited to the Tax Reserve Ledger (as defined below). Each **Collection Period** will:
- relate to the Interest Payment Date immediately following such Collection Period;
  - start from (and include) the preceding Calculation Date (or in the case of the first Collection Period, the Closing Date); and
  - end on (but exclude) the Calculation Date that occurs in the same month as the immediately following Interest Payment Date.

## KEY CHARACTERISTICS OF THE LOANS AND THE PORTFOLIO

**The Loans:** Each Loan (other than the Clifton Portfolio Loan and the Pitch Loan where recourse is limited to the Clifton Portfolio Borrower's and the Pitch Borrower's interest in the Clifton Portfolio Properties and the Pitch Properties respectively and all rights and assets in relation to the relevant Properties) constitutes a full recourse obligation of the Relevant Borrower and is secured by, among other things, a first legal mortgage or charge (subject, in the case of the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan), to completion of registration at the Land Registry over all of the Relevant Borrower's interests in the Properties and first fixed security over the Leases (except in the case of the Herbert House Loan, where the Leases are assigned in favour of the Relevant Security Agent), insurance policies, hedging arrangements, bank accounts and rental income in respect of the Properties. Each Loan contains certain representations and warranties given by the Relevant Borrower and/or the Chargor, as the case may be.

**The Borrowers:** The Loans (other than in respect of the Clifton Portfolio Loan) have been made to limited liability companies incorporated in England (in the case of the Flintstone Portfolio Loan and the Pitch Loan), Jersey (in the case of the Trafalgar Square Loan) and the British Virgin Islands (in the case of the Herbert House Loan), the Clifton Portfolio Loan has been made to an individual.

**Properties:** The Portfolio comprise 36 Properties of which 34 are located in England and two of which are located in Scotland. 11 are office properties, three are light industrial, 15 are retail, and seven are leisure.

The Loans were originated by Barclays Bank PLC between 22 December 2004 and 22 November 2005. In connection with the origination of the Loans, Barclays Bank PLC ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making loans secured on commercial properties of this type, so as to evaluate the Borrowers' ability to service their Loan obligations and the quality of the Portfolio. For more information see "*The Loans and the Loan Security – Diligence in connection with the Loans*" below.

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

Loan Name	Cut-Off Date Securitised		Cut-Off Date Interest	Cut-Off Date Debt Service Coverage Ratio	Cut-Off Date LTV	Maturity LTV <sup>3</sup>	Remaining Estimated Term to Maturity (Years)
	Principal Balance	Loan Margin	Cover Ratio				
Flintstone Portfolio	£144,079,502	0.7500%	133%	133%	66.3%	66.3%	9.9
Trafalgar Square	£102,875,000	0.8892% <sup>4</sup>	171%	126%	66.4%	57.8%	7.6
Clifton Portfolio	£17,841,600	1.4000%	132%	109%	78.5%	71.1%	6.7
Pitch	£10,507,500	0.6000%	260%	260%	49.6%	49.6%	5.2
Herbert House	£9,675,000	1.2000%	133%	129%	86.0%	71.9%	8.1
<b>Total</b>	<b>£284,978,602</b>	-	-	-	-	-	-
Minimum	£9,675,000	0.6000%	132%	109%	49.6%	49.6%	5.2
Maximum	£144,079,502	1.4000%	260%	260%	86.0%	71.9%	9.9
Average/ Weighted Average	£56,995,720	0.8507%	151%	134%	67.1%	63.1%	8.6

<sup>3</sup> Assuming Valuation and scheduled principal amortisation.

<sup>4</sup> Commencing at 0.8892% reducing during the life of the Loan to 0.8802% at maturity

For further information about the Loan Pool, please see the section entitled "*The Loans and the Loan Security*".

The majority of the Leases relating to the Properties are FRI Leases being "fully repairing and insuring leases" (**FRI Leases**) under which substantially all of the economic liabilities arising in relation to the upkeep and operation of the relevant Property are borne by the individual Tenant, including the costs of repairing, maintaining and insuring the relevant Property (or where a Lease does not include the structure of the building the Tenant pays a proportionate share of the landlord's costs of repairing and maintaining the structure and common areas). However, there are some exceptions which may limit the Obligor's ability to recover service charges and in respect of which the Obligor has an obligation to keep part of the structure in repair.

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

Loan Name	Valuation (£) of Properties as at Date of Valuation	Net Rent (£ p.a.)	Estimated Net Rental Value (ERV) (£ p.a.)	Yield (Net Rent over Valuation) (%)	Net Internal Area (sq. ft.)
Flintstone Portfolio	217,450,000	12,982,607	12,277,201	6.0%	340,421
Trafalgar Square	155,000,000	9,785,922	8,266,430	6.3%	200,546
Clifton Portfolio	22,715,000	1,504,864	1,746,136	6.6%	91,202
Pitch	21,200,000	1,532,500	1,525,999	7.2%	222,387
Herbert House	11,250,000	755,847	776,100	6.7%	48,787
<b>Total</b>	<b>427,615,000</b>	<b>26,561,740</b>	<b>24,591,866</b>	<b>N/A</b>	<b>903,343</b>

**Valuation:**

In relation to each Loan, as a condition precedent to making an advance to the Relevant Borrowers, the Seller obtained an independent valuation of the relevant Property or Properties constituting security for such Loan (each, a **Valuation** and together, the **Valuations**). In this Offering Circular, the **Valuer** means the valuer in respect of each Valuation, as applicable.

The circumstances in which additional valuations will be obtained under the Credit Agreements are limited.

**All references to valuations (including related concepts, such as LTVs and property values) are references to, or are taken from, references in, the Valuations unless otherwise specified.**

See further "*The Loans and the Loan Security*" below.

**Loan Security:**

As security for the repayment of each Loan, the relevant Obligor or Obligors and the Relevant Security Agent have, on or about the closing date in respect of the Loan (each, a **Loan Closing Date** and together, the **Loan Closing Dates** and in the case of the Pitch Loan and the Clifton Portfolio Loan, on or about the closing date in respect of each loan drawn under the relevant facility), entered into a debenture (each, a **Security Agreement** and together, the **Security Agreements**), pursuant to which the Relevant Borrower or the Chargor, where appropriate, has granted fixed security over the relevant Property or Properties located in England and Scotland and all related interests

and assets including, but not limited to:

- (a) a first legal mortgage or charge (subject, in the case of the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan, to completion of registration at the Land Registry over the relevant Property or Properties);
- (b) a first fixed charge over the Chargor's interest in the Property or Properties (to the extent not subject to security under paragraph (a) above);
- (c) an absolute assignment, subject to a proviso for re-assignment on redemption, of the Lease documentation and rental income;
- (d) first fixed charge over the relevant bank accounts (including the Rent Account); and
- (e) an absolute assignment, subject to a proviso for re-assignment on redemption or a first fixed charge of the insurance contracts or policies of the Chargor.

In addition, in respect of the Pitch Loan, the Relevant Borrowers and/or Chargors (as appropriate) have granted security over those Properties located in Scotland (the **Scottish Properties**) and all related interests and assets, including but not limited to:

- (a) a standard security over the relevant Scottish Properties; and
- (b) an assignment of rents.

The Related Security in respect of each Loan will include, where relevant, the benefit of the following:

- (i) a subordination agreement, whether made by deed or otherwise, under which any other debt of the Relevant Borrower (if any) is subordinated to the debt owed by the Relevant Borrower in respect of the relevant Loan (each a **Subordination Agreement**);
- (ii) a duty of care letter entered into by the Relevant Borrower or Obligor, as applicable, the Relevant Security Agent and the independent managing agent or agents appointed by the Relevant Borrower in respect of a relevant Property or Properties (each a **Duty of Care Agreement**);
- (iii) a charge over, or other security interest in (other than in respect of the Clifton Portfolio Borrower) all of the shares of a Chargor (a **Share Charge**); and
- (iv) (in the case of the Trafalgar Square Loan) an intercreditor agreement (the **Trafalgar Square Intercreditor Agreement**) regulating the relationship and priority between the Seller (in its capacity as Lender and, following the Closing Date, the Issuer) and the Junior Lender.

**Interest rate:** All of the Loans bear a fixed rate of interest calculated in accordance with the Credit Agreement under which that Loan was made (the **relevant Credit Agreement**).

**Repayment:** Some of the Loans are subject to scheduled repayment on each Loan Interest Payment Date in accordance with the terms of the relevant Credit Agreement. To the extent not repaid or prepaid earlier, all the Loans are repayable in full at their respective final

maturity dates (each such date a **Loan Maturity Date**).

**Voluntary prepayment:**

Each Loan may be prepaid by the Relevant Borrower in whole or in part (but if in part, in a minimum amount) on any Loan Interest Payment Date upon giving a minimum number of London Business Days' prior notice to the Lender. Amounts prepaid may not be redrawn.

Certain prepayments by the Relevant Borrower may be subject to prepayment fees in connection therewith (**Prepayment Fees**). The Relevant Borrower will additionally be required to pay any Break Costs (as defined below) to the Issuer and the Issuer may, in respect of certain Loans be required to pay Break Gains (as defined below).

**Mandatory prepayment:**

Prepayment of a Loan (in whole or in part) must or (in the case of paragraph (c)) may be made in certain circumstances (in each case as set out in the relevant Credit Agreement), including the following:

- (a) if a Lender (or the Security Agent in the case of the Herbert House Loan) notifies the Relevant Borrower that it is unlawful in any jurisdiction for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the Loan;
- (b) in the case of some of the Loans, on the occurrence of a change of control of the Relevant Borrower or, in certain cases, its shareholder (although in the case of certain other Loans, a change in control may be an Event of Default or, in the case of the Individual Borrower Loan, not applicable as the Relevant Borrower is an individual);
- (c) if the Relevant Borrower is required to withhold or deduct any amount in respect of tax or pay any increased costs to the Lender or following a reduction in the rate of return or other amounts due to a Lender under the relevant Credit Agreement; or
- (d) on the sale or disposal of a Property or Properties unless, in certain cases where the proceeds have been invested in one or more substitute properties after a specified period set out in the relevant Credit Agreement. In respect of the Flintstone Portfolio Loan and the Trafalgar Square Loan any disposal of the Flintstone Portfolio Property or the Trafalgar Square Property (as applicable) without the consent of the Lender would constitute a Loan Event of Default.

In the event of prepayment of all or part of a Loan in any of the above circumstances (other than paragraphs (a) and (c)), Prepayment Fees will be payable by the Relevant Borrower.

**Finance Documents** includes, in relation to the Loan Pool, any Credit Agreement, any Security Agreement, any Subordination Agreement, any Transfer Certificate (other than in respect of the Trafalgar Square Loan where a transfer to the Junior Trafalgar Square Lender will be deemed a Finance Document), any Duty of Care Agreement, any Share Charge and any other document designated as such by the parties to any Credit Agreement (each a **Finance Document**). The Finance Documents relating to a specific Loan are referred to in this Offering Circular as relevant Finance Documents (each a **relevant Finance Document**). In relation to a Finance Document, **Finance Party** generally means a Lender (which, after the Closing Date, will be the Issuer) or the Relevant Security Agent.

**Further advances:**

As at the date of this Offering Circular, the Issuer is not required or entitled to make any further advance of principal to any Borrower under the terms of any of the Credit Agreements. Additionally, neither the Master Servicer nor the Special Servicer is permitted under the Servicing Agreement to agree to an amendment of the terms of a Credit Agreement that would require the Issuer to make a further advance of principal to any Borrower without, among other things, confirmation from the Rating Agencies that the same would not have a material adverse effect on the then current ratings of the Notes. However, to the extent that the Credit Agreement permits the Lender to pay sums due from the Borrower to third parties if the Borrower fails to do so, the Issuer (or the Master Servicer or Special Servicer acting on its behalf) may pay such amounts to the relevant third parties, thereby increasing the amount owed by the Borrower to the Issuer, by making a Loan Protection Advance (as defined below). The Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer, will pay the proceeds of such Loan Protection Advance to the relevant third parties in accordance with the terms of each Credit Agreement and the Servicing Agreement. For further details, see "*Servicing – Loan Protection Advances*".

**Representations and warranties:**

The Loan Sale Agreement will contain certain representations and warranties given by the Seller in respect of the Loans and the Loan Security (the **Loan Warranties**). The Loan Warranties are summarised in the section entitled "*Transaction Documents – Loan Sale Documents*".

In the event of a Material Breach of Loan Warranty by the Seller with respect to any Loan or its Related Security, which is not capable of remedy or (if capable of remedy) is not remedied within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer or the Trustee or such longer period as may be agreed by the Trustee, the Seller will be required to repurchase the relevant Loan and the beneficial interest in the related Security Trust.

The consideration for such repurchase will be an amount equal to the principal balance of the Loan then outstanding (or, if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date the consideration payable will be the higher of (x) the outstanding principal balance of the relevant Loan as at such date or (y) the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer in respect of such Loan) plus in all cases any accrued but unpaid interest thereon up to and including the date of repurchase or, if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date together with any additional costs incurred by the Issuer in respect of such repurchase (including any swap termination payments due to the Interest Rate Swap Provider arising as a result of the repurchase) and any amounts advanced by or on behalf of the Issuer in respect of the relevant Loan as a Loan Protection Advance, to the extent such amounts have not been capitalised as outstanding principal of the relevant Loan or recovered from the Relevant Borrower.

Any repurchase of a Loan will result in the redemption of the Notes in accordance with **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds).

**Insurance:**

Each Borrower or Chargor has undertaken pursuant to the relevant Credit Agreement, to maintain insurance of the relevant Property or Properties on a full reinstatement value basis, including not less than three years' loss of rent on all Leases together with insurance against acts of terrorism, where in certain cases, such insurance is generally

available in the UK insurance market on commercially reasonable terms, and to procure that the Relevant Security Agent is named as co-insured or that the Security Agent's interests are noted on all relevant Insurance Policies (as defined below). Any such interest of the Security Agent will be held for the Issuer pursuant to the Relevant Security Trusts.

All insurances required under the Credit Agreements must be with an insurance company or underwriter that is acceptable to the Lender (in some cases, acting reasonably) or which complies with minimum ratings requirements.

## PRINCIPAL FEATURES OF THE NOTES

### Notes:

The Notes will comprise:

- (a) £210,900,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017;
- (b) £17,100,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017;
- (c) £15,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017;
- (d) £22,800,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017;
- (d) £12,100,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017; and
- (e) £6,378,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2017.

The Notes will be constituted pursuant to the Trust Deed. The Notes of each Class will rank *pari passu* and rateably and without any preference among themselves.

### Status and priority:

On enforcement of the Issuer Security and following service of an Acceleration Notice, payments of interest and principal in respect of the Class A Notes will rank *pari passu* and *pro rata* with payments of Deferred Consideration (if any) and ahead of payments of interest and principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. Payments of interest and principal in respect of the Class B Notes will rank ahead of payments of interest and principal in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes. Payments of interest and principal in respect of the Class C Notes will rank ahead of payments of interest and principal in respect of the Class D Notes, the Class E Notes and the Class F Notes. Payments of interest and principal in respect of the Class D Notes will rank ahead of payments of interest and principal in respect of the Class E Notes and the Class F Notes. Payments of interest and principal in respect of the Class E Notes will rank ahead of payments of interest and principal in respect of the Class F Notes.

Notwithstanding the above, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be entitled to receive both sequential and *pro rata* distribution of principal subject to and in accordance with **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds). Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest and principal in respect of the Notes will be paid in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of

Payments, as applicable.

See further "*Cashflows*" and **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) below.

**Form of the Notes:**

Each Class of Notes will be in bearer form. The Temporary Global Note and the Permanent Global Note of each Class will be held by JPMorgan Chase Bank, N.A., as common depository for Euroclear and Clearstream, Luxembourg. The Notes will be in denominations of £50,000.

For so long as the Notes are represented by Global Notes and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes will be tradeable in minimum nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof. However, there will be certain restrictions in respect of holdings above a multiple of £50,000 in nominal amount. See further **Condition 2.3** (Trading in differing nominal amounts).

**Ratings:**

It is expected that the Notes will, on issue, be assigned the following ratings:

<b>Class</b>	<b>Fitch</b>	<b>Moody's</b>	<b>S&amp;P</b>
Class A Notes	AAA	Aaa	AAA
Class B Notes	AAA	Aa2	AAA
Class C Notes	AA	Aa3	AA+
Class D Notes	A	A2	A+
Class E Notes	BBB	Baa1	BBB+
Class F Notes	NR	NR	BBB

**The ratings from the Rating Agencies do not address the likelihood of receipt by any Class F Noteholder of any AFC Excess Interest Amount in respect of the Class F Notes.**

**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 of the Notes are dependent upon, among other things, the short-term, unsecured, unsubordinated debt ratings of the Liquidity Facility Provider, the Interest Rate Swap Provider and the Account Bank. A qualification, downgrade or withdrawal of any such ratings by a Rating Agency may have an adverse effect on the ratings of the Notes.

**Listing:**

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

**Liquidity Facility:**

On or before the Closing Date, the Issuer, the Trustee and the Liquidity Facility Provider, among others, will enter into an agreement (the **Liquidity Facility Agreement**) pursuant to which the Liquidity Facility Provider will make available to the Issuer a facility which the Issuer can draw on to fund certain shortfalls in available funds (including scheduled amounts due under the Loans) from time to time (as described further under "*Transaction Documents – Liquidity Facility Agreement*" below).

<b>Interest Rate Swap Agreement:</b>	The Interest Rate Swap Provider will enter into the Interest Rate Swap Agreement with the Issuer. The Issuer and the Interest Rate Swap Provider will, on the Closing Date, enter into one or more swap confirmations with respect to each Loan (each an <b>Interest Rate Swap Confirmation</b> ) evidencing the terms of the Interest Rate Swap Transactions entered into pursuant thereto. See further " <i>Transaction Documents – Interest Rate Swap Agreement</i> ".
<b>Final redemption:</b>	Unless previously redeemed in full, the Notes will mature on the Final Maturity Date.
<b>Mandatory redemption in part:</b>	Unless an Acceleration Notice has been served or the Notes have otherwise become due and repayable in full and to the extent that the Issuer receives principal payments in respect of the Loans (including scheduled repayments, final repayments, prepayments and the proceeds of any repurchase by the Seller, the Master Servicer, the Special Servicer and in respect of the Trafalgar Square Loan, the Junior Trafalgar Square Lender, the Notes will be subject to mandatory redemption in part on each Interest Payment Date in the manner described in <b>Condition 6.3</b> (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds). Principal receipts will be applied by the Issuer both sequentially and on a <i>pro rata</i> basis as set out in <b>Condition 6.3</b> (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds).
<b>Redemption in whole for taxation:</b>	<p>The Issuer may, subject as provided in <b>Condition 6.2</b> (Redemption for taxation or other reasons), upon giving not more than 60 and not less than 30 days' notice to the Noteholders and provided that it has satisfied the Trustee that it has sufficient funds available to it, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding, together with accrued interest (other than AFC Excess Interest Amounts, in respect of which Class F Noteholders will receive an unsecured documentary undertaking of the Issuer to pay such AFC Excess Interest Amounts on the AFC Due Date (as defined below)) and pay any other amounts required under the relevant Priority of Payments to be paid <i>pari passu</i> with, or in priority to, the Notes, on any Interest Payment Date on or after the date on which:</p> <ul style="list-style-type: none"> <li>(i) on or before the occasion of the next Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;</li> <li>(ii) on the occasion of the next Interest Payment Date, the Issuer or a person acting on behalf of the Issuer, would be required to make any withholding or deduction for or on account of any Taxes from any payment of principal or interest in respect of any of the Notes;</li> <li>(iii) on or before the occasion of the next Interest Payment Date, the Issuer would suffer any withholding or deduction from any payment in respect of a Loan for or on account of any Taxes;</li> <li>(iv) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer to make, lend or to allow to remain outstanding all or any advances made or to be made by it</li> </ul>

under a Credit Agreement; or

- (v) an Interest Rate Swap Tax Event occurs and:
  - (A) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it;
  - (B) 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
  - (C) 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).

Any unsecured documentary undertaking of the Issuer will be issued prior to redemption of the Class F Notes and subject to the terms of the Post-Enforcement Call Option and the Post-Redemption Call Option.

**Redemption upon exercise of Servicer Call Option:**

The Master Servicer or the Special Servicer, as applicable, may prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, subject as provided in **Condition 6.4** (Redemption upon exercise of Servicer Call Option) upon (i) the Master Servicer or the Special Servicer, as applicable, giving written notice to the Issuer and the Trustee; and (ii) the Issuer giving not more than 60 and not less than 30 days' prior written notice to the Trustee and the Noteholders, purchase the Loans on any Interest Payment Date in accordance with the terms of the Servicing Agreement and provided that the Master Servicer or the Special Servicer, as applicable, has satisfied the Trustee that as a consequence of the purchase of the Loans the Issuer will have sufficient funds available to redeem all, but not some only, of the Notes in full at their Principal Amount Outstanding together with the accrued interest on the Notes (other than AFC Excess Interest Amounts, in respect of which Class F Noteholders will receive an unsecured documentary undertaking of the Issuer to pay such AFC Excess Interest Amounts on the AFC Due Date) and any amount required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank *pari passu* with, or in priority to, amounts due in respect of the Notes under the relevant Priority of Payments. Any unsecured documentary undertaking of the Issuer will be issued prior to redemption of the Class F Notes and subject to the terms of the Post-Enforcement Call Option and the Post-Redemption Call Option.

**Principal Amount Outstanding and Write-Downs:**

**Principal Amount Outstanding** means, in respect of any Note at any time, the principal amount represented by that Note as at the Closing Date as reduced by (i) any payment of principal to the holder of the Note up to (and including) that time; and (ii) the aggregate amount of all Allocated Loan Principal Write-Down Amounts (as defined below) in respect of such Note that have arisen on or prior to such date of calculation.

Following an Adjusted Loan Principal Loss (as defined below) in relation to a relevant Loan, the Principal Amount Outstanding of the most junior class of Notes may, in certain circumstances, be subject to write-downs (see **Condition 6.9** (Principal Amount Outstanding and Write-Downs)).

Any reduction in the Principal Amount Outstanding of the Notes will, together with any interest that would have accrued on any such amount, become payable on the winding up of the Issuer or if earlier, immediately prior to the exercise of the Post-Enforcement Call Option.

**Post-Enforcement Call Option in favour of Options Holder:**

Pursuant to an agreement dated on or about the Closing Date (the **Call Option Agreement**) between the Trustee, the Issuer and Options Holder, the Trustee will, on the Closing Date, grant to Options Holder an option (the **Post-Enforcement Call Option**) to acquire all (but not some only) of the Notes (plus accrued interest thereon (including any AFC Excess Interest Amounts)) for a consideration of 0.01 pence per Note outstanding following any enforcement of the Issuer Security, after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes in accordance with the Post-Acceleration Priority of Payments (see "*Cashflows*" below), to pay any further amounts due in respect of the Notes. The Noteholders will be bound by the terms of this Post-Enforcement Call Option granted to Options Holder pursuant to the terms and conditions of the Trust Deed and by **Condition 6.5** (Post-Enforcement Call Option/Post-Redemption Call Option) and the Trustee will be irrevocably authorised to enter into the Call Option Agreement with Options Holder for the benefit of the Noteholders.

**Post-Redemption Call Option in favour of Options Holder:**

Pursuant to the Call Option Agreement, the Trustee will, on the Closing Date, grant to Options Holder an option (the **Post-Redemption Call Option**) to acquire the benefit of all undertakings issued by the Issuer in respect of any AFC Excess Interest Amounts (which will only become due on the AFC Due Date) for a consideration of 0.01 pence per undertaking from (and including) the Business Day immediately following the date on which the Notes have been redeemed in full (other than with respect to any AFC Excess Interest Amounts) pursuant to **Condition 6** (Redemption).

The holders of any undertaking of the Issuer in respect of any AFC Excess Interest Amount will be bound by the terms of this Post-Redemption Call Option granted to Options Holder pursuant to the terms and conditions of the Trust Deed and by **Condition 6.5** (Post-Enforcement Call Option/Post-Redemption Call Option) and the Trustee will be irrevocably authorised to enter into the Call Option Agreement with Options Holder for the benefit of the holders of any such undertakings.

**No purchase of Notes by the Issuer:**

The Issuer will not be permitted to purchase any of the Notes.

**Interest rates:**

Each Class of Notes will initially bear interest calculated as the sum of LIBOR (as defined in **Condition 5.3** (Rates of Interest)) plus the relevant Margin.

The interest rate margin applicable to each Class of Notes will be as follows (each, a **Margin**):

<b>Class</b>	<b>Margin (% p.a.)</b>
Class A Notes	0.26
Class B Notes	0.32
Class C Notes	0.46
Class D Notes	0.70

Class E Notes	0.90
Class F Notes	2.50

**Interest Payments:** Interest will be payable on the Notes quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year, unless the same is not a Business Day, in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (if there is not) (each, an **Interest Payment Date**). For these purposes, **Business Day** means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in London and Dublin. The Noteholders will be entitled to receive a payment of interest only in accordance with the relevant Priority of Payments (as described in "*Cashflows*" below).

**Interest on the Class F Notes:** Notwithstanding any other provisions of any Transaction Document or the Conditions of the Notes, (including, without limitation, with regard to any deferral of interest), if the amount of interest that would be otherwise due and payable in respect of the Class F Notes is in excess of the Class F Adjusted Interest Payment and such difference has arisen as a consequence of a reduction in the interest bearing balance of a Loan as a result of prepayment, the interest that would be represented by such difference (the **AFC Excess Interest Amounts**), will be deferred and will not be due and payable by the Issuer until the AFC Due Date.

**AFC Due Date** means the earlier of:

- (i) the Final Maturity Date; and
- (ii) the later of:
  - (A) the Business Day immediately following the date on which the Notes are redeemed in full in accordance with **Condition 6** (Redemption) (other than in respect of any AFC Excess Interest Amount); and
  - (B) the date on which the Post-Enforcement Call Option is exercised.

**Any AFC Excess Interest Amounts will not accrue interest. The ratings from the Rating Agencies do not address the likelihood of receipt by any Class F Noteholder of any AFC Excess Interest Amounts.**

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

- (i) as applicable, Adjusted Available Issuer Income available for application under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments for distribution on that Interest Payment Date or any other date following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full; minus

- (ii) the sum of all amounts payable out of, as applicable, Adjusted Available Issuer Income under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments in priority to payments of interest on the Class F Notes in accordance with the applicable Priority of Payments.

Any undertaking issued by the Issuer in respect of any AFC Excess Interest Amount will not be transferable or assignable, except in accordance with the terms of the Call Option Agreement.

**Deferral of Interest:** Failure by the Issuer to pay interest on the Class A Notes (or the Most Senior Class of Notes which is still outstanding (as defined in the Conditions)) when due and payable (after a grace period has passed) will result in a Note Event of Default which may result in the Trustee serving an Acceleration Notice. To the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Interest Payment Date but will be deferred and will only be paid, in accordance with the Priority of Payments (other than in respect of any AFC Excess Interest Amounts) on subsequent Interest Payment Dates if and when permitted by subsequent cash flows which are available after the Issuer's higher priority liabilities have been discharged. AFC Excess Interest Amounts will not be due by the Issuer until the AFC Due Date. Any interest (other than the AFC Excess Interest Amounts) not paid on the Notes when due will accrue interest and will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the relevant Priority of Payments (as described in "*Cashflows*" below). Any AFC Excess Interest Amounts will not accrue interest.

**Interest Periods:** The first Interest Period will run from (and including) the Closing Date to (but excluding) the first Interest Payment Date and subsequent Interest Periods will run from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date.

**Issue price:** The Class A Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

The Class B Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

The Class C Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

The Class D Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

The Class E Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

The Class F Notes will be issued at 100 per cent. of their aggregate initial Principal Amount Outstanding.

**Withholding tax:**

**If any withholding or deduction for or on account of any tax is imposed in respect of payments under the Notes, the Issuer will make payments subject to such withholding or deduction and neither the Issuer nor any other entity will be required to gross-up or otherwise pay additional amounts in respect thereof. See "*United Kingdom Taxation*" below.**

**Security for the Notes:**

The Notes will be secured pursuant to a deed of charge made between, amongst others, the Issuer and the Trustee and dated on or before the Closing Date (the **Issuer Deed of Charge**).

The Trustee will hold the security granted under the Issuer Deed of Charge on trust for itself and the other Issuer Secured Creditors.

The Issuer will grant the following security interests under or pursuant to the Issuer Deed of Charge (the **Issuer Security**):

- (a) a first ranking assignment of its rights in respect of the Loans and the Loan Security;
- (b) a first ranking assignment of its rights under the other Transaction Documents to which it is a party;
- (c) a first fixed charge of its rights to all monies standing to the credit of the Issuer Accounts (other than the Issuer Share Capital Account);
- (d) a first fixed charge of its interest in any Eligible Investments made by it or on its behalf; and
- (e) a first floating charge over the whole of its undertaking and of its property and assets not already subject to fixed security.

**Transaction Documents** means the Trust Deed, the Issuer Deed of Charge, the Servicing Agreement, the Cash Management Agreement, the Bank Account Agreement, the Corporate Services Agreement, the Options Holder Corporate Services Agreement, the Loan Sale Documents, the Liquidity Facility Agreement, the Interest Rate Swap Agreement, the Agency Agreement, the Subscription Agreement, the Call Option Agreement, the Master Definitions Schedule, the Finance Documents and any other document designated as such by the Issuer and/or the Trustee (each a **Transaction Document**).

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest in respect of each Class of Notes will rank in accordance with the Pre-Acceleration Revenue Priority of Payments and payments of principal will rank in accordance with the Pre-Acceleration Principal Priority of Payments (as described in "*Cashflows*" and **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) below). If the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) shall make payments in respect of each Class of Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments (as described in "*Cashflows*" below). Upon the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Acceleration Priority of Payments (as described in "*Cashflows*" below).

**Transfer restrictions:** There will be no transfer restrictions in respect of the Notes, subject to applicable laws and regulations.

**Governing law:** The Notes and the other Transaction Documents will be governed by English law.

## RISK FACTORS

*Set out in this section is a summary of certain issues of which prospective Noteholders should be aware before making a decision whether or not to invest in Notes of any Class. This summary is not intended to be exhaustive. Therefore, prospective holders of the Notes should also read the detailed information set out elsewhere in this Offering Circular and form their own views before making any investment decision.*

### A. Considerations relating to the Notes

#### Liability under the Notes

The Issuer is the only entity which has obligations to pay any amount due in respect of the Notes. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity, including (but not limited to) the Seller, the Finance Parties (other than the Issuer), the Arranger, the Lead Manager, the Co-Manager, the Trustee, the Share Trustee, Options Holder, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Master Servicer, the Special Servicer, the Paying Agents, the Agent Bank, the Corporate Services Provider or the Account Bank, or by any entity affiliated to any of the foregoing.

#### Limited resources of the Issuer

The Notes will be full recourse obligations of the Issuer. However, the assets of the Issuer will themselves be limited. The ability of the Issuer to meet its obligations under the Notes will be dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Loans (see further "*Considerations relating to the Loans and the Loan Security*" below), the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement, the receipt of funds from the Interest Rate Swap Provider and the receipt of funds under the Security Agreements. Other than the foregoing and any interest earned by the Issuer in respect of its bank accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes. Following an Adjusted Loan Principal Loss (as defined below) in relation to a relevant Loan, the Principal Amount Outstanding of the most junior Class of Notes may, in certain circumstances, be subject to write-down (see **Condition 6.9** (Principal Amount Outstanding and Write-Downs)). There are no provisions for the Principal Amount Outstanding of the Notes to be subsequently increased and Noteholders will have no claim against the Issuer in respect of any amount so written down.

Pursuant to the terms of the Call Option Agreement, Options Holder will have the right to purchase from Noteholders and the holders of any undertakings from the Issuer in respect of any AFC Excess Interest Amounts and Noteholders and the holders of such undertakings will be obliged to sell to Options Holder, for the consideration of 0.01 pence per Note all of the Notes left outstanding (plus accrued interest thereon together with any AFC Excess Interest Amounts) and the benefit of any undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts, as the case may be, after the Issuer Security has been enforced by the Trustee and the Trustee has determined that the proceeds of enforcement are insufficient after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes under the Post-Acceleration Priority of Payments to pay any further principal, interest or any other amounts due in respect of the Notes. Pursuant to the Call Option Agreement, Options Holder will have the right to purchase from holders of any undertaking from the Issuer in respect of any AFC Excess Interest Amounts and the holders of such undertakings will be obliged to sell to Options Holder, for the consideration of 0.01 pence per undertaking the benefit of any undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts from (and including) the Business Day immediately following the date on which the Notes have been redeemed in full (other than in respect of any AFC Excess Interest Amount) in accordance with **Condition 6** (Redemption).

Upon enforcement of the security for the Notes, the Trustee or any receiver will, in practice, have recourse only to the Loans and the Issuer's interest in the Loan Security and to any other assets of the Issuer then in existence as described in this document. It should be noted that, upon acceleration of the security, the Issuer will not be able to make any further drawings under the Liquidity Facility Agreement.

### **Ratings of the Notes**

The ratings assigned to each Class of the Notes by the Rating Agencies are based on the Loans (subject to the Trafalgar Square Intercreditor Agreement), the Loan Security, the Portfolio 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, the Interest Rate Swap Provider and the Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings do not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to the compulsory purchase of a Property or Properties.

The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of any AFC Excess Interest Amount. In the event of a redemption of the Class F Notes under **Condition 6.4** (Redemption upon exercise of Servicer Call Option) or **Condition 6.2** (Redemption for taxation or other reasons), the Issuer will immediately prior to redemption deliver to the Class F Noteholders an unsecured documentary undertaking to pay such AFC Excess Interest Amounts on the AFC Due Date and such documentary undertaking will be issued subject to the Post-Enforcement Call Option and the Post-Redemption Call Option in **Condition 6.5** (Post-Enforcement Call Option/Post-Redemption Call Option). Any undertaking issued by the Issuer in respect of any AFC Excess Interest Amount will not be transferable or assignable except in accordance with the terms of the Call Option Agreement.

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest (other than any amount in respect of AFC Excess Interest Amounts) on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. There can be 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 the other ratings, the market value and/or liquidity of the Notes of any Class.

Credit rating agencies other than Fitch, Moody's and S&P could seek to rate the Notes (or any Class of them) without having been requested to do so by the Issuer and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Fitch, Moody's and S&P, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any Class. In this Offering Circular, all references to ratings in this Offering Circular are to ratings assigned by the Rating Agencies (namely Fitch, Moody's and S&P).

### **Ratings confirmations**

Under the Transaction Documents, the Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any Class of Noteholders, or, as the case may be, all the Noteholders, and 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, the Noteholders and the other Issuer Secured Creditors. In making such a determination, the Trustee will 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 any event, matter or thing.

It should be noted, however, that the decision as to whether or not to confirm any particular rating may be made on the basis of a variety of factors and no assurance can be given that any confirmation will be given or that any such confirmation will not be given in circumstances where the relevant proposed matter, event or thing would materially adversely affect the interests of Noteholders of a particular Class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of holders of securities (such as the Notes) and, in any event, there can be no assurance that the Rating Agencies would provide any such confirmation.

### **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 is not, at present, a secondary market for the Notes. 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.

### **Denominations and trading**

The Notes of each class will be issued in the denomination of £50,000. However, for so long as the Notes of any relevant class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes will be tradeable in minimum nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof. However, if Definitive Notes for that class of Notes are required to be issued and printed, any Noteholder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the denomination of £50,000 will not be entitled to receive a Definitive Note in respect of such Notes and will not therefore be able to receive principal or interest in respect of such Notes.

Furthermore, at any meeting of Noteholders of any class while the Notes of that class are represented by a Global Note, any vote cast will be valid only if it is in respect of £50,000 in nominal amount. The quorum requirements for meetings of Noteholders will also disregard any holdings to the extent that they cannot be represented by a holding of £50,000.

### **Availability of Liquidity Facility**

Under the Liquidity Facility Agreement, the Liquidity Facility Provider will (prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) make available to the Issuer the £17,500,000 Liquidity Facility which will decrease as the outstanding principal balance of the Loans decrease in accordance with the terms of the Liquidity Facility Agreement but will not decrease below the lower of £17,500,000 and 10 per cent. of the outstanding principal balance of the Loans at any time or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes. The Liquidity Facility will be available to the Issuer if, amongst other things, a Borrower fails to make payments of scheduled interest under the Loans and in respect of the payment of certain revenue items of the Issuer and certain costs of the Borrower. Liquidity Drawings under the Liquidity Facility will therefore assist the Issuer in making payments of, among other things, interest in respect of the Notes.

The initial Liquidity Facility will expire 364 days after the Closing Date, although it is extendable for successive periods of up to 364 days. The Liquidity Facility Provider is not obliged to extend or renew the Liquidity Facility at its expiry, but if it does not renew or extend the Liquidity Facility on request then the Issuer will, subject to certain terms, be required to make a Liquidity Stand-by Drawing and place the proceeds of that drawing on deposit in the Liquidity Stand-by Account. See further "*Transaction Documents - Liquidity Facility Agreement*" below.

The Liquidity Facility Provider will be entitled to receive interest and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders (which may ultimately reduce the amount available for distribution to Noteholders).

### **Subordination of Class B Notes, Class C Notes, Class D Notes, the Class E Notes and the Class F Notes**

After enforcement of the security for the Notes under the Issuer Deed of Charge and service of an Acceleration Notice, payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be subordinated to payments of principal and interest in respect of the Class A Notes and payments of Deferred Consideration (if any) to the Seller or its assignee. Payments of principal and interest in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes will be subordinated to payments of principal and interest in respect of the Class B Notes. Payments of principal and interest in respect of the Class D Notes, the Class E Notes and the Class F Notes will be subordinated to payments of principal and interest in respect of the Class C Notes. Payments of principal and interest in respect of the Class E Notes and the Class F Notes will be subordinated to payments of principal and interest in respect of the Class D Notes. Payments of principal and interest in respect of the Class F Notes will be subordinated to payments of principal and interest in respect of the Class E Notes. Although payments of Deferred Consideration (if any) are made senior to payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, in determining the amount of Deferred Consideration payable, the Cash Manager shall first take into account amounts due to, *inter alia*, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, such that Deferred Consideration shall only be payable to the extent there remain funds available after payments due in respect of the Notes.

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds (including any funds available to be drawn for that purpose under the Liquidity Facility Agreement) to make payment in full of interest (other than any AFC Excess Interest Amounts) due on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes, then the Issuer will be entitled (under **Condition 16** (Subordination by Deferral)) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. This will not constitute a Note Event of Default. If there are no Class A Notes then outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes, the Class D Notes, the Class E Notes and the Class F Notes only. If there are no Class B Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class D Notes, the Class E Notes and the Class F Notes only. If there are no Class C Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class E Notes and the Class F Notes only. If there are no Class D Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class F Notes. If there are no Class E Notes outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class F Notes. Notwithstanding any deferral on the Notes set out in **Condition 16** (Subordination by Deferral) any AFC Excess Interest Amount will not be due and payable by the Issuer until the AFC Due Date and will not bear interest. Non-payment of the AFC Excess Interest Amount at any time prior to the AFC Due Date does not constitute a Note Event of Default even if the Class F Notes are the Most Senior Class of Notes outstanding.

The terms on which the Issuer Security will be held will provide that, both before and after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, certain payments (including all amounts payable to any receiver, the Trustee, all amounts due to the Master Servicer, the Special Servicer, the Cash Manager, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank, all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of Liquidity Subordinated Amounts), all payments due to the Interest Rate Swap Provider under the Interest Rate Swap Agreement (other than Subordinated Interest Rate Swap Amounts)) will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, 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 and all amounts owing to the Class E Noteholders will rank higher in priority to all amounts owing to the Class F Noteholders.

### **Conflict of interests between Classes of Noteholders**

The Trustee will be required, in performing its duties as trustee under the Trust Deed, to have regard to the interests of all the Classes of Noteholders together. However, if (in the sole opinion of the Trustee) there is a conflict between the interests of the holders of one or more Classes of Notes and the interests of the holders of one or more other Classes of Notes, then the Trustee will be required in certain circumstances to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding. For all purposes when the Trustee performs its duties under the Trust Deed and/or the Issuer Deed of Charge, the interests of individual Noteholders will be disregarded and the Trustee will determine interests viewing the holders of any particular Class of Notes as a whole.

### **Withholding or deduction under the Notes**

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Paying Agent or any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would entitle the Issuer to redeem the Notes in accordance with **Condition 6.2** (Redemption for taxation or other reasons) at their then Principal Amount Outstanding (plus accrued interest other than AFC Excess Interest Amounts but excluding any premium) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

### **Yield and prepayment considerations**

The yield to maturity of the Notes of each Class will depend on, among other things, the applicable rate of interest on each Class of the Notes, the amount and timing of receipt by the Issuer of amounts of principal and interest in respect of the Loans and the purchase price paid by the holders of the Notes. Such yield may be affected by one or more prepayments in respect of any of the Loans.

Each Borrower has the option to prepay its Loan at any time, although, if a Borrower chooses to do so before the end of the relevant period as set out in the relevant Credit Agreement, it may be required to pay certain Prepayment Fees and Break Costs. Any Prepayment Fees will go towards payments of Deferred Consideration to the Seller or its assignee and will not be available to make any payments in respect of the Notes and any Break Costs will be applied in accordance with the Break Costs Priority of Payments primarily to fund any termination costs due to the Interest Rate Swap Provider as a result of such prepayment. For further information, see "*Cashflows*" below.

Subject as stated below, if a Relevant Borrower prepays a Loan in whole or in part, the Issuer will effect a redemption of the Notes (in accordance with **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds)).

## **B. Considerations relating to the Loans and the Loan Security**

### **Late payment or non-payment of rent**

There is a risk that rental payments due under a Lease on or before the relevant Loan Interest Payment Date will not be paid on the due date or will not be paid at all. If any payment of rent is not received on or prior to the immediately following Loan Interest Payment Date and any resultant shortfall is not otherwise compensated for from other resources, there may be insufficient cash available to the Relevant Borrower to make payments to the Issuer under the relevant Loan. Such a default by a Borrower may not itself result in a Note Event of Default since the Issuer will have access to other resources as mentioned above (specifically, payments made by the Relevant Borrowers in relation to other Loans and funds made available under the Liquidity Facility in respect of any shortfall in the amount of scheduled interest due under the Loans), to make certain payments under the Notes. However, no assurance can be given that such resources will, in all cases and in all circumstances, be sufficient to cover any such shortfall and that a Note Event of Default will not occur as a result of the late payment of rent.

### **Prepayment of the Loans**

Borrowers may be obliged, in certain circumstances, to prepay a Loan in whole or in part prior to the Loan Maturity Date. These circumstances include on disposal of all or part of a relevant Property (where such Property has not been substituted (where such substitution is permitted in accordance with the terms of the relevant Credit Agreement)), on a change of control of the Relevant Borrower in certain cases or its shareholder (where relevant) and where it would be unlawful for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the relevant Loan and are more particularly set out in "*Transaction Summary – Key Characteristics of the Loans and the Loan Security Mandatory Prepayment*" above. These events are beyond the control of the Borrowers and the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated.

### **Refinancing risk**

All of the Loans are expected to have substantial remaining principal balances as at their respective maturity dates. However, some of the Loans will be subject to scheduled amortisation throughout the term of the relevant Loan. For further information in relation to Loan amortisation see "*Loans and the Loan Security*" below.

Unless previously repaid, each Loan will be required to be repaid by the Relevant Borrower in full on the relevant Loan Maturity Date. The ability of a Relevant Borrower to repay a Loan in its entirety on the Loan Maturity Date will depend, among other things, upon its having sufficient available cash or equity and upon its ability to find a lender willing to lend to the Relevant Borrower (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the Loan. Such lenders will generally include banks, insurance companies and finance companies. The availability of funds in the credit market fluctuates and no assurance can be given that the availability of such funds will remain at or increase above, or will not contract below current levels. In addition, the availability of assets similar to the Properties, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Properties.

The Issuer and the Seller are under no obligation to provide any refinancing or enter into new hedging arrangements and there can be no assurance that a Borrower would be able to refinance a Loan.

If the Relevant Borrower cannot find such a lender, then the Relevant Borrower may be forced, in circumstances which may not be advantageous, into selling some or all of the Properties it owns in order to repay its Loan. Failure by the Relevant Borrower to refinance its Loan or to sell the Properties on or prior to the Loan Maturity Date may result in the Relevant Borrower defaulting on that 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 then Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest due on the Notes or if an Adjusted Loan Principal Loss has occurred, the Principal Amount Outstanding of the Notes will be written down in accordance with **Condition 6.9** (Principal Amount Outstanding and Write-Downs).

### **Security over bank accounts**

Each Borrower has, in accordance with the terms of the relevant Credit Agreement, established a number of bank accounts into which, among other things, rental income and disposal proceeds in respect of the relevant Properties must be paid (see further "*The Loans and the Loan Security - Borrower Accounts*" below). Each Chargor has, pursuant to the terms of a Security Agreement granted security over all of its interests in the relevant accounts of the Chargor (other than in respect of the Pitch Loan, in respect of the General Account), which is, other than in the case of certain operating accounts, expressed to be a first fixed charge. Furthermore, under the Issuer Deed of Charge, the Issuer will grant security over all of its bank accounts, which security will also be expressed to be fixed security.

Although the various bank accounts are stated to be subject to various degrees of control (for example, the Credit Agreements provide that the Relevant Security Agent is to have sole signing rights over the Rent Account), there is a risk that, if the Relevant Security Agent or the Trustee (as appropriate) do not exercise the requisite degree of control over the relevant accounts in practice, a court could determine that the security interests granted in respect of those accounts take effect as floating security interests only notwithstanding that the security interests are expressed to be fixed. In such circumstances, monies paid into accounts could be diverted to pay preferential creditors and certain other liabilities were a receiver, liquidator or administrator to be appointed in respect of the relevant entity in whose name the account is held.

### **Assignment of rents**

Pursuant to the terms of the Security Agreements, each Chargor has assigned, by way of security, the rent receivable in respect of Leases to the Relevant Security Agent. Generally, so long as no receiver has been appointed and/or the mortgagee is not in possession or no Loan Event of Default is outstanding, no notice of the assignment is intended to be given to the Tenants under the Leases although in relation to some Loans, notices were served on, or immediately after, drawdown. Accordingly, these assignments, other than those in respect of which adequate written notice has already been given, will take effect as equitable assignments only and may be subject to any prior equities or claims, such as rights of set-off between the landlord and the relevant occupational Tenant. Each Borrower has covenanted in the relevant Credit Agreement not to dispose of assets (such as the rental income) to any other party. In respect of the Pitch Loan and each Short Form Loan such covenant only applies to the assets subject to the security granted under the Security Agreement relating to such Loan (in summary, this includes the relevant Properties, any plant or machinery located on the relevant Properties, the amounts standing to the credit of certain specified accounts (including the account into which rent in respect of the relevant Properties is paid), rental receipts, insurances and rights under certain contracts, in each case in respect of the relevant Properties only) and in relation to the Pitch Loan such covenant does not apply to certain excluded assets (and related assets thereto) which the Pitch Borrower is not prohibited from selling. If the relevant Chargor(s)

were to so assign the rents in breach of that provision and subsequently give notice of the assignment to the relevant Tenant(s) then the relevant assignee's claims would have priority over the rents in question. However, this would constitute a Loan Event of Default, entitling the Issuer to accelerate the relevant Loan and enforce its Related Security.

### **Limited payment history**

The Loans were originated within 15 months of the Closing Date. As such, the Loans do not have a long standing payment history and there can be no assurance that required payments will be made or, if made, will be made on a timely basis.

