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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 OPERA FINANCE (MEPC) PLC, EUROHYPO AG, LONDON BRANCH, THE ROYAL BANK OF SCOTLAND or UBS INVESTMENT BANK (nor any person who controls it nor any director, officer, employee nor agent of it or 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 THE ROYAL BANK OF SCOTLAND or UBS INVESTMENT BANK.



Opera Finance (MEPC) plc

(Incorporated with limited liability in England and Wales with registration number 05556422)

£470,000,000 Commercial Mortgage Backed Floating Rate Notes due 2014

Opera Finance (MEPC) plc (the **Issuer**) will issue the £373,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class A Notes**), the £36,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class B Notes**), the £37,500,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class C Notes**) and the £22,500,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class D Notes**, and, together with the Class A Notes, the Class B Notes and the Class C Notes, the **Notes**) on 23 November 2005 (or such later date as the Issuer may agree with the Note Arranger and the Joint Bookrunners (each as defined below)) (the **Closing Date**).

Application has been made to the Irish Financial Services Regulatory Authority (**IFSCRA**), 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 **Stock Exchange**) for the Notes to be admitted to the Official List and trading on its regulated market. This Offering Circular constitutes the prospectus (the **Prospectus**) in connection with the application for the Notes to be admitted to the Official List of the Stock Exchange. Reference throughout the document to "Offering Circular" shall be taken to read "Prospectus".

The Class A Notes, the Class B Notes, the Class C Notes and the Class D 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 only address the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date (as defined below).

Class	Initial Principal Amount	Margin (per cent.)	Fitch	Anticipated Ratings	
				Moody's	S&P
Class A	£373,500,000	0.24	AAA	Aaa	AAA
Class B	£36,500,000	0.34	AA	N/A	AAA
Class C	£37,500,000	0.40	AA	N/A	AA
Class D	£22,500,000	0.60	A+	N/A	AA-

Interest on the Notes will be payable quarterly in arrear in pounds sterling on 20 January, 20 April, 20 July, 20 October in each year (subject to adjustment for non-business days) (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 respect of the first interest period a linear interpolation of the interest rate for two and three month sterling deposits) (**LIBOR**, as determined in accordance with **Condition 5.3**) 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, 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 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 July 2014 (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 Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), 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 (or otherwise pursuant to transactions exempt from the registration requirements of the Securities Act) and in accordance with applicable 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**), without interest coupons attached, which will be deposited on or about the Closing Date with a common depository 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 (each, a **Permanent Global Note**), without interest coupons attached, not earlier than 40 days after the Closing Date (provided that certification of 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. Interests in 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.

EUROHYPO
Note Arranger

THE ROYAL BANK OF SCOTLAND
Joint Bookrunner

UBS INVESTMENT BANK
Joint Bookrunner

The date of this Offering Circular is 17 November 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, EUROHYPO AKTIENGESELLSCHAFT (**EUROHYPO**) (IN ANY CAPACITY), BY THE JOINT BOOKRUNNERS, THE SERVICER, THE SPECIAL SERVICER, THE TRUSTEE, THE CORPORATE SERVICES PROVIDER, OPTIONCO, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK, THE LIQUIDITY BANK, THE HEDGE COUNTERPARTIES 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 the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is or has been authorised 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, Eurohypo (in any capacity), the Joint Bookrunners, the Servicer, the Special Servicer, the Trustee, the Corporate Services Provider, OptionCo, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Bank, the Hedge Counterparties or the Account Bank or any of their respective affiliates or advisors. 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 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. Save for obligations of Eurohypo in its capacity as Servicer, Eurohypo expressly does not undertake to review the Loans or the Properties during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

Neither this Offering Circular nor any other information supplied in connection with the Notes should be considered as a recommendation by Eurohypo or any of the Joint Bookrunners that any recipient of this Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation and 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 hereof) comes are required by the Issuer and the Joint Bookrunners 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 Joint Bookrunners or any of them to subscribe for or purchase any of the Notes.

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

In connection with this issue of Notes, The Royal Bank of Scotland plc (in this capacity, the *Stabilising Manager*) or any person acting for it may over-allot Notes (provided that, in the case of the Notes to be listed on the Stock Exchange, the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the Notes) or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that 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 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 Notes and 60 days after the date of the allotment of the Notes.

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TRANSACTION SUMMARY

The information in this section 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 Noteholders 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.

Executive Summary

On 28 September 2005, Eurohypo (as Facility Agent, Arranger and Original Lender) entered into a secured term loan facility with, *inter alia*, MEPC Milton Park Limited Partnership (the **Milton Borrower**) acting by its general partner, MEPC Milton Park General Partner Limited, MEPC Hillington Park Limited Partnership (the **Hillington Borrower**) acting by its general partner, MEPC Hillington Park General Partner Limited and MEPC Birchwood Park Limited Partnership (the **Birchwood Borrower**, and, together with the Milton Borrower and the Hillington Borrower, the **Original Borrowers**) acting by its general partner, MEPC Birchwood Park General Partner Limited pursuant to the terms of a credit agreement dated 28 September 2005 (the **Original Credit Agreement**).

On 29 September 2005, in relation to the Birchwood Loan and the Milton Loan, and 11 October 2005, in relation to the Hillington Loan, (each, a **Drawdown Date**), Eurohypo (in its capacity as Original Lender) advanced the full principal amount available under the Credit Agreement to the Original Borrowers.

The Loans (as defined below) under the Credit Agreement (as defined below) are sub divided into four commitments, as follows:

MILTON BORROWER	HILLINGTON BORROWER	BIRCHWOOD BORROWER	CHINEHAM BORROWER
£220,416,153 Commitment (Milton Commitment)	£60,457,001 Commitment (Hillington Commitment)	£89,126,846 Commitment (Birchwood Commitment)	£100,000,000 Commitment (Chineham Commitment)

The Milton Commitment, as drawn, is referred to as the **Milton Loan**. The Hillington Commitment, as drawn, is referred to as the **Hillington Loan**. The Birchwood Commitment, as drawn, is referred to as the **Birchwood Loan**. The Milton Loan, the Hillington Loan and the Birchwood Loan are together referred to as the **Original Loans**, each an **Original Loan**.

On 28 October 2005 the parties to the Original Credit Agreement and MEPC Chineham Park Limited Partnership (the **Chineham Borrower**, and together with the Original Borrowers, the **Borrowers**) acting by its general partner, MEPC Chineham Park General Partner Limited, entered into a supplemental agreement, which amended and restated the Original Credit Agreement in the form set out in the supplemental agreement (the **Supplemental Agreement** and, together with the Original Credit Agreement, the **Credit Agreement**) to provide for, amongst other things, an increase in the commitments under the Original Credit Agreement and the making available of a loan to the Chineham Borrower (the **Chineham Loan** and, together with the Original Loans, the **Loans**). The commitment under the Chineham Loan is £100,000,000.

On the Closing Date, the Issuer will acquire all of the interest of the Original Lender in the Loans and in and under the security trusts constituting the Loan Security (as defined below) together with all its rights as lender under the Finance Documents (including, without limitation, the Credit Agreement) pursuant to the terms of a letter agreement dated 28 September 2005 (the **Loan Sale Letter Agreement**), a loan sale agreement to be dated on or about the Closing Date (the **Loan Sale Agreement**) and a transfer certificate in the form attached to the Credit Agreement (the **Transfer Certificate** and, together with the Loan Sale Letter Agreement and the Loan Sale

Agreement, the **Loan Sale Documents**) by utilising the proceeds of the issue of Notes. The purpose of the Loans is described under the “*Key characteristics of the Loans*” below. On the Closing Date, the principal amount outstanding of the Notes will correspond to the aggregate principal amount of the Loans.

The Issuer will use receipts of principal and interest in respect of the Loans, 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.

Each of the Borrowers is a special purpose limited partnership, whose activities are limited to beneficial ownership and management of the relevant Property and related activities, as further described under “*Credit Structure – 3. Credit Agreement – Undertakings*” below.

Each Obligor has granted a first fixed charge over all its rights and interests in the respective Trust Property (as defined below) and certain other security interests (including but not limited to security over its occupational leases, its rental cashflows, a floating charge and associated Related Security) (the **English Loan Security**) to Eurohypo (in its capacity as Facility Agent) who holds the English Loan Security on trust for (following transfer of the Loans) the Issuer and any other Finance Party under the Credit Agreement (together with the Issuer, the **Lenders**) and the other Loan Secured Creditors.

The Hillington Obligors have further granted a first ranking standard security over the Hillington Property and an assignation of rents (the **Scottish Loan Security**) to Eurohypo (in its capacity as Facility Agent) who holds the Scottish Loan Security on trust for the Lenders and the other Loan Secured Creditors.

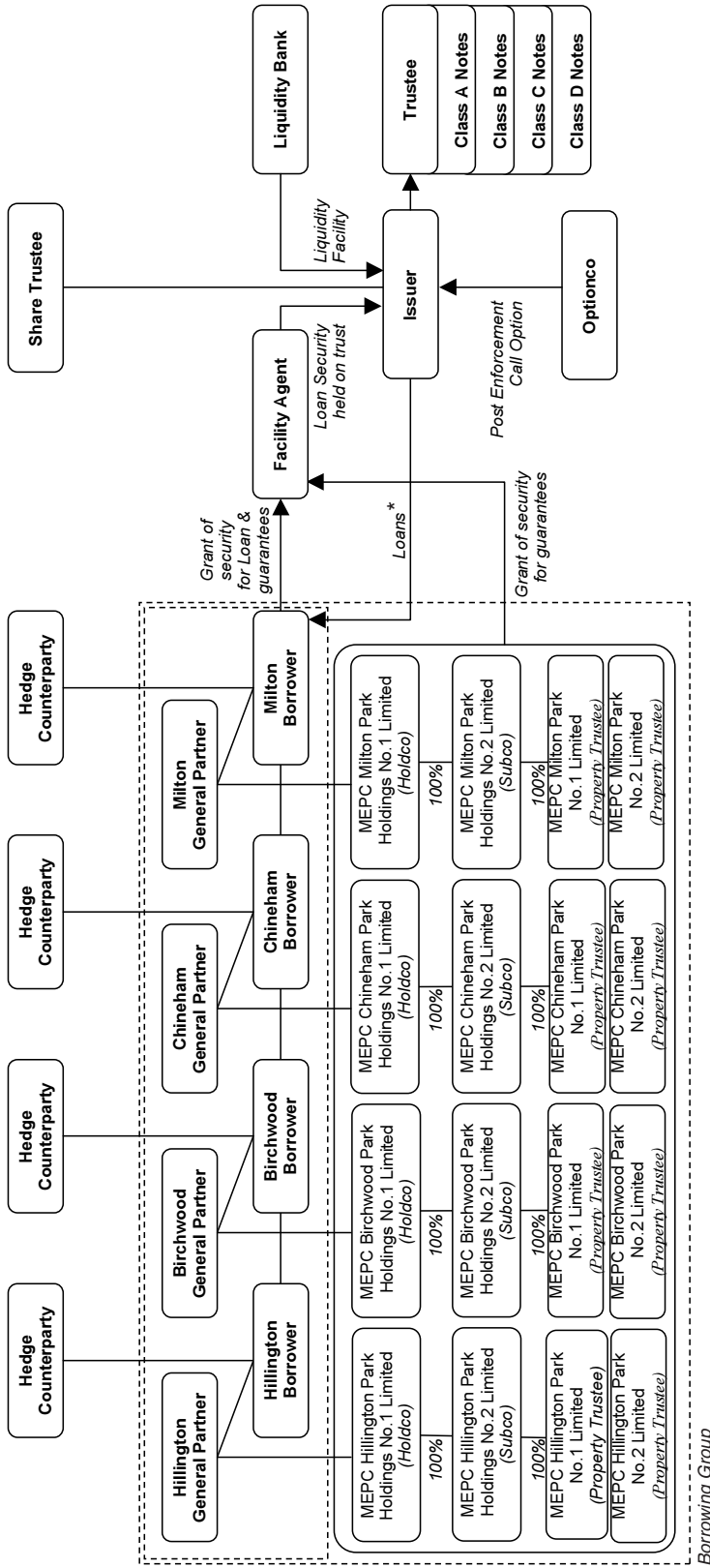
Each of the Borrowers has jointly and severally guaranteed the others’ obligations under the Credit Agreement and the Finance Documents.

Loan Security refers to either the English Loan Security and/or the Scottish Loan Security as the context admits.

Interest will be payable under each Loan at a floating rate, fixed on each Interest Payment Date, calculated with reference to LIBOR for three month sterling deposits plus a separate margin. The Borrowers have each entered into hedging arrangements with a view to ensuring that each of them will be able to continue to make payments of interest under the Loans, notwithstanding variations in the floating rate of interest payable by it. See further “*Credit Structure – 3. Credit Agreement – Hedging obligations*” below.

As security for its obligations under (amongst 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 Deed of Charge. The Trustee will hold the benefit of this security on trust for itself, the Noteholders and the Other Issuer Secured Creditors. The Deed of Charge will determine the priority of the claims of the Issuer Secured Creditors. See further “*Credit Structure – 9. Cashflows*” below.

Structure diagram



Obligors = Borrower (LP) + Guarantors
 Guarantors = GPs, Holdco's, Subco's, Property Trustees
 Guarantors – Joint and severally guarantee the obligations for the Loans
 * Loans made to each of the Milton Borrower, the Chineham Borrower, the Birchwood Borrower and the Hillington Borrower

KEY TRANSACTION PARTIES

- Issuer:** Opera Finance (MEPC) plc (the **Issuer**) is a public company incorporated in England and Wales with limited liability. The Issuer's company registration number is 05556422. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee.
- OptionCo:** Opera Finance (Options) Limited (**OptionCo**) is a private company incorporated in England and Wales with limited liability and company registration number 05403223. The entire issued share capital of OptionCo is held by Structured Finance Management Limited on trust for charitable purposes. It will be granted a post-enforcement call option under the Post- Enforcement Call Option Agreement.
- Milton Borrower:** MEPC Milton Park Limited Partnership (the **Milton Borrower**) is a limited partnership established and registered with registration number LP10617 under the Limited Partnerships Act 1907 in England and Wales and formed pursuant to a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Milton Partnership Agreement**) between, *inter alios*, the Milton General Partner and the Milton Limited Partners. MEPC Milton Park General Partner Limited (the **Milton General Partner**) is a private limited company incorporated in England and Wales with limited liability. The Milton General Partner's registration number is 05491793. As at the date hereof, the Milton Limited Partners are Mourant Property Trustees Limited as trustee of the MEPC Milton Park Unit Trust and Michael James Willis Farrow as trustee of the Hestia Discretionary Trust (the **Milton Limited Partners**).
- Milton Property Trustees:** MEPC Milton Park No.1 Limited (**Milton PT1**), is a private company incorporated in England and Wales with limited liability under registered number 05491670 and MEPC Milton Park No.2 Limited (**Milton PT2**) is a private company incorporated in England and Wales with limited liability under registered number 05491806 (each a **Milton Property Trustee** and together, the **Milton Property Trustees**).
- Milton Holdco:** MEPC Milton Park Holdings No. 1 Limited (**Milton Holdco**), is a private company incorporated in England and Wales with limited liability under registered number 05491722. The entire issued share capital in Milton Holdco is held by the Milton General Partner.
- Milton Subco:** MEPC Milton Park Holdings No. 2 Limited (**Milton Subco**), is a private company incorporated in England and Wales with limited liability under registered number 05491724. The entire issued share capital in Milton Subco is held by Milton Holdco.
- In this Offering Circular, the term **Milton Guarantors** means the Milton General Partner, Milton Holdco, Milton Subco and the Milton Property Trustees. The Milton Borrower and the Milton Guarantors are referred to as the **Milton Obligors**.

Hillington Borrower: MEPC Hillington Park Limited Partnership (the **Hillington Borrower**) is a limited partnership established and registered with registration number LP10619 under the Limited Partnerships Act 1907 in England and Wales and formed pursuant to a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Hillington Partnership Agreement**) between, *inter alios*, the Hillington General Partner and the Hillington Limited Partners. MEPC Hillington Park General Partner Limited (the **Hillington General Partner**) is a private limited company incorporated in England and Wales with limited liability. The Hillington General Partner's registration number is 05491667. As at the date hereof, the Hillington Limited Partners are Mourant Property Trustees Limited as trustee of the MEPC Hillington Park Unit Trust and Michael James Willis Farrow as trustee of the Hestia Discretionary Trust (the **Hillington Limited Partners**).

Hillington Property Trustees: MEPC Hillington Park No.1 Limited (**Hillington PT1**), is a private company incorporated in England and Wales with limited liability under registered number 05491668 and MEPC Hillington Park No.2 Limited (**Hillington PT2**) is a private company incorporated in England and Wales with limited liability under registered number 05491635 (each a **Hillington Property Trustee** and together, the **Hillington Property Trustees**).

Hillington Holdco: MEPC Hillington Park Holdings No. 1 Limited (**Hillington Holdco**), is a private company incorporated in England and Wales with limited liability under registered number 05491715. The entire issued share capital in Hillington Holdco is held by the Hillington General Partner.

Hillington Subco: MEPC Hillington Park Holdings No. 2 Limited (**Hillington Subco**), is a private company incorporated in England and Wales with limited liability under registered number 05491718. The entire issued share capital in Hillington Subco is held by Hillington Holdco.

In this Offering Circular, the term **Hillington Guarantors** means the Hillington General Partner, Hillington Holdco, Hillington Subco and the Hillington Property Trustees. The Hillington Borrower and the Hillington Guarantors are referred to as the **Hillington Obligors**.

Birchwood Borrower: MEPC Birchwood Park Limited Partnership (the **Birchwood Borrower**) is a limited partnership established and registered with registration number LP 10616 under the Limited Partnerships Act 1907 in England and Wales and formed pursuant to a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Birchwood Partnership Agreement**) between, *inter alios*, the Birchwood General Partner and the Birchwood Limited Partners. MEPC Birchwood Park General Partner Limited (the **Birchwood General Partner**) is a private limited company incorporated in England and Wales with limited liability. The

Birchwood General Partner's registration number is 05491626. As at the date hereof, the Birchwood Limited Partners are Mourant Property Trustees Limited as trustee of the MEPC Birchwood Park Unit Trust and Michael James Willis Farrow as trustee of the Hestia Discretionary Trust (the **Birchwood Limited Partners**).

Birchwood Property Trustees: MEPC Birchwood Park No.1 Limited (**Birchwood PT1**), is a private company incorporated in England and Wales with limited liability under registered number 05491629 and MEPC Birchwood Park No.2 Limited (**Birchwood PT2**) is a private company incorporated in England and Wales with limited liability under registered number 05492671 (each a **Birchwood Property Trustee** and together, the **Birchwood Property Trustees**).

Birchwood Holdco: MEPC Birchwood Park Holdings No. 1 Limited (**Birchwood Holdco**), is a private company incorporated in England and Wales with limited liability under registered number 05491716. The entire issued share capital in Birchwood Holdco is held by the Birchwood General Partner.

Birchwood Subco: MEPC Birchwood Park Holdings No. 2 Limited (**Birchwood Subco**), is a private company incorporated in England and Wales with limited liability under registered number 05491715. The entire issued share capital in Birchwood Subco is held by Birchwood Holdco.

In this Offering Circular, the term **Birchwood Guarantors** means the Birchwood General Partner, Birchwood Holdco, Birchwood Subco and the Birchwood Property Trustees. The Birchwood Borrower and the Birchwood Guarantors are referred to as the **Birchwood Obligors**.

Chineham Borrower: MEPC Chineham Park Limited Partnership (the **Chineham Borrower**) is a limited partnership established and registered with registration number LP010780 under the Limited Partnerships Act 1907 in England and Wales and formed pursuant to a limited partnership agreement dated 27 September 2005 (the **Chineham Partnership Agreement**) between, *inter alios*, the Chineham General Partner and the Chineham Limited Partners. MEPC Chineham Park General Partner Limited (the **Chineham General Partner**) is a private limited company incorporated in England and Wales with limited liability. The Chineham General Partner's registration number is 05492672. As at the date hereof, the Chineham Limited Partners are Mourant Property Trustees Limited as trustee of the MEPC Chineham Park Unit Trust and Michael James Willis Farrow as trustee of the Hestia Discretionary Trust (the **Chineham Limited Partners**).

Chineham Property Trustees: MEPC Chineham Park No.1 Limited (**Chineham PT1**), is a private company incorporated in England and Wales with limited liability under registered number 05492673 and MEPC Chineham Park No.2 Limited (**Chineham PT2**) is a private company incorporated in England and Wales with limited liability under registered number 05492674 (each a

Chineham Property Trustee and together, the **Chineham Property Trustees**).

Chineham Holdco:

MEPC Chineham Park Holdings No. 1 Limited (**Chineham Holdco**), is a private company incorporated in England and Wales with limited liability under registered number 05491717. The entire issued share capital in Chineham Holdco is held by the Chineham General Partner.

Chineham Subco:

MEPC Chineham Park Holdings No. 2 Limited (**Chineham Subco**), is a private company incorporated in England and Wales with limited liability under registered number 05491666. The entire issued share capital in Chineham Subco is held by Chineham Holdco.

In this Offering Circular, the term **Chineham Guarantors** means the Chineham General Partner, Chineham Holdco, Chineham Subco and the Chineham Property Trustees. The Chineham Borrower and the Chineham Guarantors are referred to as the **Chineham Obligors** and, together with the Milton Obligors, the Hillington Obligors and the Birchwood Obligors, the **Obligors**.

References to a **Borrower** or the relevant **Borrower** in this Offering Circular are to be read as references to any one of the **Milton Borrower**, the **Hillington Borrower**, the **Birchwood Borrower** or the **Chineham Borrower**, as the context requires.

References to a **Holdco** or the relevant **Holdco** in this Offering Circular are to be read as references to any one of the **Milton Holdco**, the **Hillington Holdco**, the **Birchwood Holdco** or the **Chineham Holdco**, as the context requires.

References to a **Subco** or the relevant **Subco** in this Offering Circular are to be read as references to any one of the **Milton Subco**, the **Hillington Subco**, the **Birchwood Subco** or the **Chineham Subco**, as the context requires.

References to a **Property Trustee** or the relevant **Property Trustee** in this Offering Circular are to be read as references to any one of the Milton Property Trustees, the Hillington Property Trustees, the Birchwood Property Trustees or the Chineham Property Trustees, as the context requires.

Eurohypo:

Eurohypo Aktiengesellschaft, London branch, whose principal office is at 4th Floor, 90 Long Acre, London WC2E 9RA (**Eurohypo**) will act in various capacities in respect of the transactions described in this Offering Circular. These are:

- (a) as facility agent under the Credit Agreement and trustee of the Loan Security for itself, the Lenders and the Hedge Counterparties (the **Facility Agent**);
- (b) as original lender under the Credit Agreement (the **Original Lender**);
- (c) as arranger of the Loans under the Credit Agreement (the **Arranger**);

- (d) as Hedge Counterparty (as defined below) under the Credit Agreement;
- (e) as servicer (the **Servicer**) and, if required, special servicer (the **Special Servicer**), on behalf of the Issuer, of the Loans pursuant to the Servicing Agreement; and
- (f) as arranger in respect of the issue of the Notes (the **Note Arranger**).

Trustee:	HSBC Trustee (C.I.) Limited, acting through its offices at 1 Grenville Street, St. Helier, Jersey JE4 9PF, (the Trustee), will act under the Trust Deed as trustee for the holders of the Notes and under the Deed of Charge as trustee for the Noteholders and the other Issuer Secured Creditors.
Principal Paying Agent and Agent Bank:	HSBC Bank plc, acting through its offices at 8 Canada Square, London E14 5HQ, will be principal paying agent and agent bank under the Agency Agreement (in these capacities, the Principal Paying Agent and the Agent Bank).
Irish Paying Agent:	HSBC Institutional Trust Services (Ireland) Limited, acting through its office at HSBC House, Harcourt Centre, Harcourt Street, Dublin 2, will 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 as the Paying Agents .
Account Bank:	HSBC Bank plc, acting through its offices at 8 Canada Square, London E14 5HQ, will act as account bank for the Issuer under the Bank Agreement (in this capacity, the Account Bank).
Liquidity Bank:	Lloyds TSB Bank plc, acting through its office at 25 Monument Street, London EC3R 8BQ, will provide the Liquidity Facility to the Issuer under the Liquidity Facility Agreement (in this capacity, the Liquidity Bank).
Corporate Services Provider:	Structured Finance Management Limited (the Corporate Services Provider) will provide certain corporate administration and secretarial services to the Issuer and provides certain corporate administration and secretarial services to OptionCo under two separate corporate services agreements (together the Corporate Services Agreements , and each a Corporate Services Agreement).
Share Trustee:	SFM Corporate Services Limited (the Share Trustee) will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of a share trust deed dated 7 October 2005 (the Share Trust Deed).
Hedge Counterparties:	Eurohypo AG, London branch, whose principal office is 4th Floor, 90 Long Acre, London WC2E 9RA who has entered into separate interest rate hedging agreements with each of the Borrowers, along with any other party appointed from time to time pursuant to the Credit Agreement to act as a

counterparty under the Hedging Arrangements in respect of the Loans (the **Hedge Counterparties**).