### **Recent acquisition of the Properties**

In respect of the Trafalgar Square Loan, the Pitch Loan and some of the Clifton Portfolio Properties, a relevant Obligor acquired its Related Property or Properties (as the case may be) contemporaneously with the origination of the relevant Loan. Accordingly, such Obligors have limited experience in operating the Properties and, therefore, there is a risk that the net operating income and cash flow of such Properties may vary significantly from the operations, net operating income and cash flow generated by the Properties under prior ownership and management.

### **Sufficiency of Obligors' assets**

Payments in respect of the Notes are dependent on, the receipt of funds under the Loans and, where necessary and applicable, the Liquidity Facility Agreement and the Interest Rate Swap Agreement. In turn, recourse on the Loans is generally limited to the Borrowers and any other Obligors, whose assets whose (in each case the Properties and other assets security over which has been created to secure the Loans) will be limited and whose business activities, in the case of each Borrower, are limited to owning, financing and otherwise dealing with such assets. In the Pitch Loan recourse against the relevant Borrower is limited to the secured assets and there is no recourse to any other assets that the Pitch Borrower may own. However, the Lender has full recourse against the relevant Borrower's Property or Properties, as applicable, and the relevant Borrower has given full fixed and floating security against its interests in the relevant Property or Properties and all its rights and assets held in relation to that Property or Properties. Consequently, the ability of the Borrowers to make payments on the Loans prior to their respective maturity dates, and, therefore, the ability of the Issuer to make payments on the Notes prior to the Final Maturity Date, is dependent primarily on the sufficiency of the net operating income of the Properties.

If, following the occurrence of a Loan Event of Default and following the exercise by the Special Servicer of all available remedies in respect of the relevant Loan and any Related Security, the Issuer does not receive the full amount due from the relevant Borrower, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than expected and the Issuer may be unable to pay in full interest due on the Notes. In addition following an Adjusted Loan Principal Loss (as defined below) the Principal Amount Outstanding of the most junior Class of Notes may in certain circumstances be subject to write-down (see **Condition 6.9** (Principal Amount Outstanding and Write-Downs))

### **Hedging risks**

#### *The Interest Rate Swap Transactions*

All of the Loans bear interest at a fixed rate while each Class of the Notes bears interest at a rate based on three-month LIBOR plus a margin. In order to hedge interest rate risk, the Issuer will enter into the Interest Rate Swap Transactions pursuant to the Interest Rate Swap Agreement. There can be no assurance, however, that the Interest Rate Swap Transactions will adequately address unforeseen

interest rate hedging risks. 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 the relevant 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.

### C. Considerations relating to the Obligors

#### Special purpose entity

Special purpose entity (SPE) covenants are generally designed to limit the activities and purposes of the borrowing entity to owning the related property, making payments on the related loan and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the loan and related property result in a borrower bankruptcy. SPEs are generally used in commercial loan transactions to satisfy requirements of institutional lenders and recognised statistical rating organisations. In order to minimise the possibility that SPEs will be the subject of bankruptcy proceedings, provisions are generally contained in the borrower's organisational documents and/or documentation relating to mortgage loans that, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company (thus limiting exposure to outside creditors). Additional debt increases the possibility that a Relevant Borrower would lack the resources to pay the relevant Loan.

All of the Loans (other than in relation to the Individual Borrower Loan) contain provisions that require the Relevant Borrower to conduct itself in accordance with certain SPE covenants, which may include some or all of the foregoing. However, there can be no assurance that the Relevant Borrower will be able to comply with the SPE covenants. In addition, there can be no assurance that all or most of the restrictions customarily imposed on SPEs by institutional lenders and recognised statistical ratings organisations will be complied with by the Borrowers, and even if all or most of such restrictions have been complied with by the Borrowers, there can be no assurance that such Borrowers will not nonetheless become insolvent.

The Obligors (other than in respect of the Clifton Portfolio Loan and certain Obligors in respect of the Flintstone Portfolio Loan) were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding interests in the property charged as security for the relevant Loan, or for acquiring the entire issued share capital in other companies owning the legal and beneficial interests in such property (whether directly or indirectly). In respect of the Pitch Loan, the owner of the beneficial interest in the relevant Properties is a company acting as a trustee of the Pitch Trust which is permitted to own other properties and undertake corresponding business activities. Legal title to the properties is therefore held by two SPE nominee companies (which have granted the relevant security) and share security has been taken in respect of the nominee SPEs.

An insolvency or (in relation to the Individual Borrower Loan) bankruptcy of any Borrower would result in a Loan Event of Default with respect to the relevant Loan giving rise to an acceleration of such Loan and an enforcement of the Related Security. This could result in significant delays in the receipt by the Issuer of payments under the relevant Loan which could adversely affect its ability to make all payments due on the Notes. **Loan Event of Default** means an event of default under any Loan as defined in the relevant Credit Agreement.

## Security granted by the Obligors - Enterprise Act 2002

By an order made by the Under-Secretary of State for Small Business and Enterprise made on 8 August 2003, the provisions of the Enterprise Act 2002 (the **Enterprise Act**) amending certain corporate insolvency provisions of the Insolvency Act 1986 came into force on 15 September 2003. The Enterprise Act is applicable to the Obligors which are English companies. The Enterprise Act does not apply to the Borrower under the Individual Borrower Loan. As a result of the amendments made by the Enterprise Act, unless a floating charge was created prior to the 15 September 2003, or falls within one of the exceptions contained in the Enterprise Act, the holder of a qualifying floating charge will be prohibited from appointing an administrative receiver to a company and, consequently, will not have the ability to prevent the appointment of an administrator to such company.

Because the Loans were originated after 15 September 2003, upon presentation of a petition for the appointment of an administrator in respect of an Obligor, the Seller or, as the case may be, the Issuer or the Trustee will not have the right to appoint an administrative receiver so as to prevent the court making an administration order in respect of the relevant Obligor. As a consequence, because of the statutory moratorium on security enforcement which arises in an administration, the Seller or, as the case may be, the Issuer or the Trustee will not be entitled to enforce any fixed Related Security or take legal proceedings against the relevant Obligor without the consent of the administrator or the leave of the court. However, the administrator will be required to apply the proceeds of the disposal of the property secured by the fixed Related Security towards discharging the sums owed under the relevant Loan. The administrator requires the consent of the chargeholder or the leave of the court to dispose of property which is subject to fixed security. However, if the administrator chooses not to apply for such leave (or to seek the consent of the chargeholder), although the administrator will not be entitled to dispose of the fixed charge property, the chargeholder will still need the consent of the administrator or the leave of the court in order to enforce its security. This may result in a delay in the payment of amounts owing under the relevant Loan to the Issuer and, subject to the availability of the Liquidity Facility, could result in a failure by the Issuer to pay amounts due under the Notes in a timely fashion.

The Enterprise Act also inserted a new s176A into the Insolvency Act 1986 (the **Insolvency Act**) which provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of debts due to unsecured creditors in priority over debts secured by a floating charge. A company's "net" property for this purpose is the portion of a company's property which would otherwise be available to satisfy the claims of creditors secured only by a floating charge. As at the date of this Offering Circular, the "prescribed part" has been set at 50 per cent. of the first £10,000 of a company's net property and 20 per cent. thereafter up to a maximum of £600,000.

While certain of the covenants given by the Relevant Borrower (other than the Borrowers under the Individual Borrower Loan and the Pitch Borrower) under the relevant Credit Agreement are intended to ensure that it has no creditors other than the secured creditors under the relevant Security Agreement, it will be a matter of fact as to whether the relevant Obligor has any other creditors at any time. The Pitch Borrower is permitted to incur indebtedness provided that any recourse of the relevant creditor in respect of such indebtedness is limited to assets other than the Pitch Trust Fund. To the extent that the relevant Obligor's assets are subject to fixed charges pursuant to the relevant Security Agreement, such assets will be outside its "net property". However, to the extent that the relevant Obligor's assets are subject only to a floating charge, the provisions of section 176A of the Insolvency Act would result in the prescribed part of the assets which would otherwise be available to satisfy the claims of the secured creditors under the relevant Security Agreement being used to satisfy the claims of unsecured creditors. This could reduce the amount of money available to satisfy the Issuer's obligations to the Noteholders. It should also be noted that a floating charge has not been granted in respect of the Clifton Portfolio Loan and, in respect of the Pitch Loan, a floating charge has only been granted by the property owners but not the Pitch Borrower.

## **Non-resident Obligors**

Some of the Obligors are incorporated in jurisdictions other than England and Wales (the **Foreign Obligors**). The guarantors in respect of the Flintstone Portfolio Loan are located in Jersey. The Borrower in respect of the Trafalgar Square Loan is located in Jersey and the Borrower in respect of the Herbert House Loan is located in the British Virgin Islands.

With respect to these Foreign Obligors, there is the risk that:

- (a) third party creditors may commence insolvency proceedings against such Foreign Obligors in their respective jurisdiction of incorporation or residence/domicile; and
- (b) an English court might decline jurisdiction if the relevant Finance Party were to seek to commence insolvency proceedings in England.

In relation to paragraph (b) above, if the "centre of main interests" of each of the Foreign Obligors, for the purposes of Council Regulation (EC) No. 1346/2000 of 29 May 2000 (the **EC Insolvency Regulation**) is in its jurisdiction of incorporation, the rules set out in the EC Insolvency Regulation will not apply to the Foreign Obligors (as the EC Insolvency Regulation only applies where the centre of main interests of the company is in the European Union). The location of the centre of main interests will be a question of fact in each case but depends on where the company administers its interests on a permanent basis in a manner ascertainable by third parties rather than merely on the location of assets. If the EC Insolvency Regulation does not apply, the English court would apply its common law rules (outside the scope of such European legislation) for dealing with such cross-border issues. The presence of assets in England is usually considered sufficient for the English court to exercise its discretion in relation to accepting jurisdiction to commence insolvency proceedings but this would depend on the facts at the time (including whether insolvency proceedings in the jurisdiction of incorporation had been commenced). If the English court were to commence insolvency proceedings, the English court is likely to consider its own proceedings as ancillary to any proceedings that have been commenced in the jurisdiction of incorporation. Furthermore it is possible that an administration order may be made in respect of the Foreign Obligors pursuant to a request under s 426 of the Insolvency Act 1986, which provides for co-operation between courts exercising jurisdiction in relation to insolvency.

## **Individual Borrower**

Neither an administrative receiver nor an administrator can be appointed over the assets of the Individual Borrower. An individual is able to ask for a moratorium under the Insolvency Act 1986 by application to the court for an interim order where such individual intends to propose a voluntary arrangement to his or her creditors. The duration of such moratorium is normally initially 14 days but may be extended by the court. Any meeting of an individual's creditors to consider a proposal must take place not less than 14 and not more than 28 days after the date on which a nominee files the relevant proposal with the court in accordance with the provisions of the Insolvency Act 1986. The moratorium will expire 28 days after the filing of such a proposal. As a consequence, because of the statutory moratorium on security enforcement which arises during such period, the Seller or, as the case may be, the Issuer, the Security Agent or the Special Servicer will not be entitled to enforce any Related Security or take legal proceedings against the Individual Borrower without the consent of the nominee or the leave of the court. In addition, any meeting of an individual's creditors can not approve any voluntary arrangement that would affect the rights of a secured creditor to enforce its security, without the consent of such secured creditor. However, any proposal for an individual voluntary arrangement may result in a delay in the payment of amounts owing under the relevant Loan to the Issuer and, subject to the availability of funds available for drawing under the Liquidity Facility, could result in a failure by the Issuer to pay amounts due under the Notes in a timely fashion.

The bankruptcy or death of the Individual Borrower will result in an event of default under the credit agreement in respect of the Clifton Portfolio Loan. In such circumstances, whether the Issuer or the Special Servicer should call an event of default and seek through the Security Agent to enforce its security would be a matter for the discretion of the Special Servicer and the Security Agent at the time.

In respect of the Clifton Portfolio Loan, the recourse of the Issuer will be limited to the assets constituting security for the Loan and the Issuer will not have recourse to any other assets of the Individual Borrower.

### **Collection and Enforcement Procedures**

Under the Servicing Agreement, the Relevant Servicer is required to recover amounts due from the Borrowers. The Relevant Servicer must ensure that its default and enforcement procedures meet the requirements of the Servicing Agreement. Such procedures may involve the appointment of a non-administrative receiver or an administrator, or may involve the deferral of formal enforcement procedures and the restructuring of the Loan by an amendment or waiver of certain provisions, subject to any restrictions in the Servicing Agreement and (in the case of the Trafalgar Square Loan) the Trafalgar Square Intercreditor Agreement. See further "*Servicing - Amendments to the Finance Documents*".

With respect to the Properties situated in England, the Relevant Servicer may appoint a receiver (an **LPA 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 their powers, the LPA Receiver will only incur liability on behalf of the entity providing security but if the Relevant Servicer improperly directs or interferes with and influences the LPA Receiver's actions, a court may decide that the LPA Receiver would be the security holder's agent rather than the agent of the entity providing security, and that the security holder should, under such circumstances, be responsible for the LPA Receiver's acts.

Any receiver appointed will seek an indemnity from the Issuer or the Relevant Servicer in addition to its general ability to recover its costs. Any costs of the receiver will be paid in advance of any amounts paid to the Noteholders.

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 Scottish Properties. In Scotland, the Relevant Servicer would appoint a receiver pursuant to any floating charge contained in the relevant Security Agreement, if applicable. Any receiver appointed will seek an indemnity from the Issuer or the Relevant Servicer in addition to its general ability to recover its costs. Any costs of the receiver will be paid in advance of any amounts paid to the Noteholders.

### **Litigation**

There may be pending or threatened legal proceedings against any of the Obligors and their affiliates. To the knowledge of the Seller, as at the Closing Date, there is no litigation pending or threatened against any Obligors in respect of the Properties. Each relevant Credit Agreement and Security Agreement includes an obligation by the relevant Obligor to notify the Seller of any legal proceedings which might or could reasonably be expected to have (or, in the case of the Pitch Loan, legal proceedings which are reasonably likely to be adversely determined and, if adversely determined, are reasonably likely to have) a material adverse effect on the ability of the Borrower to make payments under a Loan and consequently the Issuer's ability to make payments under the Notes.

## **D. Considerations relating to the Properties**

### **Commercial lending generally**

The Loans are secured by, among other things, first legal mortgages or charges (subject, in the case of the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan the completion of registration at the Land Registry) over the relevant Property or Properties. Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the property is reduced (for example if leases are not obtained or renewed or if tenants default in their obligations under the leases), a Borrower's ability to repay a relevant Loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, which may include (i) the volatility of property revenue and (ii) the relevant property's "operating leverage", which generally refers to (A) the percentage of total property operating expenses in relation to property revenue, (B) the breakdown of property operating expenses between those that are fixed and those that vary with revenue and (C) the level of capital expenditures required to maintain the property and retain or replace tenants. Even when the current net operating income is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

The net operating income and value of the Properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors), local property market conditions (such as an oversupply of commercial space, including market demand), perceptions by prospective Tenants, retailers and shoppers of the safety, convenience, condition, services and attractiveness of the Properties, the proximity, attractiveness and availability of competing alternatives to the Properties, the willingness and ability of the owners of the Properties to provide capable management and adequate maintenance, an increase in the capital expenditure needed to maintain a Property or make improvements to it, demographic factors, consumer confidence, unemployment rates, consumer tastes and preferences, retroactive changes to building or similar regulations, and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect the Properties' value without affecting their current net operating income, including: changes in governmental regulations, fiscal policy and planning/zoning or tax laws, potential environmental legislation or liabilities or other legal liabilities, the availability of refinancing, and change in interest rate levels or yields required by investors in income-producing commercial properties. The age, construction quality and design of a particular Property may affect its occupancy level as well as the rents that may be charged for individual Leases over time. The adverse effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the Property. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Loans, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value and net operating income of such Properties could be reduced. Some of the Loans permit the Borrower to make permitted developments, subject to the specific terms of the relevant Credit Agreement, including certain consent provisions.

In addition, some of the Properties may not readily be convertible to alternative uses if such Properties were to become unprofitable due to competition, age of the improvements, decreased demand, regulatory changes or other factors. The conversion of commercial properties to alternate uses generally requires substantial capital expenditure. Thus, if the operation of any such Property becomes unprofitable such that the Relevant Borrower becomes unable to meet its obligations on the Loans, the liquidation value of any such Property may be substantially less, relative to the amount

owing on the relevant Loan than would be the case if such Property were readily adaptable to other uses.

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

Any one or more of the above described factors could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause a Borrower in respect of such Property to default on the relevant Loan or may impact a Borrower's ability to refinance the relevant Loan or sell the Properties or repay the relevant Loan and may consequently affect the Issuer's ability to make payments under the Notes.

### **Borrowers' dependence on Tenants**

The Borrowers' ability to meet their obligations under the relevant Credit Agreement will depend upon their continuing to receive a significant level of aggregate rent from the Tenants under the Leases. Borrowers' ability to make payments in respect of the relevant Credit Agreement could be adversely affected if occupancy levels at the Properties were to fall or if a significant number of Tenants were unable to meet their obligations under the Leases.

The ability to attract the appropriate types and number of Tenants paying rent levels sufficient to allow a Borrower to make payments due under the relevant Credit Agreement will depend on, among other things, the performance generally of the commercial property market. Continued global instability (resulting from economic and/or political factors, including the threat of global terrorism) may adversely affect the United Kingdom economy.

Rental levels, the quality of the building, the amenities and facilities offered, the convenience and location of the Properties, the amount of space available, the transport infrastructure and the age of the building in comparison to the alternatives, are all factors which influence Tenant demand. There is no guarantee that changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the areas surrounding the Properties will not adversely affect the demand for units in the Properties.

### **Concentration of Loans**

The effect of mortgage pool loan losses will be more severe if the pool is comprised of a small number of loans, each with a relatively large principal balance or if the losses relate to loans that account for a disproportionately large percentage of the pool's aggregate principal balance. Because there are only five Loans, losses on any Loan may have a substantial adverse effect on the repayment profile of the Notes. The relative approximate percentages of the five Loans are:

<b>Loan</b>	<b>Percentage of Cut-Off Date Loan Principal Balance*</b>
Flintstone Portfolio	50.6%
Trafalgar Square	36.1%
Clifton Portfolio	6.3%
Pitch	3.7%
Herbert House	3.4%
<b>Total</b>	<b>100.0 %</b>

\* Percentages may not total 100% due to rounding.

In addition, the repayment, in whole or in part, of any Loan will affect the concentration of the Loans.

### **Geographic concentration; The economies of England and Scotland**

All of the Properties are located in England and Scotland. Based upon the principal balance of the Loans as at the Cut-Off Date (the **Cut-Off Date Balance**), four properties, representing 80.5 per cent. of the Properties by value are located in London, three properties, representing 6.9 per cent. of the Properties by value are located in the South East, two properties, representing four per cent. of the Properties by value are located in the Midlands, 25 properties, representing 7.5 per cent. of the Properties by value are located in the South West of England and two properties, representing 1.1 per cent. of the Properties by value are located in Scotland. Repayments under the Loans and the market value of the Properties could be adversely affected by conditions in the property markets where the Properties are located, acts of nature, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Borrowers. In addition, the performance of the Properties will be dependent upon the strength of the economies of the local areas where such properties are located.

### **Tenant concentration**

A deterioration in the financial condition of a Tenant can be particularly significant if a Property is leased to a small number of Tenants or a sole Tenant. Properties leased to a small number of Tenants, or a sole Tenant, also are more susceptible to interruptions of cash flow if a Tenant fails to renew its Lease. This is so because: (i) the financial effect of the absence of rental income may be severe, (ii) more time may be required to re-lease the space, and (iii) substantial capital costs may need to be incurred to make the space appropriate for replacement Tenants. The Tenant in respect of the Herbert House Loan is a sole tenant of the Herbert House Property, which represents 2.6 per cent. of the Properties by value as at the Cut-Off Date.

In addition, risks related to Tenants may also be increased if there is a concentration of Tenants which operate in the same or related industries as one another at one or more Properties. If a Property is leased predominantly to Tenants in a particular industry, the Lender may not have the benefit of risk diversification that would exist in a case where Tenants were not so concentrated.

### **Risks relating to office properties**

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

Local and regional economic conditions and other related factors also affect the demand for and operation of office properties. For example, decisions by companies to locate an office in a given area will be influenced by factors such as labour cost and quality, and quality of life issues such as those relating to schools and cultural amenities.

Also, changes in local or regional population patterns, the emergence of telecommuting, sharing of office space and employment growth also influence the demand for office properties and the ability of such properties to generate income and sustain market value. In addition, an economic decline in the businesses operated by tenants can affect a building and cause one or more significant tenants to cease operations and/or become insolvent. The risk of such an adverse effect is increased if revenue is dependent on a single tenant or a few large tenants or if there is a significant concentration of tenants in a particular business or industry.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the Borrowers and any other Obligors under the Loans secured by such Properties will be unable to meet their obligations under such Loans and may consequently affect the Issuer's ability to make payments under the Notes.

### **Risks relating to industrial properties**

The income from and market value of an industrial property and a Borrower's ability to meet its obligations under a Loan secured by such a property are subject to a number of risks. One of the most important risks relates to the continued access to, and proximity of, the building to a major road network. Any interruption in the road access to an industrial property could result in a shortfall in the number of customers utilising the units and thereby reduce the Tenants', and ultimately the Borrower's, ability to make payments under the relevant Leases and Loan. Additionally, the adaptability of a property to offer future leases and to attract new Tenants (including those not involved in a similar industry) will have an impact on the ability of a Borrower to meet its obligations under a Loan. However, in order to attract new Tenants and adapt the property, the property owner may be required to expend material amounts to refurbish and customise the relevant Property, or part thereof.

Other key factors affecting the value of industrial properties will include the quality of management of the properties, the amenities offered to tenants and their customers and the location of the property with respect to urban areas.

Each of the foregoing risks may individually or in the aggregate affect the income from and market value of the industrial and car park properties and thereby increase the probability that the Borrower or any Obligor will be unable to meet its obligations under the Loan secured by such Properties and may consequently affect the Issuer's ability to make payments under the Notes.

### **Risks relating to retail properties**

The value of retail properties is significantly affected by the quality of the tenants as well as fundamental aspects of commercial property, such as location and market demographics. In addition to location, competition from other retail spaces or the construction of other retail space, retail properties in particular face competition from other forms of retailing outside a given property market (such as mail order and catalogue selling, discount retail centres and selling through the Internet), which may reduce retailers' need for space at a given retail centre. The continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties.

The success of a retail property is dependent on, among other things, achieving the correct mix of retailers in a retail centre or area so that an attractive range of retail outlets is available to potential customers. The presence or absence of an "anchor retailer" in a retail area can be particularly important in this, because anchors play a key role in generating customer traffic and making an area desirable for other retail premises. An anchor retailer may cease operations in a retail area for a variety of reasons, including that the relevant retailer decides to move to a different retail centre, it

becomes insolvent or goes out of business. If any anchor store located in, a retail area in which a Property securing any Loan is located were to close and such anchor is not replaced in a timely manner the related Property owner may suffer adverse economic consequences.

Other key factors affecting the value of retail properties include the quality of management of the properties, the attractiveness of the properties and the surrounding neighbourhood to tenants and their customers, the public perception of the level of safety in the neighbourhood, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the Borrowers or any other obligors under the Loans secured by such Properties will be unable to meet their obligations under such Loans and may consequently affect the Issuer's ability to make payments under the Notes.

### **Borrowers' liability to provide services**

Parts of the Properties are not intended to be let to Tenants and comprise areas such as service ways, public arcades and other communal areas which are used by Tenants and visitors to the Properties collectively, rather than being attributable to one particular unit or Tenant (**common parts**). The majority of the Leases contain a provision for the relevant Tenant to make a contribution towards the cost of maintaining the common parts calculated with reference, among other things, to the size of the premises demised by the relevant Lease and the amount of use which such Tenant is reasonable likely to make of the common parts. The contribution forms part of the service charge payable to the Relevant Borrowers (in addition to the principal rent) in accordance with the terms of the relevant Leases.

The liability of the Borrowers to provide the relevant services is, however, generally 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 Relevant Borrowers to provide for the shortfall from its own monies. The Borrowers would also need to pay from their own monies service charge contributions in respect of any vacant units, which would reduce amounts available to make payments on the relevant Loan and consequently adversely affect the Issuer's ability to make payments on the Notes. In certain of the leases the relevant Obligor does not have an ability to recover service charges from a tenant and will be obliged to keep part of the structure in repair. Any amounts expended by, or on behalf of an Obligor by the Relevant Servicer (as agent of the Issuer and the Relevant Security Agent), in respect of its obligations to maintain and/or repair the Property, may reduce amounts available to meet a Borrower's obligation in respect of the relevant Loan and may consequently affect the Issuer's ability to make payments under the Notes.

### **Legal title**

The majority of the Properties comprise registered land. The relevant Obligor in relation to each Property may not have been registered immediately as legal proprietor of the Property (following the acquisition of that Property) and consequently the Relevant Security Agent may not be registered immediately as the proprietor of the legal mortgage granted to it by that Borrower over that Property. The Seller has confirmed, following consultation with its external legal advisers, that it is not aware of any reason why any such Borrower should not in due course be registered as legal proprietor of the relevant Property to which it is acquiring legal title or why the Relevant Security Agent should not in due course be registered as proprietor of the mortgage over any Property.

In the case of each Property which has been transferred, a land transaction certificate has been obtained in relation to stamp duty land tax and appropriate application will be made within the

appropriate priority period following execution of a transfer to the Land Registry for registration of transfer of the title and the relevant mortgage.

### **Terms of the Leases**

Leases granted by an Obligor may terminate earlier than anticipated if the relevant Tenant surrenders its Lease or defaults in the performance of its obligations. Further, Leases contain break clauses which, if exercised, will lead to a termination of that Lease. In such circumstances, the Relevant Borrowers will have to seek to renew such tenancies or to find new Tenants for the vacated premises.

Under the terms of the Credit Agreements, the Relevant Borrower may not grant or agree to grant a new Lease except in accordance with the terms of the relevant Credit Agreement and no existing Lease may be amended, waived, surrendered, sub-leased or assigned (unless the assignor remains bound by the terms of the Lease for the remainder of the term or the assignor is able to demonstrate to the Lender (acting reasonably) that the financial conditions and covenant of the assignee is no worse than that of the occupational tenant as at the date of the relevant Credit Agreement) except in accordance with the terms of the relevant Credit Agreement and no downward rent review may be agreed in relation to any Lease without the consent of the relevant Lender.

However, there can be no assurance that leases on terms (including rent payable and covenants of the landlord) equivalent to those applicable to the Leases in place on the Closing Date will be obtainable in the market at such time, that market practice will not have changed or that the circumstances of prospective Tenants will not make some or all of such provisions inappropriate. Certain discretions given to the Borrowers under the Credit Agreements as to the matters described above may result in a diminution in the quality of the Tenants of the relevant Properties or the terms of their Leases over the life of the Notes.

Any of these factors may result in a decline in the income produced by the Properties or the incurrence by the Borrowers of unforeseen liabilities, which may in turn adversely affect the ability of the Borrowers to meet their obligations in respect of the Loans and hence the ability of the Issuer to make payments on the Notes.

### **Privity of contract**

The Landlord and Tenant (Covenants) Act 1995 (the **Covenants Act**) provides, *inter alia*, that, in relation to leases of property in England granted after 1 January 1996 (other than leases granted after that date pursuant to agreements for leases 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 by which, 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 outgoing tenant providing that guarantee and not to any subsequent assignees of that original assignee. The same principles apply to an original assignee if it assigns the lease.

There can, however, be no assurance that any assignee of a Lease of any part of 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.

Some of the existing tenancies in respect of the Properties as at the Cut-Off Date were entered into before 1 January 1996 or pursuant to agreements for lease in existence before 1 January 1996. Therefore, because the Covenants Act has no retrospective effect, the original tenant under a Lease of

any such Property will remain liable under that Lease notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the tenancy and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, thus creating a "chain of indemnity". If the chain of indemnity breaks down, however, the landlord remains able to seek payment from the original tenant. Although the interpretation of the Covenants Act on this point is unclear, it is arguable that the guarantor of a tenant under a new tenancy cannot be required, at the time when it enters into that guarantee, to guarantee or to commit to guarantee the obligations of that tenant under an authorised guarantee when that tenant itself assigns. Therefore, there can be no assurance, in the absence of clarifying court decisions, that any guarantor of an existing tenant can be required to guarantee an authorised guarantee given by the existing tenant on assignment. In addition, not all existing Leases require assigning Tenants to enter into authorised guarantee agreements.

### **Property management**

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. A Managing Agent has wide discretions; in particular, the Managing Agents may be (subject to certain general restrictions) responsible for finding and selecting new tenants on the expiry of existing tenancies (and their replacements) and for negotiating the terms of the tenancies with such tenants subject to the approval of the Relevant Security Agent under the Credit Agreements. In relation to some Loans, the Tenants of each Property may be required to pay rental income into an account held in the name of the relevant Managing Agent in respect of each Property. Generally, no Managing Agents are required to provide any security over such funds (although it will hold such amounts on trust). Funds received by a Relevant Borrower will be transferred to the relevant Rent Account as prescribed in the relevant Credit Agreement.

Under the terms of the Credit Agreement restrictions are placed on the ability of the Borrowers (and hence each Managing Agent) to do certain things in relation to the Occupational Leases of the Properties. These restrictions relate to matters such as entering into new occupational leases, accepting surrenders of Leases and agreeing rent reviews. The restrictions apply in varying circumstances depending on the activity in question.

### **Statutory rights of tenants**

In certain limited circumstances, in particular relating to the renewals of tenancies, a Tenant of a Property may have legal rights to require the Relevant Borrower to grant it a tenancy, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act. Should such a right arise, the Relevant Borrower may not have its normal freedom to negotiate the terms of the new tenancy with the Tenant, such terms being imposed by the court if the parties cannot reach agreement. 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 but there can be no guarantee as to the terms on which any such new tenancy will be granted. A landlord may object to the grant of a new lease on a number of grounds including (a) if the property is required for redevelopment or for the landlord's own use or (b) if the tenant is in breach of covenant, but in such circumstances the court will allow a tenant time to correct the default.

### **Administration risk in respect of certain tenants**

If a corporate Tenant were to go into administration, the Relevant Borrower would be prohibited under the Insolvency Act 1986 (as amended the **Insolvency Act**) from taking any action whatsoever against the occupational Tenant for recovery of sums due by means of distress or any other legal process. In addition, the Relevant Borrower would not be permitted to exercise a right of forfeiture by

peaceable re-entry in respect of the Lease except with the consent of the administrator or the leave of the court.

The statutory moratorium on the enforcement of all legal proceedings against a Tenant company in administration, as described above, is effective from the time an administration application is filed at court or, where an administrator is to be appointed to a Tenant company out of court, from the time a notice of intention to appoint an administrator is filed at court in accordance with the Insolvency Act 1986.

If the corporate Tenant in administration is still trading at the premises or has plans to recommence trading with a view to the survival of the company as a going concern, the court might refuse to grant a landlord the right to re-enter the premises occupied by that Tenant or to forfeit the Lease, on the grounds that to do so would frustrate the purpose of the administration and, furthermore, the court might do so notwithstanding that the administrator was only paying a reduced or even zero rent under the terms of the relevant Lease. This change in legislative approach could impact on the management of the Properties and could result in an increase in the number of units in the Properties which are currently producing no or reduced income from time to time. However, there is no certainty at this time as to how the court would apply these new provisions.

### **Leasing parameters**

The level of service charges (if any) payable by Tenants under their respective Leases may differ, but the overall level of service charges payable by all Tenants is normally calculated by reference to expenditure with a final reconciliation so as to ensure that the landlord recovers from the Tenants (taken as a whole) substantially all of the service costs associated with the management and operation of the relevant Properties to the extent that the Relevant Borrower itself does not itself make a contribution to those costs. The landlord is not entitled to recover from the Tenants the costs associated with any major improvements to or refurbishments of the relevant Property. Also, to the extent that there are any unlet units in any of the Properties, the Relevant Borrower will generally experience a shortfall depending on the portion of the relevant Properties that are empty.

### **Limitations of valuations**

The aggregate valuations of the Properties as at the dates of their respective Valuations were £427,615,000. In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion that would be reached if a different valuer were appraising the same property. Furthermore, valuations seek to establish the amount which a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the Relevant Borrower. However, there can be no assurance that the market value of the Properties will continue to equal or exceed such valuation. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Credit Agreements. If any Property is sold following an event of default under a Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the relevant Credit Agreement. In particular, it should be noted that some of the Properties are specialised property assets for which no ready market may exist.

### **Insurance**

The Credit Agreements provide that the Relevant Security Agent is named as co-insured under, or its interest is noted on, the insurance policies maintained by each Borrower (each, an **Insurance Policy** and together, the **Insurance Policies**).

If a claim under an Insurance Policy is made, but the relevant insurer fails to make payment in respect of that claim on a timely basis or at all, this could prejudice the ability of the Relevant Borrower to make payments in respect of a Loan, which would in turn prejudice the ability of the Issuer to make payments in respect of the Notes. Under the terms of the Credit Agreements, the Relevant Borrower is required to maintain the Insurance Policies with an insurance company or underwriter that is acceptable to the Lenders or, where applicable, the Relevant Security Agent.

Under the terms of the Credit Agreements, the Relevant Borrower must generally apply all monies received under any Insurance Policy (other than loss of rent or third party liability insurance) towards replacing, restoring or reinstating the relevant Property to which the claim relates. In addition, if the Relevant Security Agent so requires the proceeds of any Insurance Policy (other than loss of rent or third party liability insurance) must be used by the Relevant Borrower to repay the relevant Loan.

Insurance for loss of rent will, subject to certain exceptions, cover the loss of rent during the period of rent cessation up to a specified duration. Although a relevant Tenant will again be liable to pay the rent once a Property has been reinstated, it is likely that a Tenant so affected would exercise any rights it might have to terminate its Lease (where such right is granted) if the premises are not reinstated in time. In such circumstances the Relevant Borrower may not be entitled to loss of rent insurance and rent from the Property and any proceeds of insurance may be insufficient to cover amounts due by the Relevant Borrower under the Credit Agreement.

### **Uninsured losses**

The Credit Agreements also contain provisions requiring the Relevant Borrower to carry or procure the carrying of insurance with respect to the relevant Properties in accordance with specified terms (as to which, see further "*The Loans and the Loan Security - The Credit Agreements - Undertakings*" below). There are, however, certain types of losses (such as losses resulting from war and terrorism (which, within certain limits, are currently covered by some of the existing insurances), nuclear radiation, radioactive contamination and heave or settling of structures) which may be or become either uninsurable or not insurable at economically viable rates or which for other reasons are not covered, or required to be covered, by the required Insurance Policies. The Relevant Borrower's ability to repay the relevant Loan (and, consequently, the Issuer's ability to make payments on the Notes) might be affected adversely if such an uninsured or uninsurable loss were to occur, to the extent that such loss is not the responsibility of the Tenants pursuant to the terms of their Leases.

### **Environmental matters**

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

If any environmental liability were to exist in respect of any of the Properties, neither the Issuer nor the Relevant Security Agent should incur responsibility for such liability prior to enforcement of the Related Security, unless it could be established that the relevant party had entered into possession of the relevant Property or could be said to be in control of the relevant Property. After enforcement, the Relevant Security Agent, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the Relevant Security Agent, could become responsible for environmental liabilities in respect of a relevant Property. The Relevant Security Agent is generally indemnified by the relevant Obligor or Obligors against any such liability and amounts due in respect of any such indemnity will be payable in priority to payments to the relevant Lender (including the Issuer).

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

### **Compulsory purchase**

Any property in England may at any time be compulsorily acquired by, among others, a local or public authority or a government department, generally in connection with proposed redevelopment or infrastructure projects.

If, however, a compulsory purchase order is made in respect of a Property (or part of a Property), compensation would be payable on the basis of the open market value of all of the Relevant Borrower's and the Tenants' proprietary interests in that Property (or part thereof). Where a general vesting declaration is made, compensation is assessed as at or from the vesting date. In other cases, where a notice to treat is served, the valuation date is either the date on which the acquiring authority takes possession or, if earlier, the date on which compensation is agreed between the parties. Following such a purchase the Tenants would cease to be obliged to make any further rental payments under the relevant Lease (or rental payments would be reduced to reflect the compulsory purchase of a part of that Property, if applicable). Following payment of compensation, the Relevant Borrower may be required to prepay all or part of the amounts outstanding under the relevant Credit Agreement in an amount equal to the compensation payment, which prepayment will be used by the Issuer to redeem the Notes (in part). The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold or leasehold estate of a Property may be less than the original value ascribed to such Property and of the corresponding Principal Amount Outstanding of the Notes together with accrued interest.

It should be noted that there is often a delay between the compulsory purchase of a property and the payment of compensation (although interest is payable from the date upon which the acquiring authority takes possession of the property until any outstanding compensation is paid), which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value of the property. Such a delay may, unless the Relevant Borrower has other funds available to it, give rise to a Loan Event of Default.

### **Frustration**

In exceptional circumstances, a tenancy could be frustrated under English law, with the result that 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 to the agreement, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of any part of a Property were to be frustrated then this could operate to have an adverse effect on the income derived from, or able to be generated by, that Property. This in turn could cause the Relevant Borrower to have insufficient funds to make payments in full in respect of the Credit Agreement, which could lead to a default thereunder.

### **Mortgagee in possession liability**

The Issuer or the Relevant Security Agent or any other beneficiary of the security may be deemed to be a mortgagee in possession if there is physical possession of a Property or an act of control or influence which may amount to possession by that person, such as submitting a demand or notice direct to Tenants requiring them to pay rents to the Relevant Security Agent or the Issuer (as the case

may be). In a case where it is necessary to initiate enforcement procedures against a Borrower, the Relevant Security Agent is likely to appoint a receiver to collect the rental income on its behalf or that of the Issuer, which should have the effect of reducing the risk that they would be deemed to be mortgagees in possession.

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

### **Risks relating to conflicts of interest**

There will be no restrictions on either the Master Servicer or the Special Servicer preventing them from acquiring Notes or servicing loans for third parties, including loans similar to the Loans. The properties securing any such loans may be in the same market as the Properties. Consequently, personnel of the Master Servicer or the Special Servicer, as the case may be, may perform services on behalf of the Issuer with respect to the Loans at the same time as they are performing services on behalf of other persons with respect to similar loans. Despite the requirement on each of the Master Servicer and the Special Servicer to perform their respective servicing obligations in accordance with the terms of the Servicing Agreement (including the Servicing Standard, as defined below), such other servicing obligations may pose inherent conflicts for the Master Servicer or the Special Servicer.

The Servicing Agreement will require the Master Servicer and the Special Servicer to service the Loans in accordance with, among other things, the Servicing Standard. Certain discretions are given to the Master Servicer and the Special Servicer in determining how and in what manner to proceed in relation to the Loans. Furthermore, as the Master Servicer and the Special Servicer may each acquire Notes, either of them could, at any time, hold any or all of the most junior Class of Notes outstanding from time to time. In addition, there are no limitations preventing the Master Servicer or the Special Servicer or any of their affiliates from purchasing an interest in the Junior Trafalgar Square Loan. As holder of that Class of Notes or that interest in the Junior Trafalgar Square Loan, the Master Servicer or the Special Servicer (as applicable) may have interests which conflict with the interests of the holders of the more senior Classes of Notes from time to time. However, each of the Master Servicer and the Special Servicer will be required under the Servicing Agreement to perform its duties and to act in the best interests of the Issuer generally (subject in the case of the Trafalgar Square Loan to the terms of the Trafalgar Square Intercreditor Agreement) and without regard to any fees or compensation to which it is entitled, its ownership or the ownership of any of its affiliates of an interest in the Notes or the Junior Trafalgar Square Loan or any relationship it, or any of its affiliates, may have with any Borrower, Obligor or other Transaction Party.

The Seller may currently, and at any time in the future, act (with or without other parties and directly or via affiliates) as financiers under additional credit facilities made available to any Borrower. Their interests as financiers in these circumstances may differ from the interests of Noteholders, and the Seller will not be limited in the way that it exercises its rights under or in respect of those facilities.

Pursuant to the terms of the Servicing Agreement, the Relevant Security Agent will delegate its duties and discretions under the Credit Agreements and (in the case of the Trafalgar Square Loan) the Trafalgar Square Intercreditor Agreement to the Master Servicer and the Special Servicer. In certain circumstances, the consent of the Junior Trafalgar Square Lender is required prior to the Relevant Security Agent (or the Relevant Servicer on its behalf) agreeing to amend or waive a term of the Finance Documents. Certain other matters in relation to the Trafalgar Square Whole Loan, such as any capital expenditure and surrender of certain leases, are also subject to the approval of the Junior Trafalgar Square Lender. The views of the Junior Trafalgar Square Lender in relation to the relevant amendment, waiver or approval, as applicable, may differ to those of the Issuer or, as applicable, the

views of the Master Servicer or the Special Servicer in respect of any action which it would otherwise consider appropriate to take in accordance with the Servicing Agreement.

### **Appointment of substitute Servicer**

Prior to or contemporaneously with any termination of the appointment of the Master Servicer, it would first be necessary for the Issuer to appoint a substitute servicer approved by the Trustee. The ability of any substitute servicer to administer the Loans successfully would depend on the information and records then available to it. There is no guarantee that a substitute servicer could be found who would be willing to administer the Loans at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though the Servicing Agreement will provide 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). The fees and expenses of a substitute servicer would be payable in priority to payments due under the Notes.

### **Restructuring Fees and Liquidation Fees**

In the event that a Specially Serviced Loan becomes a Corrected Loan and certain other conditions are met, as described under "*Servicing-Fees*", the Special Servicer will be entitled to a Restructuring Fee for so long as such Loan remains a Corrected Loan. In addition, upon the sale of any Property following enforcement of the related Specially Serviced Loan, the Special Servicer will be entitled to receive a Liquidation Fee. Restructuring Fees and Liquidation Fees may not in all cases be recoverable from the Borrowers under the relevant Credit Agreements. Payments of Restructuring Fees and Liquidation Fees will be made by the Issuer in accordance with the relevant Priority of Payments and will be made in priority to amounts due to the Noteholders and therefore payment of any such fees may reduce amounts payable to the Noteholders.

## **E. General Considerations**

### **Reliance on warranties**

Except as described under "*The Loans and the Loan Security - Diligence in connection with the Loans*", neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in relation to the Loans and each will, instead, rely solely on the warranties to be given by the Seller in respect of such matters in the Loan Sale Agreement (see further "*Transaction Documents - The Loan Sale Documents*").

In the event of a Material Breach of Loan Warranty (as defined under "*Transaction Documents - The Loan Sale Documents*" below) which has not been remedied within the prescribed cure period or is not capable of remedy, the sole remedy of each of the Issuer and the Trustee against the Seller shall be to require the Seller either to repurchase the affected Loans together with any Related Security or, if the breach affects fewer than all of the Properties securing an affected Loan, to repurchase the Loan together with the Related Security in that portion of the affected Loan relating to the Property or Properties affected by the breach, provided that this shall not limit any other remedies available to the Issuer and/or the Trustee if the Seller fails to repurchase all or a portion of the affected Loan and its Related Security when obliged to do so.

### **Consents to variations of the Transaction Documents, the Finance Documents and other matters**

In relation to certain matters, including any variation of the terms of the Finance Documents and the Transaction Documents, the consent of the Master Servicer or the Special Servicer (as agent for the Issuer or the Relevant Security Agent, as the case may be) and the Trustee (as appropriate) will be required. The Master Servicer, the Special Servicer (as agent for the Issuer or the Relevant Security Agent, as the case may be) or the Trustee (as appropriate) may be obliged to give such consent if

certain conditions are met, such as receipt of written confirmation from the Rating Agencies that the Notes will not be downgraded below their then current ratings.

Where a particular matter (including the determination of material prejudice to the Noteholders or any Class of Noteholder) involves the Rating Agencies being requested to confirm the then current ratings of the Notes, such confirmation may or may not be given, at the sole discretion of the Rating Agencies. Any such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time. Any confirmation of ratings represents only a restatement of the ratings given at the Closing Date and should not be construed as advice for the benefit of any parties to the transaction. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon the business of any of the Borrowers.

### **Risks relating to the introduction of International Financial Reporting Standards**

The UK corporation tax position of the Issuer depends to a significant extent on the accounting treatment applicable to it. From 1 January 2005 the accounts of the Issuer may be required to comply with International Financial Reporting Standards (**IFRS**) or with new UK Financial Reporting Standards which have been substantially aligned with IFRS (**new UK GAAP**). There is a concern that companies such as the Issuer, might, under either IFRS or new UK GAAP, be forced to recognise in their accounts movements in the fair value of their assets that could result in profits or losses for accounting purposes, which bear little or no relationship to the company's cash position.

As part of the Chancellor's Pre-Budget Report dated 2 December 2004, draft legislation (the **draft legislation**) was published to be included in the Finance Act 2005, creating a special interim corporation tax regime for "securitisation companies". H.M. Revenue and Customs stated in Budget Note REV 13 of 16 March 2005 that the draft legislation was introduced to avoid disruption to the markets as a result of the transition to IFRS or new UK GAAP and consequently they are working with participants in the securitisation industry to identify appropriate means of preventing any such disruption. The draft legislation was amended and incorporated in the Finance Act 2005. The Finance Act 2005 contains legislation which allows "securitisation companies" to prepare tax computations for accounting periods ending before 1 January 2007 on the basis of UK GAAP as applicable up to 31 December 2004 (the **moratorium period**), notwithstanding any requirement to prepare statutory accounts under IFRS or new UK GAAP.

The Issuer is likely to be a "securitisation company" for these purposes. The Finance Act 2005 also provides for the power on the part of the Treasury to introduce regulations to establish a permanent tax regime under IFRS or new UK GAAP.

Unless further extensions to the moratorium period or other measures are introduced by H.M. Revenue and Customs to deal with accounting periods ending on or after 1 January 2007, then profits or losses (which are not ignored for tax purposes under the Loan Relationships and Derivative Contracts (Disregard and Bringing into Account of Profits and Losses) Regulations 2004) could arise in the Issuer as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the transaction and as such adversely affect the Issuer and therefore adversely affect payments to Noteholders.

### **European Monetary Union**

It is possible that, prior to the maturity of the Notes, the United Kingdom will become a participating Member State in Economic and Monetary Union and that therefore the euro will become the lawful currency of the United Kingdom. If so, (a) all amounts payable in respect of the Notes may become payable in euro, (b) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and

published or displayed and (c) applicable provisions of law may allow the Issuer to redenominate the Notes into euro and to take additional measures in respect of the Notes.

If the euro becomes the lawful currency of the United Kingdom and the Notes are outstanding at the time, the Issuer intends to make payments on the Notes in accordance with the then market practice of payments on such debts. It cannot be said with certainty what effect, if any, the adoption of the euro by the United Kingdom would have on investors in the Notes. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect the Borrowers' ability to repay the Loans.

### **European Union Directive on the Taxation of Savings Income**

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

### **Implementation of Basel II risk-weighted asset framework**

The Basel Committee on Banking Supervision has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The third consultative paper on the New Basel Capital Accord was issued on 29 April 2003, with the consultation period ending on 31 July 2003. The committee announced on 11 May 2004 that it had achieved consensus on the remaining issues and published the text of the new Framework on 26 June 2004 under the title Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework (the **Framework**). This Framework will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new Framework. The committee confirmed that it is currently intended that the various approaches under the Framework will be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. If implemented in accordance with its current form, the Framework could affect risk-weighting of the Notes in respect of certain investors if those investors are subject to the new Framework following its implementation. Consequently, investors should consult their own advisers as to the consequences for them of the proposed implementation of the new Framework. No predictions can be made as to the precise effects of potential changes which might result if the Framework were adopted in its current form.

### **Security Granted by the Issuer - Enterprise Act 2002**

The floating charge to be granted by the Issuer pursuant to the terms of the Issuer Deed of Charge will be a qualifying floating charge for the purposes of the Enterprise Act and will be entered into after 15 September 2003 and, as such, unless excepted, the Trustee will be prevented from appointing an administrative receiver in respect of the Issuer. However, this qualifying floating charge will fall within the "capital market arrangement" exception under Section 72B of the Insolvency Act to the prohibition on appointment of an administrative receiver and accordingly the Trustee will still be able to appoint an administrative receiver pursuant to the Issuer Deed of Charge.

It should, however, be noted that the Secretary of State may, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance

can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this document, will not be detrimental to the interests of the Noteholders.

See "*Security granted by the Borrowers – Enterprise Act 2002*" above for further information.

### **Insolvency Acts 1986 and 2000**

Following certain amendments to the Insolvency Act 1986 by the Insolvency Act 2000, certain companies ("small companies") are entitled to seek protection from their creditors for a period of 28 days for the purposes of putting together a company voluntary arrangement with the option for creditors to extend the moratorium for a further two months. A small company is defined as one which satisfies two or more of the following criteria:

- (a) its turnover is not more than £5.6 million;
- (b) its balance sheet total is not more than £2.8 million; and
- (c) the number of employees is not more than 50.

The position as to whether or not a company is a small company may change from time to time and consequently no assurance can be given that the Issuer will not, at any given time, be determined to be a small company. The Secretary of State for Trade and Industry may by regulation modify the eligibility requirements for small companies and can make different provisions for different cases. No assurance can be given that any such modification or different provisions will not be detrimental to the interests of Noteholders.

However, secondary legislation has been enacted which excludes certain special purpose companies in relation to capital markets transactions from the optional moratorium provisions. Such exceptions include (i) a company which is a party to an agreement which is or forms part of a capital market arrangement (as defined in that secondary legislation) under which a party has incurred, or when the agreement was entered into was expected to incur, a debt of at least £10 million and which involves the issue of a capital market investment (also defined, but generally a rated, listed or traded bond) and (ii) a company which has incurred a liability (including a present, future or contingent liability) of at least £10 million.

The Issuer is of the view that it should fall within the exceptions. There is no guidance, however, as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. Accordingly, no assurance may be given that any modification of the eligibility requirements for these exceptions will not be detrimental to the interests of Noteholders.

If the Issuer were determined to be a "small" company and determined not to fall within one of the exceptions (by reason of modification of the exceptions or otherwise), then the enforcement of the security for the Notes or the Loans, respectively, may, for a period, be prohibited by the imposition of a moratorium.

### **Change of law**

The structure of the issue of the Notes, the ratings which are to be assigned to them and the related transactions described in this Offering Circular are based on English and European laws 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 or European law or administrative practice after the date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

*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. 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 may mitigate some of these risks for Noteholders, there can be no assurance that these elements 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** was incorporated in England and Wales on 11 November 2005 under registered number 5620351 as a public company with limited liability under the Companies Act 1985 (as amended). The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP and its contact telephone number is +44 (0) 20 7398 6300. The Issuer is organised as a special purpose vehicle and its activities are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee on trust for charitable purposes under the terms of the 2005-4 Share Trust Deed and the Seller does not own, directly or indirectly, any of the share capital of the Issuer.

### 1. Principal Activities

The principal objects of the Issuer are set out in Clause 4 of its Memorandum of Association and are, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established for the limited purposes of issuing the Notes, acquiring the Loans and certain related transactions described elsewhere in this Offering Circular.

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, the filing of a notification under the Data Protection Act 1998 and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Conditions and will be limited to the issue of the Notes, the acquisition of the Loans, the exercise of related rights and powers and the other activities described in this document. See further **Condition 4.1** (Restrictions).

### 2. Directors and Secretary

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

<b>Name</b>	<b>Business Address</b>	<b>Principal Activities</b>
SFM Directors Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies
SFM Directors (No. 2) Limited	35 Great St. Helen's London EC3A 6AP	Directors of 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 35 Great St. Helen's, London EC3A 6AP. The directors of SFM Directors Limited (registered number 3920254), SFM Directors (No. 2) Limited (registered number 4017430) and SFM Corporate Services Limited as at the date of the Offering Circular are Jonathan Keighley, James Macdonald and Robert Berry (together with their alternate directors Annika Goodwille, Helena Whitaker, Claudia Wallace and J-P Nowacki), whose business addresses are 35 Great St. Helen's, London EC3A 6AP and who perform no other principal activities outside the Issuer which are significant with respect to the Issuer.

### 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

<b>Authorised Share Capital £</b>	<b>Issued Share Capital £</b>	<b>Value of each Share £</b>	<b>Shares Fully Paid-up</b>	<b>Shares Quarter Paid- up</b>	<b>Paid-up Share Capital £</b>
50,000	50,000	1	0	50,000	12,500

49,999 of the issued shares (being 49,999 shares of £1 each, each of which is paid-up as to 25p) in the Issuer are held by the Share Trustee. The one remaining share in the Issuer, which is also paid-up as to 25p, is held by SFM Nominees Limited (registered number 4115230) under the terms of a trust as nominee for the Share Trustee.

## Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2017	£210,900,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2017	£17,100,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2017	£15,700,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2017	£22,800,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2017	£12,100,000
Class F Commercial Mortgage Backed Floating Rate Notes due 2017	£6,378,000

**Total Loan Capital** **£284,978,000**

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

## 4. Financial Information

The Issuer will publish annual reports and accounts. The Issuer has not prepared audited financial statements as at the date of this Offering Circular. Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at the specified office of the Irish Paying Agent.

## OPTIONS HOLDER

Options Holder was incorporated in England and Wales on 22 February 2005 under registered number 5371756 as a private company with limited liability under the Companies Act 1985. The registered office of Options Holder is at 35 Great St. Helen's, London EC3A 6AP. Options Holder has no subsidiaries.

The authorised share capital of Options Holder comprises 1,000 ordinary shares of £1 each. The issued share capital of Options Holder comprises one ordinary share of £1 which is owned by the Share Trustee on trust for charitable purposes under the terms of the 2005-1 Share Trust Deed.

### 1. Principal Activities

The principal objects of Options Holder are set out in Clause 3 of its Memorandum of Association and are, among other things to act as a general commercial company and to acquire any estate or interest in any real or personal property and rights of any kind.

Options Holder has not engaged, since its incorporation, in any activity other than those in connection with its holding of post enforcement call options and post redemption call options each granted on substantially identical terms as the Post Enforcement Call Option and Post Redemption Call Option in respect of previous issues of notes by issuers and those activities incidental to Option Holder's incorporation, the authorisation of the documents and matters referred to or contemplated in this Offering Circular to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

### 2. Directors and Secretary

The directors of Options Holder and their respective business addresses are:

<b>Name:</b>	<b>Business Address:</b>	
SFM Directors Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies
SFM Directors (No. 2) Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies

The company secretary of Options Holder is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is 35 Great St. Helen's, London EC3A 6AP. The directors of SFM Directors Limited (registered number 3920254), SFM Directors (No. 2) Limited (registered number 4017430) and SFM Corporate Services Limited are Jonathan Keighley, James Macdonald and Robert Berry (together with their alternate directors Annika Goodwille, Helena Whitaker, Claudia Wallace, and J-P Nowacki), whose business addresses are 35 Great St. Helen's, London EC3A 6AP and who perform no other principal activities outside Options Holder which are significant to Options Holder.

## THE LOANS AND THE LOAN SECURITY

### 1. Loan Origination Process

The Loan Pool consists of five mortgage loans, secured by mortgages on 36 commercial properties located throughout England and Scotland. The Loans have an initial aggregate balance as at the Cut-Off Date of £284,978,602.

All of the Loans are fixed rate mortgage loans. The Issuer will enter into the Interest Rate Swap Agreement with Barclays Bank PLC (the **Interest Rate Swap Provider**), pursuant to which the Issuer and the Interest Rate Swap Provider will enter into Interest Rate Swap Transactions in respect of each of the Loans. Under the Interest Rate Swap Transactions, the Issuer will swap an amount based on a portion of the fixed rate payable under the relevant Loan for an amount based on LIBOR for three-month sterling deposits.

Barclays Bank PLC originated all of the Loans between 22 December 2004 and 22 November 2005. The decision to advance any Loan (subject to obtaining satisfactory legal due diligence) was taken by Barclays Bank PLC in compliance with its lending criteria (the **Lending Criteria**) as further described below.

In connection with the origination of the Loans, the Seller ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making loans secured on commercial properties of the same type as the Properties, so as to evaluate the ability of each Borrower to service its Loan obligations and so as to analyse the quality of the Portfolio. In order to do this, an analysis of the contractual cashflows, occupational Tenant covenants and Lease terms and the overall quality of the real estate was undertaken by or on behalf of the Seller. In this analysis, risk was assessed by stressing the cashflows derived from underlying Tenants and the risks associated with refinancing the amount due upon the maturity of the Loans.

### 2. The Trafalgar Square Whole Loan

The Trafalgar Square Loan comprised in the Loan Pool represents the senior tranche of the Trafalgar Square Whole Loan, originated by the Seller on 29 September 2005. The Junior Trafalgar Square Loan will be retained by the Junior Trafalgar Square Lender and will not be sold to the Issuer or form part of the Loan Pool. The Seller, the Junior Trafalgar Square Lender and the Relevant Security Agent entered into the Trafalgar Square Intercreditor Agreement on 22 November 2005 (the **Trafalgar Square Intercreditor Agreement**) pursuant to which the relationship and priority between the Seller (and following the transfer of the Trafalgar Square Loan, the Issuer) and the Junior Trafalgar Square Lender are regulated. For more information on the Trafalgar Square Intercreditor Agreement see "*The Loans and the Loan Security – Trafalgar Square Intercreditor Agreement*" below.

All references, whether of a financial nature or otherwise to the Trafalgar Square Loan refer to the senior tranche of the Trafalgar Square Whole Loan unless stated otherwise.

### 3. Loan Characteristics

The following tables set out certain information with respect to the Loans and the Properties. The statistics in the following tables were primarily derived from information provided to the Seller by the respective Borrowers, other than assumptions or projections used in calculating such statistics, which were determined by the Seller. The **Cut-Off Date DSCR** with respect to each Loan is the annualised net cashflow of such Loan divided by the annualised interest due as at the Cut-Off Date and principal payments for such Loan for the 12 months following the Cut-Off Date. The **Cut-Off Date ICR** with respect to each Loan is the annual net cashflow of such Loan divided by the annualised interest due as at the Cut-Off Date for such Loan for the 12 months following the Cut-Off Date. Some of the totals in the following tables may not equal the sum of the parts due to rounding of numbers.

Cut-Off Date Balances											
Cut-Off Date Balances	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 10,000,000	1	9,675,000	3.4%	11,250,000	86.0%	71.9%	-	8.1	1.20%	133%	129%
10,000,000 < x <= 20,000,000	2	28,349,100	9.9%	43,915,000	67.8%	63.1%	0.5	6.1	1.10%	179%	165%
20,000,000 < x <= 30,000,000	-	-	-	-	-	-	-	-	-	-	-
30,000,000 < x <= 40,000,000	-	-	-	-	-	-	-	-	-	-	-
40,000,000 < x <= 50,000,000	-	-	-	-	-	-	-	-	-	-	-
50,000,000 < x <= 60,000,000	-	-	-	-	-	-	-	-	-	-	-
60,000,000 < x <= 70,000,000	-	-	-	-	-	-	-	-	-	-	-
70,000,000 < x <= 80,000,000	-	-	-	-	-	-	-	-	-	-	-
80,000,000 < x <= 90,000,000	-	-	-	-	-	-	-	-	-	-	-
90,000,000 < x <= 100,000,000	-	-	-	-	-	-	-	-	-	-	-
100,000,000 < x <= 110,000,000	1	102,875,000	36.1%	155,000,000	66.4%	57.8%	0.1	7.6	0.89%	171%	126%
110,000,000 < x <= 120,000,000	-	-	-	-	-	-	-	-	-	-	-
120,000,000 < x <= 130,000,000	-	-	-	-	-	-	-	-	-	-	-
130,000,000 < x <= 140,000,000	-	-	-	-	-	-	-	-	-	-	-
140,000,000 < x <= 150,000,000	1	144,079,502	50.6%	217,450,000	66.3%	66.3%	0.1	9.9	0.75%	133%	133%
Greater than 150,000,000	-	-	-	-	-	-	-	-	-	-	-
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Loan Margin											
Loan Margin	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
0.50% < x <= 0.60%	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
0.60% < x <= 0.70%	-	-	-	-	-	-	-	-	-	-	-
0.70% < x <= 0.80%	1	144,079,502	50.6%	217,450,000	66.3%	66.3%	0.1	9.9	0.75%	133%	133%
0.80% < x <= 0.90%	1	102,875,000	36.1%	155,000,000	66.4%	57.8%	0.1	7.6	0.89%	171%	126%
0.90% < x <= 1.00%	-	-	-	-	-	-	-	-	-	-	-
1.00% < x <= 1.10%	-	-	-	-	-	-	-	-	-	-	-
1.10% < x <= 1.20%	1	9,675,000	3.4%	11,250,000	86.0%	71.9%	-	8.1	1.20%	133%	129%
1.20% < x <= 1.30%	-	-	-	-	-	-	-	-	-	-	-
Greater than 1.30%	1	17,841,600	6.3%	22,715,000	78.5%	71.1%	0.3	6.7	1.40%	132%	109%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Cut-Off Date Loan-to-Value Ratios											
Cut-Off Date Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 50%	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
50% < x <= 55%	-	-	-	-	-	-	-	-	-	-	-
55% < x <= 60%	-	-	-	-	-	-	-	-	-	-	-
60% < x <= 65%	-	-	-	-	-	-	-	-	-	-	-
65% < x <= 70%	2	246,954,50	86.7%	372,450,000	66.3%	62.7%	0.1	9.0	0.81%	149%	130%
70% < x <= 75%	-	-	-	-	-	-	-	-	-	-	-
75% < x <= 80%	1	17,841,600	6.3%	22,715,000	78.5%	71.1%	0.3	6.7	1.40%	132%	109%
80% < x <= 85%	-	-	-	-	-	-	-	-	-	-	-
85% < x <= 90%	1	9,675,000	3.4%	11,250,000	86.0%	71.9%	-	8.1	1.20%	133%	129%
Greater than 90%	-	-	-	-	-	-	-	-	-	-	-
<b>Total/WA</b>	<b>5</b>	<b>284,978,60</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Maturity Loan-to-Value Ratios											
Maturity Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
45% < x <= 50%	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
50% < x <= 55%	-	-	-	-	-	-	-	-	-	-	-
55% < x <= 60%	1	102,875,000	36.1%	155,000,000	66.4%	57.8%	0.1	7.6	0.89%	171%	126%
60% < x <= 65%	-	-	-	-	-	-	-	-	-	-	-
65% < x <= 70%	1	144,079,502	50.6%	217,450,000	66.3%	66.3%	0.1	9.9	0.75%	133%	133%
70% < x <= 75%	2	27,516,600	9.7%	33,965,000	81.2%	71.4%	0.2	7.2	1.33%	132%	116%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Cut-Off Date Interest Cover Ratios											
Cut-Off Date Interest Cover Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
130% < x <= 140%	3	171,596,102	60.2%	251,415,000	68.6%	67.1%	0.1	9.5	0.84%	133%	130%
140% < x <= 150%	-	-	-	-	-	-	-	-	-	-	-
150% < x <= 160%	-	-	-	-	-	-	-	-	-	-	-
160% < x <= 170%	-	-	-	-	-	-	-	-	-	-	-
170% < x <= 180%	1	102,875,000	36.1%	155,000,000	66.4%	57.8%	0.1	7.6	0.89%	171%	126%
180% < x <= 190%	-	-	-	-	-	-	-	-	-	-	-
190% < x <= 200%	-	-	-	-	-	-	-	-	-	-	-
Greater than or equal to 200%	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Cut-Off Date Debt Service Cover Ratios											
Cut-Off Date Debt Service Cover Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
100% < x <= 110%	1	17,841,600	6.3%	22,715,000	78.5%	71.1%	0.3	6.7	1.40%	132%	109%
110% < x <= 120%	-	-	-	-	-	-	-	-	-	-	-
120% < x <= 130%	2	112,550,000	39.5%	166,250,000	68.1%	59.0%	0.1	7.7	0.92%	168%	126%
130% < x <= 140%	1	144,079,502	50.6%	217,450,000	66.3%	66.3%	0.1	9.9	0.75%	133%	133%
140% < x <= 150%	-	-	-	-	-	-	-	-	-	-	-
150% < x <= 160%	-	-	-	-	-	-	-	-	-	-	-
160% < x <= 170%	-	-	-	-	-	-	-	-	-	-	-
170% < x <= 180%	-	-	-	-	-	-	-	-	-	-	-
180% < x <= 190%	-	-	-	-	-	-	-	-	-	-	-
190% < x <= 200%	-	-	-	-	-	-	-	-	-	-	-
Greater than 250%	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Remaining Term to Maturity (Years)											
Remaining Term to Maturity (Years)	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
5 < x <= 6	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
6 < x <= 7	1	17,841,600	6.3%	22,715,000	78.5%	71.1%	0.3	6.7	1.40%	132%	109%
7 < x <= 8	1	102,875,000	36.1%	155,000,000	66.4%	57.8%	0.1	7.6	0.89%	171%	126%
8 < x <= 9	1	9,675,000	3.4%	11,250,000	86.0%	71.9%	-	8.1	1.20%	133%	129%
9 < x <= 10	1	144,079,502	50.6%	217,450,000	66.3%	66.3%	0.1	9.9	0.75%	133%	133%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Seasoning (Quarters)											
Seasoning (Quarters)	Number of Loans	Aggregate Cut-Off Date Loan Balance (£)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (£)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Margin	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 1 Quarter	3	256,629,502	90.1%	383,700,000	67.0%	63.1%	0.1	8.9	0.82%	148%	130%
1 < x <= 2	1	17,841,600	6.3%	22,715,000	78.5%	71.1%	0.3	6.7	1.40%	132%	109%
2 < x <= 3	-	-	-	-	-	-	-	-	-	-	-
3 < x <= 4	1	10,507,500	3.7%	21,200,000	49.6%	49.6%	0.9	5.2	0.60%	260%	260%
<b>Total/WA</b>	<b>5</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>427,615,000</b>	<b>67.1%</b>	<b>63.1%</b>	<b>0.1</b>	<b>8.6</b>	<b>0.85%</b>	<b>151%</b>	<b>134%</b>

Property Open Market Value									
Property Open Market Value	Number of Properties	Aggregate Cut-Off Date OMV (£)	Percentage of Pool by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Remaining Leasehold Term (Years)	
Less than or equal to 1,000,000	15	9,985,000	2.3%	7,842,764	2.8%	78.5%	71.1%	792	
1,000,000 <x<= 5,000,000	15	38,330,000	9.0%	23,421,718	8.2%	64.0%	60.8%	549	
5,000,000 <x<= 15,000,000	2	17,750,000	4.2%	13,981,814	4.9%	79.9%	70.2%	-	
15,000,000 <x<= 25,000,000	2	36,550,000	8.5%	24,217,548	8.5%	66.3%	66.3%	-	
25,000,000 <x<= 35,000,000	-	-	-	-	-	-	-	-	
35,000,000 <x<= 45,000,000	-	-	-	-	-	-	-	-	
45,000,000 <x<= 55,000,000	-	-	-	-	-	-	-	-	
55,000,000 <x<= 65,000,000	-	-	-	-	-	-	-	-	
65,000,000 <x<= 75,000,000	-	-	-	-	-	-	-	-	
75,000,000 <x<= 155,000,000	1	155,000,000	36.2%	102,875,000	36.1%	66.4%	57.8%	-	
Greater than 155,000,000	1	170,000,000	39.8%	112,639,758	39.5%	66.3%	66.3%	-	
<b>Total/WA</b>	<b>36</b>	<b>427,615,000</b>	<b>100.0%</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>67.1%</b>	<b>63.1%</b>	<b>640</b>	

Property Type								
Property Type	Number of Properties	Aggregate Cut-Off Date OMV (£)	Percentage of Pool by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Remaining Leasehold Term (Years)
Industrial	3	10,575,000	2.5%	5,241,359	1.8%	49.6%	49.6%	193
Leisure - Other	1	650,000	0.2%	510,545	0.2%	78.5%	71.1%	-
Leisure – Public Houses	1	950,000	0.2%	746,182	0.3%	78.5%	71.1%	998
Leisure - Restaurant	5	3,700,000	0.9%	2,906,182	1.0%	78.5%	71.1%	472
Office	4	21,875,000	5.1%	14,941,141	5.2%	73.2%	64.0%	-
Office - Prime CBD Office	2	325,000,000	76.0%	215,514,758	75.6%	66.3%	62.2%	-
Office - Secondary CBD Office	5	47,825,000	11.2%	31,734,290	11.1%	66.4%	66.3%	-
Retail – High Street Shop	14	16,260,000	3.8%	12,771,491	4.5%	78.5%	71.1%	999
Retail - Showroom, Galleries, Kiosk	1	780,000	0.2%	612,655	0.2%	78.5%	71.1%	997
<b>Total/WA</b>	<b>36</b>	<b>427,615,000</b>	<b>100.0%</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>67.1%</b>	<b>63.1%</b>	<b>640</b>

Regional Distribution								
Regional Distribution	Number of Properties	Aggregate Cut-Off Date OMV (£)	Percentage of Pool by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Remaining Leasehold Term (Years)
East Midlands	1	3,525,000	0.8%	1,747,120	0.6%	49.6%	49.6%	-
London	4	345,850,000	80.9%	229,329,693	80.5%	66.3%	62.5%	-
Midlands	1	11,250,000	2.6%	9,675,000	3.4%	86.0%	71.9%	-
Scotland	2	6,225,000	1.5%	3,085,339	1.1%	49.6%	49.6%	193
South East	3	30,800,000	7.2%	19,706,484	6.9%	64.5%	64.5%	-
South West	25	29,965,000	7.0%	21,434,967	7.5%	73.7%	67.5%	880
<b>Total/WA</b>	<b>36</b>	<b>427,615,000</b>	<b>100.0%</b>	<b>284,978,602</b>	<b>100.0%</b>	<b>67.1%</b>	<b>63.1%</b>	<b>640</b>

<b>Loans</b>											
<b>Loan Number</b>	<b>Loan Name</b>	<b>Cut-Off Date Loan Balance (£)</b>	<b>Percentage by Aggregate Cut-Off Date Loan Balance</b>	<b>Loan Margin</b>	<b>Cut-Off Date LTV</b>	<b>Maturity LTV</b>	<b>Maturity Date</b>	<b>Cut-Off Date ICR</b>	<b>Cut-Off Date DSCR</b>	<b>Weighted Average Remaining Lease Term to Lease First Break (Years)</b>	<b>Weighted Average Remaining Lease Term to Lease Expiry (Years)</b>
1	Flintstone Portfolio	144,079,502	50.6%	0.7500%	66.3%	66.3%	15 October 2015	133%	133%	7.3	7.4
2	1 Trafalgar Square	102,875,000	36.1%	0.8892%	66.4%	57.8%	15 July 2013	171%	126%	8.5	10.3
3	Clifton Portfolio	17,841,600	6.3%	1.4000%	78.5%	71.1%	16 July 2012	132%	109%	7.8	8.4
4	PITCH	10,507,500	3.7%	0.6000%	49.6%	49.6%	17 January 2011	260%	260%	13.1	13.7
5	Herbert House	9,675,000	3.4%	1.2000%	86.0%	71.9%	7 January 2014	133%	129%	9.7	19.7
<b>Total/WA</b>		<b>284,978,602</b>	<b>100.0%</b>	<b>0.8507%</b>	<b>67.1%</b>	<b>63.1%</b>		<b>151%</b>	<b>134%</b>	<b>8.0</b>	<b>9.1</b>

<b>Amortisation Schedule</b>		
<b>Payment Date of Loans</b>	<b>Scheduled Amortisation (including Balloon) (£)</b>	<b>Scheduled Amortisation (excluding Balloon) (£)</b>
January 2006	582,000	582,000
April 2006	635,000	635,000
July 2006	528,000	528,000
October 2006	532,000	532,000
January 2007	330,000	330,000
April 2007	243,809	243,809
July 2007	229,000	229,000
October 2007	206,000	206,000
January 2008	211,000	211,000
April 2008	531,500	531,500
July 2008	538,500	538,500
October 2008	523,000	523,000
January 2009	538,000	538,000
April 2009	593,000	593,000
July 2009	572,000	572,000
October 2009	553,000	553,000
January 2010	561,000	561,000
April 2010	610,000	610,000
July 2010	646,000	646,000
October 2010	638,000	638,000
January 2011	11,155,500	648,000
April 2011	703,500	703,500
July 2011	661,500	661,500
October 2011	649,500	649,500
January 2012	655,500	655,500
April 2012	679,000	679,000
July 2012	16,787,600	644,000
October 2012	634,000	634,000
January 2013	646,000	646,000
April 2013	692,000	692,000
July 2013	89,654,000	92,000
October 2013	92,000	92,000
January 2014	8,088,191	-
April 2014	-	-
July 2014	-	-
October 2014	-	-
January 2015	-	-
April 2015	-	-
July 2015	-	-
October 2015	144,079,502	-
<b>Total</b>	<b>284,978,602</b>	<b>16,597,809</b>

#### 4. Lending Criteria

##### *Lending philosophy*

Barclays Bank PLC is engaged in the business of, among other things, making loans secured directly or indirectly by commercial real properties such as office properties, retail properties, industrial properties, leisure properties and warehouse properties. These properties are intended to generate a regular periodic income from rental payments made by tenants pursuant to lease arrangements (including occupational lease arrangements).

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

##### *Types of borrower*

In order to minimise the risk that a borrower to which it makes a loan is or will become insolvent at any time prior to the repayment of that loan, Barclays Bank PLC typically, but not invariably, requires the borrower (other than an individual borrower) to have been established as an **SPE**.

The borrower of a loan made by Barclays Bank PLC will often be established contemporaneously with the loan being made and thus will not have any pre-existing liabilities, actual or contingent. Further, the activities of the borrower will be restricted, through appropriate negative covenants in the documentation relating to the loan and, in certain cases, through appropriate restrictions in its constitutional documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that its exposure to liabilities is minimised to those relating to the loan and property.

If, for whatever reason, it is not possible to prescribe that the borrower of a loan be an SPE, Barclays Bank PLC will seek to satisfy itself of the borrower's solvency and will seek to obtain information from the borrower relating, in particular, to its pre-existing liabilities, both actual or contingent (including its general commercial liabilities, tax liabilities, employee-related liabilities, litigation-related liabilities or liabilities relating to the relevant real property itself (such as environmental liabilities)) and by controlling its ability to create further liabilities on a going-forward basis through appropriate negative covenants and, in certain cases, restrictions in its constitutional documents, as more particularly described below.

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

In respect of certain loans originated by Barclays Bank PLC, the owner of the relevant real property will not be the borrower. In relation to such loans, Barclays Bank PLC will seek to ensure that the relevant property is owned by an entity which is substantially similar in nature to Barclays Bank PLC's typical borrower and will also seek to undertake the same level of due diligence and to take the

same level of security and to exercise the same level of control over the relevant entity through contractual restrictions and/or restrictions in its constitutional documents.

It should be noted that, notwithstanding its normal requirements in respect of borrowers, from time to time Barclays Bank PLC will make loans to individuals acting independently or jointly, such as in the case of the Individual Borrower Loan.

### *Security*

Barclays Bank PLC generally aims to ensure that the loans it originates are secured both by the relevant property and by the cash-flow generated by such property, which is typically a stream of contractual rental payments under the related lease arrangements. The security package in respect of a loan will typically, but not invariably, include a first-ranking mortgage (subject, in the case of certain Loans (specified above), to completion of registration at the Land Registry) over the relevant property or (in the case of properties located in Scotland) a standard security over the relevant property and a first-ranking security interest in respect of the relevant rental payments. Where security is taken, Barclays Bank PLC will seek to ensure that the security created is fully perfected in accordance with any applicable law.

In addition to the above, security may also be taken over other assets of the borrower. Barclays Bank PLC will, where possible, aim to ensure that such security is also first-ranking and fully perfected. As regards bank accounts, Barclays Bank PLC will typically require that the collection of rental payments is structured in a particular manner, designed to maximise the efficacy of the security interests taken over the rental payments, the relevant bank accounts and the amounts standing to the credit thereof. In most instances, the borrower will have a pre-existing arrangement with the tenants of the relevant property whereby rental payments are credited to an account of the borrower or a managing agent (any amounts paid into an account of a managing agent will be held in a trust account for the benefit of the borrower). If that account is a non-commingled account (i.e. it is used to collect only the rental payments in relation to the charged properties) over which Barclays Bank PLC can obtain control, it will usually take security over that account. However, if that bank account is a commingled account (i.e. it is used to collect amounts other than just the rental payments attributable to the property the subject of Barclays Bank PLC's loan) and the borrower requires control over it in order to make other payments, Barclays Bank PLC will typically require that the rental payments be swept within a reasonable period of time from receipt to a non-commingled account over which it will take security or which will be in the name of Barclays Bank PLC or an affiliate of Barclays Bank PLC.

In some instances, Barclays Bank PLC requires that the shareholders of or members in the borrower grant a security interest over their respective shareholdings or interests (as applicable) in the borrower so that Barclays Bank PLC can, if necessary, obtain control over the borrower by exercising rights granted in respect of the shares or membership interest (as applicable). By taking such control, Barclays Bank PLC could seek to influence the borrower's management of the relevant real property. Further, if the creditworthiness of the borrower and/or the value of the relevant property is regarded as insufficient by Barclays Bank PLC, Barclays Bank PLC may require that the obligations of the borrower under the loan be supported by way of a third party guarantee, indemnity, letter of credit or similar instrument.

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

The security granted in respect of a loan is held on trust for the finance parties by (in respect of the Clifton Portfolio Loan and the Pitch Loan) Barclays Bank PLC or in the case of the Flintstone

Portfolio Loan and the Trafalgar Square Loan, Barclays Capital Mortgage Servicing Limited) (each in its capacity as Security Agent).

#### *Advance level*

Barclays Bank PLC normally advances loans secured on commercial properties having a principal amount of between £3,000,000 and £1,000,000,000 (or equivalent in euro). Barclays Bank PLC will normally consider advancing loans up to a maximum of 85 per cent. of the valuation (as determined by independent professional valuers) of the underlying real property or properties financed at the time of origination of its loan. Barclays Bank PLC applies these parameters to potential loans on a case-by-case basis. Accordingly, where Barclays Bank PLC considers it appropriate, it may make loans outside these parameters.

#### *Purpose of the loan*

Generally, the purposes of loans made by Barclays Bank PLC are to acquire or refinance the relevant real property which constitutes security for the loan, to acquire the share capital in other companies owning such real property and/or general purposes.

#### *Repayment terms*

The term of loans typically made by Barclays Bank PLC may be between three and ten years, although the majority of loans originated by Barclays Bank PLC have a term of between five and eight years. Loans may be "interest only" with bullet repayment at maturity or have defined principal repayment schedules. The principal repayment schedule of a loan is structured to take account of the profile of the contractual rental income which Barclays Bank PLC anticipates that the relevant property will generate over the term of the loan and the anticipated realisable value of such property at the maturity of the loan. If a loan is prepaid in part, the principal repayment schedule of such loan may be amended to reflect such partial prepayment in accordance with the provisions of the relevant loan agreement. To the extent that a loan does not fully amortise by its scheduled maturity date, the borrower will be required to make a final bullet repayment.

In general, loans made by Barclays Bank PLC may be voluntarily prepaid by the relevant borrowers. Such prepayment is often contingent upon the payment of certain prepayment fees and break costs incurred by the lender. Under certain circumstances, Barclays Bank PLC will require mandatory prepayment of loans made by it. The most common circumstances in which Barclays Bank PLC requires mandatory prepayment is in the event of the relevant property being sold (unless, in certain cases, a suitable replacement property has been charged as security for the relevant loan within a specified period of time) or if it becomes unlawful for Barclays Bank PLC or its assigns to continue to fund the loan. For loans secured on more than one property, each property is allocated a proportion of the relevant loan and upon disposal of such property such portion may be subject to mandatory prepayment. In such circumstances an amount in excess of any amount allocated in the loan with respect to such property will generally be prepaid.

#### *Insurance*

In making a loan, Barclays Bank PLC places considerable importance on the insurance arrangements which exist with respect to the relevant real property. Barclays Bank PLC will expect, to the extent it is possible, each borrower to effect or procure, prior to a loan being drawn, that the following types of insurance cover are in place:

- (a) insurance of the relevant property, including fixtures and improvements, on a full reinstatement basis including not less than three years' loss of rent;

- (b) insurance against acts of terrorism; and
- (c) such other insurance as a prudent company in the business of the relevant borrower would effect.

Barclays Bank PLC will generally expect the interest of the security agent to be noted on any insurance policy obtained by the borrower. Market practice in each jurisdiction in which Barclays Bank PLC originates loans will differ with respect to the nature of the insurance to be obtained and Barclays Bank PLC will take this into account in formulating its requirements. Barclays Bank PLC will however apply these parameters on a case-by-case basis and where Barclays Bank PLC considers it appropriate it may agree to different arrangements with respect to insurance policies, for example, where a freeholder has the ultimate obligation to insure, the borrower's obligation with respect to insurance will be modified accordingly. Where properties are leased to government entities, Barclays Bank PLC may, in place of standard insurance arrangements, expect an obligation from that government entity to the borrower to rebuild or repair where damage or destruction is caused by insurable risks as is customary for government tenants.

#### *Property expenses*

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

### **5. Diligence in connection with the Loans**

In connection with the origination of each Loan, the Seller evaluated the corresponding Property or Properties as described below.

#### *Title and other investigation*

Certificates of title (each, a **Certificate of Title**) in relation to all of the Properties (each such Certificate of Title being substantially in the City of London Law Society's standard form) or reports on title (each a **Report on Title**) were issued on or prior to the relevant Loan Closing Dates by the solicitors of each Borrower to the Relevant Security Agent, for the benefit of, among others, the Seller.

The investigation required to provide the Certificates of Title or Reports on Title included the usual review of title documentation and the Land Registry entries (including any Lease under which a Property was held) together with all usual Land Registry, Local Authority and other appropriate searches. In addition, all Leases and tenancies affecting the Properties were reviewed subject to certain limited exceptions and the basic terms (including, among other things, details of rent reviews and Tenant's determination rights) were included in the Certificates of Title or Reports on Title.

The Seller's solicitors also reviewed the Certificates of Title or Reports on Title issued by the solicitors of each Borrower and confirmed the adequacy of the form and content of the Certificates of Title or Report on Title and highlighted any matters that they considered should be drawn to the attention of the Seller and the Valuer.

### *Capacity of Obligors*

The Seller's solicitors satisfied themselves that each Obligor was validly incorporated or established (other than those that are individuals), had sufficient power and capacity to enter into the proposed transaction, whether it was subject to any existing mortgages or charges, whether it was the subject of any insolvency proceedings and, generally, that the Obligors had complied with any necessary formalities.

### *Registration of security*

Following drawdown of each Loan, the solicitors acting for the Seller ensured that all necessary registrations in connection with taking security were attended to within all applicable time periods and appropriate notices served (where required by the terms of the relevant Credit Agreement). The title deeds in relation to each of the Properties are generally held by, or to the order of, the Relevant Security Agent and it is expected that this will continue to be the case after the relevant Loan Closing Dates. The solicitors of each Borrower will retain certain relevant commercial Leases for management purposes but will do so on the basis that they are held to the order of the Relevant Security Agent.

### *Property management*

Where there is a manager for a Property (each a **Managing Agent** and together, the **Managing Agents**), that Managing Agent was approved by the Seller in connection with the origination of the relevant Loan. Generally, a Managing Agent is responsible for responding to changes in the local market, planning and implementing the rental rate or operating structure, which may include establishing levels of rent payments or rates, and insuring that maintenance and capital improvements are carried out in a timely fashion. For additional information on each management agreement, see the specific Loan descriptions under "*Description of the Loans and related Properties*" below. Generally each Managing Agent will undertake a specific duty of care to the relevant Lender and/or the Relevant Security Agent in respect of the relevant Properties.

### *Valuations*

An independent valuer conducted the Valuation, in order to establish the approximate value of the relevant Property or Properties. The Valuations are the basis for the valuation figures contained within this Offering Circular.

### *Occupancy statements, operating statements and other data*

The Seller took steps to review, to the extent available or applicable, rent rolls, Leases, and related information or statements of occupancy rates, market data, financial data, operating statements and receipts for insurance premiums. Borrowers were generally required to furnish available historical operating statements and operating budgets for the current year and provide Leases if and to the extent such information was available. This information was used in part as the basis of the information set out in this Offering Circular. However, some Loans were acquisition facilities and accordingly there are only limited operating results for the related properties for the period following acquisition.

## **6. Standard form documentation**

The terms of each Loan are documented in a Credit Agreement governed by English law. Each Credit Agreement and each Security Agreement, where security is granted over assets which are all situated in England and Wales is based on certain standard forms of documentation, subject to any variations negotiated by the Relevant Borrower. Barclays Bank PLC generally resists any material or non-

customary amendment to its standard forms of credit and security agreements unless such amendment is necessary in order to reflect the terms, conditions or structure of the relevant loan security.

There are two categories of standard forms used – a lengthy, comprehensive credit agreement for larger Loans and a shorter form document which is generally used for Loans in an amount less than £25 million.

## **7. The Credit Agreements**

Each Credit Agreement is governed by English law. Each Credit Agreement contains the types of representations, warranties and undertakings on the part of the Relevant Borrower that a reasonably prudent lender making loans secured on commercial properties of the same type as the Properties would customarily require. A summary of the principal terms of each Credit Agreement is set out below.

### *Loan amount and drawdown and further advances*

The maximum amount of borrowing under each Credit Agreement is calculated by reference to the value of the property to be charged to the Relevant Security Agent (calculated by reference to the relevant Valuation).

None of the Loans place an obligation on the Lender to make any further advance to the Relevant Borrower. Following the sale of the Loans to the Issuer and the transfer to the Issuer of the beneficial interests in the Security Trusts over the Related Security, the Relevant Servicer may not (subject to the terms of the Servicing Agreement) agree to an amendment of the terms of a Loan that would require the Issuer to make any further advances of principal to the Relevant Borrower unless confirmation has been received from the Rating Agencies that any further advance of principal would not have an adverse effect on the then current ratings of the Notes. Any such advances will only be made to the extent that the Issuer has sufficient funds available to it.

If and to the extent that money advanced by the Seller is deposited in an escrow account, to be released to the Relevant Borrower on satisfaction of further conditions precedent, such amounts will be deemed by the relevant Credit Agreement to have been advanced to the Relevant Borrower and will form part of the outstanding principal balance of the Loan and bear interest at the rate specified in the Credit Agreement.

### *Conditions precedent*

The Seller's obligation to make a Loan under the relevant Credit Agreement was subject to the Relevant Security Agent first having received, in the usual manner, certain documents as conditions precedent to funding in form and substance satisfactory to it. The documentation required varied depending upon the terms of each Credit Agreement, though certain documents (duly executed) were required in all cases. These documents included, among other things: constitutional documents and board minutes for the Relevant Borrower and the relevant shareholder (if applicable), a Valuation in respect of the Relevant Borrower's interest in the Portfolio, evidence of appropriate insurance cover in respect of the relevant Property or Properties, all title documents (or an appropriate undertaking in respect of all title documents) relating to the Relevant Borrower's interest in the Portfolio, copies of all title searches related to the Relevant Borrower's interest in the Portfolio, execution of the Finance Documents (including the Security Agreement) and information relating to the appointment of the Managing Agent (if applicable).

### *Interest and amortisation payments/repayments*

Each of the Loans provides that payment of quarterly instalments of interest and principal (if applicable) are due on (in respect of the Flintstone Portfolio Loan and the Trafalgar Square Loan) the 15th, (in respect of the Clifton Portfolio Loan) the 16<sup>th</sup>, (in respect of the Pitch Loan) the 17th day and (in respect of the Herbert House Loan) the 7<sup>th</sup> day of each January, April, July and October.

The Loans all have original maturities of between seven and ten years. No Loan is scheduled to be repaid later than October 2015.

Certain of the Credit Agreements provide for scheduled amortisation payments to be made by the relevant Borrower on each Loan Interest Payment Date, in each case as described under the section entitled "*Description of the Loans and related Properties*" below.

The Credit Agreements permit the Relevant Borrower to prepay the relevant Loan on any Loan Interest Payment Date in whole or in part (but, if in part, subject to a minimum prepayment amount) by giving a minimum number of Business Days' prior written notice to the Lender. In addition, certain of the Credit Agreements (including the Short Form Loans) provide that if the Relevant Borrower must prepay the Loan at any other time, if prepayment is made on a day which is not a Loan Interest Payment Date, the Relevant Borrower must also pay to the Lender the amount of interest that would have been payable on the immediately succeeding Loan Interest Payment Date had no such prepayment occurred. Voluntary prepayment of a Loan may be subject to payment of certain prepayment fees by the relevant borrower.

Prepayment Fees will not generally be payable in the following circumstances:

- (a) where it becomes unlawful for a Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in a Loan and the Relevant Borrower prepays;
- (b) where the Relevant Borrower prepays on account of an increase in a Lender's costs arising out of a change of law or regulation which have been passed onto it; or
- (c) where the Relevant Borrower prepays on account of being required to make a Tax Payment to a Finance Party.

In addition to any prepayment fees to be paid by the Relevant Borrower, the Relevant Borrower may be required to pay to the Lender an amount (determined by the Lender) that would compensate the Lender against any loss or liability that it incurs or suffers as a consequence of any part of the Loan or overdue amount being prepaid or repaid other than in the amounts and on the dates set out in the relevant Credit Agreement, together with certain costs incurred as a result of the termination of all or any part of the Lender's related funding arrangement (including, but not limited to any swap arrangements) (the **Break Costs**), in each case as more specifically set out in the relevant Credit Agreement.

In some instances, the Lender is required to reimburse to the Relevant Borrower (or apply against amounts due under the relevant Loan) any gains made by the Lender as a result of any part of a Loan or overdue amount being prepaid or repaid other than in accordance with the relevant Credit Agreement (the **Break Gains**).

**Tax Payment** means a payment made by a Borrower to a relevant Finance Party in any way relating to a Tax Deduction or under any indemnity given by that Borrower in respect of tax under any relevant Finance Document. **Tax Deduction** means a deduction or withholding for or on account of tax from a payment under a Finance Document.

On each Loan Interest Payment Date, monies will be debited from the Rent Account to discharge any interest, principal payments and/or other sums due under the relevant Credit Agreement. Any surplus monies standing to the credit of the relevant Rent Account after all due payments have been made in accordance with the relevant waterfall described in the relevant Credit Agreement (after payment of certain other prescribed costs, fees and expenses) will be paid to the relevant General Account (or in the case of the Clifton Portfolio Loan paid to or to the order of the Relevant Borrower) and, subject to there being no Loan Event of Default outstanding and the satisfaction of certain other conditions set out in the relevant Credit Agreement, may be withdrawn by the Relevant Borrower. In the case of the Trafalgar Square Whole Loan monies due under the Credit Agreement will be paid into a separate tranching account in the name of the Relevant Security Agent (each such amount a **Transaction Account**) to be paid to the Seller and the Junior Trafalgar Square Lender and following the sale of the Trafalgar Square Loan to the Issuer, as applicable, the Issuer and the Junior Trafalgar Square Lender in accordance with the terms of the Trafalgar Square Intercreditor Agreement.

#### *Borrower Accounts*

Pursuant to the terms of the Credit Agreements, the Borrowers have each established a number of bank accounts (as described below, the **Borrower Accounts**) into which rental income and other monies received in connection with the Properties may be required to be paid. Following a Loan Event of Default, the Relevant Security Agent will be able to assume sole signing rights and control over those Borrower Accounts (other than, in relation to the Pitch Loan, the General Account) in respect of which it does not already have sole signing rights.

Under the Credit Agreements, the Borrower Accounts (other than the General Account in respect of the Pitch Loan) must be maintained with Barclays Bank PLC or one of its subsidiaries or affiliates in respect of the Flintstone Portfolio Loan

The Borrower Accounts in respect of a Relevant Borrower will include all or some of the following accounts:

#### (a) *General Account*

The Relevant Borrower (where applicable) is required to ensure that any amounts received by it (other than amounts required under the relevant Credit Agreement to be transferred to any other account) are paid into a current account (the **General Account**) in the name of that Borrower.

Where the Borrower is required to maintain a General Account, subject to any restriction in a Subordination Agreement and prior to any Loan Event of Default, the Relevant Borrower is permitted (subject to the satisfaction of certain conditions precedent set out in the relevant Credit Agreement) to make withdrawals from its General Account. Following any Loan Event of Default, the Relevant Security Agent will assume control of the relevant General Account (other than in respect of the Pitch Loan where the Borrower retains sole signing rights in respect of the General Account) and will be permitted to apply amounts standing to the credit of that General Account towards payment of the Relevant Borrower's obligations under the Finance Documents.

In respect of those Borrower Accounts where the Security Agent has sole or joint signing rights with the Relevant Borrower, such rights of the Security Agent where permitted will be delegated to the Master Servicer, pursuant to the terms of the Servicing Agreement.

#### (b) *Rent Account*

The Relevant Borrower (where applicable) is, subject to the terms of the relevant Credit Agreement, required to ensure that all rental income (less service charges due in respect of any Property, any amounts paid or payable to that Borrower by any Tenant by way of contribution to insurance

premiums, the cost of an insurance valuation or (in certain cases) a sinking fund and taxes) are paid into the Relevant Borrower's **Rent Account** either directly or (in the case of the Pitch Loan) by way of (in the case of the Pitch Loan) immediate or (in the case of the Trafalgar Square Loan) monthly sweep from a specific rent collection account, managed by the relevant Managing Agent. The Security Agent has sole signing rights in relation to each Rent Account) and is irrevocably authorised by the Relevant Borrower on each Loan Interest Payment Date (provided, amongst other things, no Loan Event of Default is then outstanding and any representations under the relevant Finance Documents that are deemed to be repeated are correct and will be correct after the withdrawal) to apply amounts standing to the credit of its Rent Account in each case in accordance with a specified order of priority. In most cases this order of priority provides for amounts first to be applied to pay certain costs of the Security Agent and then to make payment to the Lender of amounts due under the Credit Agreement. Following such payments, amounts may then be released to the Relevant Borrower, subject to certain conditions and provisions for certain other costs and expenses, including (in some instances) service charges and improvement costs or payments to any subordinated lender not otherwise paid in priority to amounts due under the Loan.

(c) *Rental Deposit Account*

The Security Agent (other than in respect of the Flintstone Portfolio Loan and the Trafalgar Square Loan, where the Security Agent and the relevant managing agents each have signing rights) has sole signing rights in relation to each **Rental Deposit Account**, which (where applicable) is an account in the name of the Relevant Borrower. Each Borrower (where applicable) is required to ensure that any amount payable by any relevant Tenant under a Lease by way of deposit in respect of rent is paid into its Rental Deposit Account. Subject to the terms of the relevant Lease in respect of which such an amount is held, on a Loan Interest Payment Date, the Security Agent may transfer any amount standing to the credit of the relevant Rental Deposit Account which is referable to a Tenant into the relevant Rent Account to the extent necessary to make good any failure by that Tenant to meet its obligations to pay rent under the relevant Lease.