KEY CHARACTERISTICS OF THE LOANS

- General:** The Loans constitute full recourse obligations of each Borrower and are secured separately by, among other things, a first legal mortgage or, where applicable, a standard security over the Properties, the Related Security and first fixed security over the relevant Obligor's interests in any occupational leases, insurance policies, Hedging Arrangements, bank accounts and rental cashflows in respect of the Properties, together with a floating charge over all its remaining assets (including in the case of the Hillington Obligors, all of their Scottish assets), and a mortgage over the shares of each General Partner.
- Guarantee:** Each Borrower, SubCo, HoldCo, Property Trustee and General Partner is a Guarantor. The obligations of the Borrowers under the Credit Agreement have been guaranteed (the **Guarantee**) on a joint and several basis by each Guarantor. The Guarantee is limited in recourse to the proceeds of enforcement of the relevant Security Document.
- Purpose of the Loans:**
- The proceeds of the Milton Loan were applied by the Milton Borrower for its general purposes (including the making of loans to its Affiliates and the payment of any lawful distribution);
- The proceeds of the Birchwood Loan were applied by the Birchwood Borrower for its general purposes (including the making of loans to its Affiliates and the payment of any lawful distribution); and
- The proceeds of the Hillington Loan were applied by the Hillington Borrower for its general purposes (including the making of loans to its Affiliates and the payment of any lawful distribution).
- The proceeds of the Chineham Loan were applied by the Chineham Borrower for its general purposes (including the making of loans to its Affiliates and the payment of any lawful distribution).
- Interest rate:** The rate of interest on each Loan for each Interest Period is the percentage rate per annum equal to the aggregate of the applicable:
- (a) Margin (being, as at the Closing Date, 0.278 per cent.);
 - (b) LIBOR (as defined in the Credit Agreement); and
 - (c) Mandatory Cost (to the extent incurred by any Lender).
- Interest payments:** Interest under the Loans will be paid quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year and the Loan Maturity Date (each a **Loan Interest Payment Date**) in respect of successive interest periods (each a **Loan**

Interest Period) provided that if any such day is not a Business Day, the Loan Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

Securitisation fee:

Each Borrower shall pay to the Arranger, for the account of the Issuer, a securitisation fee (the **Securitisation Fee**) in the manner agreed in the relevant fee letter between the Borrowers and the Issuer.

Facility fee:

Each Borrower will also pay to the Arranger for the account of the Issuer, a facility fee (the **Facility Fee**) in the manner agreed in a fee letter between the Borrowers and the Issuer for providing each Loan, representing that Borrower's share under the Credit Agreement of certain fees, costs and expenses payable by the Issuer on the corresponding Interest Payment Date.

Upon a Borrower prepaying its Loan in full at any time prior to the Loan Maturity Date, the Facility Fee of the remaining Borrower(s) will increase *pro rata*. The Facility Fee will be payable quarterly in arrear.

Repayment of the Loans:

Unless previously repaid in full, each Borrower will be required to repay its Loan in full on the Loan Interest Payment Date falling in July 2012 (the **Loan Maturity Date**).

Mandatory prepayment:

Prepayment of the Loans must be made if:

- (a) it becomes unlawful for the Lender to perform its obligations under the Credit Agreement or to fund or maintain the Loans;
- (b) the BT Pension Scheme and the Royal Mail Pension Plan, together, cease to own and control (directly or indirectly) 25.1 per cent. or more of the partnership interests in any Borrower;
- (c) either MEPC Business Space Management Limited (in its capacity as asset manager appointed in accordance with the terms of the Credit Agreement) (the **Asset Manager**) or Hermes Investment Management Limited (in its capacity as fund manager appointed in accordance with the terms of Credit Agreement) (the **Fund Manager**) is removed or replaced other than in accordance with the terms of the Credit Agreement in which case an amount equal to the relevant Allocated Loan Amount will be declared due and payable and will be applied in prepayment of the relevant Loan on the next following Interest Payment Date (as determined in accordance with the Credit Agreement); and
- (d) a Property has been compulsorily purchased or a payment is made by an insurance company, in which case any amounts equal to the relevant Allocated Loan Amount (or to the extent the proceeds received are less than the Allocated Loan Amount, all the proceeds so received) will be paid into the Disposals Account and,

to the extent not applied for the acquisition of a substitute property (such acquisition only being permitted where the proceeds received are no less than the relevant Allocated Loan Amount), be applied in prepayment of the relevant Loan.

In the event of prepayment of all or part of a Loan in any of the above circumstances, no premium or penalty fee will be payable by the relevant Borrower, except for certain break costs.

Optional prepayment:

A Borrower may by giving not less than 35 days prior notice to the Facility Agent, prepay any Loan in whole or in part.

A prepayment of part of a Loan must be in a minimum amount of £5,000,000 and an integral multiple of £1,000,000.

The Issuer shall apply all amounts so prepaid in prepaying the Notes in the order specified by the Borrowers or the relevant Borrower (failing such specification, in a reverse sequential order) on the Interest Payment Date immediately following the date falling 35 days after the receipt by the Facility Agent of a notice of prepayment.

Representations and warranties: The representations and warranties to be given by each Obligor under the Credit Agreement, as of the date of the Credit Agreement, the date of drawdown, the Closing Date and (subject to certain exceptions) each Loan Interest Payment Date, include, among other things, warranties as follows:

- (a) due incorporation, establishment and authorisation;
- (b) no default under the Credit Agreement (a **Loan Event of Default**) is outstanding or will result from the making of the relevant Loans;
- (c) legality, validity and enforceability of, among other things, the Credit Agreement and the relevant Security Agreement and, in the case of the Hillington Borrower, the Standard Security and Assignment of Rents;
- (d) ownership and title to the relevant Property, in each case free from any security interests (other than those set out in the relevant Security Agreement and, in the case of the Hillington Borrower, the Standard Security and Assignment of Rents);
- (e) first priority of the relevant Loan Security;
- (f) the absence of material litigation, arbitration or administrative proceedings;
- (g) the truthfulness and accuracy of all information supplied by the relevant Borrower to the relevant Arranger, the Lender and the Facility Agent, among others, in connection with the Credit Agreement and related finance documents (the **Finance Documents**) and all information supplied by the relevant Borrower to

the Valuer for the purposes of the relevant Valuation and that the accounts of each Obligor most recently delivered to the Facility Agent have been prepared in accordance with accounting principles and practices generally accepted in the United Kingdom and fairly represent the financial condition of each Obligor as at the date to which they were drawn up;

- (h) ownership of each Borrower and each Obligor; and
- (i) no change in business of each Borrower and each other Obligor.

Loan Security:

Each Obligor has entered into a security agreement with Eurohypo (as Facility Agent) dated on or before the Closing Date (each, a **Security Agreement**) under which (together, in the case of the Hillington Loan, with the Scottish Loan Security) it has granted security over all of its assets in favour of the Facility Agent as security for the relevant Borrower's obligations under the Loans and other liabilities owing from time to time by it to the Lenders, the Hedge Counterparties, the Arranger and the Facility Agent (together, the **Loan Secured Creditors**).

The Loans and all other obligations to the Loan Secured Creditors will be secured by a first legal mortgage or standard security over the relevant Property and certain other security interests, including fixed security over the relevant Obligor's interests in any occupational leases, insurance policies, Hedging Arrangements, bank accounts and rental cashflows in respect of the relevant Property, together with a floating charge over its remaining assets (including, in the case of the Hillington Obligors, all of their Scottish assets).

The Hillington Loan and all other obligations to the Loan Secured Creditors are further secured by a first ranking standard security (the **Standard Security**) over the Hillington Property and a first ranking assignment of rents (the **Assignment of Rents**) in relation to the rental cashflows under the occupational leases of the Hillington Property. The Standard Security and the Assignment of Rents are governed by Scots law.

The security and covenant package for each of the Loans under the Credit Agreement will also include the benefit of:

- (a) a duty of care agreement entered into by each Managing Agent with the Facility Agent in relation to the management (including the collection of rental income) of each Property (the **Duty of Care Agreements**); and
- (b) a mortgage of shares dated on or before the Closing Date (the **Mortgage of Shares**) from MEPC Business Space Limited granting a first fixed equitable charge over all of each General Partner's share capital in favour of the Facility Agent.

The Duty of Care Agreements, the Mortgage of Shares and/or any other security which is granted in favour of the Facility Agent under the Credit Agreement are referred to in this document as the **Related Security** and will form part of the Loan Security. The Related Security is governed by English law.

In this Offering Circular, the term **Security Document** means each Security Agreement, each Mortgage of Shares, the Standard Security, the Assignment of Rents, and any other document designated as such by the Facility Agent and the Borrowers.

Under the Credit Agreement, each Borrower has guaranteed the payment obligations of the other Borrowers under the Finance Documents.

Further advances:

Although the Issuer will be the lender for the maximum commitment amount under the Credit Agreement as at the Closing Date, each Borrower will be entitled, from time to time, to request that the Issuer or any other Lender increase its term commitment under the Credit Agreement in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000 by written request to the Facility Agent. If all the relevant Lenders agree in writing to such a request, the relevant Commitments of those Lenders will be increased accordingly. However, the Credit Agreement will not place an obligation on the Issuer or any other Lender under the Credit Agreement to make any further advance to a Borrower.

Any additional lending under the Credit Agreement may be undertaken by the Issuer (in connection with the issue of Further Notes and/or New Notes) or by another Lender under the Credit Agreement.

The claims of that other Lender under the Credit Agreement may rank *pari passu* with the claims of the Issuer. The ranking of any additional lending undertaken by the Issuer and funded by the issue of Further Notes and/or New Notes will be decided at the time of issue of such Further Notes and New Notes.

No additional lending under the Credit Agreement will be permitted unless all the Lenders under the Credit Agreement consent to such additional lending and the Rating Agencies confirm that the then current ratings of each class of Notes will not be adversely affected.

Insurance:

Each Borrower will undertake, pursuant to the Credit Agreement, to maintain insurance on its Property and the plant and machinery on its Property (including fixtures and improvements) on a full reinstatement basis, such insurance to include loss of rent insurance (in respect of a period of not less than three years or, if longer, the minimum period required under the relevant lease documents) and cover against acts of terrorism. Each Borrower has also undertaken

to procure that the Facility Agent has its interest noted on all relevant insurance policies.

All insurances required under the Credit Agreement must be with an insurance company or underwriter (or a group of insurance companies or underwriters) that:

- (a) has a long term credit rating or a financial strength rating (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of "A" (or better) by Fitch, "A" (or better) by S&P and satisfactory to Moody's; or
- (b) is recommended by the relevant Borrower's insurance broker in a letter to the Facility Agent and the relevant Borrower to be delivered at least annually; or
- (c) is otherwise acceptable to the Facility Agent (acting reasonably).

Property management:

CB Richard Ellis Limited, MEPC Business Space Management Limited and Nelson Bakewell Limited, each a **Managing Agent**, have each entered into a property management agreement or asset management agreement with the relevant Borrower in respect of the relevant Property (the **Property Management Agreements**) and will undertake (pursuant to the Duty of Care Agreements) towards the Facility Agent to:

- (a) comply with the terms of each Property Management Agreement;
- (b) exercise all proper skill, care and diligence in performing each Property Management Agreement; and
- (c) ensure that the net rental income from the relevant Property is paid promptly into the relevant Rent Account when due or such income is held in a separate account on trust for the relevant Borrower until transferred to such Borrower's possession.

Disposals, substitutions, acquisitions:

Pursuant to the Credit Agreement, each Obligor has undertaken not to dispose of all or any part of its assets other than pursuant to certain customary or pre-approved exceptions or where the proceeds are not less than the relevant Allocated Loan Amount (or where there is any shortfall the relevant Allocated Loan Amount is made up by the relevant Borrower) and are applied to the Disposals Proceeds Account where such funds can only be used either in prepayment of the Loans or (only when the proceeds of the disposal, the compulsory purchase or insurance proceeds are at least equal to the relevant Allocated Loan Amount) towards the purchase of a substitute property, subject to pre-agreed criteria.

Each Obligor has undertaken not to make any acquisition or investment other than of an additional property (subject to

certain conditions), of a limited partnership interest in a Borrower, or otherwise pursuant to certain customary exceptions or with the consent of the majority of the Lenders.

Other covenants:

The Obligors have further undertaken not to create or allow to exist any security interest on any of their assets, subject to certain pre-agreed exceptions and except as provided for in the Credit Agreement not to incur or allow to exist any financial indebtedness.

KEY CHARACTERISTICS OF THE PROPERTIES

Property:

The Loans are secured on land and buildings at Milton Park, Abingdon, Oxfordshire, Hillington Park, Renfrewshire, Scotland, Birchwood Park, Warrington, Cheshire and Chineham Park, Basingstoke, Hampshire (the **Properties**) and referred to individually as the **Milton Property**, the **Hillington Property**, the **Birchwood Property** and the **Chineham Property**, respectively.

As per the valuation carried out by Knight Frank LLP (the **Valuer**) on 1 September 2005 in respect of the Milton Property, the Birchwood Property and the Hillington Property and 19 September 2005 in respect of the Chineham Property (the **Valuation**), gross contractual rent in respect of the Milton Property was £22,403,260 per annum, in respect of the Hillington Property was £7,050,849 per annum, in respect of the Birchwood Property was £8,374,546 per annum and in respect of the Chineham Property was £11,168,021 per annum. As of the Valuation Date the gross contractual rent subject to rent free periods in respect of the Properties totalled £4,078,799.

The estimated rental value as of the date of the Valuation was: for the Milton Property £25,799,322 per annum, for the Hillington Property £8,102,809 per annum, for the Birchwood Property £10,503,434 per annum and for the Chineham Property £10,283,198 per annum. The Birchwood and Hillington Properties are managed by CB Richard Ellis Limited, the Milton Property is managed by MEPC Business Space Management Limited and the Chineham Property is managed by Nelson Bakewell Limited.

Valuation:

The Valuer has determined the market value of the freehold interest (or its Scottish equivalent in the case of the Hillington Property) for each Property, subject to the existing tenancies, to be, as at 1 September 2005 for the Milton, Hillington and Birchwood Properties and 19 September 2005 for the Chineham Property (the **Valuation Dates**), for the Milton Property £350,000,000, for the Hillington Property £96,000,000, for the Birchwood Property £140,125,000 and for the Chineham Property £158,800,000. Since the Valuation Dates, there has been no diminution in the value of the relevant Property as at the date of this Offering Circular. On the basis of the Valuation, the loan to value ratio of the Loans

on the date of this Offering Circular (expressed as a percentage) is 63.1 per cent.

Under the terms of the Credit Agreement, the Facility Agent will have the right to call for a valuation of the relevant Property at any time at the cost of the Lenders or, if a Loan Event of Default under the Credit Agreement is outstanding or likely to result from such valuation, at the cost of the Borrowers (See “*Valuation Report*” below).

PRINCIPAL FEATURES OF THE NOTES

Notes:

The Notes will comprise:

- (a) £373,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2014;
- (b) £36,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2014;
- (c) £37,500,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2014; and
- (d) £22,500,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2014.

The Notes will be constituted by a trust deed made between the Issuer and the Trustee dated on or before the Closing Date (the **Trust Deed**). The Notes of each class will rank *pari passu* and rateably and without any preference among themselves.

Status and priority:

After service of an Acceleration Notice and pursuant to the provisions of **Condition 3**, the Trust Deed and the Deed of Charge, the Class A Notes will rank in priority to all other Classes of Notes in point of security and as to the payment of principal and interest, the Class B Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes but will rank in priority to the Class C Notes and the Class D Notes in point of security and as to the payment of principal and interest, the Class C Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes and the Class B Notes but will rank in priority to the Class D Notes in point of security and as to the payment of principal and interest and the Class D Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes, the Class B Notes and the Class C Notes.

See “*Credit Structure – 9. Cashflows*” below.

Form of the Notes:

Each Class of Notes will be in bearer form. The Temporary Global Notes and the Permanent Global Notes of each class will be held by a 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 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**.

Ratings:

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

Class	Fitch	Moody's	S&P
Class A Notes	AAA	Aaa	AAA
Class B Notes	AA	N/A	AAA
Class C Notes	AA	N/A	AA
Class D Notes	A+	N/A	AA-

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.

Listing:

Application has been made to the Stock Exchange for the Notes to be admitted to the Official List of the Stock Exchange and trading on its regulated market.

Final redemption:

Unless previously redeemed in full, the Notes will mature on the Final Maturity Date.

Redemption in whole for taxation and other reasons:

In accordance with **Condition 6.2(b)** and only after reasonable endeavours have been made to mitigate in accordance with **Condition 6.2(a)** if the Issuer satisfies the Trustee that either (i) on the occasion of the next Interest Payment Date the Issuer would become subject to tax on its income in more than one jurisdiction or the Issuer would be required to make any withholding or deduction from any payment of principal or interest in respect of any of the Notes, or the Issuer would suffer any withholding or deduction from any payment in respect of the Loans in each case for or on account of any present or future tax, duty or charge of whatsoever nature incurred or levied by or on behalf of the United Kingdom or any authority thereof or therein or (ii) by reason of a change of law which change becomes effective on or after the Closing Date it has or will become unlawful for the Issuer to make, lend or allow to remain outstanding all or any advances made or to be made by it under the Credit Agreement, then the Issuer shall (in accordance with **Condition 6.2(b)**), upon giving not more than 60 and not less than 30 days' notice (or, in the case of paragraph (ii) above, such shorter notice period expiring on or before the latest date permitted by the relevant law) 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 thereon.

Mandatory redemption in whole or in part:

Principal Amount Outstanding means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time.

Prior to service of an Acceleration Notice, if the Issuer receives a notice from a Borrower pursuant to the Credit Agreement that the Borrower intends to prepay all or part of a Loan using the proceeds of disposal of a Property, the Issuer will, subject as provided in **Condition 6.3**, be obliged to redeem some or all of a specified principal amount of the Notes on the next Interest Payment Date, having given not more than 60 and not less than 30 days' notice in accordance with (and in the order determined by) the provisions of **Condition 6.3(a)**.

If the Issuer receives a notice from a Borrower pursuant to the Credit Agreement that the Borrower intends to prepay all or part of a Loan using insurance proceeds or the proceeds of a compulsory purchase of a Property, the Issuer will, subject as provided in **Condition 6.3**, be obliged to redeem some or all of a specified principal amount of the Notes on the next Interest Payment Date, having given not more than 60 and not less than 30 days' notice in accordance with (and in the order determined by) the provisions of **Condition 6.3(b)**.

If the Issuer receives a notice from a Borrower pursuant to the Credit Agreement that the Borrower intends to prepay all or part of a Loan using funds other than the proceeds of a disposal of a Property, insurance proceeds or the proceeds of a compulsory purchase, the Issuer will, subject as provided in **Condition 6.3**, be obliged to redeem some or all of a specified principal amount of the Notes on the Interest Payment Date immediately following the date falling 35 days after the receipt by the Facility Agent of a notice of prepayment in accordance with (and, to the extent not specified by the Borrower, in the reverse sequential order determined by) the provisions of **Condition 6.3(c)**.

If the Issuer receives notice from a Borrower pursuant to the Credit Agreement that the Borrower is required to prepay all or part of a Loan (other than following disposal of a Property or using the proceeds of a compulsory purchase or insurance proceeds) or a Loan is declared due and payable, then the Issuer will, subject as provided in **Condition 6.3**, be obliged to redeem some or all of a specified principal amount of the Notes on the next Interest Payment Date in accordance with (and in the order determined by) the provisions of **Condition 6.3(d)**.

Upon enforcement of the Issuer Security and service of an Acceleration Notice, pursuant to **Condition 10**, the Trustee or its appointee is required to apply all amounts (if any) received in respect of a Loan in accordance with the Post-Acceleration Priority of Payments pursuant to the Deed of Charge.

Post-Enforcement Call Option: The Issuer will enter into a post-enforcement call option agreement with Opera Finance (Options) Limited (**OptionCo**) and the Trustee dated on or before the Closing Date (the **Post-Enforcement Call Option Agreement**) under the terms of which, upon exercise of the Post-Enforcement Call Option by OptionCo, following the enforcement of the Issuer Security, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be required to transfer to OptionCo all of the Class B Notes, the Class C Notes and the Class D Notes. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be bound by the terms of the Notes to transfer their Note holdings to OptionCo. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be paid a nominal amount only for the transfer.

No purchase of Notes by the Issuer: The Issuer will not be permitted to purchase Notes.

Further Notes, New Notes and Replacement Notes: The Issuer will be entitled, without the consent of the Noteholders of any class, to issue further debt securities, as follows:

- (a) notes which are consolidated, and form a single series with, an existing class of Notes (including any New Notes or Replacement Notes then in issue) (**Further Notes**);
- (b) notes which rank *pari passu* with the Class A Notes, or behind the Class A Notes and ahead of the Class B Notes, or *pari passu* with the Class B Notes, or behind the Class B Notes but ahead of the Class C Notes, or *pari passu* with the Class C Notes, or behind the Class C Notes but ahead of the Class D Notes or *pari passu* with the Class D Notes, or behind the Class D Notes (**New Notes**); and
- (c) notes of any class to replace an existing class of Notes (**Replacement Notes**).

Any issue of Further Notes, New Notes or Replacement Notes will be subject to the satisfaction of certain conditions precedent. These will include a condition that the Rating Agencies confirm that the then current ratings of each class of Notes already in issue will not be adversely affected. See further **Condition 16** under “*Terms and Conditions of the Notes*” below.

Interest rates: Each class of Notes will initially bear interest calculated as the sum of LIBOR (as determined in accordance with **Condition 5.3**) plus the relevant Margin. The interest rate margin applicable to each class of Notes will be as follows (each, a **Margin**):

Class	Margin (per cent.)
Class A Notes	0.24
Class B Notes	0.34
Class C Notes	0.40
Class D Notes	0.60

Interest payments:

Interest will be payable on the Notes quarterly in arrear on 20 January, 20 April, 20 July, 20 October in each year, unless the same is not a Business Day, in which case the following Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not) (each, an **Interest Payment Date**). **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.

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. The Noteholders will be entitled to receive a payment of interest only in so far as payment is in accordance with the Priorities of Payments (as described in “*Credit Structure – 9. Cashflows*” below). Any interest not paid on the Notes (other than interest due on the Most Senior Class of Notes then outstanding) when due (prior to the Final Maturity Date or on such earlier date as the Notes become immediately due and repayable under **Condition 10**) 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 Priorities of Payments (as described in “*Credit Structure – 9. Cashflows*” below).

Any deferral of interest in accordance with **Condition 5.8** will not constitute a Note Event of Default.

Issue prices:

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; and

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.

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 and assignment made between the Issuer, the Trustee and the Other Issuer Secured Creditors and dated on or before the Closing Date (the **Deed of Charge**).

The Trustee will hold the security granted under the Deed of Charge on trust for itself, any receiver and any other appointee of the Trustee, the Noteholders, the Receipholders, the Couponholders, the Paying Agents, the Agent Bank, the Corporate Services Provider, the Servicer, the Special Servicer, the Liquidity Bank, the Arranger and the Account Bank (together, the **Issuer Secured Creditors**), except any amounts in the Stand-By Account, which shall be held on trust solely for the Liquidity Bank.

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

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

The security interests referred to in paragraphs (a) to (e) above may take effect as floating security and thus rank behind claims of certain preferential and other creditors. See "*Status and Priority*" (above) for the ranking of Notes, after the enforcement of the Issuer Security.

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 or, in the case of the Scottish Loan Security, by Scots 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 Noteholders should read also 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 principal and interest 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) Eurohypo (in any capacity), the Joint Bookrunners, the Trustee, the Share Trustee, the Liquidity Bank, the Servicer, the Special Servicer, the Paying Agents, the Agent Bank, the Corporate Services Provider and 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 their respective Loans (see further “*Considerations relating to the Loans and the Properties*” below) and the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement. 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.

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, in certain limited circumstances, 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, the Loan Security, each Property and other relevant structural features of the transaction, including, among other things, the short term and long term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Bank and the Hedge Counterparties. These ratings reflect only the views of the Rating Agencies.

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the 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 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 and the Noteholders. In making such a determination, the Trustee shall be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Notes of the relevant class would or, as the case may be, would not, be adversely affected by such event, matter or thing.

However, it should be noted that the decision as to whether or not to reconfirm any particular rating may be made on the basis of a variety of factors and no assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter 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). In addition, no assurance can be given that the Rating Agencies will provide any such reconfirmation.

Absence of secondary market; limited liquidity

Application has been made to the Stock Exchange for the Notes to be admitted to the Official List of the 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 and/or credit spreads. 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 Bank will, under and in accordance with the terms of the Liquidity Facility Agreement, make available to the Issuer a £26,000,000 Liquidity Facility to enable the Issuer to (among other things) make payments of interest in respect of the Notes. In certain circumstances after the enforcement of the Loans, the Liquidity Facility may cease to be available to make interest payments in respect of certain classes of Notes. See "*Credit Structure – 8. Liquidity Facility*". The Liquidity Facility will not be available to the Issuer to enable it to make any payment of principal payable in respect of the Notes of any class.

The initial Liquidity Facility Agreement will expire 364 days after the Closing Date, although it is extendable. The Liquidity Bank 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 may, 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 “*Credit Structure – 8. Liquidity Facility*”, below.

Subordination of Class B Notes, Class C Notes and Class D Notes

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds to make payment in full of interest due on the Class B Notes and/or the Class C Notes and/or the Class D Notes, then the Issuer will be entitled (under **Condition 5.8**) to defer payment of that amount until the following Interest Payment Date. In these circumstances there will be no Note Event of Default. If there are no Class A Notes then outstanding (but there are Class B Notes outstanding), the Issuer will be entitled to defer payments of interest in respect of the Class C Notes and the Class D Notes only. If there are no Class B Notes then outstanding (but there are Class C Notes outstanding), the Issuer will be entitled to defer payments of interest in respect of the Class D Notes only.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments (including all amounts payable to any receiver and the Trustee, all amounts due to the Servicer, the Special Servicer, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank and all payments due to the Liquidity Bank under the Liquidity Facility (other than in respect of amounts specified in paragraph (o) of “*Credit Structure – 9. Cashflows – Payments Paid out of the Issuer Transaction Account Post Enforcement of the Issuer Security but Pre-Acceleration of the Notes*” and paragraph (o) of “*9. Cashflows – Payments Paid out of the Issuer Transaction Account Post-Acceleration of the Notes*” below)) will be made in priority to payments in respect of interest and principal (where appropriate) on the Class A Notes. Upon acceleration of the Notes, 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 and all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders.

Conflict of interests between classes of Noteholders

The Trustee will be required, in performing its duties as trustee under the Trust Deed and the Deed of Charge, to have regard to the interests of all the Noteholders together. However, if (in the sole opinion of the Trustee) there is 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 these purposes, 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 are 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 oblige the Issuer to redeem the Notes at their then Principal Amount Outstanding (plus accrued interest) thereby shortening the average lives of the Notes.

VAT

Under current United Kingdom taxation law, the representative member from time to time of a VAT group is liable for all the VAT liabilities of such group, with each other member of such group being jointly and severally liable for any VAT due from the representative member in respect of such other member's period of membership of such group.