(d) *Sales Account*

The Security Agent has sole signing rights in relation to each **Sales Account**, which (where applicable) is an account maintained in the name of the Relevant Borrower into which the Required Amount (as defined below) must be paid on any disposal of a Property or Properties in accordance with the relevant Credit Agreement. The Security Agent will be permitted to apply amounts standing to the credit of the Sales Account in the manner more particularly described in "*Disposals and substitutions*" below, including but not limited to the application of amounts standing to the credit of the Sales Account to meet the Relevant Borrower's obligations under the Finance Documents.

For more detailed information on the disposal and substitution of a Property or Properties and prepayment of amounts paid into the Sales Account, see "*Disposals and substitutions*" below.

(e) *Other accounts*

The Relevant Borrower (where applicable) may be required under the terms of the relevant Credit Agreement to maintain one or more further accounts in addition to those set out above, including, but not limited to, an escrow account, into which funds advanced by the Seller may be deposited and released to the Relevant Borrower at a date upon fulfilment of certain conditions precedent and a deposit account into which a certain percentage of excess rental income may be deposited to ensure compliance with certain interest cover ratio tests. The Security Agent has sole signing rights in relation to each escrow account. Additionally, in relation to some Loans, money standing to the credit of the escrow account and/or deposit account can be used to cure a breach of the covenant to ensure that annual net rental income is equal to or exceeds a certain percentage of annual finance costs.

### *Representations and warranties*

The representations and warranties given (or to be given) by each Borrower under the relevant Credit Agreement, as of the date of the relevant Credit Agreement and (subject to certain exceptions), the date of the request for the relevant Loan, the date of drawdown and each Interest Payment Date, generally include among other things, the following representations (subject in each case to the specific terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

- (a) the Relevant Borrower is incorporated as a limited liability company, duly incorporated or established and validly existing under the laws of the jurisdiction of its incorporation or establishment;
- (b) the Relevant Borrower has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents;
- (c) subject to certain reservations as to matters of law, each Finance Document to which the Relevant Borrower is a party constitutes legally binding, valid and enforceable obligations of the Relevant Borrower and will not conflict with any applicable law or regulation, the constitutional documents of the Relevant Borrower or any document binding on the Relevant Borrower or any of its assets;
- (d) no Loan Event of Default is outstanding or is likely to result (or, in the case of the Flintstone Portfolio Loan and the Pitch Loan, will result) from the execution or performance of any transaction contemplated by the Finance Documents and no other event which constitutes an event of default under any other document binding on the Relevant Borrower or any of its assets is outstanding which is likely to have (or, in the case of the Pitch Loan, which has or is reasonably likely to have) a material adverse effect on the Relevant Borrower's ability to perform its obligations under any Finance Document;
- (e) subject to due registration of the relevant Loan Security documents, all authorisations required in connection with entry into, performance, validity and enforceability of the Finance Documents have been obtained or effected and are in full force and effect;
- (f) the Relevant Borrower or Chargor (as the case may be) is the legal and/or beneficial owner of each relevant Property (as applicable);
- (g) subject to registration where required and certain reservations as to matters of law, the security conferred by each security document constitutes a first priority security interest over the assets referred to in that security document and the assets are not subject to any prior or *pari passu* security interests;
- (h) no litigation, arbitration or administrative proceedings are, to the knowledge of the Relevant Borrower, current or threatened which would be likely to have (or, in the case of the Flintstone Portfolio Loan and the Pitch Loan, which (if adversely determined) have or are reasonably likely to have) a material adverse effect on the Relevant Borrower's ability to perform its obligations or (in respect of the Trafalgar Square Loan and the Pitch Loan) its payment obligations under any Finance Document;
- (i) subject to certain qualifications, all relevant information supplied by the Relevant Borrower to any Finance Party in connection with the Finance Documents was as at its date or (if appropriate) as at the date (if any) at which it was stated to be given:

- (A) true and accurate (in the case of the Pitch Loan, in all material aspects); and
- (B) insofar as it consists of financial projections, such projections have been prepared as at their date, on the basis of recent historical information and assumptions believed by the Relevant Borrower to be fair and reasonable,

and did not omit any information which, if disclosed, would make the information supplied untrue or misleading in any material respect;

- (j) as at the date of the relevant Credit Agreement and at the date of drawdown of the relevant Loan, nothing had occurred since the date the information referred to in sub-paragraph (i)(A) above which, if disclosed, would make that information untrue or misleading in any material or (in the case of the Pitch Loan materially adverse) respect;
- (k) subject to certain qualifications in respect of some of the Loans, all information supplied by the Relevant Borrower or on its behalf to the Valuer for the purposes of each Valuation was true and accurate as at its date and did not omit any information which might adversely affect the Valuation;
- (l) the accounts of the Relevant Borrower (other than in respect of the Individual Borrower Loan) most recently delivered to the Seller and Security Agent have been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation and/or fairly represent the financial condition of the Relevant Borrower as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements;
- (m) since the date of its incorporation or establishment or, in the case of the Pitch Borrower, the date of the trust instrument constituting a Pitch Trust), the Relevant Borrower has not (in the case of the Pitch Borrower in relation to the Pitch Trust and the Pitch Trust Fund only) carried on any business except for the ownership and management (including, in the case of the Trafalgar Square Loan, letting and development) of its interests in the relevant Properties and (in the case of the Pitch Borrower in relation to the Pitch Trust and the Pitch Trust Fund only), in the case of the Pitch Loan, the acquisition of any property or asset relating to that property which does not form part of the Pitch Trust Fund; and
- (n) the Relevant Borrower (or, in the case of the Pitch Loan, each property owner) has no subsidiaries or employees.

and, in the case of the Short Form Loans, the following representations (subject in each case to the specific terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

- (a) the Relevant Borrower (other than the Clifton Portfolio Borrower) is incorporated as a limited liability company, duly incorporated or established and validly existing under the laws of the jurisdiction of its incorporation or establishment;
- (b) the Relevant Borrower has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents;
- (c) subject to certain reservations as to matters of law, each Finance Document to which the Relevant Borrower is a party constitutes legally binding, valid and enforceable obligations of the Relevant Borrower and will not conflict with any applicable law or regulation, the

constitutional documents of the Relevant Borrower (other than in respect of the Clifton Portfolio Borrower) or any document binding on the Relevant Borrower or any of its assets;

- (d) no Loan Event of Default is outstanding or would result from the execution or performance of any transaction contemplated by the Finance Documents (It will be a Loan Event of default if any information supplied to the Finance Parties is untrue or inaccurate.);
- (e) subject to due registration of the relevant Loan Security Documents, all authorisations required in connection with entry into, performance, validity and enforceability of the Finance Documents have been obtained or effected and are in full force and effect;
- (f) the Relevant Borrower or Chargor (as the case may be) is the legal and/or beneficial owner of each relevant Property (as applicable);
- (g) subject to registration where required, the security conferred by each security document constitutes a first priority security interest over the assets referred to in that security document;
- (h) subject to certain qualifications, all relevant information supplied by the Relevant Borrower to any Finance Party in connection with the Finance Documents was as at its date or (if appropriate) as at the date (if any) at which it was stated to be given true and accurate and (in respect of the Herbert House Loan only) did not omit any information which, if disclosed, would make the information supplied untrue or misleading in any material respect;
- (i) (other than in respect of the Clifton Portfolio Portfolio Loan) as at the date of the relevant Credit Agreement and at the date of drawdown of the relevant Loan, nothing had occurred since the date the information referred to in sub-paragraph (i)(A) above which, if disclosed, would make that information untrue or misleading in any material respect;
- (j) subject to certain qualifications in respect of some of the Loans, all information supplied by the Relevant Borrower or on its behalf to the Valuer for the purposes of each Valuation was true and accurate as at its date and did not omit any information which might adversely affect the Valuation;
- (k) the most recently delivered personal accounts of the Relevant Borrower most recently delivered to the Seller and Security Agent have been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation and/or fairly represent the financial condition of the Relevant Borrower as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements; and
- (l) since the date of its incorporation or establishment, the Relevant Borrower (other than the Clifton Portfolio Borrower) has not incurred any liabilities, or undertaken any obligations with respect to the relevant Properties other than those arising from the activities of ownership and management of the Relevant Borrower's interest in the relevant Properties or under the Finance Documents.

### *Undertakings*

Each Borrower has given various undertakings under the relevant Credit Agreement which will take effect so long as any amount is outstanding under the relevant Loan or any relevant commitment is in place. These undertakings generally include (except (k), (l) and (n), below in the case of the Short Form Loans), among other things, the following (subject in each case to the specific terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

- (a) to provide the Lender and the Relevant Security Agent (other than in respect of the Individual Borrower Loan) with its audited (or certified in the case of the Flintstone Portfolio Loan) accounts for each of its financial years, within a certain specified time of the end of each financial year, and unaudited financial statements for each of its financial half-years (to the extent produced) within a certain specified time of each financial half-year or (in some instances) quarter;
- (b) to supply details of any litigation, arbitration or administrative proceedings which are current, threatened or pending and which would, if adversely determined, have a material adverse effect on the Relevant Borrower's ability to perform its obligations or (in respect of the Trafalgar Square Loan) its payment obligations under any Finance Document;
- (c) to notify the Lender or the Security Agent promptly of any Loan Event of Default;
- (d) to supply promptly on request such information in the Relevant Borrower's possession or control regarding its financial condition and operations or any Property as the Lender may reasonably request;
- (e) to procure that the Relevant Borrower's payment obligations under the Finance Documents rank at least *pari passu* with all other present and future unsecured payment obligations and not to create or allow to exist any charge arising over any of its assets (other than certain customary exceptions);
- (f) not to dispose of all or any part of its assets (or, in respect of the Short Form Loans, all or any part of the assets that are secured under the Finance Documents), subject to certain customary exceptions, including (where applicable) where substitution of Properties is permitted under the terms of the relevant Credit Agreement;
- (g) not to enter into any amalgamation, demerger, merger or reconstruction (if applicable);
- (h) in respect of the Pitch Borrower, in relation to the Pitch Trust Fund only, not to carry on any business other than the ownership, refurbishment, management, letting and development of its interests in the relevant Properties or to have any subsidiaries, or, in respect of the Flintstone Portfolio Loan, which are in the ordinary course of trade in connection with the ownership, management or letting of the relevant Property, provided such amounts in aggregate do not exceed £25,000;
- (i) not to make any loans or provide any form of credit or to give any guarantee or indemnity to any person, (other than (in respect of the Pitch Loan), any loans, other form of credit, guarantee or indemnity that do not relate to the Pitch Trust Fund and (in respect of the Clifton Portfolio Loan) any subordinated loans or any trade credit incurred in respect of the ownership and management of the Relevant Borrower's interest in the Properties) except in certain transactions there may be exceptional permitted payments to the shareholder (or in the case of the Flintstone Portfolio Loan, to the Flintstone Portfolio Guarantors (defined below)) or rent free periods granted under Occupational Leases;
- (j) not to incur any indebtedness (subject to certain customary exceptions) and, in respect of the Flintstone Portfolio, the overdraft facility and, in respect of the Pitch Borrower, other than any indebtedness where the recourse of the relevant creditor is limited to assets of the Pitch Borrower that do not form part of the Pitch Trust Fund);
- (k) other than in respect of the Individual Borrower Loan, and in respect of the Pitch Borrower, in relation to the Pitch Trust Fund only, not to enter into any contracts other than the Finance

Documents or contracts in connection with the day to day management, operation, letting and development of the relevant Properties or otherwise as permitted under the Credit Agreement;

- (l) other than in respect of the Individual Borrower Loan and the Pitch Borrower not to declare or pay any dividend or make any distribution in respect of its shares or membership interests other than as expressly permitted in the relevant Credit Agreement, not to issue any further shares or alter any rights attaching to its issued shares as at the date of the relevant Credit Agreement nor to repay or redeem any of its share capital;
- (m) not to be a member of a value added tax group in some cases, without the prior written consent of the Lenders;
- (n) other than in respect of the Trafalgar Square Loan and the Individual Borrower Loan not to cause or allow its registered office or "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in or maintain an establishment in any jurisdiction other than its jurisdiction of incorporation. In respect of the Trafalgar Square Loan, the Borrower will represent that its centre of main interests is in the jurisdiction of its incorporation;
- (o) to comply with certain customary undertakings regarding the administration of Leases and the appointment of Managing Agents in respect of the relevant Properties;
- (p) to maintain insurance or procure the maintenance of insurance on the relevant Properties on a full reinstatement value basis and for not less than three years' loss of rent on all Leases together with third party liability insurance and insurance against acts of terrorism and to procure that the Security Agent is named as co-insured on or its interest otherwise noted in respected of all relevant Insurance Policies;
- (r) to ensure projected annual net rental income as a percentage of projected annual finance costs, each as estimated from time to time by the Security Agent of at least 110 per cent. and to maintain actual quarterly net rental income as a percentage of actual quarterly finance costs of at least 110 per cent., in both cases at each Loan Interest Payment Date;

#### *Disposals and substitutions*

The Relevant Borrower may (in respect of the Trafalgar Square Loan only with the consent of the Lender) in certain cases be permitted to dispose of and/or substitute Properties in accordance with the terms of the relevant Credit Agreement, or otherwise with the consent of the Lender or Security Agent, as applicable.

In some cases, the Relevant Borrower may dispose of a Property if the net disposal proceeds are at least equal to a minimum specified amount (the **Required Amount**). On disposal of a Property or Properties in accordance with the terms of the relevant Credit Agreement, the Required Amount must be paid into the Sales Account. If the net disposal proceeds are less than the Required Amount, the Relevant Borrower must, in certain cases, procure that an amount equal to this shortfall is also deposited into the Sales Account.

Amounts standing to the credit of the Sales Account must be applied either in prepayment of the relevant Loan or towards acquiring a substitute property within a specified time period and (in some cases) may be utilised in payment of amounts due under the Finance Documents (where there are insufficient funds in the Rent Account).

If the proceeds are permitted to be applied towards acquiring a new property, such application generally will be conditional upon satisfaction of certain conditions, including in some cases:

- (a) the projected net rental income for the new property and the remaining Properties in respect of that Loan being sufficient to enable the Borrower to repay the Loan;
- (b) the new property satisfying certain minimum value requirements and the aggregate market value of all new properties acquired not exceeding a specified maximum percentage of the aggregate market value of the Properties (determined in accordance with the Valuation);
- (c) the additional Property is similar in nature and quality in all material respects to the Property being released;
- (d) any substitution will not cause the relevant interest cover level to fall below the amount specified in the relevant Credit Agreement; and
- (e) the Lender or the Relevant Security Agent, Security Agent, as applicable, receiving, in the usual manner, certain documents and other matters as conditions precedent to the acquisition of the new property and as it may reasonably request.

*Events of default*

The Credit Agreements contain the usual events of default entitling the Security Agent (subject, in certain cases, to customary grace periods and materiality thresholds) to accelerate the relevant Loan and enforce the Related Security, including, among other things:

- (a) failure to pay on the due date any amount due under the Finance Documents;
- (b) breach of other specified obligations under the Finance Documents;
- (c) any representation or warranty made or repeated by the Relevant Borrower and in some cases, the relevant property owner or the relevant shareholder was incorrect in any material respect at the date it was given or when it was deemed to be repeated;
- (d) the Relevant Borrower is or is deemed to be unable to pay its debts or is insolvent or other insolvency acts or events occur (including, among other things, the commencement of insolvency proceedings, the appointment of any liquidator or administrative receiver or the attachment or sequestration of any asset or, in respect of the Individual Borrower Loan, bankruptcy events or proceedings occur);
- (e) other than in respect of the Individual Borrower Loan, the Relevant Borrower ceases or, threatens to cease, to carry on its permitted business except, in some cases, as a result of any disposal that is permitted under the terms of the relevant Credit Agreement;
- (f) it is or becomes unlawful for the Relevant Borrower or, in some cases, the relevant property owner, the relevant shareholder or member to perform any of its obligations under any Finance Document or, in the case of the Short Form Loans, the Relevant Borrower loses or does not possess any authorisations necessary to perform such obligations;
- (g) any Finance Document and/or, in the case of the Short Form Loans, any Security Document is not effective or (except in some cases) is alleged by the Relevant Borrower or (in some cases) the relevant property owner, the relevant shareholder or member to be ineffective for any reason;
- (h) where applicable, the Relevant Borrower, or certain other specified parties without the prior written consent of the Lender, is not or ceases to be legally and beneficially owned by the

relevant shareholder or by other specified parties (as appropriate) and, in the case of the Pitch Borrower, it ceases to be the sole trustee of the Pitch Trust; or

- (i) an event or series of events occurs which (in the case of certain loans, in the determination of the Lender or the Majority Lenders (where applicable), acting reasonably) has or is likely (or in the case of certain Loans, reasonably likely) to have a material adverse effect on the Relevant Borrower's ability to perform certain of its obligations or (in the case of the Trafalgar Square Loan) payment obligations under any Finance Document.

In most cases the Credit Agreements include customary grace periods in relation to non-payment and breaches of other obligations. These grace periods are no longer than three Business Days or 14 Business Days, respectively. In the case of the Herbert House Loan, no fixed grace period is stated in relation to non-payment.

If a Loan Event of Default has not been remedied within the applicable grace period, the Security Agent may by notice to the Relevant Borrower cancel any outstanding commitments under the relevant Credit Agreement, demand that all or part of the relevant Loan becomes immediately due and payable and/or demand that all or part of the relevant Loan becomes payable on demand by the Lender and/or declare the security constituted by the relevant Security Agreement to be enforceable. After the Closing Date, the Relevant Servicer will (as agent of the Issuer and the Security Agent) carry out any enforcement procedures in respect of the loan in accordance with the terms of the Servicing Agreement. Any procedures adopted by the Relevant Servicer may involve the deferral of formal enforcement procedures, such as the appointment of an LPA Receiver or an administrator and may involve the restructuring of the Loan by the amendment or waiver of certain of its provisions. Any such restructuring would have to comply with the requirements of the Servicing Agreement and (in the case of the Trafalgar Square Loan) the Trafalgar Square Intercreditor Agreement.

## **8. The Loan Security**

### *General*

Each Security Agreement (the security created thereby being, in relation to each Loan, the **Related Security**) secures, among other things, all of the obligations of the relevant Obligor pursuant to the Finance Documents. Each Security Agreement creates a security trust of the Chargor's assets such that the Security Agent holds the security created thereby on trust for the benefit of the Lenders (which, after the Closing Date, will be the Issuer and, in the case of the Fintstone Portfolio Loan, the overdraft lender (being, Barclays Private Clients International Limited) whose rights of enforcement of the security are subordinated to the rights of the Lenders, and (in the case of the Trafalgar Square Loan) the Junior Lender and the other Finance Parties.

### *Representations and warranties*

The representations and warranties given and to be given by the Chargor in connection with the Related Security, as of the date of the relevant Security Agreement and, among others, on the first day of each Loan Interest Period, include and will include (other than in relation to the Clifton Portfolio Loan) statements (as appropriate) to the effect that, among other things, and subject in limited cases to customary exceptions and qualifications:

- (a) the Security Agreement creates the security interests it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise;
- (b) the Chargor and (in some cases, to the best of its knowledge having made all reasonable enquiries) each Tenant under any Lease have obtained all consents, licences and

authorisations required by it in connection with its ownership or use (as applicable) of each relevant Property and all such consents, licences and authorisations remain in full force and effect; and

- (c) the Chargor has obtained all requisite environmental approvals required for the carrying on of its business as currently conducted.

#### *Undertakings*

Each Chargor has undertaken, among other things, and subject in limited cases to customary exceptions:

- (a) not to create or permit any security interest over the assets of the Chargor secured by the relevant Security Agreement (other than any security interest created in connection with the Related Security);
- (b) not to sell, transfer, licence, lease or otherwise dispose of any asset secured under the relevant Security Agreement otherwise than in accordance with the relevant Credit Agreement;
- (c) to comply with all provisions of any applicable laws, including environmental laws (which, in relation to the latter, the Chargor must comply where failure to do so would have (or in some cases, has or is reasonably likely to have) a material adverse effect);
- (d) to give notice of the security interests granted to the Security Agent to each Tenant under the Leases (in some cases such notices having been served on drawdown, in other cases, notices will be served only on default); and
- (e) to procure and keep each of the Properties in good and substantial repair.

#### *Enforceability*

The Related Security will only be enforceable once a Loan Event of Default has occurred, if the Loan has been accelerated or in some cases if a Loan Event of Default is outstanding. The relevant Security Agreement confers upon the Security Agent, and any receiver appointed by it, a wide range of powers in connection with the sale or disposal of the Properties and their management, and each of them has been granted a power of attorney on behalf of the Chargor in connection with the enforcement of the Related Security.

#### *The Loan Security*

Each Chargor has granted the Related Security pursuant to the relevant Security Agreement. This security will, among other things, include (without limitation):

- (a) by way of first legal mortgage or charge (subject, in the case of the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan, to completion of registration at the Land Registry) over all freehold or leasehold property owned by it at the time of entering into the Security Agreement or, in the case of each Individual Borrower Loan, over each of the Properties to which that Loan relates and, other than in the case of the Individual Borrower Loan, by way of first fixed charge, over all freehold or leasehold property subsequently owned by it;
- (b) where applicable, by way of standard security over all and the whole of the Scottish Properties;

- (c) by way of first fixed charge over its interest in all shares, stocks, debentures, bonds or other securities and investments owned by it or held by any nominee on its behalf;
- (d) in the case of the Individual Borrower Loan to the extent the same relate to the Clifton Portfolio Properties, by way of first fixed charge over all plant and machinery owned by it, credit balances and book and other debts;
- (e) either by way of first fixed charge or by way of assignment, over all of its rights in respect of its contracts or policies of insurance and over all of its rights under any Leases;
- (f) where applicable, by way of assignment over all rights, title and interest in rent and all other monies due to become due in terms of the Leases of the Scottish Properties; and
- (g) other than in the case of the Individual Borrower Loan, by way of floating charge, over all its assets not otherwise effectively mortgaged, charged or assigned under the relevant Security Agreement.

In relation to the Pitch Loan, the Obligors holding the legal title to the Pitch Properties have given full fixed security as above. However, recourse to the Clifton Portfolio Borrower and the Pitch Borrower (which acts as trustee of the Pitch Trust) is limited to its interests in the Clifton Portfolio Properties and the Pitch Properties respectively and all rights and assets it has in relation to the such Properties. Recourse to the Clifton Portfolio Borrower is limited to its interests in the Clifton Portfolio Properties

If a Loan Event of Default is outstanding, the security granted under the relevant Security Agreement may become enforceable subject to any relevant notice periods. All rights or remedies provided for by the Security Agreement or available at law or in equity will be exercisable at such time by the Security Agent.

Each security agreement is governed by English law subject to certain exceptions if a Property or other assets are located in a jurisdiction other than England and Wales.

#### *Subordination Agreements*

The creditors of the Relevant Borrower who have entered into a Subordination Agreement (other than the Finance Parties) (in such capacity, the **Subordinated Creditors**) have in respect of each Loan (where applicable) entered into a Subordination Agreement with, among others, the Security Agent pursuant to which each Subordinated Creditor has undertaken that whilst any amount remains due and outstanding under, among other things, the relevant Credit Agreement, it shall not demand or receive payment of any Subordinated Debt (other than as permitted under the relevant Credit Agreement and the relevant Subordination Agreement) and if any payment is received by it in breach of the relevant Subordination Agreement, it shall hold such payment on trust for and pay it to the Security Agent.

**Subordinated Debt** means any indebtedness payable (and whether or not due) to a Subordinated Creditor other than in connection with the Finance Documents.

#### **Trafalgar Square Intercreditor Agreement**

The Trafalgar Square Loan comprised in the Loan Pool represents the senior tranche of the Trafalgar Square Whole Loan, originated by the Seller on 29 September 2005. The Junior Trafalgar Square Loan will be retained by the Junior Trafalgar Square Lender and will not be sold to the Issuer or form part of the Loan Pool. The Seller, the Junior Trafalgar Square Lender and the Security Agent have entered into an intercreditor agreement dated 22 November 2005 (the **Trafalgar Square Intercreditor Agreement**) pursuant to which the relationship and priority between the Seller (and

following the transfer of the Trafalgar Square Loan to the Issuer, the Issuer) and the Junior Trafalgar Square Lender are regulated.

Other than in respect of any excess senior debt as calculated in the Trafalgar Square Intercreditor Agreement, the Junior Trafalgar Square Loan is subordinated in right of payment to the Trafalgar Square Loan, such that payments by the Borrower in respect of the Junior Trafalgar Square Loan are conditional upon the full payment of amounts due under the Trafalgar Square Loan.

The Junior Trafalgar Square Lender is restricted by the terms of the Trafalgar Square Intercreditor Agreement from taking any enforcement steps in respect of the Junior Trafalgar Square Loan prior to the discharge in full (other than any excess senior debt) of the Trafalgar Square Loan (the Senior Debt). However, the Junior Trafalgar Square Lender can direct the Issuer or the Relevant Servicer (acting as agent of the Security Agent) to enforce the Related Security in respect of the Trafalgar Square Whole Loan after a default under the Trafalgar Square Whole Loan has occurred and the debt has been accelerated provided that the Issuer (or the Relevant Servicer on its behalf) and any other Senior Lender determines that an enforcement of the Related Security would realise sufficient proceeds to discharge the Trafalgar Square Loan in full.

The Junior Trafalgar Square Lender has agreed that all action in respect of the Trafalgar Square Whole Loan may be taken by the Relevant Servicer (in such case as agent for the Security Agent), subject to several exceptions set out in the Trafalgar Square Intercreditor Agreement in respect of which the consent of the Junior Trafalgar Square Lender must be obtained. Such exceptions include:

- (i) any amendment to the date of any amount due to a Lender;
- (ii) any change in the margin or any amount of interest, principal, fee or other amount due under the Finance Documents;
- (iii) change in currency of any amount due under the Finance Documents;
- (iv) change to, or extension of the commitment under the Credit Agreement;
- (v) a change in the basis on which payment is calculated;
- (vi) a release of an Obligor or any Security other than in accordance with the Finance Documents;
- (vii) any change to the Lender assignment provisions;
- (viii) any changes to the insurance requirements in the Credit Agreement or any insurance policy effected in accordance with such clause,

unless in each case the amendment or waiver is agreed by the Junior Trafalgar Square Lender and the Issuer (acting through the Relevant Servicer) or constitutes a procedural or administrative change.

The Junior Trafalgar Square Lender's consent will additionally be required in respect of certain approvals including any capital expenditure from surplus cashflow and the approval of an additional Obligor.

In addition, the Junior Trafalgar Square Lender has the right (but not the obligation) to cure certain defaults under the Trafalgar Square Whole Loan. To allow the Junior Trafalgar Square Lender time to cure such defaults, the grace period permitted for curing such a default is, in relation to a payment default, five Business Days and, in relation to any other default, 10 Business Days. During this period, the Issuer and the Relevant Servicer (acting as agent of the Issuer or the Security Agent, as the case may be) are prohibited from taking certain action, including demanding payment, accelerating the

Trafalgar Square Whole Loan, enforcing any security for the Trafalgar Square Whole Loan, taking any steps towards placing the Borrowers in insolvency proceedings, bringing any legal proceedings, or taking any other step for recovery of the Trafalgar Square Whole Loan. The Junior Trafalgar Square Lender's right to cure payment defaults is limited to twice in any 12 month period and six times over the life of the Trafalgar Square Whole Loan.

The Junior Trafalgar Square Lender may on the occurrence of a Special Servicing Event (as defined below) in respect of the Trafalgar Square Loan purchase or arrange for a third party to purchase the Trafalgar Square Loan, for a consideration equal to such amount as the Relevant Servicer may determine to be an amount equal to the Trafalgar Square Loan together with any amount required by the Issuer to compensate it for any breakage or funding costs and reasonable administrative costs incurred as a result of the transfer (including any amount due to the Interest Rate Swap Provider) and if the Trafalgar Square Loan is purchased other than on a Loan Interest Payment Date, all amounts of interest payable on the next immediately succeeding Loan Interest Payment Date. Any consideration will not include any amount in respect of Prepayment Fees or Default Interest.

The Seller will novate its interest in the Trafalgar Square Intercreditor Agreement to the Issuer under the Loan Sale Agreement.

## DESCRIPTION OF THE LOANS AND RELATED PROPERTIES

### Flintstone Portfolio

Loan Information	
<b>Cut-Off Date Securitised Principal Balance:</b>	£144,079,502
<b>Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:</b>	50.6%
<b>Loan Interest Payment Dates:</b>	The 15th day of each January, April, July and October commencing 15 January 2006 (subject to a business day convention)
<b>Loan Purpose:</b>	Refinance
<b>Interest Rate:</b>	Fixed rate
<b>Loan Margin:</b>	0.7500%
<b>Maturity Date:</b>	15 October 2015
<b>Borrower:</b>	Flintstone Finance Ltd incorporated in England and Wales
<b>Interest Calculation:</b>	Actual/365
<b>Amortisation:</b>	None
<b>Up-Front Reserves:</b>	None
<b>Cut-Off Date LTV:</b>	66.3%
<b>Maturity LTV:</b>	66.3%
<b>Cut-Off Date ICR:</b>	133%
<b>Cut-Off Date DSCR:</b>	133%

Property Information	
<b>Number of Properties:</b>	5
<b>Property Type:</b>	Office – Retail
<b>Location:</b>	England
<b>Freehold or Leasehold:</b>	Freehold
<b>Property Management:</b>	Property Initiatives Ltd
<b>Net Rental Income:</b>	£12,982,607 p.a.
<b>Appraised Value:</b>	£217,450,000
<b>Appraisal Date:</b>	30 September 2005
<b>Appraisal Firm:</b>	Jones Lang Lasalle

### The Loan

The Loan (the **Flintstone Portfolio Loan**) was originated by Barclays Bank PLC on 3 November 2005 and is primarily secured by a first priority legal mortgage encumbering freehold title interests in five properties located in London and Windsor which are held by four entities who act as guarantors (together the **Flintstone Portfolio Guarantors, and each a Flintstone Portfolio Guarantor**). The Related Security also benefits from a charge of the shares in the Flintstone Portfolio Borrower (defined below) and each Flintstone Portfolio Guarantor and, a charge of the assets in each Flintstone Portfolio Guarantor/the assets of the Flintstone Portfolio Borrower (defined below) and the

assets of the Flintstone Portfolio Borrower, including a separate charge over the Flintstone Portfolio Borrower's accounts.).

### **The Flintstone Portfolio Borrower**

The borrower under the Flintstone Portfolio Loan, Flintstone Finance Limited, is a special purpose entity and was incorporated in England and Wales, with company number 5574371, on 26 September 2005 as a private company limited by shares under the Companies Act 1985 (the **Flintstone Portfolio Borrower**). The registered office of the Flintstone Portfolio Borrower is at 6th Floor, 63 Curzon Street, London W1J 8PD and its contact telephone number is +44 (0) 207 6232323.

The Flintstone Portfolio Borrower on-lends the proceeds of the Flintstone Portfolio Loan to the Flintstone Portfolio Guarantors. The principal activity of the Flintstone Portfolio Borrower is to act as a property investment company. There are no specific measures in place to ensure that such control by the shareholders of the Flintstone Portfolio Borrower is not abused.

The principal officers of the Flintstone Portfolio Borrower are as follows:

<b>Name</b>	<b>Address</b>	<b>Function</b>
JTC Management Limited	PO Box 1075 Jersey Channel Islands JE4 2QP	Company Secretary
Phillip Burgin	Alphington House Les Ruettes Jersey Channel Islands JE2 7HG	Director
Nigel Le Quesne	La Rue du Bocage Jersey Channel Islands JE3 8BP	Director
Nigel Syvret	Old Station House North La Rue a Don Jersey Channel Islands JE3 9DY	Director
Stephen Burnett	Les Geonnais Farm La Rue des Geonnais Jersey Channel Islands JE3 2BS	Director
Anthony Hillman	La Cache de L'Eglise La Cache de L'Eglise Jersey Channel Islands JE3 2LA	Director

To the best of the Seller's knowledge, having made no enquiries, there are no conflicts between the duties of the principal officers to the Flintstone Portfolio Borrower and any of their respective private interests. The Flintstone Portfolio Borrower is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or

threatened of which the Flintstone Portfolio Borrower is aware) which may have, or have had, since 26 September 2005, a significant effect on the Flintstone Portfolio Borrower's financial position.

### **Property management**

The Flintstone Portfolio Properties are managed by Property Initiatives Limited (the **Flintstone Portfolio Property Manager**) on behalf of the Flintstone Portfolio Guarantors pursuant to three management agreements dated 27 February 2004, and one dated on or about 28 November 2005 (the **Flintstone Portfolio Management Agreements**).

Under the terms of the Flintstone Portfolio Loan, the Flintstone Portfolio Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Flintstone Portfolio Property Manager is in default of its obligations under the Flintstone Portfolio Management Agreement and as a consequence the relevant Flintstone Portfolio Guarantor is entitled to terminate the relevant agreement, the Lender can require the relevant Flintstone Portfolio Guarantor to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Lender.

### **Subordinated debt**

There are subordinated intra-group loans which are subject to a Subordination Agreement. In addition, there is a fully subordinated £2,000,000 overdraft facility provided by Barclays Private Clients International Limited.

### **Security package**

The security under the Flintstone Portfolio Loan comprises a first ranking legal mortgage encumbering the title to the Flintstone Portfolio Property, a first ranking fixed charge over the other assets of the Flintstone Portfolio Borrower and each Flintstone Portfolio Guarantor, an assignment of rights under certain agreements and a mortgage of shares in the Flintstone Portfolio Borrower and each Flintstone Portfolio Guarantor.

### **Description of Tenants**

There are 38 tenants. The majority of rents are subject to upward only rent reviews. The Properties are maintained and insured by the Flintstone Portfolio Property Manager in its capacity as managing agent. All Lease payments made by tenants are inclusive of service charges and insurance. The largest tenant is CSFB (Europe) Limited representing approximately 39.7 per cent. of total gross rent in respect of the Flintstone Portfolio portfolio.

## Trafalgar Square

Loan Information	
<b>Cut-Off Date Securitised Principal Balance:</b>	£102,875,000
<b>Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:</b>	36.1%
<b>Loan Interest Payment Dates:</b>	The 15th day of each January, April, July and October commencing 15 October 2005 (subject to a business day convention)
<b>Loan Purpose:</b>	Acquisition
<b>Interest Rate:</b>	Fixed rate
<b>Loan Margin:</b>	Commencing at 0.8892%, reducing over the life of the Loan to 0.8802%
<b>Maturity Date:</b>	15 July 2013
<b>Borrower:</b>	Grand Building Limited incorporated in Jersey
<b>Interest Calculation:</b>	Actual/365
<b>Tranche</b>	The Loan is split between the senior tranche (the <b>Trafalgar Square Loan</b> ) and the junior tranche (the <b>Trafalgar Square Junior Loan</b> ) <sup>5</sup>
<b>Amortisation:</b>	See below
<b>Up-Front Reserves:</b>	None
<b>Cut-Off Date LTV:</b>	66.4%
<b>Maturity LTV:</b>	57.8%
<b>Cut-Off Date ICR:</b>	171%
<b>Cut-Off Date DSCR:</b>	126%

Property Information	
<b>Number of Properties:</b>	1
<b>Property Type:</b>	Office
<b>Location:</b>	England
<b>Freehold or Leasehold:</b>	Freehold
<b>Property Management:</b>	Knight Frank LLP
<b>Net Rental Income:</b>	£9,785,922
<b>Appraised Value:</b>	£155,000,000
<b>Appraisal Date:</b>	19 September 2005
<b>Appraisal Firm:</b>	Savills Commercial Limited

Amortisation	
15/01/2006	£522,000
15/04/2006	£568,000
15/07/2006	£471,000
15/10/2006	£458,000
15/01/2007	£254,000

<sup>5</sup> All information refers to the Trafalgar Square Loan, which alone forms part of the Loan Pool

Amortisation	
15/04/2007	£162,000
15/07/2007	£146,000
15/10/2007	£129,000
15/01/2008	£134,000
15/04/2008	£444,000
15/07/2008	£450,000
15/10/2008	£437,000
15/01/2009	£443,000
15/04/2009	£488,000
15/07/2009	£476,000
15/10/2009	£463,000
15/01/2010	£470,000
15/04/2010	£514,000
15/07/2010	£503,000
15/10/2010	£491,000
15/01/2011	£498,000
15/04/2011	£541,000
15/07/2011	£495,000
15/10/2011	£484,000
15/01/2012	£491,000
15/04/2012	£516,000
15/07/2012	£559,000
15/10/2012	£549,000
15/01/2013	£557,000
15/04/2013	£600,000

All amortisation goes towards repayment of the senior tranche of the Trafalgar Square Whole Loan.

### **The Loan**

The Loan (the **Trafalgar Square Loan**) was originated by Barclays Bank PLC on 4 October 2005 and is primarily secured by a first priority legal mortgage encumbering freehold title interests in one property located in England. The Related Security also benefits from a charge of the shares in the Trafalgar Square Borrower and the assets of the Trafalgar Square Borrower (as defined below).

### **The Trafalgar Square Borrower**

The borrower under the Trafalgar Square Loan, Grand Building Limited, is a special purpose entity and was incorporated in Jersey, with company number 85507, on 11 June 2003 as a private company limited by shares (the **Trafalgar Square Borrower**). The registered office of the Trafalgar Square Borrower is at 22 Grenville Street, St Helier, Jersey, Channel Islands, JE4 8PX and its contact telephone number is +44 (0)207 6232323.

The principal activity of the Trafalgar Square Borrower is to act as a property investment company. There are no specific measures in place to ensure that any control by the shareholders of the Trafalgar Square Borrower is not abused.

As a company incorporated in Jersey, the Trafalgar Square Borrower is not required to provide public information in respect of its principal officers. However, to the best of the Seller's knowledge, having made no enquiries, there are no conflicts between the duties of the principal officers to the Trafalgar

Square Borrower and any of their respective private interests. The Trafalgar Square Borrower is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Trafalgar Square Borrower is aware) which may have, or have had, since 11 June 2003 a significant effect on the Trafalgar Square Borrower's financial position.

### **Property management**

The Trafalgar Square Property is managed by Knight Frank LLP (the **Trafalgar Square Property Manager**) on behalf of the Trafalgar Square Borrower pursuant to a management agreement dated 17 July 2003 (the **Trafalgar Square Management Agreement**).

Under the terms of the Trafalgar Square Loan, the Trafalgar Square Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Trafalgar Square Property Manager is in default of its obligations under the Trafalgar Square Management Agreement and as a consequence the Trafalgar Square Borrower is entitled to terminate the relevant agreement, the Lender can require the Trafalgar Square Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Lender.

### **Subordinated debt**

The Trafalgar Square Loan represents the senior tranche of the Trafalgar Square Whole Loan. The Junior Trafalgar Square Loan will be retained by the Junior Trafalgar Square Lender and will not be sold to the Issuer or form part of the Loan Pool. The Seller, the Junior Trafalgar Square Lender and the Security Agent entered into an intercreditor agreement on 21 November 2005 (the **Trafalgar Square Intercreditor Agreement**) pursuant to which the relationship and priority between the Seller (and following the transfer of the Trafalgar Square Loan to the Issuer, the Issuer) and the Junior Trafalgar Square Lender are regulated. For more information on the Trafalgar Square Intercreditor Agreement see above "*The Loans and the Loan Security – Trafalgar Square Intercreditor Agreement*". The Seller will novate its interest in the Trafalgar Square Intercreditor Agreement to the Issuer under the Loan Sale Agreement

There are subordinated intra-group loans which are subject to a Subordination Agreement.

### **Security package**

The security under the Trafalgar Square Loan comprises a first ranking legal mortgage encumbering the title to the Trafalgar Square Property, a first ranking fixed charge over the assets of the Trafalgar Square Borrower which relate to the Trafalgar Square portfolio, first ranking fixed charges over certain other assets, an assignment of rights under certain agreements and a mortgage of shares in the Trafalgar Square Borrower.

### **Description of Tenants**

There are 9 tenants. The majority of rents are subject to upward only rent reviews. The Properties are maintained and insured by the Trafalgar Square Property Manager in its capacity as managing agent. All Lease payments made by tenants are inclusive of service charges and insurance. The largest tenant is Enterprise Oil Limited representing approximately 67.7 per cent. of total gross rent in respect of the Trafalgar Square Property.

## Clifton Portfolio

Loan Information	
<b>Cut-Off Date Securitised Principal Balance:</b>	£17,841,600
<b>Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:</b>	6.3%
<b>Loan Interest Payment Dates:</b>	The 16th day of each January, April, July and October commencing 16 October 2005 (subject to a business day convention)
<b>Loan Purpose:</b>	Refinancing an existing loan with Barclays Bank PLC and financing the acquisition of new properties
<b>Interest Rate:</b>	Fixed rate
<b>Loan Margin:</b>	1.4000%
<b>Maturity Date:</b>	16 July 2012
<b>Borrower:</b>	Mr P G Birakos
<b>Interest Calculation:</b>	Actual/365
<b>Amortisation:</b>	See below
<b>Up-Front Reserves:</b>	None
<b>Cut-Off Date LTV:</b>	78.5%
<b>Maturity LTV:</b>	71.1%
<b>Cut-Off Date ICR:</b>	132%
<b>Cut-Off Date DSCR:</b>	109%

Property Information	
<b>Number of Properties:</b>	23
<b>Property Type:</b>	Retail, residential and office
<b>Location:</b>	Bristol, England
<b>Freehold or Leasehold:</b>	7 leasehold, 16 freehold
<b>Property Management:</b>	None appointed
<b>Net Rental Income:</b>	£1,504,864
<b>Appraised Value:</b>	£22,715,000
<b>Appraisal Date:</b>	18 August 2005
<b>Appraisal Firm:</b>	Atisreal

Amortisation	
16/01/06	£60,000
16/04/06	£67,000
16/07/06	£57,000
16/10/06	£55,000
16/01/07	£56,000
16/04/07	£59,000
16/07/07	£63,000
16/10/07	£57,000

Amortisation	
16/01/08	£52,000
16/04/08	£60,000
16/07/08	£61,000
16/10/08	£58,000
16/01/09	£65,000
16/04/09	£72,000
16/07/09	£63,000
16/10/09	£57,000
16/01/10	£58,000
16/04/10	£63,000
16/07/10	£65,000
16/10/10	£70,000
16/01/11	£72,000
16/04/11	£80,000
16/07/11	£84,000
16/10/11	£83,000
16/01/12	£82,000
16/04/12	£79,000

### **The Loan**

The Loan (the **Clifton Portfolio Loan**) was originated by Barclays Bank PLC on 26 July 2005 (with subsequent drawdowns on 4, 9 and 12 August 2005) and is primarily secured by a first priority legal mortgage encumbering freehold title and leasehold title interests in 23 properties located in Bristol, England.

### **The Clifton Portfolio Borrower**

The Borrower under the Clifton Portfolio Loan is an individual who is resident in England (the **Clifton Portfolio Borrower**).

### **Property management**

No property manager has been appointed in respect of the properties.

Under the terms of the Clifton Portfolio Loan, the Clifton Portfolio Borrower may not appoint any property manager without the prior consent of the Lender. The Clifton Portfolio Borrower must ensure that (i) any property manager appointed enters into a duty of care agreement in a form satisfactory to the Lender; (ii) the property manager manages each property to a standard consistent with that of a prudent property owner; and (iii) if the property manager defaults under the terms of its appointment the Clifton Portfolio Borrower will terminate its appointment if permitted to do so and requested by the Lender.

### **Subordinated debt**

There is no subordinated debt in respect of the Clifton Portfolio Loan.

### **Limited recourse**

In relation to the Clifton Portfolio Loan, recourse to the Clifton Borrower is only available against his interest in the Clifton Portfolio Properties and all rights and assets in relation to the Clifton Portfolio Properties.

### **Security package**

The security under the Clifton Portfolio Loan comprises a first ranking legal mortgage encumbering the title to the 23 Clifton Portfolio Properties, a first ranking fixed charge over the assets of the Clifton Portfolio Borrower which relate to the Clifton Portfolio portfolio, first ranking fixed charges over certain other assets and an assignment of rights under certain agreements in each case which relate to the Clifton Portfolio.

### **Description of Tenants**

There are 96 tenants. The majority of rents are subject to upward only rent reviews. The largest tenant by rent per annum is James Henry Brost Olpin and Kate Emily Jane Olpin representing approximately 16.9 per cent. of total gross rent in respect of the Clifton Portfolio with five residential properties.

## Pitch

Loan Information	
<b>Cut-Off Date Securitised Principal Balance:</b>	£10,507,500
<b>Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:</b>	3.7%
<b>Loan Interest Payment Dates:</b>	The 17th day of each January, April, July and October commencing 17 January 2005 (subject to a business day convention)
<b>Loan Purpose:</b>	Financing or refinancing the acquisition of the portfolio
<b>Interest Rate:</b>	Fixed rate.
<b>Loan Margin:</b>	0.6000%
<b>Maturity Date:</b>	17 January 2011.
<b>Borrower:</b>	Royal Bank of Canada Trust Corporation Limited acting as trustee for the Property Income Trust for Charities incorporated in England and Wales
<b>Interest Calculation:</b>	Actual/365
<b>Amortisation:</b>	None
<b>Up-Front Reserves:</b>	None
<b>Cut-Off Date LTV:</b>	49.6%
<b>Maturity LTV:</b>	49.6%
<b>Cut-Off Date ICR:</b>	260%
<b>Cut-Off Date DSCR:</b>	260%

Property Information	
<b>Number of Properties:</b>	6
<b>Property Type:</b>	Office and Industrial
<b>Location:</b>	England and Scotland
<b>Freehold or Leasehold:</b>	Freehold, feuhold and leasehold
<b>Property Management:</b>	Mayfair Capital Investment Management Limited
<b>Net Rental Income:</b>	£1,532,500
<b>Appraised Value:</b>	£21,200,000
<b>Appraisal Date:</b>	Various between 21 December 2004 and 30 August 2005
<b>Appraisal Firm:</b>	DTZ Debenham Tie Leung

### The Loan

The Loan (the **Pitch Loan**) was originated by Barclays Bank PLC on 22 December 2004 (with subsequent drawdowns on 3, 4 and 24 March and 30 August 2005) and is primarily secured by first priority legal mortgages encumbering freehold title, feuhold title and leasehold title interests in properties located in England and standard securities over the title to properties located in Scotland (together the **Pitch Properties**). The Related Security also benefits from a charge of the shares in PITCH No. 1 Limited and PITCH No. 2 Limited, the legal owners of the Pitch Properties (the **Legal Owners**).

## **Split title**

The legal title to the Pitch Properties is held by the Legal Owners on trust for the Pitch Borrower.

## **The Relevant Borrower**

The Borrower under the Pitch Loan (the **Pitch Borrower**) is the Borrower in its capacity as a Trust Corporation as defined in section 205 of the Law of Property Act 1925 and acts as trustee of The Property Income Trust for Charities (the **Pitch Trust**). The Pitch Borrower is incorporated in England and Wales.

## **Property management**

The Pitch Properties are managed by Mayfair Capital Investment Management Limited (the **Pitch Property Manager**) on behalf of the Pitch Borrower pursuant to a management agreement dated 28 July, 2004 (the **Pitch Management Agreement**).

Under the terms of the Pitch Loan, the Pitch Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Pitch Property Manager is in default of its obligations under the Pitch Management Agreement and as a consequence the Pitch Borrower is entitled to terminate the relevant agreement, the Lender can require the Pitch Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Lender Security Agent.

## **Subordinated debt**

There is no subordinated debt in respect of the Pitch Loan.

## **Limited recourse**

In relation to the Pitch Loan, recourse against the Pitch Borrower is limited to the secured assets (the **Pitch Trust Fund**) and there is no recourse to any other assets that the Borrower may own.

## **Security package**

The security under the Pitch Loan comprises a first ranking legal mortgage encumbering the title to the Pitch Properties situated in England, standard securities over the title to the Pitch Properties situated in Scotland, a first ranking floating charge over the assets of the Pitch Borrower and the Legal Owners, a first ranking fixed charge over the assets of the Pitch Borrower which relate to the Pitch portfolio, first ranking fixed charges over certain other assets, an assignment of rights under certain agreements and a mortgage of shares in the Legal Owners.

## **Description of Tenants**

There are 8 tenants. The majority of rents are subject to upward only rent reviews. The Properties are maintained and insured by the Pitch Property Manager in its capacity as managing agent. All Lease payments made by tenants are inclusive of service charges and insurance. The largest tenant by rent per annum is Vital Distribution Limited plc representing approximately 22.3 per cent. of total gross rent in respect of the Pitch portfolio.

## Herbert House

Loan Information	
<b>Cut-Off Date Securitised Principal Balance:</b>	£9,675,000
<b>Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:</b>	3.4%
<b>Loan Interest Payment Dates:</b>	The 7th day of each January, April, July and October commencing 7 January 2006 (subject to a business day convention)
<b>Loan Purpose:</b>	Refinancing
<b>Interest Rate:</b>	Fixed rate
<b>Loan Margin:</b>	1.2000%
<b>Maturity Date:</b>	7 January 2014
<b>Borrower:</b>	Cool Ridge Investments Limited incorporated in the British Virgin Islands
<b>Interest Calculation:</b>	Actual/365
<b>Amortisation:</b>	See below
<b>Up-Front Reserves:</b>	None
<b>Cut-Off Date LTV:</b>	86.0%
<b>Maturity LTV:</b>	71.9%
<b>Cut-Off Date ICR:</b>	133%
<b>Cut-Off Date DSCR:</b>	129%

Property Information	
<b>Number of Properties:</b>	1
<b>Property Type:</b>	Office
<b>Location:</b>	England
<b>Freehold or Leasehold:</b>	Freehold
<b>Property Management:</b>	Robson Partnership LLP
<b>Net Rental Income:</b>	£755,847
<b>Appraised Value:</b>	£11,250,000
<b>Appraisal Date:</b>	16 September 2005
<b>Appraisal Firm:</b>	DTZ Debenham Tie Leung

### Amortisation

Each Interest Payment Date up to and including 07/07/06	Nil.
07/10/06	£19,000
07/01/07	£20,000
07/04/07	£22,809
07/07/07	£20,000
07/10/07	£20,000
07/01/08	£25,000
07/04/08	£27,500
07/07/08	£27,500
07/10/08	£28,000

Amortisation	
07/01/09	£30,000
07/04/09	£33,000
07/07/09	£33,000
07/10/09	£33,000
07/01/10	£33,000
07/04/10	£33,000
07/07/10	£78,000
07/10/10	£77,000
07/01/11	£78,000
07/04/11	£82,500
07/07/11	£82,500
07/10/11	£82,500
07/01/12	£82,500
07/04/12	£84,000
07/07/12	£85,000
07/10/12	£85,000
07/01/13	£89,000
07/04/13	£92,000
07/07/13	£92,000
07/10/13	£92,000

### The Loan

The Loan (the **Herbert House Loan**) was originated by Barclays Bank PLC on 22 November 2005 and is primarily secured by a first priority legal mortgage encumbering freehold title interests a single property located in Birmingham. The Related Security also benefits from a charge of the shares in the Herbert House Borrower/the assets of the Herbert House Borrower (defined below).

### The Herbert House Borrower

The Herbert House Borrower under the Herbert House Loan is a special purpose entity incorporated in the British Virgin Islands (the **Herbert House Borrower**).

### Property management

The Herbert House Property is managed by Robson Partnership LLP (the **Herbert House Property Manager**) on behalf of the Herbert House Borrower pursuant to a duty of care agreement dated 22 November 2005 (the **Herbert House Duty of Care Agreement**).

Under the terms of the Herbert House Loan, the Herbert House Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Herbert House Property Manager is in default of its obligations under the Herbert House Management Agreement and as a consequence the Herbert House Borrower is entitled to terminate the relevant agreement, the Lender can require the Herbert House Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Lender

### Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

**Security package**

The security under the Herbert House Loan comprises a first ranking legal mortgage encumbering the title to the Herbert House Property, a first ranking fixed charge over the assets of the Herbert House Borrower property first ranking fixed charges over certain other assets, an assignment of rights under certain agreements and a mortgage of shares in the Herbert House Borrower.

**Description of Tenants**

There is a single tenanted building let on an FRI basis with an upward only rent review in five years. The property is maintained and insured by the tenant. Cable & Wireless Communications (Mercury) Limited is the sole tenant of the Herbert House Property.

## TRANSACTION DOCUMENTS

### 1. Loan Sale Documents

#### *Consideration*

Pursuant to the terms of a loan sale agreement to be entered into by the Issuer, the Seller and the Trustee (the **Loan Sale Agreement**), the Seller will sell and the Issuer will purchase the Loans and the Seller will novate to the Issuer all its interests as Lender under the Finance Documents and the Intercreditor Agreement. The Seller will additionally assign and transfer to the Issuer its beneficial interests in the Security Trusts created over the Loan Security on the Closing Date. Consequently, as and from the Closing Date, the Issuer will be a Lender under the Credit Agreements.

The initial purchase consideration payable on the Closing Date by the Issuer to the Seller pursuant to the Loan Sale Agreement will be approximately £284,978,000.

On each Interest Payment Date prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and on any Business Date after the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Issuer will pay to the Seller or its assignee, to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loans and the Loan Security (the **Deferred Consideration**). The Deferred Consideration will be paid in accordance with the applicable Priority of Payment and may be assigned, in whole or in part, by the Seller to a third party. The Deferred Consideration will be made up of three elements. On any Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, an amount equal to the Adjusted Available Issuer Income after deducting amounts required to meet items (a) to (p) (excluding amounts payable as Deferred Consideration in item (h)(y)) under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable, will be paid out as Deferred Consideration to the Seller or its assignee, such amount to be paid out *pari passu* and *pro rata* with amounts due on the Class A Notes as item h(y) under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payment. Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full an amount equal to the available revenue receipts after deducting amounts required to meet items (a) to (n) (excluding amounts payable as Deferred Consideration in item g(y)) under the Post-Acceleration Priority of Payment will be paid out as Deferred Consideration to the Seller or its assignee, such amount to be paid out *pari passu* and *pro rata* with amounts due on the Class A Notes as item g(y) under the Post-Acceleration Priority of Payment. In addition, all Prepayment Fees received by the Issuer will be applied in payment of Deferred Consideration to the Seller or its assignee and certain amounts of Break Costs and Interest Rate Swap Breakage Receipts received by the Issuer will, in accordance with the Break Costs Priority of Payments after paying any amounts due to the Interest Rate Swap Provider as a result of the termination in whole or in part of the relevant Interest Rate Swap Transaction and the Interest Rate Swap Breakage Receipts Priority of Payments, respectively, be applied in payment of Deferred Consideration to the Seller or its assignee. See further "*Cashflows*" below.

#### *Registration and Legal Title*

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

### *Representations and Warranties*

Neither the Issuer nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the purchase of the Loans or the Loan Security. 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 any party with respect to the provisions of the Loan Sale Agreement, the Credit Agreements or any other Finance Documents or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loans or the Loan Security.

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

Subject to the agreed exceptions, materiality qualifications and, where relevant, the general principles of law limiting the same, the representations and warranties to be given by the Seller under the Loan Sale Agreement will include:

- (a) The obligations of the relevant Obligors under the Finance Documents constitute the legally valid and binding obligations of, and are enforceable against, the relevant Obligors.
- (b)
  - (i) The charges by way of legal mortgage, charge or standard security, as applicable, in respect of the Properties granted under the relevant Security Agreements constitute legally valid, binding and subsisting first priority mortgages of the relevant Properties (subject to completion of registration at the Land Registry in relation to the Flintstone Portfolio Loan, the Trafalgar Square Loan and the Herbert House Loan.
  - (ii) The fixed charges in respect of the Properties granted under the relevant Security Agreements constitute legally valid, binding and subsisting first priority fixed charges of the relevant Properties (subject to any prior-ranking Security Interests required by law and to the mortgages referred to in paragraph (b)(i) above, but not otherwise) (a **Security Interest** being any mortgage, standard security, sub-standard security, pledge (including any pledge operating by law), lien, charge, assignment, or security interest or other agreement or arrangement having the effect of conferring security and **Security Interests** shall be construed accordingly).
- (c) The Relevant Security Agent has, since the utilisation date in respect of each Loan, kept or caused to be kept full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to the Loans and which are complete and accurate in all material respects. All such accounts, books and records are up to date as at the Closing Date and are held by or to the order of the Relevant Security Agent.
- (d) The relevant Chargor is the legal and/or beneficial owner of each relevant Property and had, subject to matters disclosed in the Certificate of Title and/or Report on Title in respect of each Property, a good and marketable title to the relevant Property, in each case as at the date of the relevant Security Agreement.
- (e) Each Property was, as at the date of the relevant Security Agreement or at the date the relevant Property became subject to the security in the relevant Security Agreement, held by the relevant Chargor free (save for any Related Security) from:

- (i) financial encumbrances (save for pre-existing charges released on the Utilisation Date) which would rank prior to the Related Security, save as disclosed in the relevant Certificate of Title and/or Report on Title; and
  - (ii) any encumbrances which would individually or in the aggregate materially or adversely affect the Chargor's title or the value of that Property for mortgage purposes set out in the Valuation (including any encumbrance contained in any Lease Documents relevant to such Properties), save as disclosed in the relevant Certificate of Title and/or Report on Title.
- (f) The Relevant Security Agent is the sole legal owner and the Seller is the beneficial owner (in each case subject to the interest of the Finance Parties and any necessary registrations) of each legal mortgage, or charge or standard security granted under the Security Agreements, free and clear of all encumbrances, overriding interests (other than those to which each Property is subject), claims and equities and, save as disclosed in the relevant Certificate of Title and/or Report on Title, at the time of completion of the relevant mortgage or charge, there were no adverse entries of encumbrances or applications for adverse entries of encumbrances against any title at the Land Registry or the equivalent in respect of Properties located in Scotland to any relevant Property which would rank prior to the Relevant Security Agent's or the Seller's interests in the relevant mortgage, or charge or standard security.
- (g) The Seller is entitled to transfer and assign its interests in the Loans and the Loan Security and its other rights as Lender under the Finance Documents to the Issuer, both pursuant to the Loan Sale Documents and also at law.
- (h) Prior to the utilisation date in relation to each Loan:
- (i) the Seller commissioned a due diligence procedure 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 making of that Loan on the terms of the relevant Credit Agreement;
  - (ii) the Seller (having made all enquiries that would be made by a reasonably prudent lender of money secured on commercial property) was not aware of any matter or thing affecting the title of the relevant Chargor to any part of the Related Security which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of that Loan on the terms of the relevant Credit Agreement;
  - (iii) the Seller made available a draft certificate of title and/or a draft report on title substantially in the form of the relevant Certificates of Title and the Reports on Title to the Valuer; and
  - (iv) the Seller obtained the Certificates of Title or Reports on Title, none of which showed any adverse entries, or, if any such report did reveal any adverse entry, such entry would not cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of that Loan on the terms of the relevant Credit Agreement.
- (i) Immediately prior to advancing each Loan, the relevant Property or Properties charged as Related Security were valued for the Seller by a qualified surveyor or valuer and the principal amount advanced under each Loan did not at the date of the Loan exceed 86 per cent. of the amount of that valuation.

- (j) Prior to the utilisation date in relation to each Loan, when advised by the Valuer that an environmental report was required, an environmental consultant conducted an environmental survey of the relevant Property or Properties. The results of such environmental survey would, as at the relevant utilisation date, have been acceptable to a reasonably prudent lender of money secured on commercial property and have been taken into account in the preparation of the Valuation.
- (k) To the best of the knowledge and belief of the Seller:
  - (i) (having made no investigation of the relevant title) the Valuation was not negligently or fraudulently undertaken by the Valuer; and
  - (ii) (as a commercial lender only and not, for the avoidance of doubt, as a valuer) the Valuation did not fail to disclose any fact or circumstance that if disclosed would have caused the Seller, acting as a reasonably prudent lender of money secured on commercial property, to decline to advance any Loan on the terms of the relevant Credit Agreement.
- (l) The Seller is not aware (from any information received by it in the course of administering the Loans without further inquiry) of any circumstances giving rise to a material reduction in the value of any Property since the relevant utilisation date (other than market forces affecting the values of properties comparable to the relevant Property in the area where the relevant Property is located).
- (m) To the best of the knowledge and belief of the Seller (having made no investigation of the relevant title) no Certificate of Title or Report on Title was negligently or fraudulently prepared by the solicitors who prepared the same.
- (n) To the best of the knowledge and belief of the Seller, having used reasonable endeavours to ensure the same, each of the Properties is insured as required by the terms of the relevant Credit Agreement.
- (o) The Seller has not received and (so far as the Seller is aware) each Security Agent has not received written notice that any Insurance Policy is about to lapse on account of the failure by the relevant entity maintaining such insurance to pay the relevant premiums.
- (p) The Seller is not aware of any material outstanding claim in respect of any Insurance Policy.
- (q) The Seller has performed in all material respects all of its obligations under or in connection with the Loans and, so far as the Seller is aware, no Obligor has taken or has threatened to take any action against the Seller or the Relevant Security Agent for any material failure on the part of the Seller or the Relevant Security Agent to perform any such obligations.
- (r) There is no monetary default, breach or violation under any Loan and the Seller is not aware of:
  - (i) any other default, breach or violation that materially and adversely affects the value of any Loan or its 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);
  - (ii) any outstanding default, breach or violation by any Relevant Borrower under the relevant Loan or its Related Security; or

- (iii) any outstanding event which, with the giving of notice or lapse of any applicable grace period, would constitute such a default, breach or violation that materially and adversely affects the value of any Loan or its Related Security.
- (s) Neither the Seller nor the Relevant Security Agent (so far as the Seller is aware from information which it has received in the course of administering the Loans but without having made any specific or other enquiry) has received written notice of any default or forfeiture of any Lease or of the insolvency of any Tenant of any Property which would, in any case, in the reasonable opinion of the Seller, render any Property unacceptable as security for the relevant Loan.
- (t) In respect of any Property, the relevant Obligor's title to which is leasehold, the terms of the relevant Leases are such that a reasonably prudent lender of money secured on commercial property would regard them as suitable for the purposes of forming part of the security for a loan of the nature of the Loan relating to such Property.
- (u) As at the Closing Date:
  - (i) any requisite consent of the landlord under any headlease and within a reasonable time from the Closing Date, any required notice to the landlord of the creation of the relevant Related Security has been obtained or given and placed with the title deeds;
  - (ii) no headleases contain any provision whereby they may be forfeited on bankruptcy or liquidation of the lessee or on any other ground except breach of covenant of the Tenant's obligations or the non-payment of rent by the lessee;
  - (iii) all other terms of any headlease are such that, in light of all of the circumstances pertaining to the relevant Loan and its Related Security, a reasonably prudent lender of money secured on commercial property would regard such terms as acceptable for the purposes of comprising security for the relevant Loan; and
  - (iv) the Seller has not received written notice of any material breaches of any headlease which have occurred or which remain unremedied.

The representations and warranties given by the Seller in connection with the Loans and the Loan Security under the Loan Sale Agreement are referred to as the **Loan Warranties**.

*Remedy for Material Breach of Loan Warranty*

In the event of a Material Breach of Loan Warranty (as defined below), the Seller will be required, within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from or on behalf of the Issuer or the Trustee, to remedy the matter giving rise to such breach of representation or warranty to the Trustee's satisfaction, if such matter is capable of remedy. In certain circumstances, the Seller may have an additional period, of up to 90 days, to cure the breach if the Seller has taken action to cure the breach or nonconformity acceptable in the reasonable opinion of the Relevant Servicer (as agent of the Issuer) and the Trustee, prior to the expiry of the initial 90 day period. A **Material Breach of Loan Warranty** means a breach of a Loan Warranty in any material respect where the facts and circumstances giving rise to that breach have, in the sole opinion of the Trustee, a material adverse effect on the value of the Loan and/or the Loan Security or the interests of the Noteholders. The Relevant Servicer will be required pursuant to the Servicing Agreement to notify the Issuer, the Trustee and the Seller if it knows or otherwise becomes aware of a breach of Loan Warranty.

If a Material Breach of Loan Warranty is not capable of remedy or is not remedied within the specified period, the Seller will be required to repurchase all of the relevant Loan (and its Related Security) on a date not later than the second Interest Payment Date following the demand. The consideration payable in these circumstances will be an amount equal to the principal balance of the relevant Loan then outstanding (or if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date the consideration payable will be the higher of (x) the principal balance of the relevant Loan then outstanding or (y) the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer in respect of such Loan) plus in all cases any accrued but unpaid interest thereon up to and including the date of repurchase or, if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date together with any additional costs incurred by the Issuer including any swap termination payments due to the Interest Rate Swap Provider arising as a result of the repurchase and any amounts advanced by or on behalf of the Issuer in respect of the relevant Loan as a Loan Protection Advance to the extent such amounts have not been capitalised as outstanding principal of the relevant Loan or recovered from the Relevant Borrower.

#### *Governing law*

The Loan Sale Agreement will be governed by English law.

## **2. Liquidity Facility Agreement**

#### *General*

On or before the Closing Date, the Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with the Liquidity Facility Provider, the Cash Manager and the Trustee pursuant to which the Liquidity Facility Provider will provide a renewable 364-day committed liquidity facility (the **Liquidity Facility**) to the Issuer. The Liquidity Facility will, subject to certain conditions, be available to be drawn by or on behalf of the Issuer where a Relevant Borrower fails to make a payment of scheduled interest in respect of a Loan. The Liquidity Facility will also, subject to certain conditions, be available to be drawn by or on behalf of the Issuer to make Loan Protection Advances and payments in respect of Revenue Priority Amounts. The Liquidity Facility committed amount will be for an initial amount of £17,500,000 and will with respect to each Interest Period decrease as the outstanding principal balance of the Loans decreases in accordance with the terms of the Liquidity Facility Agreement, but at all times will be an amount equal to the lower of £17,500,000 and 10 per cent. of the outstanding principal balance of the Loans, or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes.

#### *Loan Income Deficiency Drawings*

The Borrowers are required to pay scheduled amounts of interest and/or principal under the terms of the relevant Credit Agreement. In the event that there is a shortfall in the amount of scheduled interest paid by a Borrower on any Loan Interest Payment Date, the Master Servicer will notify the Cash Manager of such shortfall and upon receipt of such notice, the Cash Manager must prior to a Liquidity Facility Event of Default make a drawing under the Liquidity Facility on behalf of the Issuer in an amount equal to such shortfall in respect of scheduled interest under any of the Loans (each such drawing, a **Loan Income Deficiency Drawing**). The aggregate amount of Loan Income Deficiency Drawings in respect of a specific Loan may not exceed 40 per cent. of the outstanding principal balance of the Loan or if at any time an Appraisal Reduction has occurred in respect of that Loan, 40 per cent. of 90 per cent. of the appraisal value of the relevant Properties (each such amount, a **Maximum Loan Drawing Amount**). The proceeds of any Loan Income Deficiency Drawing will be credited to the Transaction Account and will form part of the Adjusted Available Issuer Income.

The Issuer will not be permitted to make a drawing under the Liquidity Facility should a Borrower fail to make any scheduled payments of principal under a Loan.

**Available Issuer Income** will comprise:

- (a) all monies (other than Prepayment Fees, Break Costs and principal, (save to the extent that such principal represents any amount to be paid to the Special Servicer as a Liquidation Fee)) to be paid to the Issuer under or in respect of the Credit Agreements less the amount of any expected shortfall in such amount as notified by the Master Servicer or the Special Servicer, as the case may be, to the Cash Manager;
- (b) in respect of an Interest Payment Date, any interest accrued upon the Transaction Account and the Liquidity Stand-by Account and paid into the Transaction Account or the Liquidity Stand-by Account, as applicable, together with the interest element of the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Transaction Account or the Liquidity Stand-by Account and paid into the Transaction Account in each case received since the immediately preceding Interest Payment Date; and
- (c) Available Interest Rate Swap Breakage Receipts.

**Available Issuer 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) as at that Calculation Date.

#### *Loan Protection Drawing*

If the relevant Credit Agreement permits the Lender or the Relevant Security Agent to make any third party payments on behalf of the Borrower and requires the Borrower to reimburse the Lender or, as the case may be, the Relevant Security Agent and on any Business Day prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Master Servicer or the Special Servicer, as the case may be, determines in accordance with the Servicing Agreement and the relevant Credit Agreement, that the Issuer should make a Loan Protection Advance to a Borrower (after the Relevant Servicer has (as agent of the Issuer and the Relevant Security Agent and to the extent permitted by the relevant Credit Agreement) utilised any amounts standing to the credit of the relevant Rent Account and has determined that there are insufficient amounts for such purpose standing to the credit of the relevant Rent Account), the Master Servicer or the Special Servicer, as the case may be, shall so notify the Cash Manager and the Cash Manager will, prior to a Liquidity Facility Event of Default, request on behalf of the Issuer a drawing under the Liquidity Facility in an amount equal to the Loan Protection Advance (each such drawing, a **Loan Protection Drawing**). The proceeds of the Loan Protection Drawing will be credited to the Transaction Account or otherwise paid directly to any third parties in respect of which the Loan Protection Advance is to be made and in each case applied by the Cash Manager at the direction of the Master Servicer or the Special Servicer, as applicable, on behalf of the Issuer in making the Loan Protection Advance in accordance with the Servicing Agreement and the relevant Credit Agreement. If insufficient funds are available under the Liquidity Facility to make the relevant Loan Protection Advance then the shortfall in a Loan Protection Advance may be funded by the Relevant Servicer (in its sole discretion) or, if such Loan Protection Advance is to be made on an Interest Payment Date from Adjusted Available Issuer Income in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

### *Revenue Priority Amounts*

If on any Business Day prior to delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager on behalf of the Issuer determines that there is a shortfall in the Available Issuer Income that can be applied on behalf of the Issuer to pay:

- (i) (prior to enforcement of the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation; and
- (ii) any periodic payments due pursuant to the Interest Rate Swap Agreement,

together the **Revenue Priority Amounts**, the Cash Manager shall on the next Business Day and prior to a Liquidity Facility Event of Default make a request on behalf of the Issuer for a revenue priority amount drawing under the Liquidity Facility Agreement in an amount equal to such shortfall (each such drawing, a **Revenue Priority Amount Drawing**). The proceeds of any Revenue Priority Amount Drawing will be applied in satisfaction of such Revenue Priority Amounts or credited to the Transaction Account, and applied by the Cash Manager on behalf of the Issuer in making payment of the such Revenue Priority Amounts.

### *Appraisal Reductions*

Subject to the provisions described in the following paragraph, the Special Servicer must, not later than 30 days after the occurrence of a Special Servicing Event, if the relevant Loan Event of Default is continuing, obtain a valuation in respect of the relevant Property. The costs of obtaining such valuation will be paid by the Special Servicer subject to being reimbursed by the Issuer in accordance with the terms of the Servicing Agreement and subject to the Pre-Acceleration Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments, as the case may be.

The Special Servicer will not be obliged to obtain such a valuation if a valuation has been obtained during the immediately preceding 12 months and the Relevant Servicer is of the opinion (without any liability on its part) that neither the relevant Properties nor the relevant property markets have experienced any material change since the date of such previous valuation.

If the principal amount of the relevant Loan then outstanding (together with any unpaid interest, all currently due and unpaid taxes and assessments) (net of any amount placed into an escrow account in respect of such items), insurance premiums and if applicable, ground rents in respect of the relevant Properties exceeds the sum of 90 per cent. of the appraised value of the relevant Properties as determined by the Valuation, an appraisal reduction will be deemed to have occurred (an **Appraisal Reduction**) and the aggregate amount of Loan Income Deficiency Drawings in respect of the relevant Loan may not exceed 40 per cent. of 90 per cent. of the appraisal value of the relevant Properties in respect of that Loan in accordance with the terms of the Liquidity Facility Agreement.

### *Liquidity Stand-by Drawings*

The Liquidity Facility Agreement will provide that, if at any time:

- (a) the rating of the Liquidity Facility Provider falls below the Liquidity Requisite Ratings; or
- (b) the Liquidity Facility Provider refuses to renew the Liquidity Facility,

then the Issuer may find an alternative liquidity facility provider or may require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement

(a **Liquidity Stand-by Drawing**) into an account solely for that purpose maintained with the Account Bank (such account, the **Liquidity Stand-by Account**). If the Liquidity Facility Provider is required to advance a Liquidity Stand-by Drawing to the Issuer, it shall, at its expense and if so requested by or on behalf of the Issuer, transfer the facility to, or replace it with, a new liquidity facility provider. In the event that the Cash Manager, on behalf of the Issuer, makes a Liquidity Stand-by Drawing, the Cash Manager will be required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full for the purposes of making deemed Loan Protection Drawings, Loan Income Deficiency Drawings and Revenue Priority Amount Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and following certain events of default under the Liquidity Facility Agreement, principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing will be returned to the Liquidity Facility Provider and will not be applied in accordance with any of the Priority of Payments.

For these purposes:

**Liquidity Requisite Ratings** means a rating for a bank of at least "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1+" (or better) by S&P for that bank's short-term unsecured, unsubordinated and unguaranteed debt obligations; and

**Eligible Investments** means (a) sterling denominated government securities or (b) sterling demand or time deposits, certificates of deposit, money market funds and short term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated at least "P-1" (short term) by Moody's, "F1+" by Fitch and "A-1+" by S&P (or in the case of longer dated securities "Aaa" (long term) by Moody's, "AAA" by Fitch and "AAA" by S&P) or are otherwise acceptable to the Rating Agencies and where the proceeds receivable in accordance with the terms of such an Eligible Investment upon its maturity is no less than the sum so invested or deposited.

#### *Repayment of drawings*

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts) will rank in priority to payments of interest and principal on the Notes. **Liquidity Subordinated Amounts** are any amounts in respect of (a) increased costs, mandatory costs and tax gross up amounts payable to the Liquidity Facility Provider to the extent that such amounts exceed 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement and (b) if there is any Liquidity Stand-by Drawing then outstanding, the excess of the interest then payable in respect thereof over the aggregate of (i) an amount equal to the commitment fee which would otherwise then be payable (but for the Liquidity Stand-by Drawing) under the Liquidity Facility Agreement and (ii) an amount equal to the amount of interest earned in the relevant period in respect of the Liquidity Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

The Issuer will repay any Loan Protection Drawing and Revenue Priority Amount Drawing under the Liquidity Facility on the Interest Payment Date immediately following the date on which such drawing was made, or if earlier on the Liquidity Facility Term Date or the Final Maturity Date. The Issuer must repay any Loan Income Deficiency Drawing on the earlier of: (i) the Interest Payment Date immediately following the date on which the Issuer receives amounts representing overdue

amounts of scheduled interest on the relevant Loan, as applicable after having first accounted for any scheduled interest due on that day; (ii) the receipt of proceeds of any enforcement in respect of a Loan and/or sale of a relevant Property, where there has not been any substitution in respect of such Property and (iii) the Liquidity Facility Term Date or the Final Maturity Date.

In the event that such Liquidity Drawings are not repaid on the relevant due date the amount outstanding under the Liquidity Facility will be deemed to be repaid (but only for the purposes of the Liquidity Facility) and redrawn on the relevant day in an amount equal to the amount outstanding. The procedure will be repeated on each Interest Payment Date or other due date thereafter, as applicable, up to the amount of the Liquidity Facility Commitment until all amounts outstanding under the Liquidity Facility are paid and/or repaid.

The Issuer will pay interest on Loan Income Deficiency Drawings, Loan Protection Drawings and Revenue Priority Amount Drawings at a rate equal to LIBOR (as determined under the Notes) plus a specified margin. The Issuer will pay interest on any Liquidity Stand-by Drawings at an amount equal to the commitment fee under the Liquidity Facility Agreement that would be paid had the Liquidity Stand-by Drawing not been made plus an amount equal to any interest earned on amounts standing to the credit of the Liquidity Stand-by Account following the date of the Liquidity Stand-by Drawing and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

#### *Governing law*

The Liquidity Facility Agreement will be governed by English law.

### **3. The Interest Rate Swap Agreement**

On or before the Closing Date, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider and the Interest Rate Swap Transactions pursuant thereto (each as described below) in order to protect itself against potential interest rate exposure in relation to its floating rate interest payment obligations under the Notes.

All of the Loans bear interest at a fixed rate whereas the Notes bear interest at a floating rate based on three-month LIBOR, exposing the Issuer to potential interest rate risk in respect of payment obligations under such Notes. The relevant Loan Interest Periods will not match the Interest Periods under the Notes. In order to hedge against such exposure, the Issuer and the Interest Rate Swap Provider will enter into fixed/floating rate interest rate swap transactions or floating/floating rate interest rate swap transactions (the **Interest Rate Swap Transactions**). Pursuant to the Interest Rate Swap Transactions, interest at a fixed rate will be due from the Issuer to the Interest Rate Swap Provider and interest at a floating rate based on three-month LIBOR, as calculated in accordance with the Notes, will be due from the Interest Rate Swap Provider to the Issuer on each Interest Payment Date. If the Issuer redeems the Notes in whole or in part prior to their respective scheduled redemption dates, it will be obliged to terminate the Interest Rate Swap Transactions in a corresponding amount. Depending on LIBOR at the relevant time, a payment may be due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer in connection with such termination.

The Interest Rate Swap Transactions may be terminated in accordance with certain termination events and events of default (each, an **Interest Rate Swap Termination Event**), some of which are more particularly described below.

Subject to the following, the Interest Rate Swap Provider is obliged to make payments under the Interest Rate Swap Transactions only to the extent that the Issuer makes the corresponding payments under the Interest Rate Swap Transactions, though the Issuer may meet such payments by drawing

down funds under the Liquidity Facility. 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 in respect of the relevant payment due under the relevant Interest Rate Swap Transactions thereunder and entitle the Interest Rate Swap Provider to terminate the relevant 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 amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required and, if such withholding or deduction is a withholding or deduction which will or would be or becomes the subject of any tax credit, allowance, set-off, repayment or refund to the Interest Rate Swap Provider, to use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer and may transfer the relevant swap to an affiliate to mitigate the same.

The Interest Rate Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law since the Closing Date 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 (an **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 relevant Interest Rate Swap Transaction may be terminated. The Interest Rate Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Interest Rate Swap Provider will, on or prior to the Closing Date, have a rating assigned to its long-term unguaranteed, unsubordinated and unsecured debt obligations of "AA" by S&P, "AA+" by Fitch and "Aa1" by Moody's and its short-term unguaranteed, unsubordinated and unsecured debt obligations of "A-1+" by S&P, "F1+" by Fitch and "P-1" by Moody's. If the short-term, unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider cease to be rated as high as "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch or the long-term unsubordinated and unsecured debt obligations of the Interest Rate Swap Provider cease to be rated as high as "A+" by S&P or "A1" by Moody's or "A" by Fitch (the **Minimum Interest Rate Swap Provider Ratings**), the Interest Rate Swap Provider, at its option must (unless in certain circumstances the Rating Agencies confirm that no downgrade to the then current ratings of the Notes shall occur as a result of such downgrade of the Interest Rate Swap Provider), within 30 days either (i) post acceptable collateral with the Issuer (which in certain circumstances is subject to independent third party verification), (ii) transfer its rights and obligations to an acceptable replacement swap provider with the Minimum Interest Rate Swap Provider Ratings, (iii) find a co-obligor with the Minimum Interest Rate Swap Provider Ratings or obtain an acceptable guarantee from a guarantor with the Minimum Interest Rate Swap Provider Ratings or (iv) take such other actions as may be agreed with the Rating Agencies. If the Interest Rate Swap Provider does not perform (i), (ii), (iii) or (iv) above (or, if having posted collateral pursuant to (i) above, such ratings fall below a further ratings trigger and the Interest Rate Swap Provider fails to take any of the measures described in (ii), (iii) or (iv) above within the then applicable time limit) then the Issuer will be entitled to terminate the Interest Rate Swap Transactions and enter into replacement interest rate swap transactions with another appropriately rated entity unless the Rating Agencies confirm that no downgrade to the then current ratings of the Notes or the cessation of any such ratings would occur as a result. If the Interest Rate Swap Provider defaults in its obligations under the Interest Rate Swap Agreement resulting in the termination thereof, the Issuer will be obliged to procure replacement interest rate swap transactions within 30 days of such default unless the Rating

Agencies confirm that no downgrade to the then current ratings of the Notes would occur as a result of the Interest Rate Swap Agreement being terminated. The Master Servicer will be required, under the terms of the Servicing Agreement, to take all reasonable steps to procure such replacement interest rate swap agreement on behalf of the Issuer and the Trustee.

#### *Governing law*

The Interest Swap Agreement will be governed by English law.

#### **4. Trust Deed**

On or before the Closing Date, the Issuer and the Trustee will enter into a trust deed (the **Trust Deed**) pursuant to which the Notes will be constituted. The Trust Deed will include the form of the Notes and contain a covenant from the Issuer to the Trustee to pay all amounts due under the Notes. The Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

The Trust Deed will contain provisions requiring the Trustee to have regard to the 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 equally (except where expressly provided otherwise), but where there is, in the Trustee's opinion, a conflict between the interests of (i) the Class A Noteholders and (ii) any other Class of Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class A Noteholders only, provided there are Class A Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class B Noteholders and (ii) the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class B Noteholders only, provided there are Class B Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class C Noteholders and (ii) the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class C Noteholders only, provided there are Class C Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class D Noteholders and (ii) the Class E Noteholders and the Class F Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class D Noteholders only, provided there are Class D Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class E Noteholders and (ii) the Class F Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class E Noteholders only, provided there are Class E Notes outstanding. Only the holders of the Most Senior Class of Notes outstanding may request or direct the Trustee to take any action under the Trust Deed.

#### *Governing law*

The Trust Deed will be governed by English law.

#### **5. Issuer Deed of Charge**

##### *General*

On or before the Closing Date, the Issuer will enter into a deed of charge (the **Issuer Deed of Charge**) with each of the Trustee, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Cash Manager, the Agent Bank, the Paying Agents, the Account Bank, the Corporate Services Provider, the Master Servicer, the Special Servicer and the Seller (together with the Noteholders and any receiver or other appointee of the Trustee, the **Issuer Secured Creditors**) pursuant to which the Issuer will grant security in respect of its obligations, including the Notes. The Issuer expects that the appointment of an administrative receiver by the Trustee under the Issuer Deed of Charge would not

be prohibited by Section 72A of the Insolvency Act 1986 as the appointment will fall within the exception set out under Section 72B of the Insolvency Act 1986 (First exception: capital market).

*Security*

Under the Issuer Deed of Charge, the Issuer will grant the following security in favour of the Trustee who will hold such security on trust for the benefit of itself and the other Issuer Secured Creditors in accordance with their respective interests:

- (a) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under:
  - (i) each Loan Sale Document;
  - (ii) the Servicing Agreement;
  - (iii) the Cash Management Agreement;
  - (iv) the Subscription Agreement;
  - (v) the Liquidity Facility Agreement;
  - (vi) the Interest Rate Swap Agreement;
  - (vii) the Trust Deed;
  - (viii) the Agency Agreement;
  - (ix) the Corporate Services Agreement;
  - (x) the Options Holder Corporate Services Agreement; and
  - (xi) the Bank Account Agreement;
- (b) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, under each Finance Document;
- (c) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to the amounts from time to time standing to the credit of each Issuer Account (other than the Issuer Share Capital Account);
- (d) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all Eligible Investments (permitted to be made by or on behalf of the Issuer); and
- (e) a first floating charge over all of the property, assets and undertaking of the Issuer not already subject to fixed security,

(together, the **Issuer Security**), all as more particularly set out in the Issuer Deed of Charge.

The Trustee shall not be bound to enforce the security constituted by the Issuer Deed of Charge or take proceedings against the Issuer or any other person to enforce the provisions of the Issuer Deed of Charge or any of the other Transaction Documents or any other action thereunder unless:

- (a) it shall have been directed or requested to do so either by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and
- (b) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

The Notes will be full recourse obligations of the Issuer. On enforcement of the Issuer Security, recourse in respect of all other obligations (that is, other than the obligation to pay principal and interest on the Notes) of the Issuer will be limited to the proceeds of realisation of the Issuer Security.

#### *Non-petition*

Each of the Issuer Secured Creditors which is a party to the Issuer Deed of Charge (other than the Trustee) will agree in the Issuer Deed of Charge that, unless an Acceleration Notice has been served, or the Trustee, having become bound to serve an Acceleration Notice, fails to do so within a reasonable period and such failure is continuing, it will not take any steps for the purpose of recovering any debts due or owing to it by the Issuer or to petition or procure the petitioning for the winding-up or administration of the Issuer or to file documents with the court or serve a notice of intention to appoint an administrator in relation to the Issuer.

#### *Enforcement*

The Issuer Security will become enforceable on the occurrence of a Note Event of Default pursuant to **Condition 10** (Events of Default) (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). In respect of a Note Event of Default, 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 Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes or (ii) the Trustee has been advised by such professional advisers as are selected by the Trustee, upon whom the Trustee shall be entitled to rely, 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 relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or (iii) the Trustee determines that not to effect such disposal would or would be likely to place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

#### *Governing law*

The Issuer Deed of Charge will be governed by English law.

## **6. Bank Account Agreement**

The Issuer, the Cash Manager, the Account Bank and the Trustee will each enter into an agreement (the **Bank Account Agreement**) on or before the Closing Date pursuant to which the Issuer will establish the following bank accounts:

- (a) an account (the **Transaction Account**) into which all Collections in respect of the Loans to be transferred by the Relevant Servicer (as agent for the Issuer or the Relevant Security Agent as the case may be), under the Servicing Agreement (including, for the avoidance of doubt, Prepayment Fees and Break Costs), all drawings under the Liquidity Facility Agreement (other than a Liquidity Stand-by Drawing), all payments to the Issuer under the Interest Rate Swap Agreement and all other amounts received by the Issuer in connection with the Loans or the Loan Security or otherwise received by the Issuer under the Transaction Documents are required to be paid;
- (b) an account (the **Issuer Share Capital Account**) into which the subscription monies in respect of the shares in the Issuer are required to be paid; and
- (c) an account (the **Liquidity Stand-by Account** and, together with the Transaction Account, the Issuer Share Capital Account and any other accounts maintained by the Issuer in accordance with the terms of the Transaction Documents from time to time, the **Issuer Accounts**) which will be opened by the Issuer with the Account Bank when a Liquidity Stand-by Drawing is made and into which the Liquidity Stand-by Drawing will be deposited.

The Relevant Servicer (acting as agent for the Issuer and the Relevant Security Agent, as applicable) will be responsible, pursuant to the terms of the Servicing Agreement, for ensuring that the amounts received in connection with the Loans or the Loan Security are paid into the Transaction Account. Payments out of the Transaction Account will be made in accordance with the provisions of the Cash Management Agreement and the relevant Priority of Payments contained therein as described under "*Cashflows*" below.

If the Account Bank ceases to be an **Eligible Bank** (being a UK bank or a UK branch of a bank the short-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "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 which are rated at least "A" by Fitch, "A1" by Moody's and "AA-" by S&P, or is otherwise acceptable to the Rating Agencies), the Issuer will be required to arrange for the transfer (within 30 days) of the Issuer Accounts to an Eligible Bank on terms acceptable to the Trustee.

#### *Governing law*

The Bank Account Agreement will be governed by English law.

## **7. Corporate Services Agreement and Options Holder Corporate Services Agreement**

### *Corporate Services Agreement*

The Issuer, the Corporate Services Provider and the Share Trustee will each enter into a services agreement (the **Corporate Services Agreement**) on or before the Closing Date pursuant to which the Corporate Services Provider will agree to provide certain administrative services to the Issuer. Pursuant to the Corporate Services Agreement and the terms of a corporate services fee letter (the **Corporate Services Fee Letter**), to be entered into, *inter alia*, the Issuer and the Corporate Services Provider, the Corporate Services Provider will be entitled to receive a fee for the provision of those administrative and certain other corporate services. The Corporate Services Agreement may be terminated by either the Issuer or the Corporate Services Provider pursuant to its terms, but such termination shall only take effect when a substitute corporate services provider has been appointed (on substantially the same terms as the Corporate Services Provider) in accordance with the Corporate Services Agreement.

The Corporate Services Agreement will be governed by English law.

### *Options Holder Corporate Services Agreement*

Options Holder, the Corporate Services Provider and the Share Trustee have each entered into a services agreement (the **Options Holder Corporate Services Agreement**) on 22 March 2005 pursuant to which the Corporate Services Provider agreed to provide certain administrative services to Options Holder. The Corporate Services Provider is entitled to receive a fee for the provision of such services. The Issuer may contribute, in whole or in part, towards the payment of this fee, subject to the agreement of the Issuer, Options Holder and any other person presently contributing to or paying such fee on behalf of Options Holder.

### *Governing law*

The Options Holder Corporate Services Agreement is governed by English law.

## **8. Call Option Agreement**

The Call Option Agreement will be entered into between the Trustee, the Issuer and Options Holder pursuant to which a Post-Enforcement Call Option and a Post-Redemption Call Option will be granted to Options Holder. The terms of the post-enforcement call option (the **Post-Enforcement Call Option**) will require 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, in accordance with the terms 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, respectively, to transfer the Notes to Options Holder in the following circumstances:

- (a) upon exercise of the Post-Enforcement Call Option by Options Holder following the enforcement of the Issuer Security; and
- (b) a determination by professional advisers selected by the Trustee that the proceeds of such enforcement are insufficient after payment of all other claims ranking in priority to the Notes; and
- (c) after the application of any such proceeds to the Notes under the Post-Acceleration Priority of Payments to pay any further principal, interest or any other amounts due in respect of the Notes,

these conditions being, for the avoidance of doubt, cumulative.

The Class A Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders, Class E Noteholders, the Class F Noteholders and the holder of any undertaking issued by the Issuer to pay any amount of AFC Excess Interest Amounts will be paid a nominal amount only for such transfer.

The terms of the post-redemption call option (the **Post-Redemption Call Option**) will require the Class F Noteholders, in accordance with the terms of the Class F Notes, to transfer the benefit of any undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts to Options Holder from (and including) the Business Day immediately following a redemption in full of the Notes pursuant to **Condition 6** (Redemption). The holder of any undertaking issued by the Issuer to pay any amount of AFC Excess Interest Amounts will be paid a nominal amount only for such transfer.

Any undertakings issued by the Issuer in respect of such AFC Excess Interest Amounts will be non transferable or assignable save in accordance with the Call Option Agreement.

*Governing law*

The Call Option Agreement will be governed by English law.

**9. Agency Agreement**

Pursuant to an agency agreement to be entered into on or prior to the Closing Date (the **Agency Agreement**) between the Issuer, the Trustee, the Principal Paying Agent, the Irish Paying Agent and the Agent Bank, provision will be made for, among other things, payment of principal and interest in respect of the Notes of each Class.

*Governing law*

The Agency Agreement will be governed by English law.

**10. Master Definitions Schedule**

On or prior to the Closing Date, each of the Issuer, the Trustee, the Cash Manager, the Account Bank, the Liquidity Facility Provider, the Master Servicer, the Special Servicer, the Agent Bank, the Paying Agents and the Corporate Services Provider will sign, for the purposes of identification only, a definitions schedule (the **Master Definitions Schedule**) incorporating the definitions applicable to each of the Transaction Documents where not otherwise defined therein.

## CASHFLOWS

The payment priorities in respect of the Transaction Account will be set out in the Cash Management Agreement. Prior to the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will be responsible for making any payments of principal on the Notes from amounts credited to the Principal Ledger on the Transaction Account (in accordance with the Pre-Acceleration Principal Priority of Payments) and for making payments of, among other things, interest on the Notes from the Revenue Ledger on the Transaction Account (in accordance with the Pre-Acceleration Revenue Priority of Payments). From and including the time at which the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Acceleration Priority of Payments.

### *Payments from amounts credited to the Revenue Ledger – Revenue Priority Amounts*

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager (on behalf of the Issuer) will, on any Business Day, (including an Interest Payment Date) pay out of the Adjusted Available Issuer Income (as defined below) standing to the credit of the Transaction Account and credited to the Revenue Ledger, (i) (prior to the Trustee taking any steps to enforce the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation and (ii) any periodic payments due pursuant to the Interest Rate Swap Agreement (together the **Revenue Priority Amounts**), provided that on any Interest Payment Date, such payment shall be made in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

### *Pre-Acceleration Revenue Priority of Payments*

Prior to (i) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and (ii) the Trustee taking any steps to enforce the Issuer Security, the Cash Manager (on behalf of the Issuer) will, on each Interest Payment Date, apply Adjusted Available Issuer Income (as defined below) credited to the Revenue Ledger in the following order of priority (the **Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and *pro rata*, the Trustee and any person appointed by it under the Trust Deed, the Issuer Deed of Charge or any other Transaction Document to which it is a party;
- (b) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to, *pari passu* and *pro rata*, the Paying Agents and the Agent Bank under the Agency Agreement and the Account Bank under the Bank Account Agreement;
- (c) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to, *pari passu* and *pro rata*: (i) the Master Servicer in respect of the Servicing Fee and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Master Servicer or the Special Servicer pursuant to the Servicing Agreement (including Liquidation Fees or Restructuring Fees) (including in each case, a reimbursement of any amounts of Loan Protection Advances made by the Master Servicer or the Special

Servicer on behalf of the Issuer) and (ii) the Cash Manager pursuant to the Cash Management Agreement;

- (d) in or towards satisfaction, *pari passu* and *pro rata* according to amounts then due, of any amounts due and payable by the Issuer on such Interest Payment Date to:
  - (i) the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter; and
  - (ii) any payment of Revenue Priority Amounts to third parties (other than the Issuer Secured Creditors) incurred by the Issuer in the ordinary course of its business;
- (e) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (f) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement (other than any Subordinated Interest Rate Swap Amounts);
- (g) in or towards payment *pari passu* and *pro rata* according to the respective amounts of any amounts the Issuer has agreed to pay or otherwise provide to a Borrower in respect of Loan Protection Advances (in each case to the extent not already paid from amounts standing to the credit of the relevant Rent Account, a Loan Protection Drawing or by the Master Servicer or the Special Servicer);
- (h) in or towards payment *pari passu* and *pro rata* of (x) interest due and overdue (and all interest due on such overdue interest) on the Class A Notes and (y) any amounts in respect of Deferred Consideration to the Seller or its assignee or as the Seller may direct in accordance with the terms of the Loan Sale Agreement;
- (i) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;
- (j) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;
- (k) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;
- (l) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;
- (m) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class F Notes, other than any AFC Excess Interest Amounts;
- (n) in or towards payment of any Liquidity Subordinated Amounts payable by the Issuer on such Interest Payment Date to the Liquidity Facility Provider;
- (o) in or towards payment of any Subordinated Interest Rate Swap Amounts payable by the Issuer on such Interest Payment Date to the Interest Rate Swap Provider;

- (p) to retain in a separate ledger in the Transaction Account (the **Tax Reserve Ledger**) an amount equal to 0.01 per cent. of Available Issuer Income in respect of such Interest Payment Date; and
- (q) any surplus to the Issuer.