During the period commencing on 4 July 2005 and ending on 13 October 2005, each General Partner and Property Trustee (each, a **VAT Registered Company**) was treated as a member of the same VAT group (the **MEPC VAT Group**). With effect from 14 October 2005, each VAT Registered Company was removed from the MEPC VAT Group and, in relation to each Property, the relevant General Partner and Property Trustees formed a separate VAT group of which the relevant General Partner was the representative member. MEPC Limited has received confirmation from H.M. Revenue and Customs of the due registration of each such separate VAT group. Each VAT Registered Company is jointly and severally liable for any VAT due from the representative member of the MEPC VAT Group in respect of the period during which such VAT Registered Company was a member of such group. MEPC Limited has provided an indemnity to Eurohypo, in its capacity as Facility Agent on behalf of the Lender against any such liabilities which do not relate to supplies made by or to the relevant VAT Registered Company.

Yield and prepayment considerations

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of receipt by the Issuer of amounts of principal in respect of a Loan or the Loans (and payment thereof to Noteholders) and the purchase price paid by the holders of the Notes. Such yield may be adversely affected by one or more prepayments in respect of a Loan or the Loans (and payment thereof to Noteholders).

A Borrower will have the option and may be required in certain circumstances to prepay a Loan at any time. If a Borrower prepays any Loan in whole or in part, the Issuer will effect a redemption of the Notes (under **Condition 6.3**) in a corresponding principal amount to the Loan prepaid.

Post-Enforcement Call Option

Pursuant to the Post-Enforcement Call Option Agreement the Trustee will, on the Closing Date, grant to OptionCo an option (the **Post-Enforcement Call Option**) to acquire all (but not some only) of the Class B Notes, the Class C Notes and the Class D Notes (plus accrued interest thereon) for a consideration of one penny per Note outstanding following any enforcement of the Issuer Security and after (a) the date on which the Trustee determines that the proceeds of such enforcement are insufficient to pay any further amounts due in respect of the Class B Notes, the Class C Notes and the Class D Notes, (b) payment of all other claims ranking higher in priority to the Class B Notes, the Class C Notes and the Class D Notes and *pro rata* payment of all claims ranking in equal priority to the Class B Notes, the Class C Notes and the Class D Notes and (c) the application of any such proceeds to the Class B Notes, the Class C Notes and the Class D Notes. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be bound by the terms of the Post Enforcement Call Option granted to OptionCo pursuant to the Post-Enforcement Call Option Agreement, the Trust Deed and **Condition 6.7** and the Trustee will be irrevocably authorised to enter into the Post-Enforcement Call Option Agreement with the Issuer and OptionCo on behalf of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders on the Closing Date.

Cross Default/Acceleration/Cross-Collateralisation between the Loans

The Loans are cross-collateralised, so a default under one Loan will result in a default under another Loan. In addition, a default and/or enforcement of the Loan Security in respect of one Loan will result in a default under the Notes. As a result, the Notes may be accelerated even though one or more Borrower(s) have not defaulted under their respective Loans. However as each Property's

cashflow and collateral value supports any Borrower's obligations under the Credit Agreement there is an overall reduction in volatility in collateral cashflow and value and a surplus under one loan may be used to balance any shortfalls on another.

(B) Considerations relating to the Loans and the Properties

Concentration of risk generally

Each Borrower's only material asset is its interest in the relevant Property and it will therefore have access to no funds other than those generated through its ownership of its Property, the letting of its Property to occupational tenants and any amounts that may be payable to it under the relevant Hedging Arrangements. If a Borrower were unable to make payment in full of the amounts due under its Loan, this would adversely affect the ability of the Issuer to make payments due in respect of the Notes in full.

Real property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for commercial real estate in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies and changes in tax laws, interest rate levels, inflation, the availability of financing and yields of alternative investments. Commercial rentals and values are sensitive to such factors, which can sometimes result in rapid, substantial increases and decreases in rental and valuation levels.

Borrower's dependence on occupational tenants

A Borrower's ability to meet its obligations in respect of the Credit Agreement will depend upon it continuing to receive a significant level of aggregate rent from the occupational tenants under the occupational leases. A Borrower's ability to make payments in respect of the Credit Agreement could be adversely affected if occupancy levels at its Property were to fall or if a significant number of occupational tenants were unable to meet their obligations under their occupational leases. See also "*Active Management of the Property*" below.

During the term of the Loans, some of the existing occupational leases which are in place as at the Closing Date will come to the end of their respective contractual terms. This is likely to be the case also for some of the new occupational leases granted by a Borrower after the Closing Date. There can be no assurance that occupational tenants will renew their respective occupational leases or, if they do not, that new occupational tenants will be found to take up replacement occupational leases. Furthermore, even if such renewals are effected or replacement occupational leases are granted, there can be no assurance that such renewals or replacement occupational leases will be on terms (including rental levels) as favourable to a Borrower as those which exist now or before such termination, nor that the covenant strength of either occupational tenants who renew their occupational leases or new occupational tenants who replace them will be the same as or equivalent to, those now existing or existing before such termination.

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 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 a Property, 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 a Property will not adversely affect the demand for units in a Property.

Risks relating to occupational pension schemes

MEPC Limited is an employer which operates a defined benefit occupational pension scheme (the **Scheme**).

As at 31 December 2003, based on an actuarial report issued in September 2004, the final salary defined benefit section of the Scheme was calculated as exceeding the value of assets by approximately £10,794,000.

Changes in pensions law over the last two years have increased the extent of the obligation on employers with defined benefit pension schemes to support those schemes. New statutory funding obligations will be introduced on a phased basis (with retroactive effect from September 2005) and it is expected that the new regime will result in higher employer contributions being payable. In addition, changes made in June 2003 mean that if a pension scheme is wound up the relevant employer must, if necessary, make a payment to the scheme to ensure that the scheme's assets are sufficient to enable the scheme's pension obligations to be secured by buying annuities from an insurance company.

There is no assurance that the employer's regular contributions, together with members' regular contributions, will eliminate any deficit in the Scheme. Any calculated deficit will vary with changes in expected rates of return on the Scheme's investments, the market value of the Scheme's investments and in the expected longevity of members. This means that the funding level in the Scheme is potentially volatile.

Certain provisions of the Pensions Act 2004 (the **Pensions Act**) can result in pensions-related liabilities being imposed on a company if it is an employer with a defined benefits pension scheme, or is a person "connected with or an associate of" the employer. Section 38 of the Pensions Act permits the Pensions Regulator (as defined in the Pensions Act) to impose a contribution notice requiring the recipient to make a contribution to a pension scheme, where that person has been party to an act or a deliberate failure to act which had as its main purpose (or one of its main purposes) the avoidance or reduction of a debt that would otherwise fall due under pensions legislation, from a participating employer to the trustees of the pension scheme. The amount to be paid under a contribution notice can be the whole or part of the deficit on the buy-out basis (the cost of securing benefits for the purchase of annuities with an insurance company). The Pensions Regulator can issue a contribution notice only where it believes it is reasonable to do so. A notice can be issued to the employer or any of its "associates" or "connected persons". These terms are widely defined, covering companies within the same group. So, for example, any one of the Obligors may be an associate of MEPC Limited which is the employer under a defined benefits pension scheme. The Borrowers do not consider that an application for a clearance needs to be made to the Pensions Regulator to ensure that no contribution notice will be made in connection with the issue of Notes as MEPC Limited are in the process of agreeing with the trustees of the Scheme what the ongoing level of support from MEPC Limited and its shareholders will be.

Further, the Pensions Regulator has power under section 43 of the Pensions Act to impose a financial support direction if the employer in relation to a defined benefit pension scheme is "insufficiently resourced" (that is, if the value of its resources is less than half of the deficit in the scheme, calculated on a buy-out basis (as set out above)). A financial support direction may be imposed on a company which is, or has been within the previous twelve months, an employer participating in a defined benefit pension scheme, or a person associated with or connected with that employer. A financial support direction would require the recipient to enter into a formal arrangement to support the pension scheme in question, either by group companies accepting joint and several responsibility for the pension scheme, or by the holding company of a group accepting responsibility or in some other way prescribed by regulations made under the Pensions Act.

The provisions of the Pensions Act described above are exceptions to the normal rule that the liability of shareholders in a limited company is limited to the amount paid up, or to be paid up, on their shares, because of the ability of the Pensions Regulator to issue notices and directions to a company requiring payment to or other support for the pension scheme of an associate or connected person.

Active management of the Properties

The Properties have been, and will remain, under active property management. This may result in the release of occupational tenants from occupational leases at a time when no replacement occupant has yet signed up to a lease.

Equally, some occupational tenants may wish to reduce the size of their premises or to move premises within a Property. In addition, occupational tenants may decide that they wish to take more or less space or space in a different part of a Property.

If an occupational tenant gets into financial difficulties, a Borrower may find it necessary to grant rental concessions to that occupational tenant or to accept a surrender of the relevant occupational lease. Market conditions may be such at the time that the new occupational lease may provide for payments at a lower rental. In these circumstances, a Borrower may need to agree to such terms, keeping in mind not only the requirement to maximise income but also the impact upon neighbouring units if the relevant unit were to be closed down for a period.

Privity of contract

The Landlord and Tenant (Covenants) Act 1995 (the **Covenants Act**) provides that, in relation to leases of property in England and Wales granted after 1 January 1996 (other than leases granted after that date pursuant to agreements for lease entered into before that date), if an original tenant under such a lease assigns that lease (having obtained all necessary consents (including consent of the landlord if required by the lease)), that original tenant's liability to the landlord, under the terms of the lease, ceases. The Covenants Act provides that arrangements can be entered into 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 any subsequent assignees of that original assignee. The same principles apply to an original assignee if it assigns the lease.

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

There can, however, be no assurance that any assignee of a lease of premises within the Milton Property or the Birchwood 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.

Development of the Properties

Each Borrower will have certain discretions as to matters including the design and configuration of its Property and developments within and outside its Property. Although each Borrower is experienced in managing commercial property, there can be no assurance that decisions taken by it in the future will not adversely affect the value of or cashflows from its Property.

Statutory rights of tenants

In certain circumstances, occupational tenants of a Property may have legal rights to require the landlord of that property (i.e. the Borrowers) to grant them tenancies or renewals, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act (each of which apply in England and Wales only) or the Tenancy of Shops (Scotland) Act 1949 (which applies to Scotland only and the provisions of which extend only to leases of shop premises). Should such a right arise, the landlord may not have its normal freedom to negotiate the terms of the new tenancy with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises. Accordingly, while it is the general practice of the courts in renewals under the Landlord and Tenant Act 1954 to grant a new tenancy on similar terms to the expiring tenancy, the basic annual rent will be adjusted in line with the then market rent at the relevant time but there can be no guarantee as to the terms on which any such new tenancy or renewals will be granted. Under the Tenancy of Shops (Scotland) Act 1949 any tenancy renewal is limited to one year, although the tenant may apply for further renewals thereafter. A landlord may object to the grant of a new lease on a number of grounds including (a) (in England and Wales) if the property is required for redevelopment or for the landlord's own use or (b) (in Scotland) if the granting of the renewal would cause greater hardship than its refusal or (c) (in either case) if the tenant is in breach of covenant, but in such circumstances the court will allow a tenant time to correct a default.

Administration risk in respect of certain tenants

If an occupational tenant which is a company were to enter into administration, the relevant Borrower would be prohibited under the Insolvency Act 1986 (as amended, the **Insolvency Act**) from taking any action against that occupational tenant for recovery of sums due or re-entry to the relevant premises. In addition, while an administration order is in force in relation to a corporate tenant (and upon the presentation of a petition for the making of an administration order), the statutory moratorium has been extended such that a landlord requires the consent of the tenant's administrator or (and when a petition has been presented, only with) leave of the court before it is able to enforce rights against that company as tenant to forfeit the tenant's lease by peaceable re-entry onto the premises.

If the tenant 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, it is possible that the court would refuse to grant such leave to re-enter to the landlord on the grounds that to do so would frustrate the purpose of the administration and, furthermore, that the court would do so notwithstanding that the administrator was only paying a reduced or even no 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 each Property 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 will apply these new provisions.

Leasing parameters

Some of the occupational leases in respect of the Milton Property, the Hillington Property and the Chineham Property are short-term, fully inclusive leases, under which the occupational tenants are required to pay fully inclusive rental payment, which covers, among other things, a service charge and insurance cost element. If service costs or insurance costs were to increase, those occupational tenants who rent units under such fully inclusive leases would not be required to contribute to the higher services or insurance costs. However, these fully inclusive leases do not form a large proportion of the aggregate gross rents of each Property and are, in any case, generally let on short terms. In addition, the tenant must pay water and general rates (or a fair proportion thereof) to the relevant Borrower in addition to the inclusive figures.

The level of service charges payable by occupational tenants under the occupational leases may differ, but the overall level of service charges payable by all occupational tenants is normally set at a level which is intended to ensure that the landlord recovers from the occupational tenants (taken as a whole) substantially all of the service costs associated with the management and operation of each Property to the extent that the relevant Borrower itself does not itself make a contribution to those costs. However, there are some items of expenditure which the landlord is not entitled to recover from the occupational tenants, for example, the cost of repairing any defects which were inherent in a Property at the start of any occupational lease, the cost of any rebuilding (as opposed to repair) work at a Property and the costs associated with any major improvements or refurbishments of a Property. Also, the extent that there is any empty space in its Property, a Borrower will generally experience a shortfall depending on the portion that is empty.

Late payment or non-payment of rent

There is a risk that rental payments due under the occupational leases on or before the relevant Loan Interest Payment Date will not be paid on the due date or not 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 a Borrower to make payments to the Issuer under the Credit Agreement in full or at all. 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, funds made available under the Liquidity Facility 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 Credit Agreement)), on receipt of proceeds of a compulsory purchase or insurance proceeds (to the extent not otherwise applied in accordance with the Credit Agreement), on a change of control of the relevant Borrower in certain cases or its shareholder (where relevant), on a removal or replacement of an Asset Manager or Fund Manager (as defined in the Credit Agreement) other than as provided for in the Credit Agreement and where it would be unlawful for the Lender or the Borrower 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 - Repayment of the Loans*” above. These events are beyond the control of the Borrowers and the Issuer. Any such prepayment may result in the Notes being redeemed earlier than anticipated.

Refinancing risk

Unless repaid previously, a Borrower will be required to repay its Loan on the Loan Maturity Date. The ability of a Borrower to repay its Loans in their entirety on the Loan Maturity Date will depend upon, among other things, its ability to find a lender willing to lend to the Borrower (secured against the Property) sufficient funds to enable repayment of the Loans. If the Borrower cannot find such a lender then a Borrower might be forced into selling its Property in circumstances which may not be advantageous in order to repay its Loan. If its Property could not be sold for a sufficient amount to enable repayment of its Loan then the Servicer or the Special Servicer (as appropriate) may decide that enforcement of the relevant Loan Security and trading out of a Property (via administrative receivership) would be more likely to result in sufficient funds being obtained to enable repayment of its Loan. Were trading out of a Property to continue and/or a Property retained beyond the Final Maturity Date then the Issuer may be unable to meet its obligations to repay the Notes in full on that date. See also "*Reliance on Valuation Report*" below.

Reliance on Valuation Reports

The valuation reports (the **Valuation Reports**) which are reproduced in the section headed "*Valuation Reports*" below are addressed to, among others, each of the relevant Borrowers, the Issuer, Eurohypo, the Trustee and the Joint Bookrunners but may be relied on by each of them only as more fully set out therein.

The Valuer has valued the Milton Property, the Hillington Property, the Birchwood Property, as at 1 September 2005 and the Chineham Property, as at 19 September 2005, at £350,000,000, £96,000,000, £140,125,000 and £158,800,000 respectively. However, there can be no assurance that the market value of a Property will continue to be equal to or exceed such valuation. As the market value of a Property fluctuates, there is no assurance that this market value will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under its Loan and therefore such amounts due under the Notes. If a Property is sold following a Loan Event of Default under the Credit Agreement, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under such Loan and therefore such corresponding amounts due under the Notes. In particular, it should be noted that each Property is a specialised property asset for which, in such circumstances, no ready market may exist.

Security over Borrower Accounts and certain underlying assets

Although Eurohypo (as the Facility Agent) has signing rights in respect of the relevant Borrower's Accounts, the relevant Borrower and the relevant Managing Agent will also have signing rights in respect of certain of these accounts prior to a Loan Event of Default. The Credit Agreement contains provisions requiring the funds in the relevant Borrower's Accounts to be used for specified purposes (see further "*Credit Structure – 5. Borrower Accounts*" below). However, because of the fact that the relevant Borrower and the relevant Managing Agent have these signing rights, it is likely that a court would determine that the security interests granted in respect of the relevant Borrower's Accounts take effect as floating security interests notwithstanding that the security interests in favour of the Facility Agent over the relevant Borrower's Accounts are expressed to be a fixed charge and that the security interests granted over the assets from which the monies paid into the accounts are derived also take effect as floating security interests only. Accordingly, net rent paid into the relevant Rent Account or derived from those assets and funds in each of the relevant Borrower's other accounts could be diverted to pay preferential creditors were a receiver, liquidator or administrator to be appointed in respect of that Borrower (see also further "*Enterprise Act 2002*" below). It should be noted, however, that the Credit Agreement provides that the Facility Agent is to have signing rights over the Rent Accounts (and also all other Borrower's Accounts other than the General Account) (and therefore control over the account) and there are no provisions in the Credit Agreement permitting the Facility Agent to relinquish such control or indeed for the relevant Borrower to assume signing rights and control over the relevant Account.

Assignment and Assignment of rents

The Security Agreements contains provisions whereby the rent receivable in respect of occupational leases is assigned by way of security to the Facility Agent. Typically, and so long as no receiver has been appointed and/or the mortgagee is not in possession, no notice of the assignment is normally given to the occupational tenants of Properties in England or Wales. Accordingly, these assignments take effect as equitable assignments only. As such, these assignments are subject to any equities or claims, such as rights of set off between the landlord and the relevant occupational tenant. The relevant Borrower has covenanted in the Credit Agreement not to dispose of assets (such as the rents) to any other party, although if it did assign the rents in breach of that provision and subsequently gave notice of the assignment to the relevant occupational 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 Lender to accelerate its Loan and enforce its Loan Security.

The Assignment of Rents contains provisions whereby rights to rental income in respect of occupational leases of the Hillington Property are assigned in security to the Facility Agent. The Assignment of Rents can be made effective only by formal notification (**intimation**) being made to the relevant tenants under the occupational leases of the Hillington Property (and such tenants acting upon the intimation by directing future rent payments to an account under the control of the Facility Agent). Notice of the Assignment of Rents will be given to the relevant occupational tenants following execution of the Assignment of Rents, except in relation to certain short term licenses of parts of the Hillington Property, as to which see below. As the relevant rent payments are to be made to an account indirectly under the control of the Facility Agent, this will be sufficient to create a fixed charge over the rents payable.

Two parts of the Hillington Property are rented under a number of short term licences. The Assignment of Rents will not be formally intimated to the licensees under these licences or any renewal of them, as the case may be. If the relevant Hillington Obligor become insolvent before formal intimation is given, it will not thereafter be possible to make the Assignment of Rents effective in relation to such licences by such intimation. In addition, if prior to such intimation being made (i) the relevant Hillington Obligor assigns the rents in question to a third party which itself makes an intimation to the relevant licensees or (ii) any floating charge granted over the said rents by the relevant Hillington Obligor in favour of a third party crystallises or (iii) any of the said rents are arrested by a third party, the Assignment of Rents will be postponed in priority to the rights of such third party.

In the event of the relevant Hillington Obligor's insolvency the Facility Agent would still have recourse to the rents payable under the relevant short term licences (subject to any intervening third party rights as detailed above) upon the enforcement of the remainder of the Loan Security, since the relevant rents will be secured by both the Standard Security and the floating charges over the assets and undertakings of the Hillington Obligors (subject in the case of the floating charges to the rights of unsecured creditors detailed under "*General Considerations – Enterprise Act 2002*" below) and will fall to the Facility Agent with effect from the enforcement of the said securities and charges.

Insurance

The Credit Agreement provides that the Facility Agent has its interest noted under the insurance policies to be maintained by the relevant Borrower in respect of its Property (the **Insurance Policies**, each an **Insurance Policy**).

If a claim under an Insurance Policy is made, but the relevant insurer under that policy fails to make payment in respect of that claim, this could prejudice the ability of a Borrower to make payments in respect of its 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 Agreement, the relevant Borrower is required to maintain the Insurance Policies with an insurance company or underwriter that has a long term

credit rating or financial strength rating of (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of “A” (or better) by Fitch, “A” (or better) by S&P and satisfactory to Moody’s or is recommended by the relevant Borrower’s insurance broker delivered at least annually or is otherwise acceptable to the Facility Agent (acting reasonably).

Under the terms of the Credit Agreement, a Borrower must apply all moneys received under any Insurance Policy (other than loss of rent or third party liability insurance) to repay the affected Loan, except (to the extent required by the basis of settlement under any insurance policy or lease document) when a Borrower must apply such moneys towards replacing, restoring or reinstating a Property.

Uninsured losses

The Credit Agreement also contains provisions requiring the Borrower to carry or procure the carrying of insurance with respect to its Property in accordance with specified terms (as to which, see further “*Credit Structure – 3. Credit Agreement – Undertakings*” below). There are, however, certain types of losses (such as losses resulting from war, terrorism (which, within certain limits, is currently covered by 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. A Borrower’s ability to repay its 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 occupational tenants pursuant to the terms of their occupational leases.

The Duty of Care Agreements contain provisions for certain types of professional indemnity insurance to be entered into by each Managing Agent. Whilst such indemnity insurance will not be entered into in relation to the Milton Property, MEPC Limited has granted a separate indemnity in respect of rent collection at Milton Park in addition to the general duty of care to cover any resulting losses. The indemnity will terminate in a number of circumstances.

Hedging risks

Each Loan bears interest at a floating rate. The income of each Borrower (which is comprised, primarily, of the rental income in respect of its Property) does not vary according to prevailing interest rates. Therefore, in order to protect each Borrower (and, indeed, the Issuer) against the risk that the interest rates payable under its Loan may increase whilst the relevant Borrower’s income may not increase accordingly, each Borrower has entered into certain hedging arrangements with a Hedge Counterparty. Such hedging arrangements consist of interest rate collar transactions and/or interest rate swap transactions in the case of each Borrower. Each interest rate collar transaction has the effect of capping the relevant Borrower’s exposure to fluctuations in the floating rate of interest in respect of the portion of its Loan specified in relation to the applicable interest rate collar transaction, in return for which the relevant Borrower has agreed in each case to pay the difference to the relevant Hedging Counterparty in the event that the floating rate of interest drops below the floor rate specified in the applicable interest rate collar transaction. Where a Borrower has entered into an interest rate swap transaction in respect of any portion of its Loan, it will periodically pay an amount representing a fixed percentage of the relevant portion of the Loan to the relevant Hedge Counterparty in return for an amount representing the relevant portion of the Loan multiplied by the floating rate of interest at the relevant time.

If a Borrower or a Hedge Counterparty were to default in respect of their respective obligations under the relevant Hedging Arrangements, as a result, that Borrower may have insufficient funds to make payments due at that time in respect of its Loan. In these circumstances the Issuer may not have sufficient funds to make payments in full on the Notes and Noteholders could, accordingly, suffer a loss.

Planning matters

Each Borrower has confirmed for the purposes of the Certificate of Title that it is not aware that its Property has been constructed other than in accordance with all relevant planning legislation and, as far as it is aware, there are no material breaches of planning control existing on its Property. In this regard, it should be noted that where occupational tenants are in breach of planning obligations or conditions, they would be required under the terms of their occupational lease to take responsibility for such breach and the Borrower would not necessarily have notice of such matters. Failure to comply with planning obligations or conditions could give rise to planning enforcement or other compliance action by the local planning authority. Breaches of highways agreements could result in enforcement action by the Highways Authority or (in Scotland) Roads Authority, including the stopping up of access to a Property. There will be a number of ongoing planning obligations or restrictions relating to certain elements of a Property. In England and Wales, outstanding sums due under planning obligations represent a charge on the land which may rank in priority to a first legal mortgage.

Environmental matters

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

If any environmental liability were to exist in respect of a Property, neither the Issuer nor the Facility Agent should incur responsibility for such liability prior to enforcement of the Loan Security, unless it could be established that the relevant party had entered into possession of the Property or could be said to be in control of the Property. After enforcement, the Facility Agent, if deemed to be a mortgagee or (in Scotland) heritable creditor in possession, or a receiver appointed on behalf of the Facility Agent, could become responsible for environmental liabilities in respect of the relevant Property. The Facility Agent will be indemnified against any such liability under the terms of the Credit Agreement, and amounts due in respect of any such indemnity will be payable in priority to payments to the relevant Lenders (including the Issuer). If an environmental liability arises in relation to either Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the affected Property or in a reduction in the price obtained for such 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 such Property could result in personal injury or similar claims by private claimants.

The Facility Agent has been provided with historical environmental reports dated June 2000 for the Milton Property, August 2000 for the Chineham Property, January 2002 for the Birchwood Property and July 2002 for the Hillington Property, including updates where available, confirming that the condition of the properties are in accordance with their historic use. The Borrowers have confirmed that a strict health and safety policy is in place and that each property is managed in accordance with National Britannic HAS check system. The Borrowers have confirmed that there have been no environmental issues or activities to their knowledge since 2000, that would be regarded as a material compliance issue.

Compulsory purchase

Any Property may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department, generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposals have been revealed in the Certificates of Title issued in relation to the Properties.

However, if a compulsory purchase order is made in respect of any Property (or part of any Property), compensation would be payable on the basis of the open market value of all of the relevant Borrower's and the relevant tenants' proprietary interests in that Property (or part thereof) at the time of the purchase. Following such a purchase the tenants would cease to be obliged to make any further rental payments to the relevant Obligor under the relevant occupational lease (or rental payments would be reduced to reflect the compulsory purchase of a part of its Property if applicable). Such a purchase is a mandatory prepayment event and might also constitute a Loan Event of Default and lead to an acceleration of the relevant Loan. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold, heritable or leasehold estate of such Property may be less than the original value ascribed to it.

It should be noted that there is often a delay between the compulsory purchase of a property and the payment of compensation (although interest may be payable from the date upon which the acquiring authority takes possession of the property), 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 Obligor has other funds available to it, give rise to a Loan Event of Default under the Credit Agreement.