**Adjusted Available Issuer Income** on any date means Available Issuer Income plus the following drawings under the Liquidity Facility Agreement, in each case standing to the credit of the Transaction Account:

- (a) Loan Protection Drawings;
- (b) Loan Income Deficiency Drawings; and
- (c) Revenue Priority Amount Drawings.

**Subordinated Interest Rate Swap Amount** means any termination amount due to the Interest Rate Swap Provider as a result of:

- (a) the occurrence of an Interest Rate Swap Termination Event in respect of the Interest Rate Swap Provider (including, for the avoidance of doubt, where the Interest Rate Swap Provider is the Defaulting Party (as defined in the Interest Rate Swap Agreement)); or
- (b) the failure by the Interest Rate Swap Provider to comply with the requirements under the Interest Rate Swap Agreement in relation to loss of Minimum Interest Rate Swap Provider Ratings (as defined above in the section entitled "*Transaction Documents – the Interest Rate Swap Agreement*").

*Pre-Acceleration Principal Priority of Payments*

Prior to (i) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or (ii) the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will, on each Interest Payment Date, apply Available Issuer Principal credited to the Principal Ledger in the order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full) set out in the relevant paragraph of **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds).

*Post-Enforcement/Pre-Acceleration Priority of Payments*

From and including the time at which the Trustee takes any step to enforce the Issuer Security, but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it shall apply:

- (i) Adjusted Available Issuer Income credited to the Revenue Ledger and available for distribution, in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Revenue Priority of Payments, disregarding items **(d)(ii)** and **(q)** and in respect of any Revenue Priority Amounts payable, disregarding amounts payable under limb (i) of the definition of Revenue Priority Amounts for this purpose; and
- (ii) Available Issuer Principal credited to the Principal Ledger and available for distribution in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-

Acceleration Principal Priority of Payments, disregarding the items set out at **Condition 6.3(b)(viii) and (c)(iii)** for this purpose,

such priorities of payments, together, the **(Post-Enforcement/Pre-Acceleration Priority of Payments)**. Thereafter any surplus shall be paid into a designated account to be established for this purpose by the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it.

#### *Post-Acceleration Priority of Payments*

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be required to apply all funds received or recovered by it (other than any amount in respect of Prepayment Fees, Break Costs, Interest Rate Swap Breakage Receipts subject to the Interest Rate Swap Breakage Receipts Priority of Payments and any principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing) in accordance with the following order of priority (the **Post-Acceleration Priority of Payments** and together with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, the **Priority of Payments**) (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 Cash Management Agreement:

- (a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and *pro rata*, the Trustee and any receiver or other person appointed by any of them under the Trust Deed, the Issuer Deed of Charge (or any other Transaction Document to which it is a party);
- (b) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*, the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders without corresponding payment of funds by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents or the Agent Bank pursuant to the Agency Agreement and the Account Bank under the Bank Account Agreement;
- (c) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*: (i) the Master Servicer in respect of the Servicing Fee and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Master Servicer or the Special Servicer pursuant to the Servicing Agreement (including Liquidation Fees or Restructuring Fees) (including in each case, the reimbursement of any Loan Protection Advances made by the Master Servicer or the Special Servicer on behalf of the Issuer) and (ii) the Cash Manager pursuant to the Cash Management Agreement;
- (d) in or towards satisfaction, *pari passu* and *pro rata* according to the amounts then due, of any amounts due and payable by the Issuer to the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter;
- (e) in or towards satisfaction of any amounts due and payable by the Issuer to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (f) in or towards satisfaction of any amounts due and payable by the Issuer to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement (other than any Subordinated Interest Rate Swap Amounts);

- (g) in or towards payment, *pari passu* and *pro rata*, of (x) any principal and interest due and overdue (and all interest due on such overdue interest) on the Class A Notes and (y) any amounts in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement;
- (h) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;
- (i) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;
- (j) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;
- (k) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;
- (l) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest), on the Class F Notes, other than any AFC Excess Interest Amounts;
- (m) in or towards payment of any Liquidity Subordinated Amounts payable to the Liquidity Facility Provider;
- (n) in or towards payment of any Subordinated Interest Rate Swap Amounts payable by the Issuer to the Interest Rate Swap Provider; and
- (o) any surplus to the Issuer.

*Application of Prepayment Fees*

All amounts received or recovered by the Issuer in respect of any Prepayment Fees will be applied by the Issuer or, from and including the time at which the Trustee takes any step to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

*Break Costs Priority of Payments*

On any Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date), any Break Costs received by the Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Break Costs Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

- (i) in or towards payment of any amount due and payable by the Issuer on that Interest Payment Date or other relevant date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement, arising as a result of the termination of all or part of any Interest Rate Swap Transaction due to the prepayment by such Borrower of all or part of any Loan; and

- (ii) thereafter, in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

*Interest Rate Swap Breakage Receipts Priority of Payments*

On any Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date), any Interest Rate Swap Breakage Receipts received by the Issuer as a result of any termination of all or part of an Interest Rate Swap Transaction following prepayment by a Borrower of all or any part of a Loan during the related Collection Period or following a default by a Borrower, to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Interest Rate Swap Breakage Receipts Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

- (i) in or towards payment of any amount the Issuer (in its capacity as Lender) has or would have to pay to the relevant Borrower under the relevant Credit Agreement in respect of the prepayment by such Borrower of such Loan; and
- (ii) thereafter, in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

*Post Write-off Recovery Funds*

The aggregate amount of any recovery received by the Master Servicer or the Special Servicer on behalf of the Issuer in respect of a Loan following the write-off of such Loan by the Master Servicer or the Special Servicer on the completion of enforcement procedures in relation to such Loan (**Post Write-off Recovery Funds**) will be applied by the Issuer as Available Issuer Income or, following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, by the Trustee as available funds under the Post-Acceleration Priority of Payments.

## SERVICING

### The Master Servicer

Each of the Issuer and the Trustee will appoint Barclays Capital Mortgage Servicing Limited (**BCMSL**) under the terms of a servicing agreement dated on or before the Closing Date (the **Servicing Agreement**) as the initial Master Servicer and Special Servicer of the Loans and to exercise the rights of the Issuer as Lender under the Finance Documents. The Master Servicer will perform the day-to-day servicing of the Loans and to exercise the rights of the Issuer as Lender under the Finance Documents. Following the occurrence of a Special Servicing Event (as defined below) the Special Servicer will commence servicing the relevant Specially Serviced Loan. The Master Servicer will continue to service other commercial mortgage loans in addition to the Loans under the Finance Documents.

Each Security Agent will appoint the Master Servicer and the Special Servicer, as its agents pursuant to the terms of the Servicing Agreement. The Master Servicer or, in respect of a Specially Serviced Loan, the Special Servicer, will exercise all duties, powers, directions and rights of each Security Agent under the relevant Finance Documents (including each relevant Credit Agreement). In acting as agent for the Relevant Security Agent, the Master Servicer or the Special Servicer must act in accordance with the Servicing Standard (as defined below), the provisions of the Servicing Agreement, the relevant Credit Agreement and (in the case of the Trafalgar Square Loan) the Trafalgar Square Intercreditor Agreement.

### Servicing of the Loans

Servicing procedures will include monitoring compliance with and administering the options available to each Borrower under the terms and conditions of the relevant Credit Agreement. The Master Servicer and (where applicable) the Special Servicer shall take all measures it deems necessary or appropriate in its due professional discretion to administer and collect the Loans and in exercising its obligations and discretions under the Servicing Agreement in its capacity as agent of the Issuer and the Relevant Security Agent. Each of the Master Servicer and the Special Servicer must act in accordance with the following requirements and, in the event that the Master Servicer or Special Servicer considers there to be a conflict between them, in the following priority:

- (a) all applicable legal and regulatory requirements;
- (b) the terms of the applicable Loan Documentation in respect of the Serviced Loans (including the Trafalgar Square Intercreditor Agreement);
- (c) the directions of the Trustee (if any) which can only be given after the Issuer Security has become enforceable;
- (d) the **Servicing Standard** being the maximisation of recovery of funds taking into account:
  - (i) the likelihood of recovery of amounts due in respect of that Loan;
  - (ii) the timing of recovery;
  - (iii) the costs of recovery, and
  - (iv) the interests of the Issuer, subject to the terms of the Trafalgar Square Intercreditor Agreement,

giving due and careful consideration to customary and usual standards of practice of a reasonably prudent commercial mortgage lender servicing loans similar to the Loans in the United Kingdom and without regard to any fees or other compensation to which it is entitled, or the ownership by it or any of its affiliates of an interest in the Notes, the Junior Trafalgar Square Loan or any relationship the Master Servicer or the Special Servicer or any of their respective affiliates or any other person may have with any Borrower, Obligor or any other party to the Transaction Documents.

### **Appointment of the Special Servicer**

The Master Servicer or the Special Servicer, as applicable, will promptly give notice to the Issuer, the Trustee, the Cash Manager, the Operating Adviser, the Rating Agencies, the Junior Trafalgar Square Lender and the Special Servicer (where applicable) of the occurrence of any Special Servicing Event in respect of a Loan. Upon the delivery of such notice, that Loan will become a **Specially Serviced Loan**.

A **Special Servicing Event** in respect of a Loan will be the occurrence of any of the following:

- (a) a payment default occurring with regards to any payment due on the maturity of the relevant Loan (taking into account any permitted extensions to its maturity);
- (b) a scheduled payment due and payable in respect of the relevant Loan being delinquent for more than 60 days past its due date;
- (c) insolvency or bankruptcy proceedings being commenced in respect of the Relevant Borrower;
- (d) in the Master Servicer's opinion a breach of a material covenant under the relevant Credit Agreement occurring or, to the knowledge of the Master Servicer, being likely to occur, and in the Master Servicer's opinion such breach is not likely to be cured within 30 days of its occurrence;
- (e) any relevant Obligor notifying the Master Servicer, Special Servicer, the Relevant Security Agent, the Issuer or the Trustee in writing of its inability to pay its debts generally as they become due, its entering into an assignment for the benefit of its creditors or its voluntary suspension of payment of its obligations; or
- (f) any other Loan Event of Default occurring in relation to the relevant Loan that, in the good faith and reasonable judgment of the Master Servicer, materially impairs or could materially impair or jeopardise the Related Security for the relevant Loan or the value thereof as Related Security for that Loan and the ability of a Borrower to satisfy its obligations in respect of the relevant Loan.

Upon a Loan becoming a Specially Serviced Loan, actions in respect of the relevant Loan will be undertaken by the Special Servicer except where otherwise provided. In particular, the Master Servicer will remain responsible for the collection of amounts from the Borrower Accounts and will (in its capacity as agent of each Security Agent) maintain signing authority on the Borrower Accounts.

### **Collection and Enforcement procedures**

The Master Servicer will as permitted by and in accordance with the relevant Credit Agreements (as agent for the Issuer and the Relevant Security Agent) collect all payments due under or in connection with the Loans.

The Master Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Loans. On the occurrence of an event of default under the Loans, the Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer (each as agent for the Issuer and the Relevant Security Agent) will implement enforcement procedures which meet the requirements of the Servicing Agreement. These procedures may involve the deferral of formal enforcement procedures such as the appointment of an LPA Receiver or an administrator and may involve the restructuring of a Loan by the amendment or waiver of certain of the provisions. Any such restructuring will have to comply with the provisions of the Servicing Agreement and, where applicable, the Trafalgar Square Intercreditor Agreement.

### **Amendments to the Finance Documents**

The Master Servicer or the Special Servicer, as applicable, (as agent for the Issuer and the Relevant Security Agent) may (but will not be obliged to) in accordance with the Servicing Standard agree to any request by a Borrower and/or an Obligor, as applicable, to vary, waive or amend the terms and conditions of the relevant Finance Documents. A waiver, variation or amendment of the Finance Documents will only be made if:

- (a) no Acceleration Notice has been given by the Trustee which remains in effect and the Issuer Security has not otherwise become enforceable at the date on which the relevant waiver, amendment or variation is agreed;
- (b) the Issuer will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation, waiver or amendment other than to the extent permitted by the terms of the Credit Agreement;
- (c) the effect of such variation, amendment or waiver would not be to extend the final maturity date of the relevant Loan to a date falling less than two years from the Final Maturity Date;
- (d) each Related Security will continue to include a full first ranking legal mortgage or charge over the legal and beneficial interest in all of the relevant Properties or other security satisfactory to the Master Servicer or the Special Servicer has been obtained; and
- (e) if BCMSL is not the Special Servicer, prior notice of any such amendment, waiver or variation is given to the Special Servicer,

unless prior written confirmation has been received from the Rating Agencies that any such amendment, variation or waiver will not result in the then current ratings of any Notes being adversely affected or, if the Rating Agencies confirm that such amendment, variation or waiver will have an adverse effect, or fail or refuse to give any such confirmation, on the then current ratings of the Notes or the Notes of any class, the Trustee has consented to the amendment, variation or waiver.

### **Loan Protection Advances**

The terms of the Credit Agreements require the Borrowers to comply with their obligation to make certain payments to third parties such as insurers, landlords and swap providers and other third parties in connection with operating expenses. Failure by a Borrower to make such payments when due could result in the arrangements with the third party being terminated, which could jeopardise the interests of the Issuer. If (a) the Credit Agreement permits the Lender or the Relevant Security Agent to make any such third party payments on the Borrower's behalf and requires the Borrower to reimburse the Lender or, as the case may be, the Relevant Security Agent for any payments so made and (b) the Relevant Servicer determines, having undertaken a Recoverability Determination, that it would be in the interests of the Issuer to make the payment, the Relevant Servicer may arrange for the payment, directly to the third party, of the amount due.

If the Relevant Servicer determines that a third party payment should be made it will first use any amounts standing to the credit of the relevant Rent Account, in accordance with the terms of the relevant Credit Agreement. If insufficient funds are available in the Rent Account to make the third party payment, the Relevant Servicer will notify the Cash Manager of the amount of such shortfall and the Issuer will make a loan protection advance in the amount of such shortfall subject to the terms of the Transaction Documents (any such payment being a **Loan Protection Advance**). Upon receipt of such notice, the Cash Manager will make a Loan Protection Drawing in an amount equal to the required Loan Protection Advance in accordance with the terms of the Liquidity Facility Agreement (see "*Transaction Accounts - Liquidity Facility Agreement*" above). To the extent that any Loan Protection Advance cannot be funded from the proceeds of any Loan Protection Drawing the Relevant Servicer may (in its sole discretion), make all or part of the payment to the third party using its own funds in which case such amounts will be repaid by the Issuer from Available Issuer Income on the Interest Payment Date immediately following the date on which such Loan Protection Advance is made together with interest thereon at a rate of one per cent. per annum over the base lending rate, from time to time, of Barclays Bank PLC or such UK clearing bank as the Master Servicer or the Special Servicer, as the case may be, and the Trustee may agree. To the extent that any Loan Protection Advance cannot be funded from the proceeds of any Loan Protection Drawing and the Relevant Servicer does not want to fund all or part of such advance using its own funds, and such Loan Protection Advance is to be made on an Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager will use Available Issuer Income to the extent of any shortfall, in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments.

In determining whether or not the Issuer or the Relevant Servicer should make a Loan Protection Advance, the Relevant Servicer will be required to make a determination as to whether the Loan will generate sufficient income and/or have a sufficiently high value to repay all amounts due under the Loan and any amounts in respect of the Loan Protection Advance (a **Recoverability Determination**). In making a Recoverability Determination the Relevant Servicer must have regard to, among other things, the value of the property, the amount of any proposed Loan Protection Advance, the amount of any costs if the Loan Protection Advance were not made (including swap termination amounts) and the cost and timing of any refinancing or potential refinancing.

### **Loan Income Deficiency Drawings**

Under the terms of the Servicing Agreement, the Master Servicer or the Special Servicer, as applicable, to the extent that the Relevant Borrower fails to pay any amount (in whole or in part) in respect of any amount of scheduled interest due under the relevant Credit Agreement, shall notify the Cash Manager of the amount of such shortfall and, upon receipt of such notice, the Cash Manager must make a Loan Income Deficiency Drawing on the immediately following Business Day, subject to the terms of the Liquidity Facility Agreement. A Loan Income Deficiency Drawing will not be available in respect of any amount not paid in respect of the Junior Trafalgar Square Loan.

### **Servicer quarterly report and quarterly financial report**

Pursuant to the Servicing Agreement, the Master Servicer (where applicable acting on information provided by the Special Servicer) will agree to deliver (i) to the Issuer, the Trustee, the Cash Manager, the Special Servicer (where necessary) and the Rating Agencies as soon as is reasonably practical after each Loan Interest Payment Date a servicing report in respect of the performance of the Loans and the Collections and containing information in respect of the Properties (to the extent such information is provided by the Borrowers) during the related Collection Period and (ii) to the Cash Manager on or prior to each Calculation Date a financial report in respect of, *inter alia*, the Collections. The Master Servicer will endeavour to comply with current market reporting standards in respect of commercial mortgages which have been securitised in the United Kingdom. The Cash

Manager will provide or make available through its website (which is located at [www.jpmorganaccess.com](http://www.jpmorganaccess.com)<sup>6</sup>) to the Trustee, for the benefit of, *inter alia*, each Noteholder, a statement to Noteholders. The statement to Noteholders shall be based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

## Insurance

The Relevant Servicer will, as agent for the Issuer or the Relevant Security Agent, as the case may be, monitor the arrangements for insurance which relate to the Loans and the Loan Security and will establish and maintain procedures to ensure that all Insurance Policies in respect of the Properties are renewed on a timely basis.

To the extent that the Issuer and/or the Relevant Security Agent has power to do so under a policy of buildings insurance, the Relevant Servicer will, as soon as practicable after becoming aware of the occurrence of any event giving rise to a claim under such Insurance Policy, prepare and submit as agent of the Issuer or the Relevant Security Agent, as the case may be, such claim on behalf of the Issuer and/or the Relevant Security Agent in accordance with the terms and conditions of such Insurance Policy and with any requirements of the relevant insurer.

The Relevant Servicer will, as agent of the Issuer and the Relevant Security Agent, use reasonable endeavours to procure that each Borrower complies with its obligations in respect of insurance in accordance with the terms of the relevant Credit Agreement. If the Relevant Servicer becomes aware that a Borrower has failed to pay premiums due under any policy of buildings insurance, the Relevant Servicer may, provided that the conditions specified under "Loan Protection Advances" above are satisfied, make a Loan Protection Advance and pay premiums due and payable under any policy of buildings insurance in order that the cover provided by such Insurance Policy does not lapse.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any of the Properties is otherwise not insured against fire and other perils (including subsidence) under a comprehensive buildings Insurance Policy or similar policy in accordance with the terms of the relevant Credit Agreement, the Relevant Servicer, as agent of the Issuer and the Relevant Security Agent, will arrange such insurance in accordance with the terms of that Credit Agreement. Under the terms of the Credit Agreements, the Relevant Borrower is required to reimburse the Issuer for such costs of insurance. See also "*Risk Factors - Insurance*" above.

## Fees

On each Interest payment Date, the Master Servicer will be entitled to receive a fee for servicing the Loans of up to 0.08 per cent. per annum, plus value added tax, if applicable, of the principal balance outstanding of the Loans (other than any Specially Serviced Loans) and a fee for reporting in respect of the Loans equal to 0.02 per cent. per annum, plus value added tax, if applicable, of the principal balance outstanding of the Loans (together, the **Servicing Fee**). The Servicing Agreement will also provide for the Master Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Master Servicer in the performance of its services under the Servicing Agreement. On each Interest Payment Date the Issuer will pay to the Master Servicer all amounts due to the Master Servicer subject to the relevant Priority of Payments (see further "*Cashflows*").

Pursuant to the Servicing Agreement, if the Special Servicer is appointed in respect of any Loan, the Issuer will be required to pay to the Special Servicer a fee (the **Special Servicing Fee**) up to 0.25 per

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<sup>6</sup> The [www.jpmorganaccess.com](http://www.jpmorganaccess.com) website and the contents thereof do not form any part of this Offering Circular.

cent. per annum plus value added tax, if applicable, of the then principal balance outstanding of that Specially Serviced Loan, subject to the relevant Priority of Payments (see further "*Cashflows*") for a period commencing on the date the relevant Loan becomes a Specially Serviced Loan and ending on the date on which the properties are sold on enforcement or, if earlier, the date on which that Loan is deemed to be corrected.

A Loan will be deemed to be **corrected** and the servicing in respect of such Loan will pass to the Master Servicer and it will cease to be a Specially Serviced Loan if any of the following occurs with respect to the circumstances identified (and provided that no other Special Servicing Event then exists with respect to that Loan):

- (a) with respect to the circumstances described in items (b) in the definition of Special Servicing Event, the Relevant Borrower has made one timely quarterly payment in full;
- (b) with respect to the circumstances described in items (c) in the definition of Special Servicing Event such proceedings are terminated;
- (c) with respect to the circumstances described in item (d) in the definition of Special Servicing Event such circumstances cease to exist in the good faith and reasonable judgment of the Special Servicer;
- (d) with respect to the circumstances described in item (e) in the definition of Special Servicing Event the relevant Obligor ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or
- (e) with respect to the circumstances described in item (f) in the definition of Special Servicing Event such default is cured.

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.

In addition to the Special Servicing Fee, the Special Servicer will be entitled to a fee (the **Liquidation Fee**) in respect of the Loans equal to an amount of up to a maximum of one per cent. (exclusive of value added tax) of the aggregate of (i) the proceeds (net of all costs and expenses (including any swap breakage costs) incurred as a result of the default of the Loan, enforcement and sale), together with (ii) any swap breakage gains, in each case arising on the sale of any Property or Properties while the relevant Loan was a Specially Serviced Loan.

In addition to the Special Servicing Fee and the Liquidation Fee (if any) in respect of the Loans, the Special Servicer will be entitled to receive a fee (the **Restructuring Fee**) in consideration of providing services in relation to any Specially Serviced Loan to be payable at such time as the Loan is deemed to be corrected. When a Loan is deemed to be corrected, the Restructuring Fee will be equal to an amount up to a maximum of one per cent. (exclusive of value added tax) of each collection of principal and interest received on the relevant Loan (but only, in relation to collections of principal, if and to the extent that such principal received reduces the amount of principal outstanding under the relevant Loan to below the amount of principal outstanding under the relevant Loan at the date it was first deemed to be corrected) for so long as it continues to be deemed corrected. The Restructuring Fee with respect to the relevant Loan will cease to be payable if the relevant Loan is no longer deemed to be corrected, but will again become payable if and when the relevant Loan is again deemed to be corrected to the Special Servicer appointed in respect of that Loan at the date on which it is deemed to be corrected again. Non-payment of the Restructuring Fee will not entitle the Special Servicer to terminate the arrangements under the Servicing Agreement.

The Special Servicer, to the extent permitted by the relevant Credit Agreement (including any amendments to such Credit Agreements), may seek to recover any Restructuring Fees and Liquidation Fees from the Relevant Borrower.

The Liquidation Fee and the Restructuring Fee will only be payable to the extent that the Issuer has sufficient funds to pay such amount as provided in the relevant Priority of Payments (see further "*Cashflows*").

### **Removal or resignation of the Master Servicer or the Special Servicer**

The appointment of the Master Servicer or the Special Servicer, as applicable, in each case as agent for the Issuer and the Relevant Security Agent may be terminated by the Trustee or the Issuer (with the consent of the Trustee) upon written notice to the Master Servicer or the Special Servicer, as the case may be, on the occurrence of certain events (each a **Servicer Termination Event**), including if:

- (a) the Master Servicer or the Special Servicer, as applicable, fails to pay or to procure the payment of any amount due and payable by it and either (i) such payment is not made within five Business Days of such time or (ii) if the Master Servicer's or the Special Servicer's, as applicable, failure to make such payment was due to inadvertent error, such failure is not remedied for a period of ten Business Days after the Master Servicer or the Special Servicer, as applicable, becomes aware of the default;
- (b) subject as provided further in the Transaction Documents, the Master Servicer or the Special Servicer, as applicable, fails to comply with any of its covenants and obligations under the Servicing Agreement which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Notes and such failure either is not remediable or is not remedied for a period of 30 Business Days after the earlier of the Master Servicer or the Special Servicer, as the case may be, becoming aware of such default and delivery of a written notice of such default being served on the Master Servicer or the Special Servicer, as applicable, by the Issuer or the Trustee;
- (c) at any time the Master Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licenses or regulatory approvals enabling it to continue servicing any Loan; or
- (d) the occurrence of an Insolvency Event in relation to the Master Servicer or the Special Servicer.

In addition, if the Issuer is so instructed by the Controlling Creditor the Issuer will terminate the appointment of the person then acting as special servicer of a Loan and, subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in replacement of the existing special servicer). There may be different special servicers appointed in respect of the Loans.

**Controlling Creditor** means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or
- (b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes.

Prior to or contemporaneously with any termination of the appointment of the Master Servicer or the Special Servicer, as the case may be, it will first be necessary for the Issuer and the Trustee to appoint a substitute master servicer or substitute special servicer, as the case may be, approved by the Trustee.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute master servicer or substitute special servicer, as the case may be, has been appointed, the Master Servicer or Special Servicer, as the case may be, both as agent of the Issuer and the Relevant Security Agent may voluntarily resign by giving not less than three months' notice of termination to the Issuer, the Relevant Security Agent and the Trustee.

Any such substitute master servicer or substitute special servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Master Servicer or Special Servicer, as the case may be) will be required to have experience of servicing loans secured on commercial mortgage properties in England and will enter into an agreement on substantially the same terms in all material aspects as the Servicing Agreement, taking into account also what is market standard for such agreements in similar transactions at the time. Under the terms of the Servicing Agreement, the appointment of a substitute master servicer or substitute special servicer, as the case may be, will be subject to the Rating Agencies confirming that the appointment will not adversely affect the then current ratings (if any) of any Class of Notes unless otherwise agreed by Extraordinary Resolutions of each Class of Noteholders. Any costs incurred by the Issuer as a result of appointing any such substitute master servicer or substitute special servicer shall, save as specified above, be paid by the Master Servicer or Special Servicer (as the case may be) whose appointment is being terminated. The fee payable to any such substitute master servicer or substitute special servicer in each case acting as agent for the Issuer and the Relevant Security Agent should not, without the prior written consent of the Trustee, exceed the amount payable to the Master Servicer or Special Servicer, as applicable, pursuant to the Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services.

Forthwith upon termination of the appointment of, or the resignation of, the Master Servicer or Special Servicer, the Master Servicer or Special Servicer (as the case may be) must deliver any documents and all books of account and other records maintained by the Master Servicer or Special Servicer relating to the Loans and/or the Loan Security to, or at the direction of, the substitute master servicer or substitute special servicer and shall take such further action as the substitute master servicer or substitute special servicer, as the case may be, shall reasonably request to enable the substitute master servicer or the substitute special servicer, as the case may be, to perform the services due to be performed by the Master Servicer or the Special Servicer under the Servicing Agreement.

### **Appointment of the Operating Adviser**

The Controlling Creditor may elect to appoint a representative (the **Operating Adviser**) to represent its interests. The Special Servicer must notify the Operating Adviser prior to doing any of the following in relation to a Specially Serviced Loan:

- (a) the appointment of a receiver or administrator or similar actions to be taken in relation to any Loan;
- (b) the amendment, waiver or modification of any term of any Finance Documents which, in the opinion of the Special Servicer, 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 Finance Documents; and
- (c) the release of any part of any Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the relevant Credit Agreement.

Before taking any action in connection with the matters referred to in **paragraphs (a) to (c)** above, the Special Servicer must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to fulfil its other obligations under the Servicing Agreement, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If any Operating Adviser objects in writing to the proposed actions to be taken within ten Business Days after being notified of such proposed action and after being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Creditor (but again, without prejudice to the Special Servicer's obligation to act in accordance with the other provisions of the Servicing Agreement). The Special Servicer will not be obliged to take account of the advice of the Operating Adviser if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the Loan and, for 30 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Agreement.

In respect of the Trafalgar Square Loan, the action that may be taken by the Master Servicer or the Special Servicer (as agent of the Issuer and the Relevant Security Agent) will be subject to the rights of the Junior Trafalgar Square Lender under the Trafalgar Square Intercreditor Agreement as applicable. (See above "*The Loan and the Loan Security – Trafalgar Square Intercreditor Agreement*").

#### **Delegation by the Master Servicer and Special Servicer**

The Master Servicer or the Special Servicer, as applicable, may, after giving written notice to the Trustee and the Rating Agencies, delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. No such notice shall be required in connection with the engagement on a case-by-case basis by the Master Servicer or Special Servicer, as applicable, of any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Master Servicer or the Special Servicer, as applicable, of any of their respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Master Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those sub-delegated duties to the Issuer, the Relevant Security Agent and the Trustee.

#### **Governing Law**

The Servicing Agreement will be governed by English law.

## **SELLER/INTEREST RATE SWAP PROVIDER**

Barclays Bank PLC is the Seller under the Loan Sale Agreement and will be appointed to act as Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement.

### **Barclays Bank PLC**

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the "Barclays Group") is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Barclays Group also operates in many other countries around the world. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated "A-1+" by S&P's, "P-1" by Moody's and "F1+" by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated "AA" by S&P's, "Aa1" by Moody's and "AA+" by Fitch Ratings Limited.

From 2005, the Barclays Group will prepare financial statements on the basis of International Financial Reporting Standards ("IFRS"). Based on the unaudited interim financial information as at and for the period ended 30 June 2005, prepared in accordance with IFRS, the Barclays Group had total assets of £850,388 million, total net loans and advances of £272,348 million, total deposits of £302,253 million, and shareholders' equity of £22,050 million (including minority interests of £200 million). The profit before tax of the Barclays Group for the period ended 30 June 2005 was £2,690 million after charging an impairment loss on loans and advances and other credit risk provisions of £706 million.

The Barclays Group's audited financial statements for the year ended 31 December 2004 were prepared in accordance with UK Generally Accepted Accounting Principles (**UK GAAP**). On this basis, as at 31 December 2004, the Barclays Group had total assets of £522,253 million, total net loans and advances of £330,077 million, total deposits of £328,742 million and total shareholders' funds of £18,271 million (including £690 million of non-equity funds). The profit before tax under UK GAAP for the year ended 31 December 2004 was £4,612 million after charging net provisions for bad and doubtful debts of £1,091 million.

## LIQUIDITY FACILITY PROVIDER

CALYON (London Branch), a French *société anonyme*, acting through its office at Broadwalk House, 5 Appold Street, London EC2A 2DA will be appointed to act as Liquidity Facility Provider pursuant to the terms of the Liquidity Facility Agreement.

The Liquidity Facility Provider is engaged in the business of providing commercial banking services, including providing credit facilities similar to the facilities provided by it pursuant to the Liquidity Facility Agreement.

As at the date of this Offering Circular, the long-term, unsecured unsubordinated debt obligations of the Liquidity Facility Provider are rated "AA" by Fitch, "Aa2" by Moody's and "AA-" by S&P, and the short-term, unsecured, unsubordinated debt obligations of the Liquidity Facility Provider are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

The information contained herein with respect to CALYON (London Branch) has been obtained from it. Delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of CALYON (London Branch) since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

## ACCOUNT BANK

JPMorgan Chase Bank, N.A. will be appointed to act as Account Bank pursuant to the terms of the Bank Account Agreement.

### **JPMorgan Chase Bank**

JPMorgan Chase Bank, National Association (**JMPCB**) is a wholly-owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation. JMPCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. It is chartered, and its business is subject to examination and regulation, by the Office of the Comptroller of the Currency, a bureau of the United States Department of the Treasury. It is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation.

Effective 1 July 2004, Bank One Corporation merged with and into JPMorgan Chase & Co., the surviving corporation in the merger, pursuant to the Agreement and Plan of Merger dated as of 14 January 2004.

Prior to 13 November 2004, JMPCB was in the legal form of a banking corporation organized under the laws of the State of New York and was named JPMorgan Chase Bank. On that date, it became a national banking association and its name was changed to JPMorgan Chase Bank, National Association (the **Conversion**). Immediately after the Conversion, Bank One, N.A. (Chicago) and Bank One, N.A. (Columbus) merged into JMPCB.

As at the date of this Offering Circular, the short-term unsecured and unsubordinated debt obligations of the Account Bank are rated "F-1+" by Fitch, "A-1+" by S&P and "P-1" by Moody's and the long-term unsecured and unsubordinated debt obligations of the Account Bank are rated "AA-/A+" by Fitch, "AA-" by S&P and "Aa2" by Moody's.

In its capacity as Account Bank, JPMorgan Chase Bank, N.A. will be acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

The information contained herein with respect to JPMorgan Chase Bank, N.A. and JPMorgan Chase Bank has been obtained from JPMorgan Chase Bank, N.A. Delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank, N.A. since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

## CASH MANAGEMENT

### Cash Manager

On or before the Closing Date the Issuer will enter into a cash management agreement between the Issuer, the Master Servicer, the Special Servicer, the Trustee, the Account Bank, the Cash Manager and the Seller (the **Cash Management Agreement**), pursuant to which each of the Issuer and the Trustee will appoint JPMorgan Chase Bank, N.A. (in its capacity as the **Cash Manager**) to be its agent to provide certain cash management services in respect of the Issuer Accounts (the **Cash Management Services**). The Cash Manager will undertake with the Issuer and the Trustee that, in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will be required to perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will be obliged to comply with any directions, orders and instructions which the Issuer or the Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement, the Trust Deed and the Issuer Deed of Charge.

### Calculation of Amounts and Payments

Under the Servicing Agreement, the Master Servicer is required to identify funds paid under the Credit Agreements and any Related Security, as principal, interest and other amounts on the relevant ledger in accordance with the respective interests of the Issuer, the Junior Lender and the Seller (if any) in the Loans. The Master Servicer will advise the Cash Manager of these determinations and the Cash Manager will allocate funds accordingly. Any such amounts to be paid to the Issuer will be paid to the Transaction Account and credited by the Cash Manager to the relevant ledger set out below. The Cash Manager is required to apply such funds in accordance with the Priority of Payments set out in the Cash Management Agreement and described above. See "*Cashflows*" above.

The Cash Manager will be authorised to invest any available funds standing to the credit of the Transaction Account and the Liquidity Stand-by Account (if applicable) in Eligible Investments in accordance with the provisions of the Cash Management Agreement. All amounts earned on such investments of amounts held in the Transaction Account and the Liquidity Stand-by Account will be included in Available Issuer Income.

On each Calculation Date, the Cash Manager is required to determine, from information provided by the Master Servicer in respect of the Collections from the immediately preceding Collection Period, 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 for each class of Notes for the Interest Period commencing on the next following Interest Payment Date and the amount of each principal payment (if any) due on each class of Notes on the next following Interest Payment Date.

The Cash Manager will from time to time, pay, on behalf of the Issuer, all periodic and non-recurring expenses of the Issuer.

The Cash Manager will make all payments to the Paying Agents as required to carry out an optional redemption of Notes pursuant to **Condition 6.2** (Redemption for taxation or other reasons) or **Condition 6.4** (Redemption upon exercise of Servicer Call Option), in each case according to the provisions of the relevant Condition. See further "*Terms and Conditions of the Notes*".

The Cash Manager will make requests for drawings under the Liquidity Facility on behalf of the Issuer in accordance with the terms of the Liquidity Facility Agreement, including Loan Income Deficiency Drawings, Loan Protection Drawings and Revenue Priority Amount Drawings and the

Cash Manager will procure the transfer of such drawings to the Transaction Account. See further "*Transaction Documents – Liquidity Facility Agreement*" above.

If a Relevant Event (as defined in the Liquidity Facility Agreement) occurs and is outstanding in relation to the Liquidity Facility Provider and the Issuer has not entered into a replacement liquidity facility with a Qualifying Bank with the Liquidity Requisite Ratings, the Cash Manager shall within five Business Days of the occurrence of the Relevant Event request on behalf of the Issuer a Liquidity Stand-by Drawing in an amount equal to the undrawn portion of the Liquidity Facility Commitment at that time. In the event that the Cash Manager makes a Liquidity Stand-by Drawing on behalf of the Issuer, the Cash Manager shall procure that the Liquidity Stand-by Drawing is credited to the Liquidity Stand-by Account opened with the Account Bank.

If the Cash Manager fails to make a drawing under the Liquidity Facility 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.

**Qualifying Bank** means a Liquidity Facility Provider which is within the charge to UK corporation tax in respect of, and beneficially entitled to, a payment of interest on a Liquidity Loan, where such Liquidity Loan is made by a person that was a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988 (the **Taxes Act**) (as currently defined in section 840A of the Taxes Act) at the time the Liquidity Loan was made.

### **Ledgers**

The Cash Manager will maintain the following ledgers:

- (a) a ledger in respect of revenue (the **Revenue Ledger**);
- (b) a ledger in respect of principal (the **Principal Ledger**);
- (c) a ledger in respect of drawings under the Liquidity Facility (the **Liquidity Ledger**);
- (d) a ledger in respect of Prepayment Fees (the **Prepayment Fees Ledger**);
- (e) a ledger in respect of Break Costs (the **Break Costs Ledger**);
- (f) a ledger in respect of Interest Rate Swap Breakage Receipts (the **Interest Rate Swap Breakage Receipts Ledger**);
- (g) a ledger in respect of Post Write-off Recovery Funds (the **Post Write-off Recovery Funds Ledger**); and
- (h) a ledger in respect of 0.01 per cent. of the Available Issuer Income (the **Tax Reserve Ledger**).

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Trustee, the Master 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 Revenue Ledger with all Available Issuer Income, Loan Income Deficiency Drawings, Loan Protection Drawings and Revenue Priority Amount Drawings transferred and credited to the Transaction Account save, in respect of any Loan Protection Drawings and Revenue Priority Amount Drawings, to the extent such drawings are paid directly to the

relevant third party recipient to which amounts are owed by the Relevant Borrower and in respect of which such a Loan Protection Drawing or a Revenue Priority Amounts Drawing was made and debit the Revenue Ledger with all payments by or on behalf of the Issuer out of Available Issuer Income, Adjusted Available Issuer Income or amounts applied in accordance with the Post-Acceleration Priority of Payments (other than payments made in respect of Post Write-off Recovery Funds, Interest Rate Swap Breakage Receipts allocated to Available Issuer Income or available amounts to be applied under the Post-Acceleration Priority of Payments);

- (b) credit the Principal Ledger with all Available Issuer Principal transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Available Issuer Principal or amounts applied in accordance with the Post-Acceleration Priority of Payments (including, Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds each as defined below) (other than payments made in respect of Interest Rate Swap Breakage Receipts allocated to Available Issuer Principal or available amounts to be applied under the Post-Acceleration Priority of Payments);
- (c) credit the Liquidity Ledger with any amounts paid to the Liquidity Facility Provider on an Interest Payment Date and debit the Liquidity Ledger with all drawings under the Liquidity Facility Agreement;
- (d) credit the Prepayment Fees Ledger with all Prepayment Fees transferred and credited to the Transaction Account and debit the Prepayment Fees Ledger with all payments made out of Prepayment Fees;
- (e) credit the Break Costs Ledger with all Break Costs transferred and credited to the Transaction Account and debit the Break Costs Ledger with all payments made out of Break Costs;
- (f) 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;
- (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; and
- (h) credit the Tax Reserve Ledger with all amounts retained by the Issuer in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments.

### **Cash Management Quarterly Report**

The Cash Manager will on or before each Interest Payment Date deliver to the Issuer, the Trustee, the Master Servicer and the Rating Agencies a report in respect of the immediately preceding Collection Period in which it will notify the recipients of, among other things, all amounts received in the Transaction Account and payments made with respect thereto.

### **Cash Management Fee**

The Issuer will pay to the Cash Manager on each Interest Payment Date a cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all out-of-pocket costs and expenses properly incurred by the Cash Manager in the performance of its services. Any successor cash manager will receive remuneration on the same basis.

### **Termination of Appointment of the Cash Manager**

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:

- (a) 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;
- (b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days; or
- (c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official.

On the termination of the appointment of the Cash Manager by the Issuer or the Trustee, the Issuer or the Trustee may, subject to certain conditions, appoint a successor cash manager.

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

### **Governing law**

The Cash Management Agreement is governed by English law.

## ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loans may, in certain circumstances, be 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. Such assumptions include, without limitation, the following assumptions:

- (a) the Loans making up the Loan Pool are not sold by the Issuer;
- (b) the Loans do not default, nor are they enforced and no loss arises;
- (c) the Closing Date is 20 December 2005;
- (d) the Issuer exercises its option to redeem the Notes following the exercise by the Master Servicer or the Special Servicer, as the case may be, of the 10 per cent. clean-up call as soon as it is exercisable;
- (e) Interest Payment Dates are the 25 of every January, April, July and October, with the first Interest Payment Date being January 2006, regardless of such day being a Business Day;
- (f) none of the Interest Rate Swap Transactions will be terminated;
- (g) the Loans prepay at the rate specific to each scenario set out in the tables below; and
- (h) the average lives of the Notes are calculated on an Actual/365 day count basis.

The assumptions (other than paragraphs (c), (e), and (h) above) relate to circumstances which are not predictable.

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

**Loan Repayment Profile:** The following table shows the Loan repayment profile of the portfolio assuming no prepayments.

Loan Repayment Profile based on Scheduled Repayments (End of Period)								
Period	Date EOP	Flintstone Portfolio	Trafalgar Square	Clifton Portfolio	Pitch	Herbert House	Scheduled amortisation (without balloon)	Scheduled amortisation (with balloon)
	Closing	144,079,502	102,875,000	17,841,600	10,507,500	9,675,000	-	-
1	Jan-06	144,079,502	102,353,000	17,781,600	10,507,500	9,675,000	582,000	582,000
2	Apr-06	144,079,502	101,785,000	17,714,600	10,507,500	9,675,000	635,000	635,000
3	Jul-06	144,079,502	101,314,000	17,657,600	10,507,500	9,675,000	528,000	528,000
4	Oct-06	144,079,502	100,856,000	17,602,600	10,507,500	9,656,000	532,000	532,000
5	Jan-07	144,079,502	100,602,000	17,546,600	10,507,500	9,636,000	330,000	330,000
6	Apr-07	144,079,502	100,440,000	17,487,600	10,507,500	9,613,191	243,809	243,809
7	Jul-07	144,079,502	100,294,000	17,424,600	10,507,500	9,593,191	229,000	229,000
8	Oct-07	144,079,502	100,165,000	17,367,600	10,507,500	9,573,191	206,000	206,000
9	Jan-08	144,079,502	100,031,000	17,315,600	10,507,500	9,548,191	211,000	211,000
10	Apr-08	144,079,502	99,587,000	17,255,600	10,507,500	9,520,691	531,500	531,500
11	Jul-08	144,079,502	99,137,000	17,194,600	10,507,500	9,493,191	538,500	538,500
12	Oct-08	144,079,502	98,700,000	17,136,600	10,507,500	9,465,191	523,000	523,000
13	Jan-09	144,079,502	98,257,000	17,071,600	10,507,500	9,435,191	538,000	538,000
14	Apr-09	144,079,502	97,769,000	16,999,600	10,507,500	9,402,191	593,000	593,000
15	Jul-09	144,079,502	97,293,000	16,936,600	10,507,500	9,369,191	572,000	572,000
16	Oct-09	144,079,502	96,830,000	16,879,600	10,507,500	9,336,191	553,000	553,000
17	Jan-10	144,079,502	96,360,000	16,821,600	10,507,500	9,303,191	561,000	561,000
18	Apr-10	144,079,502	95,846,000	16,758,600	10,507,500	9,270,191	610,000	610,000
19	Jul-10	144,079,502	95,343,000	16,693,600	10,507,500	9,192,191	646,000	646,000
20	Oct-10	144,079,502	94,852,000	16,623,600	10,507,500	9,115,191	638,000	638,000
21	Jan-11	144,079,502	94,354,000	16,551,600	-	9,037,191	648,000	11,155,500
22	Apr-11	144,079,502	93,813,000	16,471,600	-	8,954,691	703,500	703,500
23	Jul-11	144,079,502	93,318,000	16,387,600	-	8,872,191	661,500	661,500
24	Oct-11	144,079,502	92,834,000	16,304,600	-	8,789,691	649,500	649,500
25	Jan-12	144,079,502	92,343,000	16,222,600	-	8,707,191	655,500	655,500
26	Apr-12	144,079,502	91,827,000	16,143,600	-	8,623,191	679,000	679,000
27	Jul-12	144,079,502	91,268,000	-	-	8,538,191	644,000	16,787,600
28	Oct-12	144,079,502	90,719,000	-	-	8,453,191	634,000	634,000
29	Jan-13	144,079,502	90,162,000	-	-	8,364,191	646,000	646,000
30	Apr-13	144,079,502	89,562,000	-	-	8,272,191	692,000	692,000
31	Jul-13	144,079,502	-	-	-	8,180,191	92,000	89,654,000
32	Oct-13	144,079,502	-	-	-	8,088,191	92,000	92,000
33	Jan-14	144,079,502	-	-	-	-	-	8,088,191
34	Apr-14	144,079,502	-	-	-	-	-	-
35	Jul-14	144,079,502	-	-	-	-	-	-
36	Oct-14	144,079,502	-	-	-	-	-	-
37	Jan-15	144,079,502	-	-	-	-	-	-
38	Apr-15	144,079,502	-	-	-	-	-	-
39	Jul-15	144,079,502	-	-	-	-	-	-
40	Oct-15	-	-	-	-	-	-	144,079,502
<b>Total</b>	-	-	-	-	-	-	<b>16,597,809</b>	<b>284,978,602</b>

**Scenario 1: 0% CPR:** The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 0% annual Constant Prepayment Rate (CPR).

Payment Date	Notes Decreasing Balance (End of Period)								Subordination					
	Loans	Class A	Class B	Class C	Class D	Class E	Class F	Notes	Class A	Class B	Class C	Class D	Class E	Class F
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	26.0%	20.0%	14.5%	6.5%	2.2%	0.0%
January 2006	99.8%	99.7%	100.0%	100.0%	100.0%	100.0%	100.0%	99.8%	26.0%	20.0%	14.5%	6.5%	2.2%	0.0%
April 2006	99.6%	99.4%	100.0%	100.0%	100.0%	100.0%	100.0%	99.6%	26.1%	20.1%	14.5%	6.5%	2.2%	0.0%
July 2006	99.4%	99.2%	100.0%	100.0%	100.0%	100.0%	100.0%	99.4%	26.2%	20.1%	14.6%	6.5%	2.3%	0.0%
October 2006	99.2%	98.9%	100.0%	100.0%	100.0%	100.0%	100.0%	99.2%	26.2%	20.2%	14.6%	6.5%	2.3%	0.0%
January 2007	99.1%	98.8%	100.0%	100.0%	100.0%	100.0%	100.0%	99.1%	26.2%	20.2%	14.6%	6.5%	2.3%	0.0%
April 2007	99.0%	98.6%	100.0%	100.0%	100.0%	100.0%	100.0%	99.0%	26.3%	20.2%	14.6%	6.5%	2.3%	0.0%
July 2007	98.9%	98.5%	100.0%	100.0%	100.0%	100.0%	100.0%	98.9%	26.3%	20.2%	14.6%	6.6%	2.3%	0.0%
October 2007	98.8%	98.4%	100.0%	100.0%	100.0%	100.0%	100.0%	98.8%	26.3%	20.2%	14.7%	6.6%	2.3%	0.0%
January 2008	98.8%	98.3%	100.0%	100.0%	100.0%	100.0%	100.0%	98.8%	26.3%	20.2%	14.7%	6.6%	2.3%	0.0%
April 2008	98.6%	98.1%	100.0%	100.0%	100.0%	100.0%	100.0%	98.6%	26.4%	20.3%	14.7%	6.6%	2.3%	0.0%
July 2008	98.4%	97.8%	100.0%	100.0%	100.0%	100.0%	100.0%	98.4%	26.4%	20.3%	14.7%	6.6%	2.3%	0.0%
October 2008	98.2%	97.6%	100.0%	100.0%	100.0%	100.0%	100.0%	98.2%	26.5%	20.4%	14.7%	6.6%	2.3%	0.0%
January 2009	98.0%	97.3%	100.0%	100.0%	100.0%	100.0%	100.0%	98.0%	26.5%	20.4%	14.8%	6.6%	2.3%	0.0%
April 2009	97.8%	97.1%	100.0%	100.0%	100.0%	100.0%	100.0%	97.8%	26.6%	20.4%	14.8%	6.6%	2.3%	0.0%
July 2009	97.6%	96.8%	100.0%	100.0%	100.0%	100.0%	100.0%	97.6%	26.6%	20.5%	14.8%	6.6%	2.3%	0.0%
October 2009	97.4%	96.5%	100.0%	100.0%	100.0%	100.0%	100.0%	97.4%	26.7%	20.5%	14.9%	6.7%	2.3%	0.0%
January 2010	97.2%	96.3%	100.0%	100.0%	100.0%	100.0%	100.0%	97.2%	26.7%	20.6%	14.9%	6.7%	2.3%	0.0%
April 2010	97.0%	96.0%	100.0%	100.0%	100.0%	100.0%	100.0%	97.0%	26.8%	20.6%	14.9%	6.7%	2.3%	0.0%
July 2010	96.8%	95.7%	100.0%	100.0%	100.0%	100.0%	100.0%	96.8%	26.9%	20.7%	15.0%	6.7%	2.3%	0.0%
October 2010	96.6%	95.4%	100.0%	100.0%	100.0%	100.0%	100.0%	96.6%	26.9%	20.7%	15.0%	6.7%	2.3%	0.0%
January 2011	92.6%	90.1%	100.0%	100.0%	100.0%	100.0%	100.0%	92.6%	28.1%	21.6%	15.6%	7.0%	2.4%	0.0%
April 2011	92.4%	89.7%	100.0%	100.0%	100.0%	100.0%	100.0%	92.4%	28.1%	21.6%	15.7%	7.0%	2.4%	0.0%
July 2011	92.2%	89.4%	100.0%	100.0%	100.0%	100.0%	100.0%	92.2%	28.2%	21.7%	15.7%	7.0%	2.4%	0.0%
October 2011	91.9%	89.1%	100.0%	100.0%	100.0%	100.0%	100.0%	91.9%	28.3%	21.7%	15.8%	7.1%	2.4%	0.0%
January 2012	91.7%	88.8%	100.0%	100.0%	100.0%	100.0%	100.0%	91.7%	28.3%	21.8%	15.8%	7.1%	2.4%	0.0%
April 2012	91.5%	88.5%	100.0%	100.0%	100.0%	100.0%	100.0%	91.5%	28.4%	21.9%	15.8%	7.1%	2.4%	0.0%
July 2012	85.6%	82.7%	93.8%	93.8%	93.8%	93.8%	93.8%	85.6%	28.5%	21.9%	15.9%	7.1%	2.5%	0.0%
October 2012	85.4%	82.4%	93.8%	93.8%	93.8%	93.8%	93.8%	85.4%	28.6%	22.0%	15.9%	7.1%	2.5%	0.0%
January 2013	85.1%	82.1%	93.8%	93.8%	93.8%	93.8%	93.8%	85.1%	28.6%	22.0%	16.0%	7.1%	2.5%	0.0%
April 2013	84.9%	81.8%	93.8%	93.8%	93.8%	93.8%	93.8%	84.9%	28.7%	22.1%	16.0%	7.2%	2.5%	0.0%
July 2013	53.4%	46.7%	72.5%	72.5%	72.5%	72.5%	72.5%	53.4%	35.3%	27.1%	19.6%	8.8%	3.0%	0.0%
October 2013	53.4%	46.7%	72.5%	72.5%	72.5%	72.5%	72.5%	53.4%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
January 2014	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
April 2014	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
July 2014	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
October 2014	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
January 2015	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
April 2015	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
July 2015	50.6%	44.2%	68.6%	68.6%	68.6%	68.6%	68.6%	50.6%	35.3%	27.1%	19.7%	8.8%	3.0%	0.0%
October 2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life	8.4	8.2	9.1	9.1	9.1	9.1	9.1	8.4						
First Principal Payment Date		25 January 2006	25 July 2006	25 July 2006	25 July 2006	25 July 2006	25 July 2006	25 January 2006						
Last Principal Payment Date		25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015						

**Scenario 2: 2.5% CPR:** The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 2.5% annual CPR.

Payment Date	Notes Decreasing Balance (End of Period)								Subordination					
	Loans	Class A	Class B	Class C	Class D	Class E	Class F	Notes	Class A	Class B	Class C	Class D	Class E	Class F
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	26.0%	20.0%	14.5%	6.5%	2.2%	0.0%
January 2006	99.2%	99.0%	99.7%	99.7%	99.7%	99.7%	99.7%	99.2%	26.1%	20.1%	14.6%	6.5%	2.2%	0.0%
April 2006	98.3%	98.0%	99.3%	99.3%	99.3%	99.3%	99.3%	98.3%	26.3%	20.2%	14.6%	6.6%	2.3%	0.0%
July 2006	97.5%	97.0%	99.0%	99.0%	99.0%	99.0%	99.0%	97.5%	26.4%	20.3%	14.7%	6.6%	2.3%	0.0%
October 2006	96.7%	96.0%	98.7%	98.7%	98.7%	98.7%	98.7%	96.7%	26.5%	20.4%	14.8%	6.6%	2.3%	0.0%
January 2007	96.0%	95.2%	98.3%	98.3%	98.3%	98.3%	98.3%	96.0%	26.6%	20.5%	14.8%	6.6%	2.3%	0.0%
April 2007	95.3%	94.4%	98.0%	98.0%	98.0%	98.0%	98.0%	95.3%	26.7%	20.6%	14.9%	6.7%	2.3%	0.0%
July 2007	94.6%	93.6%	97.7%	97.7%	97.7%	97.7%	97.7%	94.6%	26.8%	20.6%	15.0%	6.7%	2.3%	0.0%
October 2007	94.0%	92.8%	97.4%	97.4%	97.4%	97.4%	97.4%	94.0%	26.9%	20.7%	15.0%	6.7%	2.3%	0.0%
January 2008	93.3%	92.0%	97.0%	97.0%	97.0%	97.0%	97.0%	93.3%	27.0%	20.8%	15.1%	6.7%	2.3%	0.0%
April 2008	92.5%	91.1%	96.7%	96.7%	96.7%	96.7%	96.7%	92.5%	27.2%	20.9%	15.1%	6.8%	2.3%	0.0%
July 2008	91.8%	90.2%	96.4%	96.4%	96.4%	96.4%	96.4%	91.8%	27.3%	21.0%	15.2%	6.8%	2.4%	0.0%
October 2008	91.0%	89.3%	96.1%	96.1%	96.1%	96.1%	96.1%	91.0%	27.4%	21.1%	15.3%	6.8%	2.4%	0.0%
January 2009	90.3%	88.4%	95.7%	95.7%	95.7%	95.7%	95.7%	90.3%	27.6%	21.2%	15.4%	6.9%	2.4%	0.0%
April 2009	89.5%	87.5%	95.4%	95.4%	95.4%	95.4%	95.4%	89.5%	27.7%	21.3%	15.4%	6.9%	2.4%	0.0%
July 2009	88.8%	86.6%	95.1%	95.1%	95.1%	95.1%	95.1%	88.8%	27.8%	21.4%	15.5%	6.9%	2.4%	0.0%
October 2009	88.0%	85.7%	94.8%	94.8%	94.8%	94.8%	94.8%	88.0%	28.0%	21.5%	15.6%	7.0%	2.4%	0.0%
January 2010	87.3%	84.8%	94.5%	94.5%	94.5%	94.5%	94.5%	87.3%	28.1%	21.6%	15.7%	7.0%	2.4%	0.0%
April 2010	86.6%	83.9%	94.1%	94.1%	94.1%	94.1%	94.1%	86.6%	28.3%	21.7%	15.8%	7.1%	2.4%	0.0%
July 2010	85.8%	83.0%	93.8%	93.8%	93.8%	93.8%	93.8%	85.8%	28.4%	21.9%	15.8%	7.1%	2.4%	0.0%
October 2010	85.1%	82.1%	93.5%	93.5%	93.5%	93.5%	93.5%	85.1%	28.6%	22.0%	15.9%	7.1%	2.5%	0.0%
January 2011	81.1%	76.9%	93.2%	93.2%	93.2%	93.2%	93.2%	81.1%	29.9%	23.0%	16.6%	7.4%	2.6%	0.0%
April 2011	80.4%	76.0%	92.9%	92.9%	92.9%	92.9%	92.9%	80.4%	30.0%	23.1%	16.7%	7.5%	2.6%	0.0%
July 2011	79.7%	75.2%	92.5%	92.5%	92.5%	92.5%	92.5%	79.7%	30.2%	23.2%	16.8%	7.5%	2.6%	0.0%
October 2011	79.0%	74.3%	92.2%	92.2%	92.2%	92.2%	92.2%	79.0%	30.4%	23.3%	16.9%	7.6%	2.6%	0.0%
January 2012	78.3%	73.5%	91.9%	91.9%	91.9%	91.9%	91.9%	78.3%	30.5%	23.5%	17.0%	7.6%	2.6%	0.0%
April 2012	77.6%	72.7%	91.6%	91.6%	91.6%	91.6%	91.6%	77.6%	30.7%	23.6%	17.1%	7.7%	2.6%	0.0%
July 2012	72.1%	67.4%	85.6%	85.6%	85.6%	85.6%	85.6%	72.1%	30.8%	23.7%	17.2%	7.7%	2.7%	0.0%
October 2012	71.5%	66.6%	85.3%	85.3%	85.3%	85.3%	85.3%	71.5%	31.0%	23.9%	17.3%	7.7%	2.7%	0.0%
January 2013	70.9%	65.9%	85.0%	85.0%	85.0%	85.0%	85.0%	70.9%	31.2%	24.0%	17.4%	7.8%	2.7%	0.0%
April 2013	70.2%	65.1%	84.8%	84.8%	84.8%	84.8%	84.8%	70.2%	31.4%	24.1%	17.5%	7.8%	2.7%	0.0%
July 2013	43.9%	36.4%	65.2%	65.2%	65.2%	65.2%	65.2%	43.9%	38.6%	29.7%	21.5%	9.6%	3.3%	0.0%
October 2013	43.6%	36.1%	65.0%	65.0%	65.0%	65.0%	65.0%	43.6%	38.8%	29.8%	21.6%	9.7%	3.3%	0.0%
January 2014	41.0%	33.9%	61.4%	61.4%	61.4%	61.4%	61.4%	41.0%	38.9%	29.9%	21.7%	9.7%	3.3%	0.0%
April 2014	40.8%	33.6%	61.2%	61.2%	61.2%	61.2%	61.2%	40.8%	39.0%	30.0%	21.7%	9.7%	3.4%	0.0%
July 2014	40.5%	33.3%	61.0%	61.0%	61.0%	61.0%	61.0%	40.5%	39.1%	30.1%	21.8%	9.8%	3.4%	0.0%
October 2014	40.3%	33.0%	60.8%	60.8%	60.8%	60.8%	60.8%	40.3%	39.2%	30.2%	21.9%	9.8%	3.4%	0.0%
January 2015	40.0%	32.8%	60.6%	60.6%	60.6%	60.6%	60.6%	40.0%	39.4%	30.3%	21.9%	9.8%	3.4%	0.0%
April 2015	39.7%	32.5%	60.4%	60.4%	60.4%	60.4%	60.4%	39.7%	39.5%	30.4%	22.0%	9.9%	3.4%	0.0%
July 2015	39.5%	32.2%	60.2%	60.2%	60.2%	60.2%	60.2%	39.5%	39.6%	30.5%	22.1%	9.9%	3.4%	0.0%
October 2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life	7.5	7.2	8.6	8.6	8.6	8.6	8.6	7.5						
First Principal Payment Date		25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006						
Last Principal Payment Date		25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015						

**Scenario 3: 5.0% CPR:** The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 5.0% annual CPR.

Payment Date	Notes Decreasing Balance (End of Period)								Subordination					
	Loans	Class A	Class B	Class C	Class D	Class E	Class F	Notes	Class A	Class B	Class C	Class D	Class E	Class F
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	26.0%	20.0%	14.5%	6.5%	2.2%	0.0%
January 2006	98.5%	98.2%	99.3%	99.3%	99.3%	99.3%	99.3%	98.5%	26.2%	20.2%	14.6%	6.5%	2.3%	0.0%
April 2006	97.1%	96.5%	98.6%	98.6%	98.6%	98.6%	98.6%	97.1%	26.4%	20.3%	14.7%	6.6%	2.3%	0.0%
July 2006	95.6%	94.8%	98.0%	98.0%	98.0%	98.0%	98.0%	95.6%	26.6%	20.5%	14.8%	6.6%	2.3%	0.0%
October 2006	94.2%	93.2%	97.3%	97.3%	97.3%	97.3%	97.3%	94.2%	26.8%	20.6%	15.0%	6.7%	2.3%	0.0%
January 2007	92.9%	91.6%	96.7%	96.7%	96.7%	96.7%	96.7%	92.9%	27.0%	20.8%	15.1%	6.7%	2.3%	0.0%
April 2007	91.7%	90.1%	96.0%	96.0%	96.0%	96.0%	96.0%	91.7%	27.2%	20.9%	15.2%	6.8%	2.3%	0.0%
July 2007	90.4%	88.7%	95.3%	95.3%	95.3%	95.3%	95.3%	90.4%	27.4%	21.1%	15.3%	6.8%	2.4%	0.0%
October 2007	89.2%	87.3%	94.7%	94.7%	94.7%	94.7%	94.7%	89.2%	27.6%	21.2%	15.4%	6.9%	2.4%	0.0%
January 2008	88.0%	85.9%	94.1%	94.1%	94.1%	94.1%	94.1%	88.0%	27.8%	21.4%	15.5%	6.9%	2.4%	0.0%
April 2008	86.7%	84.4%	93.4%	93.4%	93.4%	93.4%	93.4%	86.7%	28.0%	21.5%	15.6%	7.0%	2.4%	0.0%
July 2008	85.5%	82.9%	92.8%	92.8%	92.8%	92.8%	92.8%	85.5%	28.2%	21.7%	15.7%	7.0%	2.4%	0.0%
October 2008	84.2%	81.4%	92.2%	92.2%	92.2%	92.2%	92.2%	84.2%	28.4%	21.9%	15.9%	7.1%	2.4%	0.0%
January 2009	83.0%	80.0%	91.5%	91.5%	91.5%	91.5%	91.5%	83.0%	28.7%	22.1%	16.0%	7.2%	2.5%	0.0%
April 2009	81.7%	78.5%	90.9%	90.9%	90.9%	90.9%	90.9%	81.7%	28.9%	22.2%	16.1%	7.2%	2.5%	0.0%
July 2009	80.5%	77.1%	90.3%	90.3%	90.3%	90.3%	90.3%	80.5%	29.1%	22.4%	16.2%	7.3%	2.5%	0.0%
October 2009	79.4%	75.7%	89.7%	89.7%	89.7%	89.7%	89.7%	79.4%	29.4%	22.6%	16.4%	7.3%	2.5%	0.0%
January 2010	78.2%	74.4%	89.1%	89.1%	89.1%	89.1%	89.1%	78.2%	29.6%	22.8%	16.5%	7.4%	2.5%	0.0%
April 2010	77.0%	73.0%	88.5%	88.5%	88.5%	88.5%	88.5%	77.0%	29.9%	23.0%	16.6%	7.4%	2.6%	0.0%
July 2010	75.9%	71.6%	87.9%	87.9%	87.9%	87.9%	87.9%	75.9%	30.1%	23.2%	16.8%	7.5%	2.6%	0.0%
October 2010	74.7%	70.3%	87.3%	87.3%	87.3%	87.3%	87.3%	74.7%	30.4%	23.4%	16.9%	7.6%	2.6%	0.0%
January 2011	70.8%	65.2%	86.7%	86.7%	86.7%	86.7%	86.7%	70.8%	31.8%	24.5%	17.7%	7.9%	2.7%	0.0%
April 2011	69.7%	63.9%	86.1%	86.1%	86.1%	86.1%	86.1%	69.7%	32.1%	24.7%	17.9%	8.0%	2.8%	0.0%
July 2011	68.6%	62.7%	85.5%	85.5%	85.5%	85.5%	85.5%	68.6%	32.4%	24.9%	18.0%	8.1%	2.8%	0.0%
October 2011	67.6%	61.5%	84.9%	84.9%	84.9%	84.9%	84.9%	67.6%	32.6%	25.1%	18.2%	8.1%	2.8%	0.0%
January 2012	66.6%	60.3%	84.3%	84.3%	84.3%	84.3%	84.3%	66.6%	32.9%	25.3%	18.3%	8.2%	2.8%	0.0%
April 2012	65.5%	59.2%	83.7%	83.7%	83.7%	83.7%	83.7%	65.5%	33.2%	25.5%	18.5%	8.3%	2.9%	0.0%
July 2012	60.5%	54.4%	77.9%	77.9%	77.9%	77.9%	77.9%	60.5%	33.5%	25.7%	18.6%	8.3%	2.9%	0.0%
October 2012	59.6%	53.4%	77.4%	77.4%	77.4%	77.4%	77.4%	59.6%	33.8%	26.0%	18.8%	8.4%	2.9%	0.0%
January 2013	58.7%	52.3%	76.9%	76.9%	76.9%	76.9%	76.9%	58.7%	34.1%	26.2%	19.0%	8.5%	2.9%	0.0%
April 2013	57.8%	51.2%	76.4%	76.4%	76.4%	76.4%	76.4%	57.8%	34.4%	26.4%	19.1%	8.6%	3.0%	0.0%
July 2013	35.9%	28.0%	58.5%	58.5%	58.5%	58.5%	58.5%	35.9%	42.4%	32.6%	23.6%	10.6%	3.6%	0.0%
October 2013	35.4%	27.4%	58.1%	58.1%	58.1%	58.1%	58.1%	35.4%	42.7%	32.8%	23.8%	10.6%	3.7%	0.0%
January 2014	33.1%	25.5%	54.7%	54.7%	54.7%	54.7%	54.7%	33.1%	42.9%	33.0%	23.9%	10.7%	3.7%	0.0%
April 2014	32.7%	25.1%	54.3%	54.3%	54.3%	54.3%	54.3%	32.7%	43.2%	33.2%	24.1%	10.8%	3.7%	0.0%
July 2014	32.3%	24.6%	54.0%	54.0%	54.0%	54.0%	54.0%	32.3%	43.5%	33.4%	24.2%	10.8%	3.7%	0.0%
October 2014	31.9%	24.2%	53.6%	53.6%	53.6%	53.6%	53.6%	31.9%	43.8%	33.7%	24.4%	10.9%	3.8%	0.0%
January 2015	31.5%	23.8%	53.3%	53.3%	53.3%	53.3%	53.3%	31.5%	44.0%	33.9%	24.5%	11.0%	3.8%	0.0%
April 2015	31.1%	23.4%	53.0%	53.0%	53.0%	53.0%	53.0%	31.1%	44.3%	34.1%	24.7%	11.1%	3.8%	0.0%
July 2015	30.7%	23.0%	52.6%	52.6%	52.6%	52.6%	52.6%	30.7%	44.6%	34.3%	24.9%	11.1%	3.8%	0.0%
October 2015	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life	6.8	6.3	8.0	8.0	8.0	8.0	8.0	6.8						
First Principal Payment Date		25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006	25 January 2006						
Last Principal Payment Date		25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015	25 October 2015						

## **USE OF PROCEEDS**

The net proceeds from the issue of the Notes will be £284,978,000 and this sum will be applied by the Issuer towards payment to the Seller, pursuant to the terms of the Loan Sale Agreement, of the purchase consideration for the Loans and the related interests in the Loan Security. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Barclays Bank PLC.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions of the Notes in the form in which (subject to modification) they will be set out in the Trust Deed. The Conditions set out below will apply to the Notes in global form.*

The issue of the £210,900,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class A Notes**), the £17,100,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class B Notes**), the £15,700,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class C Notes**), the £22,800,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class D Notes**), the £12,100,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class E Notes**) and the £6,378,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class F Notes** and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the **Notes**) by DRACO (ECLIPSE 2005-4) plc (the **Issuer**) was authorised by a resolution of the board of directors of the Issuer passed on or about 13 December 2005.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated on or about 20 December 2005 (the **Closing Date**) made between the Issuer and J. P. Morgan Corporate Trustee Services Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee(s) under the Trust Deed as trustee(s) for the holders of the Notes (the **Noteholders**)).

The proceeds of the issue of the Notes will be applied in or towards acquiring the Loan Pool from the Seller.

References herein to the Notes shall include reference to:

- (a) whilst the Notes are represented by a Global Note (as defined in **Condition 1.2** (Permanent Global Notes)), units of £50,000 (as reduced by any redemption in part of a Note pursuant to **Condition 6** (Redemption));
- (b) any Global Note; and
- (c) any Definitive Notes (as defined in **Condition 2.1** (Issue of Definitive Notes)) issued in exchange for a Global Note.

References herein to interest include references to any interest deferred in accordance with **Condition 16.1** (Interest) and interest on such deferred interest, unless the context otherwise requires.

The Noteholders are subject to and have the benefit of an agency agreement (as amended and/or supplemented from time to time, the **Agency Agreement**) dated the Closing Date between the Issuer, JPMorgan Chase Bank, N.A. as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in respect of the Notes) and as agent bank (in such capacity, the **Agent Bank**, which expression includes any successor agent bank appointed from time to time in connection with the Notes) and J.P. Morgan Bank (Ireland) plc as Irish paying agent (the **Irish Paying Agent**, which expression includes any successor Irish paying agent appointed from time to time in connection with the Notes and together with the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Notes, the **Paying Agents**) and the Trustee.

The security for the Notes is granted or created pursuant to a deed of charge under English law (the **Issuer Deed of Charge**, which expression includes such deed of charge 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) dated the Closing Date and made between, among others, the Issuer and the Trustee.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Issuer Deed of Charge applicable to them and all the provisions of the other Transaction Documents (including the Bank Account Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Cash Management Agreement, the Interest Rate Swap Agreement, the Loan Sale Documents, the Corporate Services Agreement, the Options Holder Corporate Services Agreement, the Subscription Agreement, the Call Option Agreement and the Master Definitions Schedule (each as defined in the master definitions schedule signed for identification by, among others, the Issuer and the Trustee on or about the Closing Date (the **Master Definitions Schedule**)).

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Issuer Deed of Charge and the other Transaction Documents. Capitalised terms used in these Conditions but not otherwise defined shall have the meanings set out in the Master Definitions Schedule. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule.

As used in these Conditions:

- (a) a reference to a **Class of Notes** or to a **Class of Noteholders** shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes or, as the case may be, the respective holders thereof and **Classes**, in a similar context, shall be construed accordingly; and
- (b) **Most Senior Class of Notes** means:
  - (i) the Class A Notes; or
  - (ii) if no Class A Notes are then outstanding (as defined in the Trust Deed), the Class B Notes (if, at any time, any Class B Notes are then outstanding); or
  - (iii) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (if, at any time, any Class C Notes are then outstanding); or
  - (iv) if no Class A Notes, Class B Notes or Class C Notes are then outstanding, the Class D Notes (if, at any time, any Class D Notes are then outstanding); or
  - (v) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are then outstanding, the Class E Notes (if, at any time, any Class E Notes are then outstanding); or
  - (vi) if no Class A Notes, Class B Notes, Class C Notes, Class D notes or Class E Notes are then outstanding, the Class F Notes (if, at any time, any Class F Notes are then outstanding)

Copies of each of the Transaction Documents are available to Noteholders for inspection at the specified office of each of the Trustee and the Irish Paying Agent.

## 1. GLOBAL NOTES

### 1.1 Temporary Global Notes

The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a **Temporary Global Note**) in the aggregate principal amount on issue of £210,900,000 for the Class A Notes, £17,100,000 for the Class B Notes, £15,700,000 for the Class C Notes, £22,800,000 for the Class D Notes, £12,100,000 for the Class E Notes and £6,378,000 for the Class F Notes.

The Temporary Global Notes will be deposited on behalf of the subscribers of the Notes with a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on the Closing Date. Upon deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit the account of each Accountholder (as defined below) with the principal amount of Notes for which it has subscribed and paid.

### 1.2 Permanent Global Notes

Interests in each Temporary Global Note will be exchangeable on or after the date which falls 40 days after the Closing Date (the **Exchange Date**), provided certification of non-U.S. beneficial ownership (**Certification**) by the relevant Noteholders has been received, for interests in a permanent global Note of the relevant Class (each a **Permanent Global Note**) which will also be deposited with the Common Depositary unless the interests in the relevant Permanent Global Note have already been exchanged for Notes in definitive form in which event the interests in such Temporary Global Note may only be exchanged (subject to Certification) for Notes of the relevant Class in definitive form. The expression **Global Note** shall be read and construed to mean a Temporary Global Note or a Permanent Global Note, as the context may require. On the exchange of each Temporary Global Note for the relevant Permanent Global Note such Permanent Global Note will remain deposited with the Common Depositary.

### 1.3 Form and title

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

Title to the Global Notes will pass by delivery. Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as the Notes of a Class are represented by one or both Global Notes in respect of that Class, the Issuer, the Trustee and all other parties may (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (an **Accountholder**) as the holder of such principal amount of such Notes, in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes or interest in such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders), other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer, the Paying Agents and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Trust Deed. The expressions **Noteholders** and **holder of Notes** and related expressions shall be construed accordingly.

- (a) **Class A Noteholders** means Noteholders in respect of the Class A Notes;
- (b) **Class B Noteholders** means Noteholders in respect of the Class B Notes;
- (c) **Class C Noteholders** means Noteholders in respect of the Class C Notes;
- (d) **Class D Noteholders** means Noteholders in respect of the Class D Notes;
- (e) **Class E Noteholders** means Noteholders in respect of the Class E Notes; and
- (f) **Class F Noteholders** means Noteholders in respect of the Class F Notes.

## 2. DEFINITIVE NOTES

### 2.1 Issue of Definitive Notes

A Global Note will be exchanged free of charge (in whole but not in part) for Notes in definitive bearer form (**Definitive Notes**) only if at any time either of the following applies:

- (i) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any applicable jurisdiction (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will on the next Interest Payment Date (as defined below) become required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Thereupon, the whole of such Global Note will be exchanged for Definitive Notes (in the form provided in **Condition 2.2** (Title to and transfer of Definitive Notes) below).

These Conditions and the Transaction Documents will be amended in such manner as the Trustee may require to take account of the issue of Definitive Notes.

### 2.2 Title to and transfer of Definitive Notes

Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of £50,000.

Title to the Definitive Notes will pass by delivery.

The Issuer, the Paying Agents and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note as the absolute owner for all purposes (whether or not the Definitive Note shall be overdue and notwithstanding any notice of ownership, theft or loss, of any trust or other interest therein or of any writing on the Definitive Note) and the Issuer, the Trustee and the Paying Agents shall not be required to obtain any proof thereof or as to the identity of such holder.

### 2.3 Trading in differing nominal amounts

- (a) For so long as the Notes of any Class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes of that Class will be tradeable in minimum nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof.
- (b) If Definitive Notes for that Class of Notes are required to be issued and printed, any Noteholder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the denomination of £50,000 will not be entitled to receive a Definitive Note in respect of such Notes and will not therefore be able to receive principal or interest in respect of such Notes.
- (c) At any meeting of Noteholders of any Class while the Notes of that Class are represented by a Global Note:
  - (i) any vote cast will be valid only if it is in respect of not less than £50,000 in nominal amount; and
  - (ii) any such holding will be counted for the purposes of determining whether or not a meeting is quorate only to the extent that it is in respect of not less than £50,000 in nominal amount.

## 3. STATUS, SECURITY AND PRIORITY OF PAYMENTS

### 3.1 Status and relationship between Classes of Notes

- (a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.
- (b) The Class B Notes constitute direct, secured and, subject as provided in **Condition 16** (Subordination by Deferral), unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Class C Notes constitute direct, secured and, subject as provided in **Condition 16** (Subordination by Deferral), unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.
- (d) The Class D Notes constitute direct, secured and, subject as provided in **Condition 16** (Subordination by Deferral), unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes and the Class C Notes as provided in these Conditions and the Transaction Documents.
- (e) The Class E Notes constitute direct, secured and, subject as provided in **Condition 16** (Subordination by Deferral), unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.
- (f) The Class F Notes constitute direct, secured and, subject as provided in **Condition 16** (Subordination by Deferral), unconditional obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes,

the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as provided in these Conditions and the Transaction Documents.

- (g) The Trust Deed and the Issuer Deed of Charge contain provisions requiring the Trustee to have regard to the 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 equally as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to:
- (i) the interests of the Class A Noteholders for so long as the Class A Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class A Noteholders; and
    - (B) the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and/or the Class F Noteholders; or
  - (ii) subject to paragraph (i) above, the interests of the Class B Noteholders for so long as the Class B Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class B Noteholders; and
    - (B) the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and/or the Class F Noteholders; or
  - (iii) subject to paragraphs (i) and (ii) above, the interests of the Class C Noteholders for so long as the Class C Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class C Noteholders; and
    - (B) the Class D Noteholders, the Class E Noteholders and/or the Class F Noteholders; or
  - (iv) subject to paragraphs (i) to (iii) above, the interests of the Class D Noteholders for so long as the Class D Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class D Noteholders; and
    - (B) the Class E Noteholders and/or the Class F Noteholders; or
  - (v) subject to paragraphs (i) to (iv) above, the interests of the Class E Noteholders for so long as the Class E Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
    - (A) the Class E Noteholders; and
    - (B) the Class F Noteholders.

So long as any of the Notes remain outstanding, the Trustee is not required to have regard to the interests of any Issuer Secured Creditors (other than the Noteholders) or, at any time, any

other person or to act upon or comply with any direction or request of any Issuer Secured Creditor or, at any time, any other person.

- (g) The Trust Deed and the Issuer Deed of Charge contain provisions that the Trustee may be directed to act only by the holders of the Most Senior Class of Notes outstanding and subject to being indemnified and/or secured to its full satisfaction.

As used in these Conditions, **Issuer Secured Creditors** means the Noteholders, the Trustee, any receiver or other appointee of the Trustee, the Master Servicer, the Special Servicer, the Corporate Services Provider, the Liquidity Facility Provider, the Cash Manager, the Interest Rate Swap Provider, the Account Bank, the Seller, the Principal Paying Agent, the Agent Bank, the Irish Paying Agent and any other Paying Agent.

### 3.2 Issuer Security and Priority of Payments

The Issuer Security in respect of the Notes and the other payment obligations of the Issuer under the Transaction Documents is set out in the Issuer Deed of Charge and the Cash Management Agreement. The Cash Management Agreement contains the Priorities of Payments which regulate the priority of application of the Issuer Charged Property (and the proceeds thereof) among the persons entitled thereto by the Cash Manager (acting on behalf of (i) the Issuer, prior to the Trustee having taken any steps to enforce the Issuer Security and (ii) the Trustee, and with its consent, after the Trustee has taken any such steps to enforce the Issuer Security.

The Issuer Security will become enforceable on the occurrence of a Note Event of Default (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). 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 (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes, or (b) the Trustee has been advised by such professional advisers as are selected by the Trustee upon whom the Trustee shall be entitled to rely, 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 relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or (c) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

**Issuer Charged Property** means all of the property, assets, rights and undertakings of the Issuer whatsoever and wheresoever situated, present and future, for the time being held as security (whether fixed or floating) for the Issuer Security under or pursuant to the Issuer Deed of Charge and references to the Issuer Charged Property shall be construed as including (where appropriate) references to any part of it.

## 4. COVENANTS

### 4.1 Restrictions

Save with the prior written consent of the Trustee or as provided in these Conditions or as permitted by the Transaction Documents, the Issuer shall not, so long as any of the Notes remains outstanding:

(a) *Negative pledge*

(save for the Issuer Security) create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, assignment, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings, present and future, (including the Issuer Charged Property) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertakings present or future;

(b) *Restrictions on activities*

- (i) engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in;
- (ii) open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of the Trustee so as to form part of the Issuer Security;
- (iii) have any subsidiaries;
- (iv) own or lease any premises or have any employees;
- (v) amend, supplement or otherwise modify its Memorandum and Articles of Association; or
- (vi) issue any further shares;

(c) *Borrowings*

incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, or give any guarantee or indemnity in respect of any indebtedness or any other obligation of any person;

(d) *Merger*

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

- (i) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties or assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of England and Wales, the objects of which include the

funding, purchase and administration of mortgages and mortgage loans, and who shall expressly assume, by an instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all monies owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;

- (ii) immediately after giving effect to such transaction, no Note Event of Default (as defined in **Condition 10** (Events of Default)) shall have occurred and be continuing;
- (iii) such consolidation, merger, conveyance or transfer has been approved by Extraordinary Resolution of each Class of the Noteholders;
- (iv) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;
- (v) the Issuer shall have delivered to the Trustee a legal opinion of English lawyers acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with paragraphs (i) and (iv) above and are binding on the Issuer (or any successor thereto) or, as the case may be, the person referred to in paragraph (i) above;
- (vi) the then current ratings of the Notes are not adversely affected by such consolidation, merger, conveyance or transfer;

(e) *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;

(f) *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 Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time;

(g) *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 Issuer Deed of Charge;

(h) *Centre of main interests*

cause or allow its "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in, or maintain an "establishment" in, any jurisdiction other than England and Wales;

(i) *Other*

cause or permit the validity or effectiveness of any of the Transaction 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 Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property;

(j) *Bank accounts*

have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(k) *Value added tax*

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 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; or

(l) *Surrender of group relief*

offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Chapter IV of Part X of the Income and Corporation Taxes Act 1988.

#### 4.2 **Master Servicer**

(a) So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a master servicer (the **Master Servicer**) for the servicing of the Loans (as defined in the Master Definitions Schedule) and the performance of the other administrative duties set out in the Servicing Agreement.

(b) The Servicing Agreement will provide that (i) the Master Servicer will not be permitted to terminate its appointment unless a replacement master servicer acceptable to the Issuer and the Trustee has been appointed and (ii) the appointment of the Master Servicer may be terminated by the Trustee if, among other things, the Master Servicer defaults in any material respect in the observance and performance of any obligation imposed on it under the Servicing Agreement, which default is not remedied within 30 Business Days after written notice of such default shall have been served on the Master Servicer by the Issuer or the Trustee.

#### 4.3 **Special Servicer**

If any Class of Noteholders is the Controlling Creditor, then the Issuer, upon being so instructed by an Extraordinary Resolution of that Class of Noteholders, will exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the relevant Loan subject to the conditions of the Servicing Agreement.

**Controlling Creditor** means, at any time:

(a) the holders of the most junior Class of Notes then having an aggregate Principal Amount Outstanding greater than 25 per cent. of its aggregate Principal Amount Outstanding on the Closing Date; or

- (b) if no Class of Notes then has an aggregate Principal Amount Outstanding greater than 25 per cent. of its aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes.

#### **4.4 Operating Adviser**

If any Class of Noteholders is the Controlling Creditor, it may, by an Extraordinary Resolution passed by the relevant Class of Noteholders, appoint an adviser (the **Operating Adviser**) with whom the Special Servicer, as the case may be, will be required to liaise in accordance with the terms of the Servicing Agreement.

#### **4.5 Junior Trafalgar Square Lender**

If any amount remains due and payable to the junior lender for the time being the **Junior Trafalgar Square Lender** in respect of the junior tranche of the loan originated by Barclays Bank PLC on 29 September 2005 in respect of a borrower company incorporated in Jersey with registered number 85507 (the **Junior Trafalgar Square Loan**) the rights of the Issuer and any Special Servicer will be subject to the rights of the Junior Trafalgar Square Lender under the intercreditor agreement with respect thereto dated 21 November 2005.

### **5. INTEREST**

#### **5.1 Period of accrual**

The Notes will bear interest from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding of any Note from the due date for redemption unless, upon due presentation, payment of principal or any part thereof due is improperly withheld or refused or any other default is made in respect thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

#### **5.2 Interest Payment Dates and Interest Periods**

Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year or, if any such day is not a Business Day (as defined below), the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day) (each, an **Interest Payment Date**). The first such payment is due on the Interest Payment Date falling in January 2006 in respect of the period from (and including) the Closing Date to (but excluding) that Interest Payment Date. Each period from (and including) an Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is in these Conditions called an **Interest Period**.

#### **5.3 Rates of Interest**

The rate of interest payable from time to time (the **Rate of Interest**) and the Interest Payment (as defined below) in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

- (a) The Agent Bank will, at or as soon as practicable after 11.00 a.m. (London time) on the Business Day that falls on the first day of each Interest Period (each, an **Interest Determination Date**), determine the Rate of Interest applicable to each Class of Notes, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an

**Interest Payment**), for such Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period will be equal to:

- (i) in the case of the Class A Notes, LIBOR (as determined in accordance with **Condition 5.3(b)** (Determination of LIBOR)) plus a margin of 0.26 per cent. per annum;
- (ii) in the case of the Class B Notes, LIBOR (as so determined) plus a margin of 0.32 per cent. per annum;
- (iii) in the case of the Class C Notes, LIBOR (as so determined) plus a margin of 0.46 per cent. per annum;
- (iv) in the case of the Class D Notes, LIBOR (as so determined) plus a margin of 0.70 per cent. per annum;
- (v) in the case of the Class E Notes, LIBOR (as so determined) plus a margin of 0.90 per cent. per annum; and
- (vi) in the case of the Class F Notes, LIBOR (as so determined) plus a margin of 2.50 per cent. per annum.

The Interest Payment in relation to a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure to the nearest penny (fractions of half a penny being rounded downwards).

For the purposes of these Conditions:

**Business Day** means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin.

(b) Determination of LIBOR

For the purposes of determining the Rate of Interest in respect of each Class of Notes under **Condition 5.3(a)**, LIBOR will be determined by the Agent Bank on the basis of the following provisions:

- (i) on each Interest Determination Date, the Agent Bank will determine the interest rate for three month sterling deposits (or, in respect of the first such Interest Period, a linear interpolation of the rate for one month and two month sterling deposits) in the London inter-bank market which appears on Moneyline Telerate Screen No.3750 (or (x) such other page as may replace Moneyline Telerate Screen No.3750 on that service for the purpose of displaying such information or (y) if that service ceases to display such information, LIBOR 01 Reuters) (the **LIBOR Screen Rate**) at or about 11.00 a.m. (London time) on such date; or
- (ii) if the LIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.000005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the **Reference Banks**) (provided that, once a Reference Bank has been appointed by the Agent Bank that Reference Bank shall not be changed unless and until it ceases to be

capable of acting as such) as the rate at which three month deposits in sterling in an amount of £10,000,000 are offered for the same period as that Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that Interest Determination Date (or, in respect of the first Interest Period, the arithmetic mean of a linear interpolation of such rates for one and two month sterling deposits notified by the Reference Banks). If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation to the Agent Bank (which bank is in the sole opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of the Reference Bank and such bank as so agreed. If no Reference Bank provides the Agent Bank with such an offered quotation or no such bank is so agreed or such bank as so agreed does not provide such a quotation, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period.

- (c) There will be no minimum or maximum Rate of Interest.

#### **5.4 Publication of Rate of Interest and Interest Payments**

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Cash Manager, the Paying Agents, the Noteholders and, for so long as the Notes are listed on Irish Stock Exchange Limited (the **Stock Exchange**), the Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments 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 a lengthening or shortening of such Interest Period in accordance with **Condition 5** (Interest).

#### **5.5 Determination or calculation by the Trustee**

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with **Condition 5.3** (Rates of Interest) above, the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in **Condition 5.3** (Rates of Interest) above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Payment in accordance with **Condition 5.3** (Rates of Interest) above, and each such determination or calculation shall be deemed to have been made by the Agent Bank.

#### **5.6 Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this **Condition 5.6**, 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 Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders or any other person shall attach to the Issuer, the Reference Banks, the Cash Manager, the Agent Bank, the Paying Agents or the Trustee in

connection with the exercise by them or any of their powers, duties and discretions under this Condition.

### 5.7 Agent Bank

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with **Condition 15** (Notice to Noteholders). If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved in writing by the Trustee has been appointed.

### 5.8 Interest on the Class F Notes

Notwithstanding **Condition 16.1** (Interest) if on any Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes becoming due and payable:

- (i) the Interest Payment that would be due and payable on the Class F Notes under **Condition 5.3** (Rates of Interest) is in excess of the Class F Adjusted Interest Payment; and
- (ii) the difference between the Interest Payment that would be otherwise due on the Class F Notes under **Condition 5.3** (Rates of Interest) and the Class F Adjusted Interest Payment is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments,

the interest that would be represented by such difference (the **AFC Excess Interest Amounts**) will be deferred and will not be due and payable by the Issuer until the AFC Due Date. Notwithstanding any other provision in these Conditions no AFC Excess Interest Amounts will accrue interest.

For the purposes of this **Condition 5.8** (Interest on the Class F Notes):

**AFC Due Date** means the earlier of:

- (i) the Final Maturity Date; and
- (ii) the later of:
  - (A) the Business Day immediately following the date on which the Notes are redeemed in full in accordance with **Condition 6** (Redemption) or repaid in accordance with **Condition 10** (Events of Default) other than in respect of any AFC Excess Interest Amount; and
  - (B) the date on which the Post-Enforcement Call Option is exercised.

**Class F Adjusted Interest Payment** on any Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes becoming due and payable will be an amount equal to:

- (i) Adjusted Available Issuer Income available for distribution under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments, as applicable, on that Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full; minus
- (ii) the sum of all amounts payable out of Adjusted Available Issuer Income under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments, as applicable, in priority to payments of interest on the Class F Notes in accordance with the applicable Priority of Payments.

As soon as practicable after becoming aware that any AFC Excess Interest Amounts will be deferred, the Issuer or the Cash Manager acting on its behalf will give notice thereof to the Trustee and the Class F Noteholders in accordance with **Condition 15** (Notice to Noteholders).

## **6. REDEMPTION**

### **6.1 Final redemption**

Save to the extent otherwise redeemed in full and cancelled in accordance with this **Condition 6**, the Issuer shall redeem the Notes of each Class at their respective Principal Amounts Outstanding plus interest accrued and unpaid on the Interest Payment Date in October 2017 (the **Final Maturity Date**).

Without prejudice to **Condition 10** (Events of Default), the Issuer shall not redeem Notes in whole or in part prior to that date except as provided in **Condition 6.2** (Redemption for taxation or other reasons) or **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) or **Condition 6.4** (Redemption upon exercise of Servicer Call Option).

### **6.2 Redemption for taxation or other reasons**

- (a) If the Issuer at any time satisfies the Trustee that:
  - (i) on or before the occasion of the next Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;
  - (ii) on the occasion of the next Interest Payment Date, the Issuer or a person acting on behalf of the Issuer would be required to make any withholding or deduction for or on account of any Taxes (as defined in **Condition 9** (Taxation)) from any payment of principal or interest in respect of any of the Notes;
  - (iii) on or before the occasion of the next Interest Payment Date, the Issuer would suffer any withholding or deduction from any payment in respect of a Loan for or on account of any Taxes;
  - (iv) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer to make, lend or to allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement; or

- (v) an Interest Rate Swap Tax Event occurs and:
  - (A) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it;
  - (B) 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
  - (C) 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),

then the Issuer shall, in order to address the event described, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal debtor under the Notes, which substitution would have the result of avoiding the event described above.

- (b) If the Issuer is unable, having used its reasonable endeavours, to arrange such a substitution described above, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15** (Notice to Noteholders), redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest on the next Interest Payment Date (other than AFC Excess Interest Amounts, in respect of which the Issuer will deliver immediately prior to such redemption to the Class F Noteholders an unsecured documentary undertaking of the Issuer to pay such AFC Excess Interest Amounts on the AFC Due Date), provided that, prior to giving any such notice, the Issuer shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described in **Condition 6.2(a)(i), (ii) or (iii)** will apply on or before the occasion of the next Interest Payment Date or the event described in **Condition 6.2(a)(iv) or (v)** has occurred (as the case may be) and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

### **6.3 Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds**

Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the 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 is Available Issuer Principal in an amount not less than £1.

**Calculation Date** means, in respect of each Interest Payment Date, the third Business Day prior to that Interest Payment Date.

- (a) For the purposes of these Conditions:
  - (i) **Amortisation Funds** means the aggregate amount of principal received by or on behalf of the Issuer in respect of the Loans other than the 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 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 (but excluding) the Cut-Off Date to (but excluding) such first Calculation Date) (each, a **Collection Period**);

(ii) **Available Issuer 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) as at that Calculation Date;

(iii) **Available Pro Rata Principal** means in respect of any Calculation Date the aggregate of (i) Available Pro Rata Category Two Principal (as defined below) and (ii) Available Pro Rata Category Three Principal (as defined below), whereby:

(A) **Available Pro Rata Category Two Principal** means in respect of any Calculation Date 50 per cent. of: (i) any Category Two Available Prepayment Redemption Funds; (ii) any Category Two Available Final Redemption Funds and; (iii) any Category Two Available Principal Recovery Funds; and

(B) **Available Pro Rata Category Three Principal** means in respect of any Calculation Date the aggregate of any Category Three Available Prepayment Redemption Funds, any Category Three Available Final Redemption Funds and any Category Three Available Principal Recovery Funds,

in each case received in respect of the relevant Loan during the Collection Period then ended;

(iv) **Available Sequential Principal** means, in respect of any Calculation Date, the aggregate of:

(A) any Available Amortisation Funds;

(B) any Category One Available Prepayment Redemption Funds, any Category One Available Final Redemption Funds and any Category One Available Principal Recovery Funds, and

(C) 50 per cent. of: (i) any Category Two Available Prepayment Redemption Funds; (ii) any Category Two Available Final Redemption Funds and; (iii) any Category Two Available Principal Recovery Funds

in each case received in respect of the relevant Loan during the Collection Period then ended;

(v) **Category One Loan** means:

(A) the Pitch Loan.