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 the Milton Property, the Birchwood Property and the Chineham 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, such property. This in turn could cause the Milton Borrower, the Birchwood Borrower or the Chineham Borrower to have insufficient funds to make payments in full in respect of the Credit Agreement, which could lead to a default thereunder.

Under the Scots law principle of *rei interitus*, a lease will automatically be terminated if the leased property is (without fault of either party to the lease) destroyed to the extent that it is no longer tenable or if an event occurs which completely precludes the performance of the parties' rights and obligations under the lease (such as supervening legislation or state requisition). In the event of less than total destruction or unavailability of the leased property the tenant is in principle entitled to a proportionate abatement of rent. The parties to a lease are free to contract out of the effect of these principles by express agreement, however, and the occupational leases of the Hillington Property of more than five years duration contain such contracting out provisions. In the case of such leases, in the event of destruction or material damage to the relevant leased property the landlord has the option of declaring the relevant lease to be terminated (and retain the insurance proceeds). If the landlord does not so opt and therefore elects to reinstate the leased property, the tenant is entitled to an abatement of rent until the earlier to occur of the reinstatement of the relevant leased property and the expiry of the loss of rent insurance cover. If reinstatement has not been completed within three years from the date of such destruction or material damage the tenant is entitled to terminate the lease. The principal of *rei interitus* (as described above) has not been contracted out of the case of occupational leases of the Hillington Property for terms of five years or less and accordingly any such lease will automatically terminate in the event of the destruction or permanent unavailability of the relevant leased property. If a tenancy granted in respect of the Hillington Property which does not contain such express contracting out provisions from *rei interitus* were to be frustrated or (where such provisions apply and the landlord opts to reinstate the damaged property) if reinstatement is not completed during the period of loss of rent insurance cover, then this could operate to have an adverse effect on the income derived from, or able to be generated by, the Hillington Property. This in turn could cause the Hillington Borrower to have insufficient funds to make payments in full in respect of the Credit Agreement, which could lead to a default thereunder.

Standard Security and mortgagee in possession liability

The Issuer or the Facility Agent may be deemed to be a mortgagee in possession if there is physical possession of any Property in England or Wales or an act of control or influence which may amount to possession, such as submitting a demand or notice direct to tenants requiring them to pay rents to the Facility Agent or the Issuer (as the case may be). In a case where it is necessary to initiate enforcement procedures against the relevant Obligor, the Facility Agent is likely to appoint a receiver to collect the rental income on behalf of itself or the Issuer (as the case may be) which should have the effect of reducing the risk that the Facility Agent or the Issuer is deemed to be a mortgagee in possession.

In the event of a default under the Hillington Loan, the Facility Agent will be entitled to enforce the Standard Security in its capacity as grantee (**heritable creditor**) thereof in accordance with the provisions of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the **Feudal Reform Act**). The exercise of the enforcement remedies provided by the Feudal Reform Act generally requires the service of an appropriate statutory notice. Firstly, the heritable creditor may serve a “calling up notice”, in which event the chargor has two months to comply and in default the heritable creditor may enforce its rights under the standard security. Alternatively, in the case of remedial breaches, the heritable creditor may serve a “notice of default”, in which event the chargor has only one month in which to comply, but also has the right to object to the notice by court application within fourteen days of the date of service. In addition, the heritable creditor may in certain circumstances (including the insolvency of the chargor) make direct application to the court without the requirement of preliminary notice.

Subject to compliance with these procedures, the principal remedy of the heritable creditor under the Feudal Reform Act is to sell the secured property (in this case, the Hillington Property). In this event the heritable creditor is obliged to take all reasonable steps to ensure that the sale price is the best that can reasonably be obtained. The Feudal Reform Act also provides additional remedies which may be exercised by the heritable creditor as an alternative or prior to sale, including entering into possession of the property (and receiving rents), leasing the property (for a period not exceeding seven years except with the consent of the court) and carrying out repairs. If a heritable creditor has attempted but failed to sell the secured property it can apply to the court for a decree of foreclosure, in terms of which the heritable creditor acquires the legal title to the secured property.

A receiver cannot be appointed under a standard security, and there is no equivalent under Scots law to a “Law of Property Act receiver” under English law. The Facility Agent may, however, in the event of a default, enforce the Loan Security by the appointment of an administrative receiver of the whole assets of the relevant Hillington Obligor pursuant to the relevant Security Agreement (as to which see “*General Considerations - Enterprise Act 2002*” below). The Facility Agent may be deemed to be a heritable creditor in possession if there is physical possession of the Hillington Property or an act of control or influence which may amount to possession, such as submitting a demand or notice direct to tenants requiring them to pay rents to the Facility Agent. In a case where it is necessary to initiate enforcement procedures against the relevant Hillington Obligor, the Facility Agent is likely to appoint a receiver (pursuant to the floating charge granted by the relevant Hillington Obligor) to collect the rental income on its behalf which should have the effect of reducing the risk that the Facility Agent is deemed to be a heritable creditor in possession.

A heritable creditor or 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 heritable creditor or 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

Conflicts of interest may arise between the Issuer and Eurohypo because Eurohypo intends to continue actively to finance real estate-related assets in the ordinary course of its business. During the course of its business activities, Eurohypo may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Properties. In such cases, the interests of Eurohypo may differ from, and compete with, the interests of the Issuer, and decisions made with respect to those assets may adversely affect the value of each Property and therefore the ability to make payments under the Notes.

There will be no restrictions on either the 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 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 Servicer and the Special Servicer to perform their respective servicing obligations in accordance with the terms of the Servicing Agreement (including the Servicing Standard), such other servicing obligations may pose inherent conflicts for the Servicer or the Special Servicer.

The Servicing Agreement will require the Servicer and the Special Servicer to service the Loans in accordance with the Servicing Standard. Certain discretions are given to the Servicer and the Special Servicer in determining how and in what manner to proceed in relation to the Loans. Further, as the 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, and the holder of that class may have interests which conflict with the interests of the holder of the Notes, or more senior classes of Notes. However, the Servicer and the Special Servicer will be required under the Servicing Agreement to act in the best interests of all of the Noteholders.

Appointment of substitute Servicer

Prior to or contemporaneously with any termination of the appointment of the 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.

Receivership of a Borrower

Pursuant to the Servicing Agreement, the Servicer and the Special Servicer will be required, in accordance with the Servicing Standard, to maximise the recovery of amounts due from the Borrowers and to comply with their respective procedures for enforcement of the Loans and the Loan Security current from time to time (as to which, see further “*Servicing*” below). The principal remedies available following a Loan Event of Default will be the appointment of a receiver or administrative receiver over the relevant Property and/or other assets of the relevant Obligor and/or entering into possession of the relevant Property. Any such receiver would usually require an indemnity to meet his costs and expenses (which would rank ahead of payments on the Notes) as a condition of his appointment.

Any such receiver is deemed by law to be the agent of the person or company providing security until the appointment of a trustee in bankruptcy or liquidator and, for so long as the receiver acts within his powers, he will only incur liability on behalf of the person or company providing the security. However, if the Facility Agent, the Servicer or the Special Servicer unduly directs,

interferes with or influences the receiver's actions, the Facility Agent, the Servicer or the Special Servicer may be held to be responsible for the receiver's acts.

Administration of a Borrower

The making of an administration order under the Insolvency Act 1986 (as amended) (as applied to limited partnerships by virtue of the Insolvent Partnerships Order (SI 1994/2421)), prohibits a secured creditor from enforcing its security unless the consent of the administrator or the leave of the court is obtained. As each Borrower (a) is an English limited partnership formed under the Limited Partnerships Act 1907 and (b) has not granted a floating charge in order to secure its obligations under the Credit Agreement, it will not be possible to block the making of an administration order in respect of each Borrower and its assets by the appointment of an administrative receiver pursuant to a qualifying floating charge. As a result of the stay of proceedings upon the making of such an administration order, the Facility Agent would not be entitled to enforce its security over the relevant Borrower's assets, unless it obtained the consent of the administrator or approval of the court. In these circumstances, it is likely that the Facility Agent would also be prevented from enforcing the security granted by the Guarantors (since it largely relates to assets to which the relevant Borrower is beneficially entitled) without the consent of the administrator or the leave of the court.

To ensure that, in the event of an administration order being made in respect of a Borrower, the rental income and any disposal proceeds relating to the Properties continue to be applied in meeting the relevant Borrower's obligations under the Credit Agreement, the Obligors have entered into the arrangements described in "*Credit Structure - 4. Loan Security*". Pursuant to these arrangements, the relevant Borrower has, *inter alia*, directed the Guarantors to grant the Guarantee. The Guarantors will be required and empowered to satisfy their obligations under the Guarantee out of the relevant Trust Property and such payments to the Issuer will not violate the automatic stay provisions that would come into place upon the making of any administration order in respect of the relevant Borrower. The effectiveness of such arrangements, however, could be challenged by an administrator or a third party creditor of the Borrower in the courts of England and Wales or Scotland. Any such challenge could give rise to delays in enforcement of the security in respect of the Properties and the rents. Although the Liquidity Facility will, subject to certain conditions, be available, there is no guarantee that (if available) it would be in an amount sufficient to meet any shortfalls arising as a result of any such delays in enforcement.

(C) General considerations

Reliance on warranties

Except as described under "*Credit Structure – 2. Legal Due Diligence*", 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 Original Lender in respect of such matters in the Loan Sale Agreement (see further "*Credit Structure – 6. The Loan Sale Agreement*").

In the event of a Material Breach of Warranty (as defined under "*Credit Structure – 6. The Loan Sale Agreement*" below) which has not been remedied or is not capable of remedy, the sole remedy of each of the Issuer and the Trustee against the Original Lender is a right of indemnity on demand against all losses, claims, demands, taxes and all other expenses or other liabilities incurred by the Issuer as a result of such Material Breach of Warranty.

The Original Lender will not be obliged to repurchase all or part of the Loans, though it will have an option to repurchase on terms acceptable to the Trustee. See further "*Credit Structure – 6. The Loan Sale Agreement*".

European Monetary Union

It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State in Economic and Monetary Union and that therefore the euro may 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 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 may 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, although each Borrower is required to maintain certain hedging cover in respect of its obligations under its Loan.

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 published the text of the new capital accord 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 (or any legislative implementation thereof) following its implementation. Consequently, investors should consult their own advisers as to the consequences to and effect on 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.

Enterprise Act 2002

The corporate insolvency provisions of the Enterprise Act 2002, which amend certain provisions of the Insolvency Act, introduced significant reforms to corporate insolvency law. In particular, the reforms restrict the right of the holder of a floating charge to appoint an administrative receiver (unless an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration). Previously, the holder of a floating charge over the whole or substantially the whole of the assets of a company had the ability to block the appointment of an administrator

by appointing an administrative receiver, who would act primarily in the interests of the floating charge holder.

However, section 72B of the Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security (such as the floating charges granted by the Issuer pursuant to the Deed of Charge and the relevant Obligors pursuant to the relevant Security Agreement) which form part of a capital market arrangement (as defined in the Insolvency Act) and which involves both indebtedness of at least £50,000,000 (or, when the relevant security document (being in respect of the transactions described in this Offering Circular, the Deed of Charge and each Security Agreement) was entered into, a party to the relevant transaction (such as the Issuer) was expected to incur a debt of at least £50,000,000) and also the issue of a capital market investment (also defined but generally a rated, listed or traded bond).

The Issuer is of the view that the floating charges granted by the Issuer and the relevant Obligors will fall within the 'capital market exception' under section 72B of the Insolvency Act. 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.

The Insolvency Act also contains a new out-of-court route into administration for a qualifying floating charge-holder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge-holder does not respond to the directors' or company's notice of intention to appoint, the directors' or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out-of-court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.

The new provisions of the Insolvency Act give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to secured creditors is secondary. No assurance can be given that the primary purposes of the new provisions will not conflict with the interests of Noteholders were the Issuer and/or the relevant Obligor ever subject to administration.

In addition to the introduction of a prohibition on the appointment of an administrative receiver as set out above, section 176A of the Insolvency Act provides that any receiver (including an administrative receiver), liquidator or administrator of a company is required to make a "prescribed part" of the company's "net property" available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder. The company's "net property" is defined as the amount of the company's property which would be available for satisfaction of debts due to the holder(s) of any debentures secured by a floating charge and so refers to any floating charge realisations less any amounts payable to the preferential creditors or in respect of the expenses of the liquidation or administration. The "prescribed part" is defined in the Insolvency Act 1986 (Prescribed Part) Order 2003 (SI 2003/2097) to be an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, up to a maximum of £600,000.

This obligation does not apply if the net property is less than a prescribed minimum and the relevant officeholder is of the view that the cost of making a distribution to unsecured creditors

would be disproportionate to the benefits. The relevant officeholder may also apply to court for an order that the provisions of section 176A should not apply on the basis that the cost of making a distribution would be disproportionate to the benefits. Floating charge realisations upon the enforcement of the Issuer Security and the relevant Loan Security may be reduced by the operation of these “ring fencing” provisions.

Insolvency Act 2000

Under 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 or the relevant Borrower 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 market transactions from the optional moratorium provisions. Such exceptions include (a) 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 (b) a company which has incurred a liability (including a present, future or contingent liability) of at least £10 million. While the Issuer is of the view that the Issuer should fall within the exceptions (as would each Holdco, Subco and each Property Trustee), there is no guidance as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. No assurance can be given that any modification of the eligibility requirements for these exceptions will not be detrimental to the interests of Noteholders.

If the Issuer and/or any of the relevant Obligors is 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 by the Trustee may, for a period, be prohibited by the imposition of a moratorium.

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 (unless tax legislation provides otherwise) that companies such as the Issuer might under either IFRS or new UK GAAP, be forced to recognise in their accounts movements in 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.

The Finance Act 2005 contains legislation which requires “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 stated policy of H.M. Revenue and Customs is that the tax neutrality of securitisation special purpose companies in general should not be disrupted as a result of the transition to IFRS and new UK GAAP and they are working with participants in the securitisation industry to identify appropriate means of preventing such disruption. The Finance Act 2005 provides for the power on the part of the Treasury to introduce regulations to establish a permanent tax regime for securitisation companies. Unless further extensions to the moratorium period or other measures are introduced by the 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 consequently may affect the Noteholders.

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, Scots 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, Scots 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, Opera Finance (MEPC) plc, was incorporated in England and Wales on 7 September 2005 (registered number 05556422), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP 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 Share Trust Deed.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its memorandum of association and are, among other things, to 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 the issue of the Notes, acquiring the Loans and certain related transactions described elsewhere in this document.

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

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

2. Directors and Secretary

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

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
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 are Jonathan Eden Keighley, James Garner Smith Macdonald and Robert William 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:

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

49,999 of the issued shares (being 49,999 shares of £1 each, one of which is fully paid up and 49,998 of which are paid up as to a quarter) in the Issuer are held by the Share Trustee. The remaining one share in the Issuer, which is fully paid up, is held by SFM Nominees Limited (registered number 04115230) under the terms of a trust dated 22 September (the **Nominee Declaration of Trust**) as nominee for the Share Trustee. The Share Trustee will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of the Share Trust Deed.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2014	£373,500,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2014	£36,500,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2014	£37,500,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2014	£22,500,000
Total Loan Capital	£470,000,000

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

4. Financial Information

The Issuer will publish annual reports and accounts. The Issuer has not prepared audited financial statements as of the date of the Offering Circular.

MILTON BORROWER

MEPC Milton Park Limited Partnership (the **Milton Borrower**) was established in England and Wales on 26 July 2005 (registered number LP10617) as a limited partnership under the Limited Partnerships Act 1907, as amended (the **Partnerships Act**). Its affairs are governed by a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Milton Partnership Agreement**) between the Milton General Partner and the Milton Limited Partners.

The Milton Borrower's registered office is at the registered office of the Milton General Partner and its contact telephone number is that of the Milton General Partner. The Milton General Partner and the Milton Limited Partners are, together, referred to as the **Milton Partners**.

Pursuant to the Milton Partnership Agreement, the Milton General Partner is the general partner and the Milton Limited Partners are the limited partners of the Milton Borrower. The Milton Borrower has no legal personality of its own. The Milton General Partner conducts the day-to-day management of the business of the Milton Borrower (the Milton Limited Partners do not take part in managing the business of the Milton Borrower).

All the assets of the Milton Borrower (the **Milton Partnership Assets**) are vested in the Milton General Partner except that legal title to the relevant Trust Property is vested in subsidiaries of the Milton General Partner. The Milton Borrower has and will have assets and liabilities other than those outlined in and the subject of the transaction described in the Offering Circular.

1. Principal Activities

The principal purpose of the Milton Borrower as set out in the Milton Partnership Agreement is, among other things, to carry on the business of an investor in commercial property in the United Kingdom and in particular but without limitation, to acquire, hold, manage and sell investments held for the account of the Milton Borrower (including but without limitation to the generality of the foregoing, title to the Milton Property) and to carry on its business in accordance with a business plan in respect of the Milton Borrower produced by a manager and approved by the Milton General Partner. The Milton Borrower shall hold such investments, whether by way of acquisition of new investments or capital expenditure on existing investments in accordance with the Milton Partnership Agreement.

Since July 2005 the Milton Borrower has engaged in activities or operations relating to the acquisition, financing, management, maintenance, extension, refurbishment, development, letting, disposal and operation of land and buildings at Milton Park, Abingdon, Oxfordshire and the making of loans to affiliates. In connection with the transactions described in this Offering Circular, the Milton Borrower has entered into the Credit Agreement and the documents referred to therein and has created security as more particularly described in this Offering Circular.

The only other activities in which the Milton Borrower has engaged are those incidental to its registration, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this Offering Circular to which it is a party and matters which are incidental or ancillary to the foregoing. The Milton Borrower has, pursuant to the terms of the Credit Agreement, covenanted to observe certain restrictions on its activities, which are detailed in "*Credit Structure*" below.

2. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Milton Borrower as at 26 October 2005 which has been extracted without material adjustment from the unaudited interim balance sheet of the Milton Borrower as at 26 October 2005 and adjusted financial information setting forth the effect of the transaction is as follows:

	Adjusted¹ (£m)
Securitised Loan	220.4
Total indebtedness	220.4
Partners' Capital Contributions	349.3
Revenue reserve	3.9
Revaluation reserve.....	(0.4)
Total Partners' funds	352.8
Total capitalisation and indebtedness	573.2

1. The adjusted financial information sets out the capitalisation and indebtedness of the Milton Borrower as if the transaction had taken place on 26 October 2005. At the date of the Offering Circular, there were no borrowings, indebtedness, contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

3. Financial Position

The Milton Borrower has not prepared audited financial statements as of the date of the Offering Circular.

As a limited partnership registered under the Partnerships Act, the Milton Borrower is not obliged, and does not produce, statutory accounts in accordance with the terms of any relevant legislation, including (without limitation) the Companies Act 1985 nor in accordance with generally accepted accounting principles in the United Kingdom or elsewhere.

Save as disclosed in this Offering Circular:

- (a) the Milton Borrower has no loan capital, borrowings, indebtedness or contingent liabilities outstanding and has not created any mortgage or charge or given any guarantee;
- (b) the Milton 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 Milton Borrower is aware) which may have, or have had, since 26 October 2005, a significant effect on the Milton Borrower's financial position; and
- (c) since 26 October 2005 there has been (i) no material adverse change in the financial position or prospects of the Milton Borrower, and (ii) no significant change in the trading or financial position of the Milton Borrower.

THE MILTON GENERAL PARTNER

MEPC Milton Park General Partner Limited, (the **Milton General Partner**) was incorporated in England and Wales on 27 June 2005 (registered number 05491793), as a private company with limited liability under the Companies Act 1985. The registered office of the Milton General Partner is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW and its contact telephone number is +44 (0)20 7702 6100.

1. Principal Activities

The capacity of the Milton General Partner is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The Milton General Partner has only engaged, since its incorporation, in activities incidental to its incorporation and in activities or operations relating to its role as general partner of the Milton Borrower, including the acquisition of shares in Milton Holdco.

In connection with the transactions described in this Offering Circular, the Milton General Partner has entered into the documents referred to therein and has created security all as more particularly described in this Offering Circular.

2. Directors and Secretary

The directors of the Milton General Partner and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of the Milton General Partner is MEPC Secretaries Limited. The Milton General Partner has no employees.

MILTON HOLDCO

MEPC Milton Park Holdings No.1 Limited, (**Milton Holdco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491722), as a private company with limited liability under the Companies Act 1985. The registered office of Milton Holdco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Milton Holdco is a wholly-owned subsidiary of the Milton General Partner.

1. Principal Activities

The principal objects of Milton Holdco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Milton Holdco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of Milton Subco, the financing of the Milton Property, 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 Milton Holdco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Milton Holdco is MEPC Secretaries Limited. Milton Holdco has no employees.

MILTON SUBCO

MEPC Milton Park Holdings No.2 Limited, (**Milton Subco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491724), as a private company with limited liability under the Companies Act 1985. The registered office of Milton Subco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Milton Subco is a wholly-owned subsidiary of Milton Holdco.

1. Principal Activities

The principal objects of Milton Subco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Milton Subco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of the Milton Property Trustees, the financing of the Milton Property, 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 Milton Subco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Milton Subco is MEPC Secretaries Limited. Milton Subco has no employees.

MILTON PROPERTY TRUSTEES

Milton PT1

MEPC Milton Park No. 1 Limited, (**Milton PT1**) was incorporated in England and Wales on 27 June 2005 (registered number 05491670), as a private company with limited liability. The registered office of Milton PT1 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Milton PT1 is a wholly-owned subsidiary of Milton Subco.

1. Principal Activities

The capacity of Milton PT1 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Milton PT1 since its incorporation has been to acquire and hold legal title to various titles comprised in the Milton Property for the benefit of the Milton Borrower. Milton PT1 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Milton Holdco and then by Milton Subco, the financing of the Milton Property, 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 Milton PT1 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Milton PT1 is MEPC Secretaries Limited. Milton PT1 has no employees.

Milton PT2

MEPC Milton Park No. 2 Limited, (**Milton PT2**) was incorporated in England and Wales on 27 June 2005 (registered number 05491806), as a private company with limited liability. The registered office of Milton PT2 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Milton PT2 is a wholly-owned subsidiary of Milton Subco.

1. Principal Activities

The capacity of Milton PT2 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Milton PT2 since its incorporation has been to acquire and hold legal title to various titles comprised in the Milton Property for the benefit of the Milton Borrower. Milton PT2 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Milton Holdco and then by Milton Subco, the financing of the Milton Property, 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 Milton PT2 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Milton PT2 is MEPC Secretaries Limited. Milton PT2 has no employees.

HILLINGTON BORROWER

MEPC Hillington Park Limited Partnership (the **Hillington Borrower**) was established in England and Wales on 26 July 2005 (registered number LP10619) as a limited partnership under the Limited Partnerships Act 1907, as amended (the **Partnerships Act**). Its affairs are governed by a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Hillington Partnership Agreement**) between the Hillington General Partner and the Hillington Limited Partners.

The Hillington Borrower's registered office is at the registered office of the Hillington General Partner and its contact telephone number is that of the Hillington General Partner. The Hillington General Partner and the Hillington Limited Partners are, together, referred to as the **Hillington Partners**.

Pursuant to the Hillington Partnership Agreement, the Hillington General Partner is the general partner and the Hillington Limited Partners are the limited partners of the Hillington Borrower. The Hillington Borrower has no legal personality of its own. The Hillington General Partner conducts the day-to-day management of the business of the Hillington Borrower (the Hillington Limited Partners do not take part in managing the business of the Hillington Borrower).

All the assets of the Hillington Borrower (the **Hillington Partnership Assets**) are vested in the Hillington General Partner except that legal title to the relevant Trust Property is vested in subsidiaries of the Hillington General Partner. The Hillington Borrower has and will have assets and liabilities other than those outlined in and the subject of the transaction described in the Offering Circular.

1. Principal Activities

The principal purpose of the Hillington Borrower as set out in the Hillington Partnership Agreement is, among other things, to carry on the business of an investor in commercial property in the United Kingdom and in particular but without limitation, to acquire, hold, manage and sell investments held for the account of the Hillington Borrower (including but without limitation to the generality of the foregoing, title to the Hillington Property) and to carry on its business in accordance with a business plan in respect of the Hillington Borrower produced by a manager and approved by the Hillington General Partner. The Hillington Borrower shall hold such investments, whether by way of acquisition of new investments or capital expenditure on existing investments in accordance with the Hillington Partnership Agreement.

Since July 2005 the Hillington Borrower has engaged in activities or operations relating to the acquisition, financing, management, maintenance, extension, refurbishment, development, letting, disposal and operation of land and buildings at Hillington Park, Renfrewshire, Scotland and the making of loans to affiliates. In connection with the transactions described in this Offering Circular, the Hillington Borrower has entered into the Credit Agreement and the documents referred to therein and has created security as more particularly described in this Offering Circular.

The only other activities in which the Hillington Borrower has engaged are those incidental to its registration, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this Offering Circular to which it is a party and matters which are incidental or ancillary to the foregoing. The Hillington Borrower has, pursuant to the terms of the Credit Agreement, covenanted to observe certain restrictions on its activities, which are detailed in "*Credit Structure*" below.

2. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Hillington Borrower as at 26 October 2005 which has been extracted without material adjustment from the unaudited interim balance sheet of the

Hillington Borrower as at 26 October 2005 and adjusted financial information setting forth the effect of the transaction is as follows:

	Adjusted¹ (£m)
Securitised Loan	60.5
Total indebtedness	60.5
Partners' Capital Contributions	93.9
Revenue reserve	1.5
Revaluation reserve.....	2.3
Total Partners' funds	97.7
Total capitalisation and indebtedness	158.2

1. The adjusted financial information sets out the capitalisation and indebtedness of the Hillington Borrower as if the transaction had taken place on 26 October 2005. At the date of the Offering Circular, there were no borrowings, indebtedness, contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

3. Financial Position

The Hillington Borrower has not prepared audited financial statements as of the date of the Offering Circular.

As a limited partnership registered under the Partnerships Act, the Hillington Borrower is not obliged, and does not produce, statutory accounts in accordance with the terms of any relevant legislation, including (without limitation) the Companies Act 1985 nor in accordance with generally accepted accounting principles in the United Kingdom or elsewhere.

Save as disclosed in this Offering Circular:

- (a) the Hillington Borrower has no loan capital, borrowings, indebtedness or contingent liabilities outstanding and has not created any mortgage or charge or given any guarantee;
- (b) the Hillington 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 Hillington Borrower is aware) which may have, or have had, since 26 October, 2005 a significant effect on the Hillington Borrower's financial position; and
- (c) since 26 October 2005 there has been (i) no material adverse change in the financial position or prospects of the Hillington Borrower, and (ii) no significant change in the trading or financial position of the Hillington Borrower.

THE HILLINGTON GENERAL PARTNER

MEPC Hillington Park General Partner Limited, (the **Hillington General Partner**) was incorporated in England and Wales on 27 June 2005 (registered number 05491667), as a private company with limited liability under the Companies Act 1985. The registered office of the Hillington General Partner is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW and its contact telephone number is +44 (0)20 7702 6100.

1. Principal Activities

The capacity of the Hillington General Partner is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The Hillington General Partner has only engaged, since its incorporation, in activities incidental to its incorporation and in activities or operations relating to its role as general partner of the Hillington Borrower, including the acquisition of shares in Hillington Holdco.

In connection with the transactions described in this Offering Circular, the Hillington General Partner has entered into the documents referred to therein and has created security all as more particularly described in this Offering Circular.

2. Directors and Secretary

The directors of the Hillington General Partner and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of the Hillington General Partner is MEPC Secretaries Limited. The Hillington General Partner has no employees.

HILLINGTON HOLDCO

MEPC Hillington Park Holdings No.1 Limited, (**Hillington Holdco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491719), as a private company with limited liability under the Companies Act 1985. The registered office of Hillington Holdco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Hillington Holdco is a wholly-owned subsidiary of the Hillington General Partner.

1. Principal Activities

The principal objects of Hillington Holdco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Hillington Holdco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of Hillington Subco, the financing of the Hillington Property, 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 Hillington Holdco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Hillington Holdco is MEPC Secretaries Limited. Hillington Holdco has no employees.

HILLINGTON SUBCO

MEPC Hillington Park Holdings No.2 Limited, (**Hillington Subco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491718), as a private company with limited liability under the Companies Act 1985. The registered office of Hillington Subco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Hillington Subco is a wholly-owned subsidiary of Hillington Holdco.

1. Principal Activities

The principal objects of Hillington Subco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Hillington Subco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of the Hillington Property Trustees, the financing of the Hillington Property, 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 Hillington Subco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Hillington Subco is MEPC Secretaries Limited. Hillington Subco has no employees.

HILLINGTON PROPERTY TRUSTEES

Hillington PT1

MEPC Hillington Park No. 1 Limited, (**Hillington PT1**) was incorporated in England and Wales on 27 June 2005 (registered number 05491668), as a private company with limited liability. The registered office of Hillington PT1 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Hillington PT1 is a wholly-owned subsidiary of Hillington Subco.

1. Principal Activities

The capacity of Hillington PT1 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Hillington PT1 since its incorporation has been to acquire and hold legal title to various titles comprised in the Hillington Property for the benefit of the Hillington Borrower. Hillington PT1 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Hillington Holdco and then by Hillington Subco, the financing of the Hillington Property, 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 Hillington PT1 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Hillington PT1 is MEPC Secretaries Limited. Hillington PT1 has no employees.

Hillington PT2

MEPC Hillington Park No. 2 Limited, (**Hillington PT2**) was incorporated in England and Wales on 27 June 2005 (registered number 05491635), as a private company with limited liability. The registered office of Hillington PT2 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Hillington PT2 is a wholly-owned subsidiary of Hillington Subco.

1. Principal Activities

The capacity of Hillington PT2 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Hillington PT2 since its incorporation has been to acquire and hold legal title to various titles comprised in the Hillington Property for the benefit of the Hillington Borrower. Hillington PT2 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Hillington Holdco and then by Hillington Subco, the financing of the Hillington Property, 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 Hillington PT2 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Hillington PT2 is MEPC Secretaries Limited. Hillington PT2 has no employees.

BIRCHWOOD BORROWER

MEPC Birchwood Park Limited Partnership (the **Birchwood Borrower**) was established in England and Wales on 26 July 2005 (registered number LP10616) as a limited partnership under the Limited Partnerships Act 1907, as amended (the **Partnerships Act**). Its affairs are governed by a limited partnership agreement dated 26 July 2005 (as amended and restated on 23 September 2005) (the **Birchwood Partnership Agreement**) between the Birchwood General Partner and the Birchwood Limited Partners.

The Birchwood Borrower's registered office is at the registered office of the Birchwood General Partner and its contact telephone number is that of the Birchwood General Partner. The Birchwood General Partner and the Birchwood Limited Partners are, together, referred to as the **Birchwood Partners**.

Pursuant to the Birchwood Partnership Agreement, the Birchwood General Partner is the general partner and the Birchwood Limited Partners are the limited partners of the Birchwood Borrower. The Birchwood Borrower has no legal personality of its own. The Birchwood General Partner conducts the day-to-day management of the business of the Birchwood Borrower (the Birchwood Limited Partners do not take part in managing the business of the Birchwood Borrower).

All the assets of the Birchwood Borrower (the **Birchwood Partnership Assets**) are vested in the Birchwood General Partner except that legal title to the relevant Trust Property is vested in subsidiaries of the Birchwood General Partner. The Birchwood Borrower has and will have assets and liabilities other than those outlined in and the subject of the transaction described in the Offering Circular.

1. Principal Activities

The principal purpose of the Birchwood Borrower as set out in the Birchwood Partnership Agreement is, among other things, to carry on the business of an investor in commercial property in the United Kingdom and in particular but without limitation, to acquire, hold, manage and sell investments held for the account of the Birchwood Borrower (including but without limitation to the generality of the foregoing, title to the Birchwood Property) and to carry on its business in accordance with a business plan in respect of the Birchwood Borrower produced by a manager and approved by the Birchwood General Partner. The Birchwood Borrower shall hold such investments, whether by way of acquisition of new investments or capital expenditure on existing investments in accordance with the Birchwood Partnership Agreement.

Since July 2005 the Birchwood Borrower has engaged in activities or operations relating to the acquisition, financing, management, maintenance, extension, refurbishment, development, letting, disposal and operation of land and buildings at Birchwood Park, Warrington, Cheshire and the making of loans to affiliates. In connection with the transactions described in this Offering Circular, the Birchwood Borrower has entered into the Credit Agreement and the documents referred to therein and has created security as more particularly described in this Offering Circular.

The only other activities in which the Birchwood Borrower has engaged are those incidental to its registration, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this Offering Circular to which it is a party and matters which are incidental or ancillary to the foregoing. The Birchwood Borrower has, pursuant to the terms of the Credit Agreement, covenanted to observe certain restrictions on its activities, which are detailed in "*Credit Structure*" below.

2. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Birchwood Borrower as at 26 October 2005 which has been extracted without material adjustment from the unaudited interim balance sheet of the

Birchwood Borrower as at 26 October 2005 and adjusted financial information setting forth the effect of the transaction is as follows:

	Adjusted¹ (£m)
Securitised Loan	89.1
Total indebtedness	89.1
Partners' Capital Contributions	140.2
Revenue reserve	1.0
Revaluation reserve.....	1.8
Total Partners' funds	143.0
Total capitalisation and indebtedness	232.1

1. The adjusted financial information sets out the capitalisation and indebtedness of the Birchwood Borrower as if the transaction had taken place on 26 October 2005. At the date of the Offering Circular, there were no borrowings, indebtedness, contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

3. Financial Position

The Birchwood Borrower has not prepared audited financial statements as of the date of the Offering Circular.

As a limited partnership registered under the Partnerships Act, the Birchwood Borrower is not obliged, and does not produce, statutory accounts in accordance with the terms of any relevant legislation, including (without limitation) the Companies Act 1985 nor in accordance with generally accepted accounting principles in the United Kingdom or elsewhere.

Save as disclosed in this Offering Circular:

- (a) the Birchwood Borrower has no loan capital, borrowings, indebtedness or contingent liabilities outstanding and has not created any mortgage or charge or given any guarantee;
- (b) the Birchwood 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 Birchwood Borrower is aware) which may have, or have had, since 26 October 2005, a significant effect on the Birchwood Borrower's financial position; and
- (c) since 26 October 2005 there has been (i) no material adverse change in the financial position or prospects of the Birchwood Borrower, and (ii) no significant change in the trading or financial position of the Birchwood Borrower.

THE BIRCHWOOD GENERAL PARTNER

MEPC Birchwood Park General Partner Limited, (the **Birchwood General Partner**) was incorporated in England and Wales on 27 June 2005 (registered number 05491626), as a private company with limited liability under the Companies Act 1985. The registered office of the Birchwood General Partner is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW and its contact telephone number is +44 (0)20 7702 6100.

1. Principal Activities

The capacity of the Birchwood General Partner is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The Birchwood General Partner has only engaged, since its incorporation, in activities incidental to its incorporation and in activities or operations relating to its role as general partner of the Birchwood Borrower, including the acquisition of shares in Birchwood Holdco.

In connection with the transactions described in this Offering Circular, the Birchwood General Partner has entered into the documents referred to therein and has created security all as more particularly described in this Offering Circular.

2. Directors and Secretary

The directors of the Birchwood General Partner and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of the Birchwood General Partner is MEPC Secretaries Limited. The Birchwood General Partner has no employees.

BIRCHWOOD HOLDCO

MEPC Birchwood Park Holdings No.1 Limited, (**Birchwood Holdco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491716), as a private company with limited liability under the Companies Act 1985. The registered office of Birchwood Holdco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Birchwood Holdco is a wholly-owned subsidiary of the Birchwood General Partner.

1. Principal Activities

The principal objects of Birchwood Holdco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Birchwood Holdco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of Birchwood Subco, the financing of the Birchwood Property, 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 Birchwood Holdco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Birchwood Holdco is MEPC Secretaries Limited. Birchwood Holdco has no employees.

BIRCHWOOD SUBCO

MEPC Birchwood Park Holdings No.2 Limited, (**Birchwood Subco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491715), as a private company with limited liability under the Companies Act 1985. The registered office of Birchwood Subco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Birchwood Subco is a wholly-owned subsidiary of Birchwood Holdco.

1. Principal Activities

The principal objects of Birchwood Subco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Birchwood Subco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of the Birchwood Property Trustees, the financing of the Birchwood Property, 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 Birchwood Subco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Birchwood Subco is MEPC Secretaries Limited. Birchwood Subco has no employees.

BIRCHWOOD PROPERTY TRUSTEES

Birchwood PT1

MEPC Birchwood Park No. 1 Limited, (**Birchwood PT1**) was incorporated in England and Wales on 27 June 2005 (registered number 05491629), as a private company with limited liability. The registered office of Birchwood PT1 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Birchwood PT1 is a wholly-owned subsidiary of Birchwood Subco.

1. Principal Activities

The capacity of Birchwood PT1 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Birchwood PT1 since its incorporation has been to acquire and hold legal title to various titles comprised in the Birchwood Property for the benefit of the Birchwood Borrower. Birchwood PT1 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Birchwood Holdco and then by Birchwood Subco, the financing of the Birchwood Property, 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 Birchwood PT1 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Birchwood PT1 is MEPC Secretaries Limited. Birchwood PT1 has no employees.

Birchwood PT2

MEPC Birchwood Park No. 2 Limited, (**Birchwood PT2**) was incorporated in England and Wales on 27 June 2005 (registered number 05492671), as a private company with limited liability. The registered office of Birchwood PT2 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Birchwood PT2 is a wholly-owned subsidiary of Birchwood Subco.

1. Principal Activities

The capacity of Birchwood PT2 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Birchwood PT2 since its incorporation has been to acquire and hold legal title to various titles comprised in the Birchwood Property for the benefit of the Birchwood Borrower. Birchwood PT2 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Birchwood Holdco and then by Birchwood Subco, the financing of the Birchwood Property, 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 Birchwood PT2 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Birchwood PT2 is MEPC Secretaries Limited. Birchwood PT2 has no employees.

CHINEHAM BORROWER

MEPC Chineham Park Limited Partnership (the **Chineham Borrower**) was established in England and Wales on 29 September 2005 (registered number LP010780) as a limited partnership under the Limited Partnerships Act 1907, as amended (the **Partnerships Act**). Its affairs are governed by a limited partnership agreement dated 27 September 2005 (the **Chineham Partnership Agreement**) between the Chineham General Partner and the Chineham Limited Partners.

The Chineham Borrower's registered office is at the registered office of the Chineham General Partner and its contact telephone number is that of the Chineham General Partner. The Chineham General Partner and the Chineham Limited Partners are, together, referred to as the **Chineham Partners**.

Pursuant to the Chineham Partnership Agreement, the Chineham General Partner is the general partner and the Chineham Limited Partners are the limited partners of the Chineham Borrower. The Chineham Borrower has no legal personality of its own. The Chineham General Partner conducts the day-to-day management of the business of the Chineham Borrower (the Chineham Limited Partners do not take part in managing the business of the Chineham Borrower).

All the assets of the Chineham Borrower (the **Chineham Partnership Assets**) are vested in the Chineham General Partner except that legal title to the relevant Trust Property is vested in subsidiaries of the Chineham General Partner. The Chineham Borrower has and will have assets and liabilities other than those outlined in and the subject of the transaction described in the Offering Circular.

1. Principal Activities

The principal purpose of the Chineham Borrower as set out in the Chineham Partnership Agreement is, among other things, to carry on the business of an investor in commercial property in the United Kingdom and in particular but without limitation, to acquire, hold, manage and sell investments held for the account of the Chineham Borrower (including but without limitation to the generality of the foregoing, title to the Chineham Property) and to carry on its business in accordance with a business plan in respect of the Chineham Borrower produced by a manager and approved by the Chineham General Partner. The Chineham Borrower shall hold such investments, whether by way of acquisition of new investments or capital expenditure on existing investments in accordance with the Chineham Partnership Agreement.

Since September 2005 the Chineham Borrower has engaged in activities or operations relating to the acquisition, financing, management, maintenance, extension, refurbishment, development, letting, disposal and operation of land and buildings at Chineham Park, Basingstoke, Hampshire and the making of loans to affiliates. In connection with the transactions described in this Offering Circular, the Chineham Borrower has entered into the Credit Agreement and the documents referred to therein and has created security as more particularly described in this Offering Circular.

The only other activities in which the Chineham Borrower has engaged are those incidental to its registration, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this Offering Circular to which it is a party and matters which are incidental or ancillary to the foregoing. The Chineham Borrower has, pursuant to the terms of the Credit Agreement, covenanted to observe certain restrictions on its activities, which are detailed in "*Credit Structure*" below.

2. Capitalisation and Indebtedness

The capitalisation and indebtedness of the Chineham Borrower as at 26 October 2005 which has been extracted without material adjustment from the unaudited interim balance sheet of the Chineham Borrower as at 26 October 2005 and adjusted financial information setting forth the effect of the transaction is as follows:

	Adjusted¹ (£m)
Securitised Loan	100.0
Total indebtedness	100.0
Partners' Capital Contributions	153.9
Revenue reserve	0.5
Revaluation reserve.....	4.6
Total Partners' funds	159.0
Total capitalisation and indebtedness	259.0

1. The adjusted financial information sets out the capitalisation and indebtedness of the Chineham Borrower as if the transaction had taken place on 26 October 2005. At the date of the Offering Circular, there were no borrowings, indebtedness, contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

3. Financial Position

The Chineham Borrower has not prepared audited financial statements as of the date of the Offering Circular.

As a limited partnership registered under the Partnerships Act, the Chineham Borrower is not obliged, and does not produce, statutory accounts in accordance with the terms of any relevant legislation, including (without limitation) the Companies Act 1985 nor in accordance with generally accepted accounting principles in the United Kingdom or elsewhere.

Save as disclosed in this Offering Circular:

- (a) the Chineham Borrower has no loan capital, borrowings, indebtedness or contingent liabilities outstanding and has not created any mortgage or charge or given any guarantee;
- (b) the Chineham 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 Chineham Borrower is aware) which may have, or have had, since 26 October 2005, a significant effect on the Chineham Borrower's financial position; and
- (c) since 26 October 2005 there has been (i) no material adverse change in the financial position or prospects of the Chineham Borrower, and (ii) no significant change in the trading or financial position of the Chineham Borrower.

THE CHINEHAM GENERAL PARTNER

MEPC Chineham Park General Partner Limited, (the **Chineham General Partner**) was incorporated in England and Wales on 27 June 2005 (registered number 05492672), as a private company with limited liability under the Companies Act 1985. The registered office of the Chineham General Partner is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW and its contact telephone number is +44 (0)20 7702 6100.

1. Principal Activities

The capacity of the Chineham General Partner is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The Chineham General Partner has only engaged, since its incorporation, in activities incidental to its incorporation and in activities or operations relating to its role as general partner of the Chineham Borrower, including the acquisition of shares in Chineham Holdco.

In connection with the transactions described in this Offering Circular, the Chineham General Partner has entered into the documents referred to therein and has created security all as more particularly described in this Offering Circular.

2. Directors and Secretary

The directors of the Chineham General Partner and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of the Chineham General Partner is MEPC Secretaries Limited. The Chineham General Partner has no employees.

CHINEHAM HOLDCO

MEPC Chineham Park Holdings No.1 Limited, (**Chineham Holdco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491717), as a private company with limited liability under the Companies Act 1985. The registered office of Chineham Holdco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Chineham Holdco is a wholly-owned subsidiary of the Chineham General Partner.

1. Principal Activities

The principal objects of Chineham Holdco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Chineham Holdco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of Chineham Subco, the financing of the Chineham Property, 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 Chineham Holdco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Chineham Holdco is MEPC Secretaries Limited. Chineham Holdco has no employees.

CHINEHAM SUBCO

MEPC Chineham Park Holdings No.2 Limited, (**Chineham Subco**) was incorporated in England and Wales on 27 June 2005 (registered number 05491666), as a private company with limited liability under the Companies Act 1985. The registered office of Chineham Subco is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Chineham Subco is a wholly-owned subsidiary of Chineham Holdco.

1. Principal Activities

The principal objects of Chineham Subco are set out in clause 3 of its Memorandum of Association and are, among other things, to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

Chineham Subco has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation, the acquisition of the Chineham Property Trustees, the financing of the Chineham Property, 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 Chineham Subco and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Chineham Subco is MEPC Secretaries Limited. Chineham Subco has no employees.

CHINEHAM PROPERTY TRUSTEES

Chineham PT1

MEPC Chineham Park No. 1 Limited, (**Chineham PT1**) was incorporated in England and Wales on 27 June 2005 (registered number 05492673), as a private company with limited liability. The registered office of Chineham PT1 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Chineham PT1 is a wholly-owned subsidiary of Chineham Subco.

1. Principal Activities

The capacity of Chineham PT1 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Chineham PT1 since its incorporation has been to acquire and hold legal title to various titles comprised in the Chineham Property for the benefit of the Chineham Borrower. Chineham PT1 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Chineham Holdco and then by Chineham Subco, the financing of the Chineham Property, 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 Chineham PT1 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Chineham PT1 is MEPC Secretaries Limited. Chineham PT1 has no employees.

Chineham PT2

MEPC Chineham Park No. 2 Limited, (**Chineham PT2**) was incorporated in England and Wales on 27 June 2005 (registered number 05492674), as a private company with limited liability. The registered office of Chineham PT2 is at 4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW. Chineham PT2 is a wholly-owned subsidiary of Chineham Subco.

1. Principal Activities

The capacity of Chineham PT2 is not limited by anything in its Memorandum or Articles of Association. It therefore has capacity to act as a holding company, to carry on the business of holding, dealing with, investing, managing, buying, selling and leasing any right or interest in, over or upon any real property, to carry on the business of an investment holding company, to issue securities, financial instruments and derivative contracts, to raise or borrow money and to grant security over its assets for such purposes, and to lend money with or without security.

The primary activity of Chineham PT2 since its incorporation has been to acquire and hold legal title to various titles comprised in the Chineham Property for the benefit of the Chineham Borrower. Chineham PT2 has not engaged, since its incorporation, in any other activities other than those incidental to its incorporation, its acquisition by Chineham Holdco and then by Chineham Subco, the financing of the Chineham Property, 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 Chineham PT2 and their respective business addresses and other principal activities are:

<u>Name</u>	<u>Business Address</u>	<u>Principal Activities</u>
James Brady	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Richard Harrold	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director
Gavin Lewis	4th Floor, Lloyds Chambers, 1 Portsoken Street, London, E1 8LW	Company Director

The company secretary of Chineham PT2 is MEPC Secretaries Limited. Chineham PT2 has no employees.

DESCRIPTION OF THE PROPERTIES

The portfolio comprises four business parks known as Milton Park, Abingdon, Oxfordshire; Chineham Park, Basingstoke, Hampshire; Birchwood Park, Warrington and Hillington Park, Glasgow (the **Portfolio**) Together the parks consist of 282 properties and development sites. The Portfolio has a total floor area of 6,531,050 square feet, with more than 500 tenants and 650 leases in place.

The initial valuation by Knight Frank LLP valued the Portfolio at £744,925,000 using passing rent of £44,917,577, a contracted rent of £48,996,676¹ and an estimated rental value (**ERV**) of £54,688,763 per annum.

Set out below are certain summaries of the Portfolio and historical operating results for the properties.

Portfolio Summary

Park	Investment Properties	Land		Contracted Rent	Market Rent	Net Floor Area (sq. ft.)
		Available for Development	Total Value			
Milton Park.....	341,855,000	8,145,000	350,000,000	22,631,015	25,799,322	2,835,176
Chineham Park	154,100,000	4,700,000	158,800,000	11,168,021	10,283,198	754,570
Birchwood Park	122,660,000	17,465,000	140,125,000	8,374,546	10,503,434	1,125,121
Hillington Park	89,865,000	6,135,000	96,000,000	7,050,849	8,102,809	1,816,184
Total	708,480,000	36,445,000	744,925,000	49,224,431	54,688,763	6,531,050²

(Source: Eurohypo Analysis)³

The Portfolio includes a variety of properties ranging in age, type, size and location. Across the Portfolio MEPC is able to offer diversity of space in order to meet the requirements of global multinationals and locally established companies. The space varies in quality from Grade A modern offices to older industrial units.

Rent Summary

The gross contracted rent on the Portfolio is £49,224,431 per annum. As of the cut-off date, rent subject to rent free periods in respect of the Portfolio totalled £4,373,887. By the Valuation Date, this number had reduced to £4,078,799, of which more than 80% will begin to pay contracted rent by 31 March 2006.

Lease Summary

There are more than 650 leases currently in place. These are predominantly full repairing and insuring (**FRI**) and internal repairing and insuring (**IRI**) leases, with a small number of 364 day rolling/licenses within the Hillington Park's Innovation Centre and Merlin House and the smaller business suites of Birchwood Park.

The lease expiry profile of the Portfolio is robust, with a weighted average lease term of 7.1 years. Chineham Park has the longest expiry profile to break or expiry of 10.9 years whilst Hillington has the shortest at 4.9 years. The Hillington Park profile is less than the other parks in part due to the Innovation Centre, which is let on short term licences. Removing the Innovation Centre from this calculation would increase the Hillington Park expiry profile to 5.4 years.

1 Contracted Rent used by Knight Frank for valuation purposes excludes £227,757 of income relating to back rents expiring 31 March 2007.

2 Knight Frank measures the lettable floor area as 6,536,453 sq.ft. This is a net difference of 5,403 sq. ft. Three properties at Milton park were measured on a gross area basis rather than a net area basis, accounting for 5,378 sq. ft. of the variance. The remaining 25 sq. ft. difference is a rounding error across the Portfolio.

3 Data cut-off dates; Milton, Birchwood and Hillington Parks on 5 August 2005; Chineham Park on 19 September 2005.

Approximately 63.5 per cent of space is let on leases with an unexpired term of five years or longer and these leases generate approximately 75.2 per cent. of the portfolio's total rental income. Leases with unexpired terms of over ten years' length account for 31.8 per cent. of space and 42.0 per cent. of contracted rental income. Only 12.7 per cent. of the Portfolio's lettable area is held on leases with unexpired terms of greater than 15 years and these account for 16.6 per cent. of the Portfolio's contracted rental income.

Years	Lease Break Not Exercised		Lease Break Exercised		Lease Break Not Exercised		Lease Break Exercised	
	Weighted By		Weighted By		Weighted By		Weighted By	
	Contracted		Contracted		Contracted		Contracted	
	Rent (£p.a)	Space (sq. ft.)	Rent (£p.a)	Space (sq. ft.)	Rent (%)	Space (%)	Rent (%)	Space (%)
Vacant.....	0	690,434	0	690,434	0.00%	10.57%	0.00%	10.57%
0-5 Years.....	12,195,680	1,690,369	19,843,692	2,629,352	24.78%	25.88%	40.31%	40.26%
6-10 Years.....	16,347,802	2,073,139	15,665,403	1,854,447	33.21%	31.74%	31.82%	28.39%
11-15 Years.....	12,530,989	1,244,954	9,640,231	909,845	25.46%	19.06%	19.58%	13.93%
Over 15 Years.....	8,149,960	832,154	4,075,105	446,972	16.56%	12.74%	8.28%	6.84%
	49,224,431	6,531,050	49,224,431	6,531,050	100.00%	100.00%	100.00%	100.00%

(Source: Eurohypo Analysis)⁴

Let space per lease ranges from small 100 sq. ft. spaces at the Hillington Park Innovation Centre to a 220,000 sq. ft. warehouse space at Milton Park. The average space per lease is just over 7,900 sq. ft.. Excluding the 74 leases with space greater than 20,000 sq. ft., average space per lease is approximately 4,200 sq. ft., which is more representative of the largest tenant group by lease size.

Area	Lettable Areas	Weighted by	
		Contracted Rent	Weighted by Space
Vacant.....	154	—	0.00%
0-1 ,000 sq. ft.....	194	2,168,480	4.41%
1, 000-5,000 sq. ft.	210	4,724,131	9.60%
5,000-10,000 sq. ft.....	108	7,100,829	14.43%
1 0,000-15,000 sq. ft.	52	5,573,904	11.32%
15,000-20,000 sq. ft.....	28	4,352,548	8.84%
20,000+ sq. ft.....	74	25,304,538	51.41%
Total	820	49,224,431	100%

(Source: Eurohypo Analysis)⁴

Property Analysis

The primary property type across the four parks is office space, by rent, although both warehouse and research facilities are large contributors. The parks offer all main types of commercial space for a variety of business occupiers.