(vi) **Category Two Loans** means:

(A) the Flintstone Portfolio Loan; and

- (B) the Trafalgar Square Loan.
- (vii) **Category Three Loans** means:
  - (A) the Clifton Portfolio Loan; and
  - (B) the Herbert House Loan.
- (viii) **Final Redemption Funds** means the aggregate of:
  - (A) the Category One Final Redemption Funds;
  - (B) the Category Two Final Redemption Funds; and
  - (C) the Category Three Final Redemption Funds;
- (ix) **Prepayment Redemption Funds** means the aggregate of:
  - (A) the Category One Prepayment Redemption Funds;
  - (B) the Category Two Prepayment Redemption Funds; and
  - (C) the Category Three Prepayment Redemption Funds;
- (x) **Principal Recovery Funds** means the aggregate of:
  - (A) the Category One Principal Recovery Funds;
  - (B) the Category Two Principal Recovery Funds; and
  - (C) the Category Three Principal Recovery Funds;
- (xi) **Category One Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category One Loan as a result of the repayment of the Category One Loan upon its scheduled final maturity date, and **Category One Available Final Redemption Funds** means, in respect of any Calculation Date, the Category One Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (xii) **Category One Prepayment Redemption Funds** means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category One Loan as a result of any prepayment in part or in full made by the Relevant Borrower pursuant to the terms of the relevant Credit Agreement (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 the Category One Loan by the Seller pursuant to the Loan Sale Agreement, and (iii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of the Category One Loan by the Master Servicer or the Special Servicer pursuant to the Servicing Agreement, and **Category One Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category One Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;

- (xiii) **Category One 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 the Category One Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category One Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category One Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended as adjusted for: (i) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer under the relevant Interest Rate Swap Transaction to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of the Category One Loan; less (ii) any amount to be transferred to Available Issuer Income on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date in respect of the Category One Loan;
- (xiv) **Category Two Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category Two Loans as a result of the repayment of the relevant Category Two Loan upon its scheduled final maturity date, and **Category Two Available Final Redemption Funds** means, in respect of any Calculation Date, the Category Two Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (xv) **Category Two Prepayment Redemption Funds** means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category Two Loans as a result of any prepayment in part or in full made by the Relevant Borrower 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 Category Two Loan by the Seller 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 Category Two Loan by the Master Servicer or the Special Servicer pursuant to the Servicing Agreement, and **Category Two Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category Two Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (xvi) **Category Two 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 Category Two Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category Two Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category Two Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended as adjusted for: (i) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer under the relevant Interest Rate Swap Transaction to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of that Category Two Loan; less (ii) any amount to be transferred to Available Issuer Income on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date in respect of a Category Two Loan;
- (xvii) **Category Three Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category Three

Loans as a result of the repayment of the relevant Category Three Loan upon its scheduled final maturity date, and **Category Three Available Final Redemption Funds** means, in respect of any Calculation Date, the Category Three Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;

- (xviii) **Category Three Prepayment Redemption Funds** means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Category Three Loans as a result of any prepayment in part or in full made by the Relevant Borrower 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 Category Three Loan by the Seller 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 Category Three Loan by the Master Servicer or the Special Servicer pursuant to the Servicing Agreement and, (iv) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of the Trafalgar Square Loan by the Junior Trafalgar Square Lender, and **Category Three Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category Three Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (xix) **Category Three 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 Category Three Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category Three Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category Three Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended as adjusted for: (i) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer under the relevant Interest Rate Swap Transaction to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of that Category Three Loan; less (ii) any amount to be transferred to Available Issuer Income on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date in respect of a Category Three Loan;
- (xx) **Interest Rate Swap Breakage Receipts** means the aggregate of all amounts paid to the Issuer under the Interest Rate Swap Agreement as a result of the termination, in whole or in part, of any Interest Rate Swap Transaction thereunder, and **Available Interest Rate Swap Breakage Receipts** means, in respect of any Calculation Date, the Interest Rate Swap Breakage Receipts received or to be received by or on behalf of the Issuer during the period since (but excluding) the immediately preceding Interest Payment Date to (and including) the immediately following Interest Payment Date (but excluding; (i) any Interest Rate Swap Breakage Receipts paid to the Issuer by the Interest Rate Swap Counterparty following a default under a Loan in respect of which no Loan Principal Loss arises; (ii) any Interest Rate Swap Breakage Receipts paid to the Issuer as a result of a prepayment in whole or in part of a Loan by a Borrower; or (iii) Interest Rate Swap Breakage Receipts paid to the Issuer following the occurrence of a Loan Principal Loss);
- (xxi) **Post Write-off Recovery Funds** means the aggregate amount received by the Master Servicer or the Special Servicer on behalf of the Issuer in respect of a Loan following

the write-off of such amounts by the Master Servicer or the Special Servicer on the completion of enforcement procedures in relation to such Loan;

(xxii) **Available Final Redemption Funds** means the aggregate of:

- (A) the Category One Available Final Redemption Funds;
- (B) the Category Two Available Final Redemption Funds; and
- (C) the Category Three Available Final Redemption Funds;

(xiii) **Available Prepayment Redemption Funds** means the aggregate of:

- (A) the Category One Available Prepayment Redemption Funds;
- (B) the Category Two Available Prepayment Redemption Funds; and
- (C) the Category Three Available Prepayment Redemption Funds; and

(xxiv) **Available Principal Recovery Funds** means the aggregate of:

- (A) the Category One Available Principal Recovery Funds;
- (B) the Category Two Available Principal Recovery Funds; and
- (C) the Category Three Available Principal Recovery Funds,

but, in each case, without double counting, only to the extent that such monies have not been taken into account in the calculation of Available Amortisation Funds, Category One Available Prepayment Redemption Funds, Category Two Available Prepayment Redemption Funds, Category Three Available Prepayment Redemption Funds, Category One Available Final Redemption Funds, Category Two Available Final Redemption Funds, Category Three Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts, Available Sequential Principal, Available Pro Rata Principal or Category One Available Principal Recovery Funds, Category Two Available Principal Recovery Funds, Category Three Available Principal Recovery Funds, as applicable, on any preceding Calculation Date.

(b) Application of Available Sequential Principal

Available Sequential Principal determined on each Calculation Date shall be applied on the immediately following Interest Payment Date in the following order of priority:

- (i) first, in repaying, *pari passu* and *pro rata*, principal on the Class A Notes until all the Class A Notes have been redeemed in full;
- (ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class B Notes until all the Class B Notes have been redeemed in full;
- (iii) third, in repaying, *pari passu* and *pro rata*, principal on the Class C Notes until all the Class C Notes have been redeemed in full;
- (iv) fourth, in repaying, *pari passu* and *pro rata*, principal on the Class D Notes until all the Class D Notes have been redeemed in full;

- (v) fifth, in repaying, *pari passu* and *pro rata*, principal on the Class E Notes until all the Class E Notes have been redeemed in full;
  - (vi) sixth, in repaying, *pari passu* and *pro rata*, principal on the Class F Notes until all the Class F Notes have been redeemed in full;
  - (vii) seventh, in or towards payment of any amount in respect of Deferred Consideration to the Seller in accordance with the terms of the Loan Sale Agreement; and
  - (viii) eighth, in paying any surplus to the Issuer.
- (c) 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 if a Sequential Trigger Event exists on such Calculation Date, be applied on the immediately following Interest Payment Date in the following order of priority:

- (i) first, *pari passu* and *pro rata* according to the Principal Amount Outstanding of each Class on the relevant Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal paid or to be paid to Noteholders on that Interest Payment Date, in repaying concurrently, principal 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 until each such Note has been redeemed in full;
- (ii) second, in or towards payment of any amount in respect of Deferred Consideration to the Seller in accordance with the terms of the Loan Sale Agreement; and
- (iii) third, in paying any surplus to the Issuer,

provided that, in the event that any of the following circumstances exist (each, a **Sequential Trigger Event**) on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal will be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in (i) to (viii) of "*Application of Available Sequential Principal*" above, all as more fully set out in the Cash Management Agreement:

- (A) if at such Calculation Date, 10 per cent. or more of the aggregate outstanding principal balance of the Loans are in default, provided that in determining whether a Loan has defaulted for the purposes of this paragraph (A):
  - I. such determination shall be made solely on the basis of the terms of the relevant Credit Agreement as at the relevant Calculation Date; and
  - II. a default shall not be deemed to have occurred if (a) the default is with respect to payment 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 and/or (c) the default has been cured or remedied at any time and no Adjusted Loan Principal Loss has arisen in respect of the relevant Loan; or
- (B) the aggregate principal outstanding balance of all the Category Two Loans and the Category Three Loans on such Calculation Date is less than £30,000,000; or
- (C) if, as at such Calculation Date, 10 per cent. or more of the aggregate outstanding principal balance of the Loans are in default, where for the purpose of this paragraph

(C) default means a default with respect to payment and such default has not been remedied or cured within 90 days of such default; or

(D) if the Principal Amount Outstanding of the Notes has been reduced by an Allocated Loan Principal Write-Down Amount in accordance with **Condition 6.9** (Principal Amount Outstanding and Write-Downs).

(e) Application of Post Write-off Recovery Funds

On each Interest Payment Date, all Post Write-off Recovery Funds received during the related Collection Period will be applied by the Issuer or the Cash Manager acting on its behalf as Available Issuer Income or after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full as available funds.

(f) Application of Prepayment Fees

On each Interest Payment Date, all amounts received or recovered by the Issuer in respect of any Prepayment Fees during the related Collection Period will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

(g) Break Costs Priority of Payments

On each Interest Payment Date, any Break Costs received by the Issuer as a result of any prepayment by a Borrower of all or any of a Loan during the related Collection Period will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Break Costs Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

- (i) in or towards payment of any amount due and payable by the Issuer on that Interest Payment Date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement, arising as a result of the termination of all or part of any Interest Rate Swap Transaction due to the prepayment by the Borrower of all or part of any Loan; and
- (ii) thereafter, in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

(h) Interest Rate Swap Breakage Receipts Priority of Payments

On each Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date), any Interest Rate Swap Breakage Receipts received by the Issuer as a result of any termination of all or part of an Interest Rate Swap Transaction following prepayment by a Borrower of all or any part of a Loan during the related Collection Period or following a default by the Borrower to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer

Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Interest Rate Swap Breakage Receipts Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

- (i) in or towards payment of any amount the Issuer (in its capacity as Lender) has or would have to pay to the relevant Borrower under the relevant Credit Agreement in respect of the prepayment by the Borrower of such Loan; and
- (ii) thereafter, in or towards payment of any amount in respect of Deferred Consideration to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

#### **6.4 Redemption upon exercise of Servicer Call Option**

Each of the Master Servicer and the Special Servicer has been granted a call option (the **Servicer Call Option**) pursuant to which it may, at its sole discretion, purchase the Loans on any Interest Payment Date provided (i) written notice is given by the Master Servicer or the Special Servicer, as applicable, in accordance with the Servicing Agreement, to the Issuer and to the Trustee, (ii) written notice is given by the Issuer to the Trustee and to the Noteholders in accordance with **Condition 15** (Notice to Noteholders) not more than 60 nor less than 30 days' prior to such purchase, (iii) that on the Calculation Date relating to such Interest Payment Date, no Acceleration Notice in relation to the Notes has been served and the Notes have not otherwise become due and repayable in full, (iv) that the Master Servicer or the Special Servicer (or their respective assigns) as applicable, has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of the Issuer's liabilities in respect of the Notes to be redeemed under this **Condition 6.4** and any amounts required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank prior to, or *pari passu* with, the Notes, which certificate (in the absence of manifest error) shall be conclusive and binding and (v) the then aggregate Principal Amount Outstanding of the Notes immediately following the redemption of the Notes in accordance with **Condition 6.3** (Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date.

Upon receipt of such amounts from the Master Servicer or the Special Servicer in respect of the exercise of the Servicer Call Option, as applicable, the Issuer will be required to redeem on such Interest Payment Date:

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

- (v) 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 (other than any AFC Excess Interest Amounts) and in respect of any AFC Excess Interest Amounts the Issuer will deliver to the Class F Noteholders an unsecured documentary undertaking, immediately prior to such redemption, to pay such AFC Excess Interest Amounts on the AFC Due Date. Any such undertaking will not be transferable or assignable except in accordance with the terms of the Call Option Agreement.

## **6.5 Post-Enforcement Call Option/Post-Redemption Call Option**

All of the Noteholders will be required to sell, at the request of ECLIPSE Options Limited (**Options Holder**), all (but not some only) of their holdings of Notes and the benefit of any undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts, as the case may be, to Options Holder, pursuant to the option granted to it by the Trustee (as agent for the Noteholders) to acquire all (but not some only) of the Notes (plus accrued interest thereon) and the benefit of any undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts, for the consideration of 0.01 pence per Note outstanding, in the event that the Notes are accelerated or otherwise become due and repayable in full and the Issuer Security for the Notes is enforced and at any time after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes under the Post-Acceleration Priority of Payments, to pay any further principal, interest and any other amounts due in respect of the Notes.

All of the holders of an undertaking issued by the Issuer in respect of any AFC Excess Interest Amounts will be required to sell, at the request of Options Holder, all (but not some only) of the benefit of any such undertaking to Options Holder pursuant to the option granted to Options Holder by the Trustee (as agent for the Noteholders) for the consideration of 0.01 pence per undertaking at any time from (and including) the Business Day immediately following the date on which the Notes have been redeemed in full (other than in respect of any AFC Excess Interest Amount) in accordance with **Condition 6** (Redemption).

Each of the Noteholders acknowledges that the Trustee has the authority and the power to bind the Noteholders in accordance with the terms and conditions set out in the Call Option Agreement and each Noteholder, by subscribing for or purchasing the relevant Note(s), agrees to be so bound.

Notice of such determination will be given by the Trustee to the Noteholders in accordance with **Condition 15** (Notice to Noteholders). The consideration will be paid in the same manner as payment of principal under these Conditions.

## **6.6 Notice of redemption**

Any such notice as is referred to in **Conditions 6.2** (Redemption for taxation or other reasons), **6.4** (Redemption upon exercise of Servicer Call Option) or **6.5** (Post-Enforcement Call Option) 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.

## **6.7 Purchase**

The Issuer shall not purchase any of the Notes.

## 6.8 Cancellation

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

## 6.9 Principal Amount Outstanding and Write-Downs

If on an Interest Payment Date there exists an Adjusted Loan Principal Loss which has not previously been allocated in accordance with this **Condition 6.9**, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by a pro rata share of an amount equal to the Adjusted Loan Principal Loss after any amounts to be paid on such Interest Payment Date to the Noteholders have been paid (such amount in respect of each Note the **Allocated Loan Principal Write-Down Amount**) as follows:

- (i) first, the Principal Amount Outstanding of the F Notes shall be reduced until the Principal Amount Outstanding of the Class F Notes is zero;
- (ii) second, the Principal Amount Outstanding of the E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero;
- (iii) third, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero;
- (iv) fourth, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero;
- (v) fifth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and
- (vi) sixth, the Principal Amount Outstanding of the Class A Notes shall be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

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

If the Principal Amount Outstanding in relation to any Note has been reduced by the deduction of the amount of any Allocated Loan Principal Write-Down Amount, an amount equal to the reduction shall become payable in full (together with the interest that would have accrued on the amount by which the Principal Amount Outstanding was so reduced, if no such reduction had been made) to the person holding the Note at the time the Issuer is wound up or, if earlier, immediately prior to exercise of the Post-Enforcement Call Option and the claim for such an amount shall rank *pari passu* with the other creditors of the Issuer.

For the purposes of these Conditions:

**Adjusted Loan Principal Loss** means, in respect of a Loan, the Loan Principal Loss for that Loan, adjusted such that if there are any Interest Rate Swap Breakage Receipts receivable by the Issuer under the relevant Interest Rate Swap Transaction under the Interest Rate Swap Agreement by deduction of those Interest Rate Swap Breakage Receipts until the balance of the relevant Loan Principal Loss is zero.

**Loan Principal Loss** in respect of a Loan means:

- (a) the amount of any loss of principal in respect of that Loan as notified to the Cash Manager and the Issuer by the Relevant Servicer following completion of all applicable enforcement procedures in respect of that Loan; and
- (b) the amount of any principal reduction agreed to by the Relevant Servicer in respect of a Loan in accordance with the Servicing Agreement.

**Principal Amount Outstanding** means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by:

- (i) any repayment of principal to the holder of the Note up to (and including) that time which has become due and payable, except if and to the extent that any such repayment has been improperly withheld or refused; and
- (ii) the pro rata share of any Allocated Loan Principal Write-Down Amounts in respect of such Notes that have arisen on or prior to such time.

The pro rata share of any principal or Allocated Loan Principal Write Down Amounts in respect of any Note shall, if necessary, be rounded down to the nearest penny.

## 7. PAYMENTS

7.1 Payments of principal and interest in respect of the Notes will be made in sterling against presentation and, where applicable, surrender of the relevant Global Notes at the specified office of the Principal Paying Agent or, at the option of the holder of the relevant Global Notes, at the specified office of any other Paying Agent outside the United States of America subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. Payments of principal and interest will in each case be made by sterling cheque drawn on a bank in London or, at the option of the holder, by transfer to a sterling denominated account maintained by the payee with a branch of a bank in London. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on the relevant Global Note by the Paying Agent to which such Global Note was presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made. Payments of principal and interest in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto and to normal banking practice.

7.2 For so long as the Notes are in global form, each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as being entitled to a particular principal amount of Notes will be deemed to be the holder of such principal amount for all purposes save that none of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as being so entitled shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer or the Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

7.3 A holder shall be entitled to present a Note for payment only on a Payment Day and shall not, except as provided in **Condition 5** (Interest), be entitled to any further interest or other payment if a Payment Day is after the due date.

**Payment Day** means a day which (subject to **Condition 8** (Prescription)):

- (i) is or falls after the relevant due date;
- (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and
- (iii) in the case of payment by transfer to a sterling denominated account in London as referred to in **Condition 7.1** above, is a Business Day in London.

In this **Condition 7.3, Business Day** means, in relation to any place, 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 that place.

**7.4** The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (i) there will at all times be a Principal Paying Agent;
- (ii) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to the Official List of the Irish Stock Exchange, shall be Dublin; and
- (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination of appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with **Condition 15** (Notice to Noteholders).

## **8. PRESCRIPTION**

Claims in respect of the Notes shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this **Condition 8, the relevant date** means the date on which a payment first becomes due or (if the full amount of the monies payable has not been duly received by the Paying Agents or the Trustee on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with **Condition 15** (Notice to Noteholders).

## **9. TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer or any Paying Agent will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and all interest, penalties or similar liabilities with respect thereto (**Taxes**) unless such withholding or deduction is required by law. In that event, the Issuer or Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

## 10. EVENTS OF DEFAULT

- 10.1 (a) If a Note Event of Default (as defined in **Condition 10.1(b)**) occurs, then:
- (i) the Trustee will, in its absolute discretion, be entitled to, and must, if:
    - (A) it is directed to do so in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or
    - (B) it is directed to do so by an Extraordinary Resolution of holders of the Most Senior Class of Notes then outstanding; andin each case, provided that it has been indemnified and/or secured to its satisfaction, serve notice (an **Acceleration Notice**) on the Issuer declaring the Notes to be immediately due and repayable; and
  - (ii) the Issuer Security will become enforceable.
- (b) Each of the following events is, subject to **Condition 10.2**, a **Note Event of Default**:
- (i) default being made for a period of three Business Days in the payment of any principal of, or default is made for a period of five Business Days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions (provided that a deferral of interest in accordance with **Condition 16** (Subordination by Deferral) shall not constitute a default in the payment of such interest for the purposes of this **Condition 10.1(b)(i)**); or
  - (ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
  - (iii) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
  - (iv) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in **sub-paragraph (vi)** below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof); or
  - (v) the Issuer is or becomes unable to pay its debts within the meaning of section 123(1)(e) of the Insolvency Act 1986; or

- (vi) an order being made or an effective resolution being 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 in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or
- (vii) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, an application to the court for an administration order), or an administration order being granted or an administrative receiver or other receiver (including documents being filed with the court for the appointment of an administrator or notice of intention to appoint an administrator being served), liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

10.2 In respect of the events described in **sub-paragraphs (ii) and (iii) of Condition 10.1(b)**, the relevant event will not constitute a Note Event of Default unless the Trustee first certifies to the Issuer that such event is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding. Upon service of an Acceleration Notice, each Note shall become immediately due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Issuer Deed of Charge (but subject to the Post-Acceleration Priority of Payments).

## 11. ENFORCEMENT

11.1 The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action as it may think fit to enforce the provisions of the Notes and the Trust Deed (including these Conditions), the Issuer Deed of Charge or any of the other Transaction Documents to which it or the Issuer is a party, provided that, subject to **Condition 11.3** below, enforcement of the Issuer Security shall be the only remedy available to the Trustee for the repayment 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 and the payment of accrued interest and, at any time after the Issuer Security has become enforceable, the Trustee may take such steps as it may think fit to enforce the Issuer Security. The Trustee shall not be bound to take any such proceedings, action or steps unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and (b) it shall have been secured and/or indemnified to its satisfaction.

11.2 Subject to **Condition 11.3** below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are

outstanding, be required to enforce the Issuer Security at the request of any of the Issuer Secured Creditors under the Issuer Deed of Charge.

- 11.3** If the Trustee has taken enforcement action under the Issuer Deed of Charge and distributed all of the resulting proceeds (including the proceeds of realising the security thereunder), to the extent that any amount is still owing to any Noteholder (a **Shortfall**), any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of such claim.

**12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND DISCRETIONS**

- 12.1** The Trust Deed contains provisions for convening meetings of Noteholders of any Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents (other than the Finance Documents) or any other documents affecting the rights and benefits of the Issuer which are comprised in the Issuer Security.

The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, one or more persons being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting, not less than 33 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders irrespective of its effect upon them except an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all the Class C Noteholders, the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraph) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all the Class D Noteholders, the Class E Noteholders and the Class F Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all the Class E Noteholders and the Class F Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class E Noteholders shall be binding on all the Class F Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

As used in these Conditions and the Trust Deed:

- (i) **Extraordinary Resolution** means (a) a resolution passed at a meeting of a Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three fourths 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 three fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of not less than 90 per cent. in aggregate Principal Amount Outstanding of the Noteholders of a Class, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of that Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting; and
- (ii) **Basic Terms Modification** means, in respect of a Class of Notes:
  - (A) a change in the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;

- (B) alteration of the currency in which payments under such Notes are to be made;
- (C) alteration of the quorum or majority required to pass an Extraordinary Resolution;
- (D) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 19(i)** of **Schedule 4** to the Trust Deed;
- (E) alteration of this definition or the provisos to **paragraphs 7** and/or **19** of **Schedule 4** to the Trust Deed;
- (F) alteration of the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments; and
- (G) alteration of the Issuer Charged Property or amendment to any of the documents relating to the Issuer Charged Property or any other provision of the Issuer Security.

**12.2** The Trustee may agree, without the consent of the Noteholders, (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding or (ii) to any modification of these Conditions or any of the other Transaction Documents, which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. The Trustee may also, without the consent of the Noteholders, determine that Note Events of Default shall not, or shall not subject to specified conditions, be treated as such, provided that, in the opinion of the Trustee, it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 15** (Notice to Noteholders) as soon as practicable thereafter.

**12.3** The Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, any confirmation by any of the Rating Agencies that the then current ratings of the Notes or, as the case may be any Class or Classes of the Notes would not be adversely affected by such exercise or performance.

**12.4** Where, in connection with the exercise or performance by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the other Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee is required to have regard to the interests of the Noteholders or the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof 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 consequences of any such exercise upon individual Noteholders.

### **13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE**

The Trust Deed and the Issuer Deed of Charge each contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security or taking any other action in relation to the Trust Deed or the other Transaction Documents unless secured and/or 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 Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

Each of the Trust Deed and the Issuer Deed of Charge 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 Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property 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 and the Issuer Deed of Charge also relieve the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security, the Issuer Charged Property or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Master Servicer, the Cash Manager or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing 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.

The Trust Deed and the Issuer Deed of Charge contain other provisions limiting the responsibility, duties and liability of the Trustee.

The Trust Deed and the Issuer Deed of Charge contain provisions pursuant to which (i) the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, and will be relieved of any liability incurred by reason of such retirement and (ii) the Noteholders may by Extraordinary Resolution of the holders of each Class of Notes remove the Trustee. The retirement or removal of the Trustee will not become effective until a successor trustee is appointed. The Trustee is entitled to appoint a successor trustee in the circumstances specified in the Trust Deed and the Issuer Deed of Charge, respectively.

## 14. REPLACEMENT OF THE NOTES

### 14.1 Global Notes

If a Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Trustee, become void and a duly executed and authenticated replacement Global Note will be delivered by the Issuer to the Common Depositary only upon surrender, in the case of mutilation or defacement, of the relevant Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

## 15. NOTICE TO NOTEHOLDERS

15.1 Notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day of such delivery.

15.2 A copy of each notice given by the Issuer in accordance with this **Condition 15** shall be provided to each of Fitch Ratings Ltd. (**Fitch**), Moody's Investors Service Limited (**Moody's**) and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P** and, together with Fitch and Moody's, the **Rating Agencies**, which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). 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. The Trustee will (at the expense of the Issuer) upon request from the Issuer or any of the Rating Agencies provide a copy to the Rating Agencies of any notice given by the Trustee to Noteholders under this **Condition 15**.

15.3 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 BY DEFERRAL

### 16.1 Interest

In the event that, on any Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the applicable Priority of Payments to apply on such Interest Payment Date, in respect of interest due (including interest on unpaid interest) on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and/or the Class F Notes, after, in each case, deducting amounts ranking in priority thereto under the applicable Priority of Payments, (each, an **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including interest on unpaid interest) due, but for this **Condition 16.1**, on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes, as the case may be, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest (including interest on unpaid interest) on each Class B Note, Class C Note, Class D Note, the Class E Note or Class

F Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant Class of Notes on such Interest Payment Date.

In any such event, the Cash Manager acting on behalf of the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including interest on unpaid interest) paid on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes on the relevant Interest Payment Date in accordance with this **Condition 16.1** falls short of the aggregate amount of interest (including interest on unpaid interest) payable (but for the provisions of this **Condition 16.1**) on the Class B Notes or, as the case may be, Class C Notes, Class D Notes, the Class E Notes or Class F Notes on that date pursuant to **Condition 5** (Interest). Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, Class C Notes, Class D Notes, the Class E Notes or Class F Notes and shall be payable together with such accrued interest on the following Interest Payment Date, subject to the provisions of the preceding paragraph. The foregoing provisions of this **Condition 16.1** will not apply to any AFC Excess Interest Amounts in respect of the Class F Notes as to which **Condition 5.8** (Interest on the Class F Notes) will apply.

## **16.2 General**

Any amounts of principal (other than in respect of any Allocated Loan Principal Write-Down Amount) or interest in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes (other than any AFC Excess Interest Amounts which are payable in accordance with **Condition 5.8** (Interest on the Class F Notes)) otherwise payable under these Conditions which are not paid by virtue of this **Condition 16**, together with accrued interest thereon, shall in any event become payable on the Final Maturity Date or on such earlier date as the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or the Class F Notes as the case may be, become due and repayable in full.

## **16.3 Application**

The provisions of the first paragraph of Condition 16.1 shall cease to apply:

- (i) in respect of the Class B Notes, upon the redemption in full of all Class A Notes;
- (ii) in respect of the Class C Notes, upon the redemption in full of all Class B Notes;
- (iii) in respect of the Class D Notes, upon the redemption in full of all Class C Notes;
- (iv) in respect of the Class E Notes, upon the redemption in full of all Class D Notes; and
- (v) in respect of the Class F Notes, upon the redemption in full of all Class E Notes

## **16.4 Notification**

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes or, as the case may be, Class C Notes, Class D Notes, the Class E Notes or Class F Notes 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 or, as the case may be, Class C Noteholders, Class D Noteholders, the Class E Noteholders or Class F Noteholders in accordance with **Condition 15** (Notice to Noteholders).

**17. RIGHTS OF THIRD PARTIES**

This Note does not confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

**18. GOVERNING LAW**

The Trust Deed and the Notes are governed by, and will be construed in accordance with, English law.

## UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of current United Kingdom tax law and H.M. Revenue and Customs practice as at the date of this Offering Circular relating to certain aspects of United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of the Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers and persons connected with the Issuer). 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.

### 1. Interest on the Notes

#### 1.1 *Withholding tax on payments of interest on the Notes*

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Act). The Irish Stock Exchange is a recognised stock exchange. Under a United Kingdom H.M Revenue and Customs (HMRC) interpretation, the Notes will satisfy this requirement if they are listed by the competent authority in Ireland and are admitted to trading by the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person whose usual place of abode is not outside the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner of the interest is within the charge to United Kingdom corporation tax as regards the payment of interest or that the payment is made to one of the persons listed in section 349B of the Act in the circumstances specified in section 349B, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

#### 1.2 *Provision of information*

Noteholders who are individuals may wish to note that HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

### 1.3 *Further United Kingdom income tax issues*

Interest on the Notes will constitute United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which 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). The provisions of an applicable double taxation treaty may be relevant for such Noteholders.

## **2. United Kingdom corporation tax payers**

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of the Notes will be charged to tax and obtain relief as income on all returns, profits and gains on, and fluctuations in value of the Notes (whether attributable to currency fluctuation or otherwise) broadly in accordance with their statutory accounting treatment.

## **3. Other United Kingdom tax payers**

### 3.1 *Taxation of chargeable gains*

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

### 3.2 *Accrued income scheme*

On a disposal of Notes by a Noteholder, any interest which has accrued between the last Interest Payment Date and the date of disposal may be chargeable to tax as income under the rules of the "accrued income scheme" as set out in Chapter II of Part XVII of the Act, 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.

## **4. Stamp Duty and Stamp Duty Reserve Tax (SDRT)**

No United Kingdom stamp duty or SDRT is payable on the issue of the Notes into, or transfer by delivery of the Notes, within a clearing system.

## **5. EU Directive on the Taxation of Savings Income**

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, to provide to the tax authorities of another Member State details of payments of interest (or other similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of

such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories, including Switzerland, have agreed to adopt similar measures (a withholding system in the case of Switzerland) with effect from the same date.

## SUBSCRIPTION AND SALE

Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the **Lead Manager**) and CALYON of 9, quai du Président Paul Doumer, 92920 Paris, La Défense Cedex, France (the **Co-Manager**) have agreed, pursuant to a subscription agreement dated on or about 16 December 2005 (the **Subscription Agreement**), made between, *inter alios*, the Lead Manager, the Co-Manager and the Issuer to subscribe and pay for the (i) Class A Notes at 100 per cent. of the initial principal amount of such Notes, (ii) the Class B Notes at 100 per cent. of the initial principal amount of such Notes, (iii) the Class C Notes at 100 per cent. of the initial principal amount of such Notes, (iv) the Class D Notes at 100 per cent. of the initial principal amount of such Notes; (v) the Class E Notes at 100 per cent. of the initial principal amount of such Notes; and (vi) the Class F Notes at 100 per cent. of the initial principal amount of such Notes, subject to certain conditions.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Lead Manager 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**) or any state securities laws, and may not be offered or sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 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, until 40 days after the later of the date of the commencement of the offering of the Notes and the Closing Date, 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 if such offer or sale is made otherwise than in accordance with an available exemption from registration under 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 represented and agreed that:

- (a) 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; and

- (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.

## **Ireland**

Each of the Managers has represented and agreed that (i) from the date on which the Prospectus Directive is implemented in Ireland, in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland and (ii) at all times:

- (a) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Manager acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (b) it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

## **The Netherlands**

Each of the Managers has represented and agreed that this Offering Circular may not be distributed and the Notes (including rights representing an interest in any Global Notes) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

- (a) banks, insurance companies, securities firms, investment institutions and pension funds that are (i) supervised or licensed under Dutch law or (ii) established and acting under supervision in a European Union member state (other than the Netherlands), Hungary, Monaco, Poland, Puerto Rico, Saudi Arabia, Slovakia, Czech Republic, Turkey, South Korea, the United States of America, Japan, Australia, Canada, Mexico, New Zealand or Switzerland;
- (b) investment institutions which are exempted pursuant to the Exemption Regulation to the Dutch Act on the Supervision of Investment Institutions 1991;
- (c) the State of the Netherlands, the Dutch Central Bank, a foreign central government body, a foreign central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;

- (d) enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;
- (e) enterprises, entities or individuals with net assets of at least €10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;
- (f) subsidiaries of the entities referred to under a above provided such subsidiaries are subject to supervision; and
- (g) a professional market party within the meaning of Article 1a section 3 of the Exemption Regulation to the Dutch Act on the Supervision of Securities Transactions 1995.

All Notes (whether or not offered to Dutch residents) shall bear the following legend:

"THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS (**DUTCH RESIDENTS**) OTHER THAN TO PROFESSIONAL MARKET PARTIES (**PMPs**) WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992 (AS AMENDED). EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING SUCH NOTE (OR ANY SUCH INTEREST), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO DUTCH RESIDENTS OTHER THAN TO A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE."

### **France**

Each of the Managers has represented and agreed that it has not offered or sold, and will not offer or sell, directly, or indirectly, the Notes to the public in France and that, offers and sales of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their own account, all as defined in and in accordance with Article L.411.1 and L.411.2 of the *Code Monétaire et Financier* and decree no. 98-880 dated 1 October 1998.

In addition, each of the Managers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in France may be made as described above and that this Offering Circular has not been submitted for approval (*visa*) by the *Autorité des marchés financiers* and does not constitute a public offer for sale or subscription of securities in France. The Notes may only be issued or sold, directly or indirectly, to the public in France in accordance with Articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier*.

## **General**

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures 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.

## GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 13 December 2005.
2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 20 December 2005, 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 estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500.
3. On 6 December 2005 the Issuer was granted a certificate under section 117(1) of the Companies Act 1985 entitling it to do business and to borrow.
4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	<b>Common Code</b>	<b>ISIN</b>
Class A Notes.....	0238139983	XS0238139983
Class B Notes.....	0238140569	XS0238140569
Class C Notes.....	0238140999	XS0238140999
Class D Notes.....	0238141377	XS0238141377
Class E Notes.....	0238141617	XS0238141617
Class F Notes.....	0238142342	XS0238142342

5. 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 Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.
6. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental 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.
7. The Issuer has not entered into any material contracts or arrangements, other than those disclosed in this Offering Circular, since the date of its incorporation.
8. Save as disclosed in this Offering Circular, since 11 November 2005 (being the date of incorporation of the Issuer), the Issuer has not commenced operations, no accounts of the Issuer have been made up and there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.
9. Each of the Issuer Deed of Charge and the Trust Deed will provide that the Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Issuer Deed of Charge and the Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

10. Copies of the following documents may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of Sidley Austin Brown & Wood, at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA and at the specified offices of the Irish Paying Agent in Dublin for so long as the Notes are listed on the Irish Stock Exchange from the date of this document:
- (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the Memorandum and Articles of Association of the Flintstone Portfolio Borrower;
  - (c) the Memorandum and Articles of Association of the Trafalgar Square Borrower;
  - (d) the Subscription Agreement; and
  - (e) drafts (subject to modification) of the following documents:
    - (i) the Loan Sale Documents;
    - (ii) the Trust Deed;
    - (iii) the Issuer Deed of Charge;
    - (iv) the Servicing Agreement;
    - (v) the Cash Management Agreement;
    - (vi) the Interest Rate Swap Agreement;
    - (vii) the Bank Account Agreement;
    - (viii) the Corporate Services Agreement;
    - (ix) the Options Holder Corporate Services Agreement;
    - (x) the Share Trust Deed;
    - (xi) the Liquidity Facility Agreement;
    - (xii) the Call Option Agreement;
    - (xiii) the Agency Agreement; and
    - (xiv) the Master Definitions Schedule.
11. The Cash Manager will, on behalf of the Issuer, provide or make available through its website (which is located at [www.jpmorganaccess.com](http://www.jpmorganaccess.com)<sup>7</sup>) to the Trustee, for the benefit of, *inter alia*, each Noteholder, a statement to Noteholders based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

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<sup>7</sup> The [www.jpmorganaccess.com](http://www.jpmorganaccess.com) website and the contents thereof do not form any part of this Offering Circular.

## INDEX OF DEFINED TERMS

£ .....	3
€ .....	3
2005-1 Share Trust Deed .....	11
2005-4 Share Trust Deed .....	11
Acceleration Notice .....	177
Account Bank.....	11
Accountholder.....	150
Act.....	186
Adjusted Available Issuer Income .....	122
Adjusted Loan Principal Loss .....	174
AFC Due Date.....	25, 162
AFC Excess Interest Amounts .....	25, 161
Agency Agreement .....	119, 148
Agent Bank .....	10, 148
Allocated Loan Principal Write-Down Amount .....	174
Amortisation Funds.....	164
Appraisal Reduction.....	110
Arranger .....	1
Available Amortisation Funds .....	164
Available Final Redemption Funds.....	168
Available Interest Rate Swap Breakage Receipts .....	168
Available Issuer Income .....	109
Available Issuer Principal .....	109, 164
Available Prepayment Redemption Funds.....	169
Available Principal Recovery Funds.....	169
Available Pro Rata Category Three Principal.....	164
Available Pro Rata Category Two Principal.....	164
Available Pro Rata Principal.....	164
Available Sequential Principal.....	165
Bank Account Agreement.....	117
Basic Terms Modification.....	180
BCMSL.....	126
Borrower .....	7
Borrower Account.....	7
Borrower Accounts .....	7, 75
Borrowers.....	7
Break Costs .....	74
Break Costs Ledger.....	139
Break Costs Priority of Payments .....	124, 171
Break Gains.....	74
Business Day.....	25, 159, 176
Calculation Date.....	13, 164
Call Option Agreement .....	24
Cash Management Agreement.....	138
Cash Management Services .....	138
Cash Manager .....	12, 138
Category One Available Final Redemption Funds .....	166
Category One Available Prepayment Redemption Funds .....	166
Category One Available Principal Recovery Funds .....	166
Category One Final Redemption Funds.....	166
Category One Loan.....	165

Category One Prepayment Redemption Funds .....	166
Category One Principal Recovery Funds .....	166
Category Three Available Final Redemption Funds .....	167
Category Three Available Prepayment Redemption Funds .....	168
Category Three Available Principal Recovery Funds .....	168
Category Three Final Redemption Funds .....	167
Category Three Loans .....	165
Category Three Prepayment Redemption Funds .....	167
Category Three Principal Recovery Funds .....	168
Category Two Available Final Redemption Funds .....	166
Category Two Available Prepayment Redemption Funds .....	167
Category Two Available Principal Recovery Funds .....	167
Category Two Final Redemption Funds .....	166
Category Two Loans .....	165
Category Two Prepayment Redemption Funds .....	166
Category Two Principal Recovery Funds .....	167
Certificate of Title .....	71
Certification .....	150
Chargor .....	7
Class A Noteholders .....	151
Class A Notes .....	1, 148
Class B Noteholders .....	151
Class B Notes .....	1, 148
Class C Noteholders .....	151
Class C Notes .....	1, 148
Class D Noteholders .....	151
Class D Notes .....	1, 148
Class E Adjusted Interest Payment .....	26, 162
Class E Noteholders .....	151
Class E Notes .....	1, 148
Class F Noteholders .....	151
Class F Notes .....	1, 148
Class of Noteholders .....	149
Class of Notes .....	149
Classes .....	149
Clearstream, Luxembourg .....	1, 150
Clifton Portfolio Borrower .....	96
Clifton Portfolio Loan .....	96
Closing Date .....	1, 13, 148
Collection Period .....	13, 164
Collections .....	8
Co-Manager .....	1, 189
Common Depository .....	150
common parts .....	45
Conditions .....	149
Controlling Creditor .....	132, 158
Conversion .....	137
Corporate Services Agreement .....	118
Corporate Services Fee Letter .....	118
Corporate Services Provider .....	11
corrected .....	131
Covenants Act .....	46
CPR .....	144
Credit Agreement .....	6
Credit Agreements .....	6

Cut-Off Date .....	7, 13
Cut-Off Date Balance .....	43
Cut-Off Date DSCR.....	61
Cut-Off Date ICR.....	61
Deferred Consideration.....	103
Definitive Notes.....	151
Distribution Compliance Period .....	189
draft legislation .....	53
Dutch Residents .....	190, 191
Duty of Care Agreement.....	16
EC Insolvency Regulation .....	39
Eligible Bank .....	117
Eligible Investments.....	111
Enterprise Act .....	38
Euroclear .....	1, 150
euros.....	3
Exchange Date .....	150
Extraordinary Resolution.....	180
Final Maturity Date.....	1, 162
Final Redemption Funds.....	165
Finance Document .....	17
Finance Documents.....	17
Finance Parties.....	12
Finance Party .....	17
Fitch .....	1, 183
Flinstone Portfolio Borrower .....	89
Flinstone Portfolio Loan .....	88
Flinstone Portfolio Management Agreement.....	90
Flinstone Portfolio Property Manager.....	90
Foreign Obligors.....	39
Framework .....	54
FRI Leases .....	15
FSMA.....	190
General Account .....	75
Global Note.....	150
Global Notes .....	1
Great Minster North Intercreditor Agreement .....	93
Guarantor .....	7
Guarantors.....	7
Herbert House Borrower.....	101
Herbert House Duty of Care Agreement.....	101
Herbert House Loan.....	101
Herbert House Property Manager .....	101
HMRC.....	186
holder of Notes.....	151
IFRS .....	53
IFSRA .....	1
Individual Borrower Loan.....	7
Individual Borrower.....	7
Insolvency Act.....	38, 48
Insurance Policies .....	49
Insurance Policy.....	49
Interest Determination Date .....	159
Interest Payment.....	159
Interest Payment Date .....	1, 25, 158

Interest Period .....	159
Interest Rate Swap Agreement .....	12
Interest Rate Swap Breakage Receipts .....	168
Interest Rate Swap Breakage Receipts Ledger .....	139
Interest Rate Swap Breakage Receipts Priority of Payments .....	125, 171
Interest Rate Swap Confirmation .....	22
Interest Rate Swap Provider .....	12, 60
Interest Rate Swap Tax Event .....	113
Interest Rate Swap Termination Event .....	113
Interest Rate Swap Transaction .....	12
Interest Rate Swap Transactions .....	12, 112
Interest Residual Amount .....	183
Irish Paying Agent .....	11, 148
Irish Stock Exchange .....	1
ISDA .....	12
Issuer .....	1, 10, 57, 148
Issuer Accounts .....	117
Issuer Charged Property .....	155
Issuer Deed of Charge .....	10, 27, 115, 149
Issuer Secured Creditors .....	10, 115, 154
Issuer Security .....	27, 116
Issuer Share Capital Account .....	117
JMPCB .....	137
Junior Trafalgar Square Lender .....	7
Junior Trafalgar Square Loan .....	7, 158
Lead Manager .....	1, 189
Leases .....	7
Ledgers .....	139
Legal Owners .....	98
Lender .....	12
Lending Criteria .....	60
LIBOR .....	1
LIBOR Screen Rate .....	160
Liquidation Fee .....	131
Liquidity Facility .....	108
Liquidity Facility Agreement .....	21, 108
Liquidity Facility Provider .....	10, 11
Liquidity Ledger .....	139
Liquidity Requisite Ratings .....	111
Liquidity Stand-by Account .....	111, 117
Liquidity Stand-by Drawing .....	111
Liquidity Subordinated Amounts .....	111
Loan .....	6
Loan Closing Date .....	15
Loan Closing Dates .....	15
Loan Event of Default .....	37
Loan Income Deficiency Drawing .....	108
Loan Interest Payment Date .....	8, 13
Loan Interest Period .....	13
Loan Maturity Date .....	17
Loan Pool .....	6
Loan Principal Loss .....	174
Loan Protection Advance .....	129
Loan Protection Drawing .....	109
Loan Sale Agreement .....	6, 103

Loan Sale Documents .....	6
Loan Security .....	6
Loan Warranties.....	18, 107
Loans.....	6
London Business Day .....	13
LPA Receiver.....	40
Managers.....	1
Managing Agent.....	72
Managing Agents.....	72
Margin.....	25
Master Definitions Schedule.....	119, 149
Master Servicer .....	11, 157
Material Breach of Loan Warranty .....	107
Maximum Loan Drawing Amount.....	108
Minimum Interest Rate Swap Provider Ratings .....	113
Moody's.....	1, 183
moratorium period .....	53
Most Senior Class of Notes.....	149
new UK GAAP .....	53
Note Event of Default .....	177
Noteholders .....	13, 148, 151
Notes .....	1, 148
Obligor.....	2, 7
Obligors .....	2, 7
Occupational Lease.....	7
Operating Adviser.....	12, 133, 158
Options Holder.....	11, 173
Options Holder Corporate Services Agreement.....	118
Paying Agents .....	11, 149
Payment Day.....	175
Permanent Global Note.....	1, 150
Pitch Borrower.....	99
Pitch Loan.....	98
Pitch Management Agreement.....	99
Pitch Properties .....	98
Pitch Property Manager .....	99
Pitch Trust.....	99
Pitch Trust Fund.....	99
PMPs.....	190, 191
Portfolio .....	7
Post Write-off Recovery Funds.....	125, 168
Post Write-off Recovery Funds Ledger .....	139
Post-Acceleration Priority of Payments .....	123
Post-Enforcement Call Option.....	24, 118
Post-Enforcement/Pre-Acceleration Priority of Payments.....	123
Post-Redemption Call Option .....	24, 119
pounds.....	3
pounds sterling.....	3
Pre-Acceleration Principal Priority of Payments .....	122
Pre-Acceleration Revenue Priority of Payments .....	120
Prepayment Fees .....	17
Prepayment Fees Ledger.....	139
Prepayment Redemption Funds .....	165
Principal Amount Outstanding .....	23, 175
Principal Ledger.....	139

Principal Paying Agent .....	10, 148
Principal Recovery Funds .....	165
Priority of Payments .....	123
Professional Market Parties .....	190
Properties .....	7
Property .....	7
Prospectus .....	1
Prospectus Directive .....	1
Qualifying Bank .....	139
Rate of Interest .....	159
Rating Agencies .....	1, 183
Recoverability Determination .....	129
Reference Banks .....	160
Regulation S .....	1
Related Security .....	6, 83
Relevant Borrower .....	7
relevant Credit Agreement .....	17
relevant date .....	176
relevant Finance Document .....	17
Relevant Security Agent .....	7, 10
Relevant Servicer .....	11
Rent Account .....	7, 76
Rental Deposit Account .....	76
Report on Title .....	71
Required Amount .....	81
Responsible Person .....	2
Restructuring Fee .....	131
Revenue Ledger .....	139
Revenue Priority Amount Drawing .....	110
Revenue Priority Amounts .....	110, 120
S&P .....	1, 183
Sales Account .....	76
Scottish Properties .....	16
SEC .....	1
Securities Act .....	1, 189
Security Agent .....	7, 10
Security Agreement .....	15
Security Agreements .....	15
Security Interest .....	104
Security Trust .....	6
Security Trusts .....	6
Seller .....	6, 10
Sequential Trigger Event .....	170
Servicer Call Option .....	172
Servicer Termination Event .....	132
Servicing Agreement .....	126
Servicing Fee .....	130
Servicing Standard .....	126
Share Charge .....	16
Share Trustee .....	11
Short Form Loans .....	6
Shortfall .....	179
SPE .....	37, 68
Special Servicer .....	11
Special Servicing Event .....	127

Special Servicing Fee.....	131
Specially Serviced Loan .....	127
Stabilising Manager .....	3
sterling .....	3
Stock Exchange.....	160
Subordinated Creditors .....	85
Subordinated Debt .....	85
Subordinated Interest Rate Swap Amount.....	122
Subordination Agreement .....	16
Subscription Agreement.....	189
Tax Deduction.....	74
Tax Payment .....	74
Tax Reserve Ledger .....	122, 139
Taxes.....	176
Taxes Act .....	139
Temporary Global Note .....	1, 150
Tenants.....	7
Trafalgar Square Borrower .....	92
Trafalgar Square Intercreditor Agreement.....	16, 60
Trafalgar Square Junior Loan .....	91
Trafalgar Square Loan .....	91, 92
Trafalgar Square Management Agreement.....	93
Trafalgar Square Property Manager.....	93
Trafalgar Square Whole Loan.....	7
Transaction Account .....	8, 117
Transaction Document .....	27
Transaction Documents .....	27
Transfer Certificate .....	6
Transfer Certificates.....	6
Trust Deed.....	10, 114, 148
Trustee .....	10, 148
Valuation.....	15
Valuations .....	15
Valuer.....	15

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