The development strategy for the parks focuses on constantly upgrading the stock of property and rental income by way of both new developments and refurbishment of existing properties to maintain the quality and diversity of the offer to new and existing tenants.

4 Data cut-off dates; Milton, Birchwood and Hillington Parks on 5 August 2005; Chineham Park on 19 September 2005.

Property Type	Contracted Rent (£p.a)	Share or Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Office	24,227,356	49.22%	1,891,862	28.97%
Warehouse/Logistical	12,879,376	26.16%	2,598,541	39.79%
Research/Laboratory	7,016,108	14.25%	608,712	9.32%
Industrial	3,733,295	7.58%	1,254,397	19.21%
Amenity	1,236,128	2.51%	159,376	2.44%
Storage	87,728	0.18%	15,453	0.24%
Wayleave/Other	44,437	0.09%	2,709	0.04%
Residential.....	1	0.00%	0	0.00%
Other	1	0.00%	0	0.00%
Total	49,224,431	100.00%	6,531,050	100.00%

(Source: Eurohypo Analysis)⁵

Tenants

Tenant Industry Analysis

Distribution tenants constitute the largest industry grouping with approximately 22.2 per cent. of the lettable area of the Portfolio and accounting for approximately 15.6 per cent. of its total contracted rental income. These tenants include major commercial and logistical operators B.A.T. (UK & Export) Limited, Danzas Logistics Limited (trading as DHL), Arjo Wiggins Fine Papers Limited, Simon Hegele Logistics and Service Limited, Styropack Limited, Mastercare Service & Distribution Limited and TNT Transport Limited.

Tenant Industry	Share of Contracted Rent	Let Area (sq. ft.)	Share of Total Area
Distribution	15.57%	1,447,917	22.17%
Telecoms.....	15.37%	485,376	7.43%
IT Companies	11.77%	448,542	6.87%
Bio Tech	10.72%	339,747	5.20%
Other Commercial	8.79%	678,856	10.39%
Engineering.....	6.64%	507,755	7.77%
Business Services	6.45%	267,275	4.09%
Publishing	5.07%	280,911	4.30%
Retailer	3.91%	403,069	6.17%
Construction	3.49%	180,816	2.77%
Other ⁶	12.23%	1,490,785	22.83%
Total	100.00%	6,531,050	100.00%

(Source: Eurohypo Analysis)⁵

Tenants from the Telecoms sector and IT Companies represent 7.4 per cent. and 6.9 per cent. of lettable area and 15.4 per cent. and 11.8 per cent. of contracted rent respectively. This proportion has grown over recent times as MEPC, through their renewal program, has used vacant sites or replaced ageing warehouse facilities to build rent enhancing office and research space.

5 Data cut-off dates; Milton, Birchwood and Hillington Parks on 5 August 2005, Chineham Park on 19 September 2005.

6 "Other" includes vacant space of 10.6%.

By way of lettable area, the Portfolio has a vacancy of 10.6 per cent. The true level of vacancy, excluding space held back for redevelopment and newly developed space, is 7.4 per cent.

Tenant Analysis

Global Crossing (UK) Telecommunications Limited represents the single largest tenant in the Portfolio by rent, with approximately 4.1 per cent. of total contracted rental income and 1.9 per cent. of lettable area. Global Crossing (UK) Telecommunications Limited has seven leases (only 6 occupational leases) in place with an average unexpired term of approximately 16 years, although with break options on their non- operational leases in 2008 and 2009.

B.A.T. (UK & Export) Limited is the second largest tenant, contributing 4.1 per cent. rental income and occupying 5.5 per cent. of the Portfolio's lettable area. B.A.T. (UK & Export) Limited has since sub let one of their leases since the cut-off date.

Tenant	Contracted Rent (£p.a)	Share of Contracted Rent	Net Lettable Area (sq. ft.)	Share of Total Area
Global Crossing (UK) Telecommunications Limited	2,019,293	4.10%	124,142	1.90%
B.A.T. (UK & Export) Limited.....	2,001,500	4.07%	361,635	5.54%
Research Machines Plc	1,963,750	3.99%	181,288	2.78%
Motorola Limited	1,827,412	3.71%	114,282	1.75%
Evotec OAI Limited	1,682,300	3.42%	143,964	2.20%
Ericsson Limited	1,629,693	3.31%	95,490	1.46%
Danzas Logistics Limited	1,095,000	2.22%	175,003	2.68%
Taylor & Francis Publishing Services Limited	1,037,613	2.11%	54,441	0.83%
Bookpoint Limited	1,010,000	2.05%	155,166	2.38%
Global One Communication Holding Limited	809,560	1.64%	42,493	0.65%
Other	34,148,310	69.37%	5,083,146	77.83%
Total	49,224,431	100.00%	6,531,050	100.00%

(Source: Eurohypo Analysis)⁷

⁷ Data cut-off dates; Milton, Birchwood and Hillington Parks on 5 August 2005, Chineham Park on the 19 September 2005.

A. Milton Park

Market Value

Knight Frank LLP has determined the market value of the freehold interests in Milton Park, subject to existing tenancies, to be £350,000,000 as at 1 September 2005.

Contracted Rent and Estimated Net Annual Rent

According to Knight Frank LLP the contracted rent of Milton Park as at 5 August 2005 was £22,403,260⁸ and an ERV of £25,799,322.

Tenure

The property is held on a freehold basis.

Location

Milton Park is situated in the north west of the Thames Valley, in the South East of England and benefits from excellent transportation links. Milton Park is on the Milton Interchange of the A34 trunk road which links 20.8 km (13 miles) directly south to Junction 13 of the M4 Motorway and 36.8 km (23 miles) north to Junction 9 of the M40 Motorway.

The Department of Transport White Paper (July 2004) on “the future of transport,” identifies the A34 as a key part of the UK strategic road network. Major business destinations such as Oxford, situated 19.2 km (12 miles) to the north, Reading 36.8km (23 miles) to the south-east, Swindon 44.8 km (28 miles) to the south-west, London’s West End 96 km (60 miles) to the south-east and Birmingham 118.4 km (74 miles) to the north.

London Heathrow is easily accessible from either the M4 or M40 Motorways approximately 73.6 km (46 miles) to the south-east. Milton Park is situated two miles away from Didcot Parkway Rail Station which provides regular rail services to London Paddington taking approximately 35 minutes, Oxford twelve minutes, Reading 14 minutes and Bristol Parkway 50 minutes.

Description

Milton Park is the second largest business park in the country comprising almost 278,800 sq m (2.8 million sq. ft.) of mixed use accommodation on a 101 hectare (250 acre site). The property comprises a wide range of light industrial, distribution, office, R&D and ancillary amenity accommodation with the earliest having been constructed in 1914 and ranging to the latest addition in November 2004 of the Central 127 office development.

All units on the park meet tenant’s requirements however, the success in letting recently developed units demonstrates the current owner’s ability to assess the quantum and philosophy of current office requirements and provide flexible space in terms of specification on flexible lease terms where further expansion of tenants in the short term is a real prospect.

The majority of the light industrial and distribution units date from the 1960’s to the late 1990’s. These buildings total 182,211 sq m (1,961,794 sq. ft.) and range in size from 15 sq m (162 sq. ft.) to 16,258 sq m (175,001 sq. ft.).

The office buildings date from the late 1980’s through to 2004. These buildings total 42,276 sq m (455,046 sq. ft.) and they range in size from small, multi-let, serviced office suites through to larger, self-contained and single-let, office buildings of up to 3,475 sq m (37,405 sq. ft.).

⁸ Contracted Rent used by Knight Frank for valuation purposes excludes £227,757 of income relating to back rents expiring 31 March 2007.

There are a number of hybrid research and development buildings which total 34,469 sq. m. (371,014 sq. ft.). They date from the mid 1990's through to 2004. They range from small suites in mixed use buildings to purpose built research and development facilities of up to 4,374 sq. m. (47,079 sq. ft.).

Ancillary services such as shops, restaurants, nurseries and a gymnasium are also provided on the site. The total area of these facilities is 4,894 sq. m. (52,674 sq. ft.).

There is also approximately 6.6 hectares (16.3 acres) of land held for development.

Accommodation and Tenants

Milton Park has a large and diverse range of tenants encompassing a broad range of industries. The largest tenant with 8.8 per cent. of contracted rent is B.A.T. (UK & Export) Limited. The other major tenants within the park include, Research Machines Plc, Evotec OAI Limited, Danzas Logistics Limited, Taylor & Francis Publishing Services Limited, Bookpoint Limited, Oxford GlycoSciences (UK) Limited, The Pier (Retail) Limited, Oxagen Limited and Bookham Technology plc.

Tenant Industry	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Bio Tech	23.32%	339,747	11.98%
Distribution	22.21%	992,297	35.00%
IT Company	17.34%	335,995	11.85%
Publishing.....	11.02%	280,911	9.91%
Business Services	6.65%	109,045	3.85%
Engineering	5.12%	126,747	4.47%
Retail.....	5.00%	169,637	5.98%
Other Commercial	3.10%	141,990	5.01%
Amenity	1.80%	44,114	1.56%
Healthcare/ Medical	1.25%	18,053	0.64%
Other	3.19%	276,639	9.76%
Total	100.00%	2,835,176	100.00%

(Source: Eurohypo Analysis)⁹

The properties at Milton Park comprise 2,835,176 sq. ft. in 100 properties and are leased to more than 140 tenants. The weighted average lease expiry is 6.5 years when measured to the earlier of lease break or expiry.

9 Data cut-off date for Milton Park was the 5 August 2005.

Years	Lease Break Not Exercised		Lease Break Exercised		Lease Break Not Exercised		Lease Break Exercised	
	Weighted By		Weighted By		Weighted By		Weighted By	
	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (%)	Contracted Space (%)	Contracted Rent (%)	Contracted Space (%)
Vacant	0	227,300	0	227,300	0.00%	8.02%	0.00%	8.02%
0 - 5 Years	6,311,235	652,900	10,440,998	1,089,597	27.89%	23.03%	46.14%	38.43%
6 -10 Years	7,728,050	1,013,209	6,044,206	850,191	34.15%	35.74%	26.71%	29.99%
11 -15 Years	6,028,925	575,300	5,897,305	482,990	26.64%	20.29%	26.06%	17.04%
Over 15 Years.....	2,562,805	366,467	248,505	185,097	11.32%	12.93%	1.10%	6.53%
	<u>22,631,015</u>	<u>2,835,176</u>	<u>22,631,015</u>	<u>2,835,176</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(Source: Eurohypo Analysis)¹⁰

Milton Park has an actual vacancy rate of 8.0 per cent. The true vacancy, excluding space held back for redevelopment and newly developed space, is 5.7 per cent.

Property Use

By rent the principal offering at Milton Park is warehouse at 35.1 per cent. This is closely matched by the exposure to both office and research space. The park will maintain a broad offering of all property types and space which is adaptable to different uses dependent on fit-out.

Property Type	Contracted Rent (£p.a.)	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Warehouse/Logistical.....	7,947,846	35.12%	1,598,395	56.38%
Office	6,438,970	28.45%	453,674	16.00%
Research/Laboratory	6,402,478	28.29%	478,015	16.86%
Industrial	1,373,323	6.07%	255,699	9.02%
Amenity	453,392	2.00%	49,048	1.73%
Wayleave/Other	15,005	0.07%	344	0.01%
Total	<u>22,631,015</u>	<u>100.00%</u>	<u>2,835,176</u>	<u>100.00%</u>

(Source: Eurohypo Analysis)¹⁰

Competition

Competing centres for Milton Park include Oxford for all sectors, the Thames Valley and Banbury for offices and the Oxford Science Park, Maidenhead and Cambridge for research & development occupiers.

The main industrial areas lie to the north or to the south of the town. The Ashville Trading estate in Abingdon, is a large mixed age estate backing onto the A34. It is now complimented by newer development in the form of some retail warehousing, offices and a hotel. To the north, Banbury is establishing itself as a distribution and even office location.

The presence of a large number of historic buildings in Oxford City Centre precludes there being a clearly defined office core so large occupier requirements for Oxford have generally been satisfied by out of town developments which are primarily located to the south of the city centre, such as Arlington's Oxford Business Park, Oxford Science Park and Abingdon Business Park.

¹⁰ Data cut-off date for Milton Park was the 5 August 2005.

B. Chineham Park

Market Value

Knight Frank LLP has determined the market value of the freehold interests in Chineham Park, subject to existing tenancies, to be £158,800,000 as at 19 September 2005.

Contracted Rent and Estimated Net Annual Rent

According to Knight Frank LLP the contracted rent of Chineham Park as at 19 September 2005 was £11,168,021 including income subject to a rent free period expiring in March 2006 and an ERV of £10,283,198.

Tenure

The property is held on a freehold basis.

Location

Chineham Park is strategically located 1 mile to the north of Basingstoke town centre, 3 miles to the north of Junction 6 of the M3 and approximately 17 miles south of Junction 11 of the M4. It thus forms part of the established "Western Corridor" where there has been a substantial amount of office development occupied by a variety of both national and international companies attracted by strong road and rail communications together with proximity to both Heathrow and Gatwick airports.

Central London is some 49 miles distant and rail journey times to London Waterloo are around 48 minutes. The region's communications will improve further with the completion of Terminal 5 at Heathrow and ongoing upgrading to London's orbital motorway M25, particularly the south western section linking the M23, M3 and M4.

Description

Chineham Park is a substantial purpose built business park providing a total current built area of approximately 750,000 sq. ft. (69,677 sq m) on a site of around 98 acres, which includes 15 acres of woodland. The buildings are arranged in 14 distinct office campuses; two industrial/ warehouse estates and one amenity site.

Existing construction ranges from early to mid 1980's offices/B1 units which provide ground floor, shell, research and development type accommodation with offices over (typically being centrally heated accommodation) through to more recently built Grade A Headquarters (HQ) style offices.

The park is in an attractive setting surrounded largely by mature woodland with a substantial amount of on site landscaping. Whilst a few of the buildings would now benefit from minor external cosmetic improvements, the park as a whole is tidy and well maintained. In contrast to much of the other industrial or office space in Basingstoke, Chineham Park provides very good parking and yard areas and the estate roads are clear of vehicles.

There are four development sites situated across the park, in total having detailed planning consent for approximately 320,000 sq. ft. (29,729 sq m) net internal of office accommodation. The Redwood 1 and Spindlewood consents have effectively been implemented already by the construction of Redwood 2 and 3 and the amenity units respectively as these buildings fall under the same planning permissions.

Accommodation and Tenants

The largest tenant at Chineham Park with 18.1 per cent. of contracted rent is Global Crossing (UK) Telecommunications Limited. Other large tenants include Motorola Limited, Ericsson Limited, Global One Communication Holdings Limited, Arjo Wiggins Fine Papers Limited, Regus (UK) Limited, Corgi, Micro Peripherals Limited, Peak Traffic Limited and Tyco Healthcare UK Limited.

Tenant Industry	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Telecoms	56.17%	376,961	49.96%
Distribution	14.09%	132,099	17.51%
IT Company	6.74%	45,605	6.04%
Healthcare/ Medical	6.20%	65,469	8.68%
Business Services	5.97%	35,238	4.67%
Electronics	5.22%	35,166	4.66%
Other Commercial	3.51%	30,563	4.05%
Amenity	1.09%	8,119	1.08%
Construction	0.85%	5,041	0.67%
Hotel/ Catering	0.15%	2,483	0.33%
Other	0.00%	17,826	2.36%
Total	100.00%	754,570	100.00%

(Source: Eurohypo Analysis)¹¹

The properties at Chineham Park comprise 754,570 sq. ft. in 54 properties and are leased to more than 44 tenants. The weighted average lease expiry is 10.9 years when measured to the earlier of lease break or expiry.

Years	Lease Break Not Exercised		Lease Break Exercised		Lease Break Not Exercised		Lease Break Exercised	
	Weighted By		Weighted By		Weighted By		Weighted By	
	Contracted Rent (£p.a)	Space (sq. ft.)	Contracted Rent (£p.a)	Space (sq. ft.)	Contracted Rent (%)	Space (%)	Contracted Rent (%)	Space (%)
Vacant	0	17,826	0	17,826	0.00%	2.36%	0.00%	2.36%
0 - 5 Years	336,651	19,764	1,176,472	94,290	3.01%	2.62%	10.53%	12.50%
6 - 10 Years	4,247,618	302,852	5,502,508	360,150	38.03%	40.14%	49.27%	47.73%
11 - 15 Years	2,612,153	170,329	767,442	52,093	23.39%	22.57%	6.87%	6.90%
Over 15 Years	3,971,599	243,799	3,721,599	230,211	35.56%	32.31%	33.32%	30.51%
	11,168,021	754,570	11,168,021	754,570	100.00%	100.00%	100.00%	100.00%

(Source Eurohypo Analysis)¹¹

The vacancy rate at Chineham Park is 2.4 per cent. of lettable area.

Property Use

Property use at Chineham Park is predominantly office space with 80.9 per cent. of lettable area. These buildings are typically impressive steel and glass clad structures featuring air conditioning, raised floors, attractive entrances/reception areas and all other expected amenities.

¹¹ Data cut-off date for Chineham Park was the 19 September 2005. A tenant has gone into administration since the cut-off date. Tenant "Eurodis Electron plc" was paying a contracted rent of £112,000 or 1.00% of Chineham Park total contracted rent.

Property Use	Contracted Rent (£p.a.)	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Office	9,976,859	89.33%	610,278	80.88%
Warehouse/Logistical.....	820,347	7.35%	112,990	14.97%
Amenity	260,382	2.33%	22,992	3.05%
Research/Laboratory	86,000	0.77%	5,945	0.79%
Wayleave/Other	24,431	0.22%	2,365	0.31%
Residential	1	0.00%	0	0.00%
Other	1	0.00%	0	0.00%
Total	11,168,021	100.00%	754,570	100.00%

(Source: Eurohypo Analysis)¹²

Competition

Competing centres for Chineham Park include Hook, Camberley, Farnborough, Reading and Fleet. Immediately within the town itself there are offices and industrial units on Houndmills, Daneshill and Viables estates. Older style competing office accommodation at Basingstoke is centered around Basing View.

C. Birchwood Park

Market Value

Knight Frank LLP has determined the market value of the freehold interests in Birchwood Park, subject to existing tenancies, to be £140,125,000 as at 1 September 2005.

Contracted Rent and Estimated Net Annual Rent

According to Knight Frank LLP the contracted rent of Birchwood Park as at 5 August 2005 was £8,374,546 and an ERV of £10,503,434.

Tenure

The property is held on a freehold basis.

Location

Warrington occupies an important strategic location within the north west region some 330km (205 miles) to the north west of London, 31km (19 miles) to the west of Manchester and 32km (20 miles) to the east of Liverpool. The town has excellent road communications and is situated close to both the M62 Trans Pennine motorway linking Liverpool to the west and Manchester and Leeds to the east and the M6 motorway to the east of the town which provides links to Birmingham in the south and Preston and Glasgow to the north. In addition, the town has good access to the M56 motorway to the south of the town centre which provides links with both north Wales, Cheshire and the south Manchester region.

Manchester International Airport is located within 29km (18 miles) to the south east of Warrington with Liverpool John Lennon Airport also providing international services some 35km (22.5 miles) to the south west. Warrington is also situated on the mainline intercity rail route between London and Lancashire providing fast journey times between Warrington Bank Quay Station and London Euston of just over two hours.

Description

Birchwood Park is one of the largest business parks in the north-west situated on a 49.8 hectares (123 acre) site providing a mix of office, light industrial and research and development (**R&D**)

¹² Data cut-off date for Chineham Park was the 19 September 2005. A tenant has gone into administration since the cut-off date. Tenant "Eurodis Electron plc" was paying a contracted rent of £112,000 or 1.00% of Chineham Park total contracted rent.

buildings totaling approximately 104,500 sq m (1,125,000 sq. ft.). The park benefits from a modern gym, conference facilities, cafeteria and crèche.

The park was originally developed in the 1950's by the Atomic Energy Authority. Since passing into private ownership in the 1990's some of the original buildings have been refurbished and what has become Birchwood Park has been expanded upon with the development of a number of office and industrial buildings, together with the addition of support amenities.

Offices occupy space of 52,700 sq m (567,267 sq. ft.) ranging from 1960's refurbished space to recently completed Grade A space. Individual suite sizes range from 12.26 sq m (132 sq. ft.) in Chadwick House to the 4,252 sq m (45,772 sq. ft.) Vodafone building and this range of space, in terms of size and specification, meets a wide range of tenant's requirements.

The light industrial element of the park comprises various buildings which have a total area of 11,034 sq m (118,768 sq. ft.). The 200 Buildings were a recent addition to Birchwood Park and have been developed to meet modern, light industrial, occupiers' requirements.

There are a number of R&D buildings on the park and they all date from the 1950's and 1960's when the site was used by the Atomic Energy Authority. The R&D buildings are collectively known as The Quadrant and total 30,280.1 sq m (325,935 sq. ft.) excluding the Lovell House offices. In addition there are two R&D buildings on the NNC Complex at the southern end of the park totaling 4,200 sq m (45,212 sq. ft.).

There is also approximately 20.1 hectares (49.6 acres) of land held for development.

The park benefits from a number of support and amenity facilities. The total area of these facilities is 5,679 sq m (61,124 sq. ft.) comprising a gym, crèche and "The Centre". The Centre includes a conference centre, restaurant, offices and a small shop.

Accommodation and Tenants

The largest tenant within Birchwood Park with 8.4 per cent. of contracted rent is AEA Technology Plc¹³. Other large tenants include Vodafone Limited, Atkins Limited, Serco Limited, Trillium (Prime) Property GP Limited, NNC Limited.

Sony Ericsson Mobile Comms Mngt Limited, United Utilities Intl Limited, Core Utility Solutions Limited and Anixter (UK) Limited.

Tenant Industry	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Engineering	20.87%	296,472	26.35%
Other Commercial	17.76%	139,220	12.37%
Construction.....	16.47%	123,257	10.95%
Telecoms	11.50%	67,310	5.98%
IT Company	7.45%	44,245	3.93%
Government	7.38%	53,749	4.78%
Other Manufacturing	5.52%	58,180	5.17%
Business Services	4.90%	32,900	2.92%
Retailer.....	2.43%	38,008	3.38%
Utilities	2.33%	12,381	1.10%
Other	3.38%	259,399	23.06%
Total.....	100.00%	1,125,121	100.00%

(Source: Eurohypo Analysis)¹⁴

13 As anticipated by MEPC, all relevant AEA Technology Plc leases expiring in September 2005 were not renewed. AEA Technology Plc continues to pay 27.7% of attributable passing rent as of the cut-off date on unexpired leases. Of the lease expiries that were exercised, MEPC has managed to retain over 80% of the prior passing rent secured by new tenants.

14 Data cut-off date for Birchwood Park was 5 August 2005.

The properties of Birchwood Park comprise 1,125,121 sq. ft. in 44 properties and are leased to more than 110 tenants. The weighted average lease expiry is 5.5 years when measured to the earlier of lease break or expiry.

Years	Lease Break Not Exercised		Lease Break Exercised		Lease Break Not Exercised		Lease Break Exercised	
	Weighted By		Weighted By		Weighted By		Weighted By	
	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (%)	Contracted Space (%)	Contracted Rent (%)	Contracted Space (%)
Vacant	0	184,464	0	184,464	0.00%	16.40%	0.00%	16.40%
0 - 5 Years	2,439,854	340,621	3,931,165	524,336	29.13%	30.27%	46.94%	46.60%
6 -10 Years	2,301,787	271,590	2,263,040	200,845	27.49%	24.14%	27.02%	17.85%
11 -15 Years	2,663,952	236,991	2,180,340	215,476	31.81%	21.06%	26.04%	19.15%
Over 1 5 Years	968,953	91,455	1	0	11.57%	8.13%	0.00%	0.00%
	<u>8,374,546</u>	<u>1,125,121</u>	<u>8,374,546</u>	<u>1,125,121</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>

(Source: Eurohypo Analysis)¹⁵

Birchwood Park has an actual vacancy rate of 16.4 per cent. The true vacancy, excluding space held back for redevelopment and newly developed space, is 7.8 per cent.

Property Use

By rent the principal offering at Birchwood Park is office space with 59.0 per cent. of lettable area. Overall levels of lettable area have increased following sustained demand, with the new grade A office developments setting the benchmark in the area.

Property Use	Contracted Rent (£p.a)	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Office	6,401,785	76.44%	664,023	59.02%
Warehouse/Logistical.....	630,837	7.53%	118,517	10.53%
Research/Laboratory	515,630	6.16%	122,276	10.87%
Industrial	423,565	5.06%	145,771	12.96%
Amenity	310,000	3.70%	59,080	5.25%
Storage	87,726	1.05%	15,453	1.37%
Wayleave/Other	5,001	0.06%	0	0.00%
Total	<u>8,374,546</u>	<u>100.00%</u>	<u>1,125,121</u>	<u>100.00%</u>

(Source: Eurohypo Analysis)¹⁵

Competition

Competing office locations in the Birchwood area include Birchwood Boulevard, incorporating Birchwood Point, to the south west of Birchwood Park off the A574, which comprises a mixture of 1980's offices at Birchwood Boulevard and 5 more modern buildings completed in the late 1990's and early 2000.

The most significant competing location outside of the main Warrington area is at Daresbury Park, which is located some five miles to the south west of the town close to junction 11 of the M56.

In the long term, competition will be provided by the Omega scheme which is located either side of the M62 at Junction 8, on the site of the former Burtonwood air base some 7.2 km (4.5 miles) to the west of Birchwood Park. The proposed development on a 226 hectare (558 acre) site by

15 Data cut-off date for Birchwood Park was 5 August 2005.

Miller Developments/Royal Bank of Scotland and English Partnerships will be phased over the next 25 years.

D. Hillington Park

Market Value

Knight Frank LLP has determined the market value of the heritable interests in Hillington Park, subject to existing tenancies, to be £96,000,000 as at 1 September 2005.

Contracted Rent and Estimated Net Annual Rent

According to Knight Frank LLP the contracted rent of Hillington Park as at 5 August 2005 was £7,050,849 and an ERV of £8,102,809.

Tenure

The property is held on heritable title (the Scottish equivalent of freehold).

Location

Hillington Park is situated to the west of Glasgow city centre in close proximity to the town of Paisley and Glasgow International Airport. Glasgow is approximately 1,601 km (490 miles) north of London and 144.3 km (44 miles) west of Edinburgh.

Glasgow benefits from a substantial local rail and bus network connecting the city with its suburbs and the surrounding towns, including East Kilbride, Hamilton, Newton Mearns and Motherwell. It is also the starting point of the "West Coast Line" which links the city with London's Euston Station. The M8 Motorway from Edinburgh passes through the city and there is also easy access to the M73, M74 and M77 Motorways. Glasgow International Airport, which is located 10 km (6 miles), to the west of the city, provides frequent services to all major UK cities as well as European and North American destinations.

Hillington Park is recognised as being Glasgow's largest industrial location. The estate is situated to the south of the M8, junction 26 approximately 9.6 km (6 miles) to the west of Glasgow city centre and 3.2 km (2 miles) to the east of Glasgow International Airport. The M8 provides easy access to Glasgow and the Scottish motorway network thereafter. Hillington benefits from good rail connections with 2 railway stations which link the estate with a frequent service to Glasgow Central station. There are also regular bus connections to the estate from Glasgow and the surrounding area.

Description

Hillington Park was originally developed in the inter-war years and provides almost 160,000 sq m (1.8 million sq. ft.) of floorspace over 169 hectares (417 acres), predominantly comprising warehouse/ industrial and office space. It is Scotland's longest established business park.

Hillington is not wholly owned by MEPC although it is the dominant owner. Of the space owned by MEPC, the industrial accommodation dates from the early 1940's with infill developments up to the present day. These buildings total 153,101 sq m (1,647,971 sq. ft.) and range in size from 41 sq m (440 sq. ft.) to 6,166 sq m (66,370 sq. ft.), providing, in general, a level of size and specification which fits occupier requirements. Many of the earlier buildings have been comprehensively refurbished.

The office buildings date from the late 1950's through to 2004. These buildings total 10,832.5 sq m (116,600 sq. ft.) and they range in size from small, multi-let, serviced office suites through to larger, self-contained and single-let, office buildings of up to 1,858 sq m (20,000 sq. ft.), thus providing a wide range of specifications.

In addition, Hillington Park contains an Innovation Centre which was developed in conjunction with Scottish Enterprise approximately five years ago. The majority of leases are 364 day rolling/licenses with common facilities provided by the landlord. There are a variety of small meeting

rooms shared by all tenants, a larger board room and conference room and common secretarial and communication facilities.

The retail centre comprises a small supermarket, nursery and a parade of seven unit shops including a bakery, food outlet and tote bookmaker.

There is approximately 55.9 acres of land available for development.

Accommodation and Tenants

A large number of industries are represented in the park where some of the major occupiers include Styropack Limited, BAA Business Support Centres Limited, Henry Brothers (Glasgow) Limited, Inventec (Scotland) Corporation Limited, Reid Furniture, South Glasgow University Hospitals NHS Trust, Bax Global Limited, Lithoprint (Scotland) Limited, Hays Commercial Services Limited and Spicemanns Limited.

Tenant Industry	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Other Commercial	24.74%	382,087	21.04%
Other Manufacturing	16.60%	266,877	14.69%
Distribution	14.49%	318,210	17.52%
Retailer.....	8.38%	195,424	10.76%
Business Services	8.37%	90,092	4.96%
IT Company	6.98%	22,697	1.25%
Engineering	5.11%	84,536	4.65%
Amenity	2.93%	24,843	1.37%
Healthcare/ Medical	2.64%	63,853	3.52%
Telecoms	2.63%	34,262	1.89%
Other	7.13%	333,302	18.35%
Total	100.00%	1,816,184	100.00%

(Source: Eurohypo Analysis)¹⁶

The properties at Hillington Park comprise 1,816,184 sq. ft. in 89 properties and are leased to more than 230 tenants. The weighted average lease expiry is 4.9 years when measured to the earlier of lease break or expiry.

Years	Lease Break Not Exercised		Lease Break Exercised		Lease Break Not Exercised		Lease Break Exercised	
	Weighted By		Weighted By		Weighted By		Weighted By	
	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (£p.a)	Contracted Space (sq. ft.)	Contracted Rent (%)	Contracted Space (%)	Contracted Rent (%)	Contracted Space (%)
Vacant	0	260,843	0	260,843	0.00%	14.36%	0.00%	14.36%
0 - 5 Years	3,107,940	677,084	4,295,056	921,129	44.08%	37.28%	60.92%	50.72%
6- 10 Years	2,070,347	485,487	1,855,649	443,262	29.36%	26.73%	26.32%	24.41%
11 - 15 Years	1,225,959	262,335	795,144	159,286	17.39%	14.44%	11.28%	8.77%
Over 15 Years.....	646,603	130,434	105,000	31,663	9.17%	7.18%	1.49%	1.74%
Total	7,050,849	1,816,184	7,050,849	1,816,184	100.00%	100.00%	100.00%	100.00%

(Source: Eurohypo Analysis)¹⁶

16 Data cut-off date for Hillington Park was 5 August 2005.

Hillington Park has an actual vacancy rate of 14.4 per cent. The true vacancy, excluding space held back for redevelopment and newly developed space, is 9.6 per cent.

Property Use

The park largely comprises warehouse, light industrial and office properties totalling 96.0 per cent. of rent. MEPC intend to increase the proportion of new high quality office space and modern industrial/warehousing space to meet market demand.

Tenant	Contracted Rent (£p.a.)	Share of Contracted Rent	Lettable Area (sq. ft.)	Share of Total Area
Warehouse/Logistical.....	3,480,346	49.36%	768,639	42.32%
Industrial	1,936,407	27.46%	852,926	46.96%
Office	1,409,742	19.99%	163,887	9.02%
Amenity	212,364	3.01%	28,256	1.56%
Research/Laboratory	12,000	0.17%	2,476	0.14%
Total	7,050,849	100.00%	1,816,184	100.00%

(Source: Eurohypo Analysis)¹⁷

Competition

Competing locations tend to be smaller industrial estates grouped around the M8 to the west of the City Centre, but more particularly the substantial areas of industrial estates around the former Enterprise Zones, and rail links, in North Lanarkshire where the M74 meets the M8 motorway. These locations are in and around Bellshill, Uddingston, Mossend and Eurocentral.

¹⁷ Data cut-off date for Hillington Park was 5 August 2005.

VALUATION REPORTS

Eurohypo AG London Branch
4th Floor
90 Long Acre
London, WC2E 9RA
As Arranger and Facility Agent
(on behalf of itself and a syndicate of Lenders from time to time)

UBS Limited as Joint Bookrunner
100 Liverpool Street
London, EC2M 2RH

The Royal Bank of Scotland plc as Joint Bookrunner
135 Bishopsgate
London, EC2M 3UR

Opera Finance (MEPC) plc as Issuer and Lender
c/o Structured Finance Management Limited
35 Great St Helen's
London, EC3A 6AP

HSBC Trustee (C.I.) Limited as Trustee
1 Grenville Street
St. Helier
Jersey, JE4 9PF

23 November 2005

Dear Sirs

PORTFOLIO OF FOUR PROPERTIES HELD WITHIN MEPC BUSINESS PARKS LIMITED PARTNERSHIPS (THE PROPERTIES)

1.0 Introduction

We refer to instructions from Eurohypo AG London Branch in letters dated 4 August 2005 and 6 October 2005, and our subsequent confirmation of these instructions dated 17 August 2005 and 10 October 2005.

We are instructed to provide you with our opinion of the Market Value of Birchwood Park, Hillington Park and Milton Park as at 1 September 2005 and Chineham Park as at 19 September 2005 and further, to confirm whether there has been any diminution in the value of the Properties as at 23 November 2005.

2.0 Basis of Valuation

We understand that this Valuation Report and Schedule is required in connection with the listing particulars to be published in accordance with the Listing Rules made under the Directive 2003/71/EEC (the Prospectus Directive) of Ireland for listing of debt securities on the Irish Stock Exchange.

We confirm that the Valuation has been undertaken by us, acting as External Valuers, in accordance with the Practice Statements and Guidance Notes of the Appraisal and Valuation Standards, Fifth Edition, published by the Royal Institution of Chartered Surveyors, "The Red Book".

In accordance with UKPS 5.4, we have made certain disclosures with regard to our business relationship with MEPC Limited which are included in section 12 below.

Market Value

Our valuation has been carried out on the basis of Market Value in accordance with Practice Statement 3.2. Market Value is defined as:

“The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm’s-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion”.

We also confirm that we have valued in accordance with the Listing Rules published by the Financial Services Authority.

The net annual rents for The Properties referred to in the attached schedule are defined in the Listing Rules as:

“the current income or income estimated by the valuer:

- (i) ignoring any special receipts or deductions arising from the property;*
- (ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and*
- (iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent.”*

In addition, we have provided our estimate of the current Net Rental Value of the Properties. The estimated rental value is based on the current rental value of the Properties at the date of valuation. In respect of vacant accommodation, as at the date of valuation, the rental value reflects the rent we consider would be attainable on a market letting as at that date.

3.0 Inspections

The Properties have been inspected by Knight Frank LLP between August 2005 and September 2005.

4.0 Taxation and Costs

No account has been taken in our valuations of any liability for tax (including Value Added Tax) on either the rental income from the properties (if any), the notional sale prices or any gains which may be realised on disposal.

We have made a deduction from our valuations to reflect purchasers’ acquisition costs in accordance with normal valuation practice. The quantum of costs deducted will depend on the valuation lot size of the property.

5.0 Title

We have been provided with the following information:

Birchwood Park: Certificate of Title prepared by Addleshaw Goddard dated 23 September 2005 and review by Allen & Overy LLP dated 23 September 2005.

Chineham Park: Certificate of Title prepared by BrookStreet des Roches dated 27 October 2005 and review by Allen & Overy LLP dated 28 October 2005.

Hillington Park: Certificate of Title prepared by Maclay Murray & Spens dated 5 October 2005 and review by Tods Murray LLP dated 7 October 2005.

Milton Park: Certificate of Title prepared by BrookStreet des Roches dated 23 September 2005 and review by Allen & Overy LLP dated 23 September 2005.

We confirm that there is nothing contained therein relating to underlying, onerous or unusual restrictions, covenant clauses or easements which materially affect our opinion of value. We have assumed that the Properties possess good and marketable titles and are capable of unrestricted transfer to third parties in the open market.

No account has been taken in our valuations of any mortgage, charge or similar encumbrance over the Properties.

6.0 Planning

Enquiries of the appropriate planning authorities in respect of matters affecting the Properties have been made orally, although information has been given to us on the basis that it should not be relied upon.

In addition to the above enquiries, we have relied on information contained within the Certificates of Title and made the assumption that the Properties have been constructed in full compliance with valid Town Planning and Building Regulation Approvals, and that where necessary, they have the benefit of current Fire Certificates, and are not subject to any outstanding statutory notices as to their construction, use or occupation. Unless the Certificates of Title have revealed to the contrary, we have made a further assumption that the existing uses of the Properties are duly authorised or established and that no adverse planning conditions or restrictions apply.

7.0 Condition and Repair Of The Properties

We have not carried out either structural or condition surveys on the Properties and are therefore unable to report that the Properties are free from any structural fault, infestation or defects of any other nature, including inherent weaknesses due to the use and construction of deleterious materials. No tests were carried out on any of the technical services. In the course of our inspections, we took note of the state of repair and condition of each property and had due regard to these factors in arriving at our valuation.

8.0 Environmental Issues

We have been provided with environmental reports by Roscoe Capita Environmental in respect of Birchwood Park, QDS Environmental Limited in respect of Chineham Park, Halcrow in respect of Hillington Park, and Stats Environmental in respect of Milton Park on which we are instructed to rely. We have had regard to the conclusions in these reports and it is assumed that for the purposes of this valuation, none of the Properties are, or are likely to be, materially affected by land contamination and that there are no ground conditions that would affect future use of the Properties.

9.0 Floor Areas

We have not carried out a full measured survey. We have relied on floor areas provided by MEPC Limited and these have been cross referenced to that area data previously held by us where they have been compared with areas agreed at previous lettings, rent reviews, lease renewals, with which they are consistent.

We have undertaken a measurement of a sample of units at Birchwood Park, Hillington Park and Milton Park to verify area information from the above sources is within acceptable tolerances for valuation purposes, and are able to confirm that this is the case. The area information for Chineham Park is sourced from a measured survey of the property undertaken by Plowman & Craven Associates in September 2004 and is expressed in terms

of definitions in accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice Fifth Edition.

MEPC confirm that the area information provided in respect of Birchwood Park, Hillington Park and Milton Park is expressed in terms of definitions in accordance with the Royal Institution of Chartered Surveyors Code of Measuring Practice Fifth Edition.

10.0 Tenancy Information

We have not read copies of the leases or related documents, but have relied upon the tenancy information provided by MEPC Limited for the purposes of our valuation. The summary of tenancy information is enclosed in the attached schedule.

We have not undertaken detailed investigations into the financial strength of tenants. It has been assumed that the tenants are financially in a position to meet their obligations and there are no arrears of rents or breaches of covenants. However, our valuation reflects the type of tenants actually in occupation, or likely to be in occupation, and the market's general perception of their credit worthiness.

11.0 Valuation

In our opinion, the current aggregate Market Value of the Properties, subject to the terms of the existing tenancies, as at 1 September 2005 in respect of Birchwood Park, Hillington Park and Milton Park and 19 September 2005 in respect of Chineham Park, was in the sum of £744,925,000 (Seven Hundred And Forty Four Million Nine Hundred And Twenty Five Thousand Pounds). Details of the individual property values are shown on the attached schedules.

We are of the opinion that since the dates of valuation, there has been no diminution in the value of the Properties as at 23 November 2005.

12.0 Disclosure

Knight Frank LLP is appointed by MEPC Limited as External Valuers to provide it with valuations for internal and balance sheet purposes and has fulfilled this role since the introduction of regular valuations in 1971. The signatory of this report has been responsible for the instruction for the instruction since March 2001. We confirm that in relation to Knight Frank LLP's preceding financial year, the total fees paid by MEPC Limited, as a percentage of the total fee income of Knight Frank LLP, was less than 5 per cent. Accordingly, we consider we are able to provide an impartial valuation for the current purposes.

13.0 Confidentiality

This report is issued only and solely for the purposes of the Offering Circular. The valuation is for the use only of the parties to whom this report is addressed and others in the context of this exercise. No responsibility is accepted to any other third party for the whole or any part of its contents.

Yours faithfully

R.J.S. Johnson MRICS
Partner
Knight Frank LLP
Chartered Surveyors
20 Hanover Square
London W1S 1HZ

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Birchwood Park, Warrington, Cheshire, WA3 6AE.	<p>The property is one of the largest business parks in the north-west consisting of office, research and development, light industrial and ancillary amenity accommodation. The property also includes several areas for future development. The site totals some 50 hectares (123 acres).</p> <p>The office accommodation ranges from recently refurbished 1960's space to recently completed, Grade A specification, buildings. These buildings total 52,700 sq m (567,267 sq ft) and range in size from a 12 sq m (132 sq ft) suite to 4,252 sq m (45,772 sq ft).</p> <p>The research and development element consists of 30,462 sq m (327,893 sq ft). The majority of the accommodation was built in the 1950's and 1960's.</p>	<p>The property is multi-tenanted, mainly on effectively full repairing and insuring terms on 148 tenancies with an average weighted unexpired lease term of 5.45 years. There are currently 30 vacant units / suites accounting for 16.97% of total area.</p> <p>The recently completed office buildings are let on institutionally acceptable terms on ten or 15 year leases although some incorporate break clauses at years five or ten. Chadwick House and Thomson House, which account for approximately half of the total office accommodation, are let on a variety of leases dependent on the accommodation provided. The more substantial office suites are let on ten year terms with some incorporating break clauses whereas the smaller suites are let on six month licences or three year leases with rolling six monthly breaks.</p> <p>The research and development accommodation is let on terms ranging from six month licences to six year leases.</p>	£6,360,132	£10,503,434	Investment Properties £122,660,000 Land held for Development £17,465,000

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
	<p>The seven light industrial units were constructed between 2000 and 2003. These buildings total 11,010, sq m (118,516 sq ft) and are of a high specification.</p> <p>There are a number of ancillary amenity buildings on the park that provide conference facilities, restaurant, shops, gymnasium and a nursery. This accommodation totals some 2,499.8 sq m (26,908 sq ft) and is mainly housed in a single, purpose built, conference centre constructed in the 1960's.</p> <p>There is also approximately 20.06 hectares (49.59 acres) of land held for future development.</p> <p>Freehold</p> <p>Note: Although primarily an investment property, and categorised as such, the total market value includes land held for development.</p>	<p>The seven light industrial units are let on institutionally acceptable terms on six to 25 year leases although some incorporate break clauses at years three, five, ten or 15.</p> <p>The majority of the ancillary amenity accommodation is let short term with the exception of the gym which is let on a lease expiring November 2012 and the nursery on a lease expiring in April 2028 but subject to an option to break in 2018.</p> <p>The estimated current rent receivable of £6,360,132 per annum reflects current contractual income of £7,727,933 per annum less current irrecoverable outgoings and void costs of £1,367,801.</p> <p>Also excluded from current net annual rent receivable is £746,613 per annum of income that is contracted but currently subject to rent free periods.</p>			

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Hillington Park, Glasgow, G52 4XZ.	<p>The property is one of the largest business parks in Scotland consisting of light industrial and distribution, office and ancillary amenity accommodation. The property also includes several areas for future development.</p> <p>The majority of the light industrial units date from the early 1940's with new units constructed over the intervening period with the older units the subject of a rolling refurbishment program. These buildings total 153,102 sq m (1,647,971 sq ft) and range in size from 41 sq m (440 sq ft) to 6,166 sq m (66,370 sq ft).</p> <p>The office buildings date from the late 1950's through to 2004. These buildings total 10,833 sq m (116,600 sq ft) and they range from small multi-let serviced offices through to larger, self contained, single-let office buildings of up to 1,858 sq m (20,000 sq ft).</p>	<p>The property is multi-tenanted, mainly on effectively full repairing and insuring terms on 202 tenancies with an average weighted unexpired lease term of 4.95 years. There are currently 40 vacant units / suites accounting for 12.63% of total area.</p> <p>The modern accommodation is let on institutionally acceptable terms with leases expiring between September 2014 and July 2023, four with break options between October 2009 and August 2013. The majority of the older accommodation is let for unexpired terms of between one and fifteen years with many of the longer leases containing break clauses.</p> <p>The majority of the larger, modern, office buildings are let on institutionally acceptable terms with ten or 15 year leases although some incorporate break clauses at years five or ten. Small office suites are mainly let on six month licences or two / three year terms with rolling options to break. The Innovation Centre provides serviced accommodation for knowledge based industry.</p>	£6,369,362	£8,102,809	Investment Properties £89,865,000 Land held for Development £6,135,000

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
	Ancillary amenity services are provided in the retail centre and include a small supermarket, seven unit shops and a nursery constructed in the early 1990's. The total area of these facilities extends to 6,414 sq m (69,035 sq ft).	The supermarket and one shop unit are let on terms expiring in August 2018, two shop units are let on terms expiring in 2012 and 2013, one shop unit is let to 2019 with an option to break in May 2009 and the lease of one shop unit expires in February 2006. Two units are vacant. The nursery is let until June 2027 subject to an option to break in June 2017.			
	There is also approximately 22.62 hectares (55.9 acres) of land held for future development.	The estimated current rent receivable of £6,369,362 per annum reflects current contractual income of £6,939,599 per annum less current irrecoverable outgoings and void costs of £570,237.			
	Heritable title (the Scottish equivalent to freehold) Note: Although primarily an investment property, and categorised as such, the total market value includes land held for development.	The estimated current rent receivable is expected to increase to £6,374,996 per annum on settlement of outstanding rent reviews.			
		Also excluded from current net annual rent receivable is £111,250 per annum of income that is contracted but currently subject to rent free periods.			

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Milton Park, Abingdon, Oxfordshire, OX14 4RR.	<p>The property is the second largest business park in the country consisting of light industrial and distribution, office, research and development and ancillary amenity accommodation. The property also includes several areas for future development. The site totals some 101 hectares (250 acres).</p> <p>The majority of the light industrial and distribution units date from the 1960's up to the late 1990's. These buildings total 182,211 sq m (1,961,794 sq ft) and range in size from 15 sq m (162 sq ft) to 16,258 sq m (175,001 sq ft).</p> <p>The office buildings date from the late 1980's through to 2004. These buildings total 42,276 sq m (455,046 sq ft) and they range from small multi-let serviced offices through to larger, self contained, single-let office buildings of up to 3,475 sq m (37,405 sq ft).</p>	<p>The property is multi-tenanted, mainly on effectively full repairing and insuring terms on 192 tenancies with an average weighted unexpired lease term of 6.54 years. There are currently 39 vacant units / suites accounting for 7.83% of total area.</p> <p>The larger warehousing and distribution units are let on institutionally acceptable terms although some incorporate break clauses. The older light industrial space is generally let on a short term basis or on longer terms with annual breaks.</p> <p>The majority of the larger office buildings are let on institutionally acceptable terms with ten or 15 year leases although some incorporate break clauses at years five or ten. Small office suites are mainly let on six month licences or two / three year terms outside the provisions of the Landlord & Tenant Act 1954.</p> <p>Recent lettings of modern offices have been for twelve year terms with three yearly reviews to RPI with some incorporating three yearly break clauses.</p>	£20,783,474	£25,799,322	Investment Properties £341,855,000 Land held for Development £8,145,000

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
	<p>There are a number of hybrid research and development buildings which total 34,469 sq m (371,014 sq ft). They date from the mid 1990's up to 2004. They range from small suites in mixed use buildings to purpose built research and development facilities of up to 4,374 sq m (47,079 sq ft).</p>	<p>The majority of the research and development accommodation are let on institutionally acceptable terms with fifteen year leases with some incorporating break clauses and rent reviews geared to office rental values. Many are let on a combination of "shell and core" and standard office specifications and more recently, premises are let on base rentals reviewed every three years to RPI with additional rents payable for the term of the lease to amortise the landlord's fit-out costs.</p>			
	<p>Ancillary amenity services such as shops, restaurants, nurseries and a gymnasium are also provided on the park. The total area of these facilities extends to 4,894 sq m (52,674 sq ft).</p>	<p>This element of the park are mainly let on standard leases although in the case of the nurseries and restaurants, they are let on base rents with an additional rental element derived from turnover performance.</p>			
	<p>There is also one residential property on Pembroke Lane.</p>	<p>This property is let on a life tenancy.</p>			
	<p>There is also approximately 6.64 hectares (16.27 acres) of land held for future development.</p>				
	<p>Freehold</p>				
	<p>Note: Although primarily an investment property, and categorised as such, the total market value includes land held for development.</p>	<p>The estimated current rent receivable of £20,783,474 per annum reflects current contractual income of £21,062,742 per annum less current irrecoverable outgoings and void costs of £279,268.</p>			

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
		<p>The estimated current rent receivable is expected to increase to £20,896,224 per annum on settlement of outstanding rent reviews.</p>			
		<p>Also excluded from current net annual rent receivable is £1,393,826 per annum of income that is contracted but currently subject to rent free periods.</p>			

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
Chineham Park Basingstoke Hampshire RG24 8QZ	<p>Purpose built business park constructed at various times from the early 1980's onward providing predominantly office accommodation set out in a series of distinct building groupings and providing in total a net lettable area of approximately 754,570 sq ft (70,101 sq m). Around half of the park by floor area comprises Grade A HQ style buildings.</p> <p>The site includes a number of future development plots that will provide an additional 350,000 sq ft (32,516 sq m) of office accommodation.</p>	<p>The property is multi-let almost entirely effectively on fully repairing and insuring terms incorporating upward only rent reviews.</p> <p>Approximately 89% of the income is accounted for by offices, 9% by industrial with the remaining ancillary/amenity uses accounting for 2%. The average weighted unexpired lease term at the park as a whole is 10.87 years. Over half of the income derives from tenants whom we consider strong, assessed by Dunn and Bradstreet as 5A1 or similar. The average weighted term of this good quality income is just under ten years. A further 17% of the income is secured against adequate covenants with a weighted average unexpired term of just under eight years. Private individuals or non-registered companies account for 29% of the income with an average weighted unexpired term of just under nine and a half years.</p>	£9,269,276	£10,283,198	Investment Properties £154,100,000 Land held for Development £4,700,000

Address	Description, Age and Tenure	Terms of Existing Tenancies	Estimated Current Net Annual Rent Receivable	Estimated Current Net Rental Value	Market Value
	Also included at the park is an estate management office and an amenity area which includes gym, nursery and restaurant.	The park has very little non-recoverable income amounting, across the entire park, currently £71,335 per annum.			
	The offices range from B1 office buildings providing centrally heated space with unit sizes ranging from 2,365 sq ft (220 sq m) to more recently completed Grade A HQ style buildings offering up to around 93,679 sq ft (8,703 sq m).	Most of the larger modern HQ style buildings are let on leases expiring between 2014 and 2021 some with break clauses in around ten years time. The smaller B1 office and industrial units are typically let for terms with expiries ranging from one to two years to around ten years hence.			
	The industrial units, arranged in two groups, range in size from 2,972 sq ft (276 sq m) up to 30,884 sq ft (2,869 sq m). Eaves heights range from around 5-6m.	The restaurant lease expires in 2012, the nursery in 2017 and the gym in 2027.			
	The park in total extends to around 98 acres (39.5 hectares).	There are four vacant non income producing units all being smaller B1 offices.			
	Freehold Note: although primarily investment property and categorised as such, the total market value set out above includes land held for development.	Our estimate of current rent receivable of £9,269,276 reflects a deduction of £71,335 for non-recoverable outgoings and excludes an estimated increase over rent currently payable on units with outstanding reviews of £32,890.			
		Also excluded from current net annual rent receivable is £1,827,410 per annum of income that is contracted but currently subject to a rent free period, expiring in March 2006.			

CREDIT STRUCTURE

1. Origination Process

In connection with the origination of the Loans, Eurohypo (as Arranger) 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 a Borrower's ability to service its loan obligations and so as to analyse the quality of the Properties. 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 Eurohypo (as Arranger). 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. The property investment experience and expertise of the Borrowers' sponsors were also factors taken into consideration in the lending analysis.

The Borrowers will be obliged under costs indemnities dated on or before the Closing Date to repay certain costs to the Arranger in connection with the origination of the Loans.

2. Legal Due Diligence

Eurohypo (as Arranger) also instructed English and Scottish solicitors to carry out a review of the certificates of title prepared by English and Scottish solicitors acting for the Borrowers.

Eurohypo's solicitors and Eurohypo obtained general information relating to the proposed Loans including details of the Borrowers' partners and the shareholders of each other Obligor, the accounts to be operated in connection with the proposed facilities, arrangements for the collection of rents and/or management of the Properties including details of managing agents and insurance of the Properties.

(a) Title and Other Investigation

Certificates of title (the **Certificates of Title**) being substantially in the City of London Law Society's standard form were issued by the Borrowers' solicitors, for the benefit, among others, of Eurohypo and the Issuer.

The investigation required to provide the Certificates of Title included the usual review of title documentation and Land Registry, Land Register of Scotland and/or Sasine Register entries (including any lease under which a Property was held) together with all usual Land Registry, Land Register of Scotland and/or Sasine Register, local authority and other appropriate searches. In addition, a sample of the leases and tenancies affecting each Property 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.

Eurohypo's solicitors also reviewed the Certificates of Title issued by the Borrowers' solicitors and confirmed the adequacy of the form and content of the Certificates of Title and highlighted any matters that they considered should be drawn to the attention of Eurohypo and the Valuer.

The Borrowers' solicitors have obtained written confirmation from the Valuer that the terms of the relevant Certificate of Title were taken into account in the relevant Valuation.

(b) Capacity of Borrowers

Eurohypo's English solicitors satisfied themselves that each Borrower was validly established, had sufficient power and capacity to enter into the proposed transaction,

whether it was the subject of any insolvency proceedings, and generally that each Borrower had complied with any necessary formalities.

(c) Registration of Security

Following drawdown of the Loans, the English and Scottish solicitors acting for Eurohypo (as Arranger) ensured or will ensure that all necessary registrations in connection with taking security are attended to within all applicable time periods and appropriate notices served (where required by the terms of the Credit Agreement). The title deeds in relation to the Properties will be held by Eurohypo's solicitors to the order of the Facility Agent. The Borrowers' solicitors will retain certain commercial leases for management purposes but will do so on the basis that they are held to the order of Eurohypo's solicitors.

(d) Environmental and Structural Reports

It should be noted that Stats Environmental has reviewed previous site investigations and surveys recommendations in respect of the Milton Property, Roscoe Capita Limited has reviewed previous site investigations and surveys recommendations in respect of the Birchwood Property, Halcow has reviewed previous site investigations and surveys recommendations in respect of the Hillington Property and Environ has reviewed previous site investigations and surveys recommendations in respect of the Chineham Property and made certain recommendations as to works and ongoing maintenance.

The reports have taken into account previous Phase 1 reports and any available investigation studies. The reports generally conclude that site conditions at the Properties are commensurate with their history of light industrial land use in parts of the parks with no indications or recommendations that extensive remediation is required. The Borrowers have undertaken intensive investigations prior to developments and from the reports provided and to their knowledge, no significant issues have become apparent.

The Valuers have taken regard of these environmental reports in preparing their market valuations.

The Valuers have considered and commented on the general repair and condition of the properties in their valuation and that the buildings appeared to be in reasonable repair and condition commensurate with their age and use.

3. Credit Agreement

The principal documentation which was entered into by, *inter alios*, the Borrowers and the Original Lender in relation to the Loans comprises the Credit Agreement, the Security Documents and any Hedging Arrangements.

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

(a) Loan amount, drawdown and further advances

The outstanding principal balance of the Milton Loan as at the close of business on the Closing Date will be £220,416,153.

The outstanding principal balance of the Birchwood Loan as at the close of business on the Closing Date will be £89,126,846.

The outstanding principal balance of the Hillington Loan as at the close of business on the Closing Date will be £60,457,001.

The outstanding principal balance of the Chineham Loan as at the close of business on the Closing Date will be £100,000,000.

The Borrowers may, from time to time, request that the Issuer (as Lender under the Credit Agreement) or any other Lender increase its term commitment in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000 by written notice to the Facility Agent. If all the relevant Lenders agree in writing to such a request, the relevant Commitments of those Lenders under the Credit Agreement will be increased accordingly. However, the Credit Agreement places no obligation on the Issuer or any other Lender to make any further advance to a Borrower and the Servicer will not be permitted under the Servicing Agreement to agree to an amendment of the terms of the Credit Agreement on behalf of the Issuer or any other Lender that would require the Issuer to make any further advances to a Borrower.

No additional lending under the Credit Agreement will be permitted unless all the Lenders consent to such additional lending and the Rating Agencies confirm that the then current ratings of each class of Notes will not be adversely affected.

(b) Conditions precedent

Eurohypo's obligation to advance the Loans under the Credit Agreement was subject to the Facility Agent first having received, in the usual manner, certain documents as conditions precedent (or conditions subsequent as the case may be) to funding in form and substance satisfactory to it. The documentation required included among other things: constitutional documents and board minutes for each Obligor (other than a Borrower), a valuation in respect of each Property, evidence of insurance cover in respect of each Property and that the Facility Agent has its interest noted under any Insurance Policies, all title documents relating to the relevant Obligor's interest in each Property, security documents, a copy of each Obligor's VAT registration certificate and evidence, where applicable, that an election has been made to waive exemption in relation to the Property and all relevant legal opinions and notices in connection with the assignment of rental income, charging of bank accounts and assignment of the Hedging Arrangements. Lease documents and copies of all title documents related to each Property will be held by the Borrowers' solicitors subject to undertakings given to the Facility Agent's English solicitors to hold them on the Facility Agent's behalf.

(c) Interest and amortisation payments/repayments

Interest under the Loans will be paid quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year.

Unless previously repaid, the Loans will be repayable in full on the Loan Maturity Date.

The Credit Agreement permits a Borrower to prepay any Loan in whole or in part (subject to a minimum of £5,000,000 and integral multiples of £1,000,000) by giving not less than 35 days' prior written notice to the Facility Agent.

(d) Accounts

All net rental income and receivables in respect of each relevant Property and all amounts payable to the relevant Borrower under the Hedging Arrangements are paid into a current account (the **Rent Account**) in the name of the relevant Property Trustees. Monies standing to the credit of the relevant Rent Account are then distributed to meet the relevant Borrower's obligations in respect of items paragraphs (a) to (l) of the Loan Waterfall.

The Rent Accounts, together with all other accounts established in accordance with the Credit Agreement and charged as security for the Loans (including the Disposals Accounts), are referred to herein as the **Accounts**.

Under the Credit Agreement, each Account must be maintained with a bank that has a rating of "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1 +" (or better) by S&P for its short-term debt obligations and "A" (or better) by Fitch and an "A+" (or better) by S&P for its long-term debt obligations.

For more detailed information see "*Borrower Accounts*" below.

(e) Hedging obligations

Each Borrower is required to maintain (subject to the limits described below) interest rate hedging arrangements to protect against the risk that the interest rate payable by each such Borrower under its Loan may increase to levels which would be too high, bearing in mind the relevant Borrower's income (which comprises, primarily, rental income in respect of the relevant Property and which does not vary according to prevailing interest rates).

Pursuant to the Credit Agreement, each Borrower has entered into hedging arrangements in respect of its Loans (collectively with respect to each Borrower, the **Hedging Arrangements**) with a Hedge Counterparty. Each Hedge Counterparty must, at the time of entry into the applicable Hedging Arrangements, have a rating of "F1" (or higher) by Fitch "Prime-1" (or higher) by Moody's and "A-1" (or higher) by S&P in respect of its short term, unsecured and unsubordinated debt obligations, and "A" (or higher) by Fitch and "A1" (or higher) by Moody's in respect of its long-term, unsecured and unsubordinated debt obligations, or must take one of the relevant measures set out below pursuant to a Hedge Counterparty Rating Event.

If at any time the notional amount of the Hedging Arrangements exceeds the aggregate amount of the Loans outstanding at that time, the Borrowers must, at the request of the Facility Agent, reduce the notional amount of the relevant Hedging Arrangements by an amount and in a manner satisfactory to the Facility Agent so that it no longer exceeds the aggregate amount of the Loans then outstanding.

Subject to agreement with the relevant Hedge Counterparty and the Facility Agent, a Borrower is entitled to terminate the Hedging Arrangements to which it is a party at any time, so long as the Borrower has entered into substitute Hedging Arrangements with another Hedge Counterparty.

Neither the Borrower nor a Hedge Counterparty in respect of any Hedging Arrangements is entitled to amend or waive the terms of the relevant Hedging Arrangements without the consent of the Facility Agent, such consent not to be unreasonably withheld or delayed.

Except as set forth above, neither the Borrower nor a Hedge Counterparty in respect of any Hedging Arrangements will be permitted to terminate or close out any Hedging Arrangements in whole or in part except:

- (i) in case of illegality;
- (ii) where all outstanding amounts under the Finance Documents (other than the relevant Hedging Arrangements) have been unconditionally and irrevocably paid and discharged in full;
- (iii) as permitted by the terms of the relevant Hedging Arrangements or with the consent of the other party to such Hedging Arrangements (whether the Hedge

Counterparty or the Borrower, as the case may be), in each case together with the consent of the Facility Agent; or

- (iv) in the case of a Borrower only, upon the request of the Facility Agent as a result of the relevant Hedge Counterparty failing to comply with the provisions of the applicable Hedging Arrangements following a Hedge Counterparty Rating Event (as defined below).

If at any time a Hedge Counterparty ceases to have the requisite ratings specified above and/or following such a cessation experiences a further rating downgrade as specifically described in the applicable Hedging Arrangements (each, a **Hedge Counterparty Rating Event**), it will be required to take certain measures specified by the relevant Rating Agencies to address any impact of the relevant Hedge Counterparty Rating Event on the Notes. The required measures will vary depending upon the nature of the Hedge Counterparty Rating Event and may include the relevant Hedge Counterparty:

- (A) transferring collateral to the relevant Borrower;
- (B) transferring all of its rights and obligations with respect to the relevant Hedging Arrangements to a replacement third party;
- (C) procuring a third party to become a co-obligor or guarantor in respect of its obligations under the relevant Hedging Arrangements; and/or
- (D) taking such other action as the relevant Rating Hedge Counterparty may agree with the relevant Rating Agencies,

in each case in a manner satisfactory to the relevant Rating Agencies and as described in more detail in the relevant Hedging Arrangements.

(f) Hedging Loans

If a Borrower fails to pay an amount due and payable under any Hedging Arrangements and such failure constitutes a Loan Event of Default under the Credit Agreement, any Lender may make a loan to that Borrower to enable it to pay that amount (a **Hedging Loan**). A Hedging Loan will be repayable on demand on any Loan Interest Payment Date or on or after the date the Facility Agent by notice to that Borrower cancels any outstanding commitments under the Credit Agreement and/or demands that all or part of the Loans together with accrued interest and all other amounts accrued under the Finance Documents become immediately due and payable and/or demands that all or part of the Loans become payable on demand and/or applies any monies standing to the credit of each Account in or towards repayment of any amount due to the Loan Secured Creditors under the Finance Documents. A relevant Hedging Loan will bear interest at a default rate which expresses as a percentage rate per annum the cost to the Lender of funding that Hedging Loan by making an Income Deficiency Drawing (as defined below) under the Liquidity Facility Agreement and will be repaid from monies standing to the credit of the Rent Account or from the proceeds of a loan from a subordinated creditor to or from the proceeds of a subscription for partnership capital in a Borrower or otherwise in accordance with the Credit Agreement.

(g) Representations and warranties

The representations and warranties given by each Obligor under the Credit Agreement, as of the date of the Credit Agreement or the date of accession to the Credit Agreement (as applicable), the date of drawdown and (subject to certain exceptions) to be given as of each Loan Interest Payment Date, will include, among other things, the following statements:

- (i) each Borrower is a duly registered and validly existing limited partnership under the Limited Partnership Act 1907 and has its principal place of business in England and each Guarantor (other than the Borrowers) is duly incorporated as a limited liability company under the laws of its jurisdiction of original incorporation and has the power to own its assets and carry on its business and to enter into, perform and deliver the Finance Documents and such entry into and performance of the Finance Documents will constitute a legal, valid, binding and enforceable obligation of each Obligor (subject to certain qualifications) and not conflict in any material respect with any applicable law or regulation or in any material respect with any document binding on it or (in the case of an Obligor other than a Borrower) its constitutional documents, (in the case of a General Partner and a Borrower) the relevant Partnership Agreement or (in the case of each Obligor) the relevant Property Trust Deed;
- (ii) no Loan Event of Default under the Credit Agreement is outstanding or will result from the making of the Loans;
- (iii) subject to due registration of the relevant 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;
- (iv) the relevant Borrower is the beneficial owner and the related Property Trustees are the legal owners of the relevant Property and have good and marketable title to that Property, in each case free from any security interests (other than those set out in the relevant Security Documents);
- (v) the security conferred by each Security Document constitutes a first priority security interest over the assets referred to in each such document and the assets are not subject to any prior or *pari passu* security interests (other than preferred claims arising from applicable bankruptcy or insolvency laws) and which are not liable to avoidance on liquidation or administration;
- (vi) no litigation, arbitration or administrative proceedings are current or, to the knowledge of each Obligor pending or threatened which, if adversely determined, could reasonably be expected to have a material adverse effect;
- (vii) all written information supplied by each Obligor to the Arranger, the Lenders and the Facility Agent, among others, in connection with the Finance Documents was true and accurate in all material respects as at its date and did not omit at its date any information which made the information supplied misleading in any material respect;
- (viii) all information supplied by each Obligor to the Valuer for the purposes of the relevant Valuation was true and accurate in all material respects as at its date and did not omit as at its date any information which would adversely affect the relevant Valuation;
- (ix) the accounts of each Obligor most recently delivered to the Facility Agent have been prepared in accordance with accounting principles and practices generally accepted in the United Kingdom and fairly represent the financial condition of each Obligor as at the date to which they were drawn up;
- (x) since the date of its formation, no Borrower has carried on any business (other than acquisition, development, letting, holding, refurbishment and management of its interest in the Property); and

- (xi) no Obligor has any subsidiary except another Obligor or interests in a partnership except in another Obligor.
- (h) Undertakings

Each Obligor has given various undertakings under the Credit Agreement which will take effect so long as any amount is outstanding under the Credit Agreement or any commitment is in place. These undertakings will include, among other things, the following:

- (i) to provide the Facility Agent with financial information on an ongoing basis, including audited accounts as soon as possible at the end of each financial year and in any case within 180 days of the end of each financial year and to provide a compliance certificate at that time;
- (ii) to supply the details of any shareholder or creditor documentation;
- (iii) to supply details of any litigation, arbitration or administrative proceedings which are current, pending or threatened and which if adversely determined, could reasonably be expected to have a material adverse effect;
- (iv) to notify the Facility Agent promptly of any Loan Event of Default under the Credit Agreement;
- (v) to procure that each Obligor's obligations under the Finance Documents rank at least *pari passu* with all other present and future unsecured obligations (other than obligations mandatorily preferred by law) and not to create or permit any security interest to arise over any of its assets (other than certain customary exceptions);
- (vi) not to enter into any amalgamation, demerger, merger or reconstruction without the consent of the majority Lenders or acquire any assets or make any investments other than its interests in the Property or another Obligor, or the acquisition of an additional property (subject to certain conditions) over which the Lenders are given security;
- (vii) not to make any loans or provide any other form of credit or to give any guarantee or indemnity to any person (other than certain customary exceptions);
- (viii) not to incur any unsubordinated financial indebtedness in an amount greater than £300,000 (other than indebtedness incurred under the Finance Documents);
- (ix) not to enter into any contracts other than the Finance Documents or contracts in connection with the ownership and management of the Property or otherwise as permitted under the Credit Agreement;
- (x) not to declare or pay any dividend or make any distribution in respect of its shares or partnership interests or issue any shares, except where no Loan Event of Default under the Credit Agreement is outstanding and the payment is made from monies in the General Account;
- (xi) not to carry on any business other than the ownership and management of its interests in the Property or another Obligor and any activities carried on with a view to the maximisation of investment return from the relevant Property or to have any subsidiaries, other than as set out in the Credit Agreement;

- (xii) to comply with certain customary undertakings regarding the administration of occupational leases and the appointment of managing agents in respect of the Property;
- (xiii) in the case of each Borrower, to maintain insurance on its Property and the plant and machinery on its Property (including fixtures and improvements) on a full reinstatement basis, such insurance to include loss of rent insurance (in respect of a period of not less than three years or, if longer, the minimum period required under the relevant lease documents) and cover against acts of terrorism. Each Borrower will also undertake to procure that the Facility Agent has its interest noted on all relevant insurance policies;
- (xiv) all insurances required under the Credit Agreement must be with an insurance company or underwriter (or a group of insurance companies or underwriters) that:
 - (A) has a long term credit rating or a financial strength rating (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of “A” (or better) by Fitch and “A” (or better) by S&P and to the satisfaction of Moody’s; or
 - (B) is recommended by the relevant Borrower’s insurance broker in a letter to the Facility Agent and the relevant Borrower to be delivered at least annually; or
 - (C) is otherwise acceptable to the Facility Agent (acting reasonably);
- (xv) not to enter into any contract in connection with refurbishment, remodelling, extension, modification or other development of a Property (works) where the costs of the works exceed £30,000,000 without putting in place committed funding to meet the entire costs of those works, satisfying the Facility Agent that no Loan Event of Default is outstanding and the Interest Cover Percentage at the most recent Loan Interest Payment Date was at least 125 per cent. and demonstrating that the market value of the relevant Property is not adversely affected by the development; and
- (xvi) to maintain quarterly net rental income as a percentage of quarterly finance costs, in the case of finance costs, as determined by the Borrower (the **Interest Cover Percentage**) at least 110 per cent. at all times.

In the case of breach of this paragraph (xvi), an Obligor will be entitled to remedy such breach by:

- (A) prepaying the Loans in an amount that, taking into account the resulting reduction in projected quarterly finance costs, ensures compliance with the specified Interest Cover Percentage; or
- (B) depositing an amount into the Reserve Account so that if the interest which will accrue on that amount during the relevant twelve month period was treated as net rental income the Obligors would be in compliance with the specified Interest Cover Percentage; or
- (C) where Interest Cover as at the relevant testing date is not less than 108 per cent., depositing an amount into the Reserve Account equal to 200 per cent. of the additional amount of net rental income which is required to be received by the Obligors to ensure compliance with the specified Interest Cover Percentage. The Obligors may not remedy a breach of this paragraph by method (C) on more than two occasions in any period of 12 months and on no more than six occasions in total.

- (xvii) not to dispose of all or any part of its assets other than pursuant to certain customary or pre-approved exceptions (including part of the Birchwood Property and Chineham Property) or where the proceeds are not less than the relevant Allocated Loan Amount (or are made up to that amount by application of amounts standing to the credit of the General Account) and are applied either in prepayment of the Loans or (only if the Net Disposal Proceeds are at least equal to the Allocated Loan Amount) towards the purchase of a substitute property (and at the time of the disposal, no Loan Event of Default is outstanding or would result from the disposal and interest cover will not be reduced).

These requirements are not applicable to either:

- (A) the disposal of that part of the Birchwood Property designated on the plan provided to the Facility Agent as a condition precedent to the Credit Agreement; or
- (B) the disposal of that part of the Chineham property designated the Chineham/Motorola Site in the Credit Agreement which may be disposed of, despite not meeting the requirements above, so long as it is disposed of in accordance with the option agreement in the form provided to the Facility Agent and relating to Redwood 1, Chineham Business Park.

The net disposal proceeds from a permitted disposal may be applied towards the acquisition cost of substitute property within six months of the relevant disposal. The substitute property must have been acquired during the period commencing 12 months prior to the relevant disposal and ending six months after the relevant disposal. For an acquired property to qualify as a substitute property:

- (A) a valuation must have been provided showing that it is at least equal in value to the higher of the initial or current value of the disposed of Property or part thereof from which the net disposal proceeds were derived;
- (B) the Facility Agent must be satisfied that it is of a similar nature to the relevant disposed of Property or part thereof, taking into account (among other things) tenant, credit quality, lease term and use;
- (C) it must be adjacent to (or part of) a Property which is already part of the financing;
- (D) the Interest Cover Percentage is, and will be, immediately following the acquisition at least 125 per cent.;
- (E) its quarterly net rental income must be at least equal to that of the disposed of Property or part thereof;
- (F) the value of the relevant disposed of Property or part thereof must not exceed, when aggregated with the value of all other parts of the same Property the proceeds of which have been applied towards the acquisition of substitute properties, 20 per cent. of the value of the relevant Property;
- (G) it must have been acquired in accordance with the terms of the Credit Agreement, which require that certain conditions precedent are provided (including information on title and security over the property), no default is outstanding, and the majority of the Lenders have given their consent to the acquisition.

Allocated Loan Amount means the Relevant Percentage of:

- (i) in the case of part of a Property, the amount attributed to the relevant part of that Property in an agreed schedule (the **agreed schedule**) and in the case of the whole of a Property, the aggregate of amounts attributed to its parts in the agreed schedule; or
- (ii) in the case of a Property, the aggregate of the amounts attributed to all the parts of that Property in which a Borrower has an interest; or
- (iii) if there is no amount allocated to the relevant part of a Property in the agreed schedule, the amount allocated to that part of a Property by the Facility Agent acting reasonably and on the advice of the Valuer and taking into account the Initial Valuation (provided that for any additional property acquired with equity the Allocated Loan Amount will be nil); or
- (iv) in the case of a substitute property, the Allocated Loan Amount of the Property or part of a Property disposed of from which the net disposal proceeds applied towards its acquisition were derived; or
- (v) in the case of part of a Property in relation to which a voluntary payment has been made in accordance with the Credit Agreement, the amount allocated will be nil.

Relevant Percentage means 115 per cent. except if the relevant disposal is of:

- (i) all of the Chineham Property or the Milton Property; or
- (ii) part of the Chineham Property or the Milton Property where the value of the disposed part of that Property, when aggregated with the value of each other part of that Property disposed of, exceeds 20 per cent. of the value of that Property (and for the purpose of this subparagraph (ii) the value of all or part of a Property will be determined in accordance with its Initial Valuation),

in which case it means 125 per cent.

(xviii) no Obligor may make any acquisition or investment other than:

- (A) an acquisition of an additional property provided that:
 - I. the majority of the Lenders have given their consent (such consent not to be unreasonably withheld or delayed);
 - II. no Loan Event of Default is outstanding or would result from that acquisition;
 - III. the Facility Agent is satisfied (acting reasonably) that the relevant additional property is not subject to any material liability; and
 - IV. the Facility Agent has received certain documents in form and substance satisfactory to it (such documents include security over the property, and the usual information regarding insurance and title);
- (B) an acquisition of the interest of any of the Limited Partners in the Borrowers;
- (C) an acquisition or investment made with the consent of the majority of the Lenders; or

(D) pursuant to certain other customary exceptions.

(i) Events of Default

The Credit Agreement contains usual events of default entitling the Issuer and any other Lenders (subject in certain cases, to customary grace periods and materiality thresholds) to accelerate the Loans and/or enforce the Loan Security, including, among other things:

- (i) failure to pay on the due date any amount due under the Finance Documents (other than where it arises as a result of the Facility Agent not applying monies in an account);
- (ii) breach of other specified obligations under the Finance Documents;
- (iii) any representation or warranty was incorrect in any material respect at the date it was given, unless the circumstances are capable of remedy and are remedied within 21 days;
- (iv) the financial indebtedness over £100,000 of an Obligor is not paid when due or within any applicable grace period or is accelerated or placed on demand or any of the above is capable of occurring;
- (v) an Obligor or the shareholder is unable to pay its debts or is deemed to be 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);
- (vi) a Borrower ceases, or threatens to cease, to carry on all or a substantial part of its business;
- (vii) it is or becomes unlawful for an Obligor, the Shareholder or a subordinated creditor to perform any of its obligations under any Finance Documents;
- (viii) any Finance Document is not or is alleged not to be binding or enforceable or effective to create the security intended to be created by it;
- (ix) the compulsory purchase of all or part of the Property by local authorities and the Majority Lenders determine that the compulsory purchase will have a material adverse effect;
- (x) the destruction or damage to any part of the Property and in the opinion of the majority Lenders the destruction or damage will have a material adverse effect (taking into account the expected proceeds of the relevant Insurance Policies); and
- (xi) an event occurs which has a material adverse effect on the Obligors' ability (taken as a whole) to comply with payment obligations under the Finance Documents.

In relation to non-payment and breaches of other obligations, the Credit Agreement includes customary grace periods, but in no instance are these grace periods for periods longer than five Business Days or 21 days, respectively.

Upon the occurrence of a Loan Event of Default under the Credit Agreement which has not been remedied within the applicable grace period, the Facility Agent may by notice to the Obligor cancel any outstanding commitments under the Credit Agreement, demand that all or part of the Loans together with accrued interest and all

other amounts accrued under the Finance Documents become immediately due and payable, demand that all or part of the Loans become payable on demand and/or declare that all or any of the security created by the Security Documents has become enforceable.

(j) Guarantee and indemnity

The Guarantors have each, pursuant to the Credit Agreement, jointly and severally guaranteed the payment obligations of the Borrowers under the Finance Documents and have undertaken to pay any amount not paid by the Borrowers when due under the Finance Documents and to indemnify each Finance Party immediately on demand against any loss or liability suffered by that Finance Party if any guaranteed obligation is or becomes unenforceable, invalid or illegal. The recourse of the Finance Parties to each Property Trustee will be limited to the aggregate amount of the relevant Trust Property. The recourse of the Finance Parties to each Holdco and Subco and the Property Trustees will be limited to the aggregate amount of the security assets which are the subject of the relevant Security Document.

4. Loan Security

4.1 Each Security Agreement secures, among other things, all the obligations of each Obligor to the Lender pursuant to the Credit Agreement and is drafted on a security trust basis, so that the Facility Agent holds the security created pursuant to each Security Agreement on trust for the Loan Secured Creditors.

(a) Creation of security

The relevant Security Agreement grants in favour of the Facility Agent a first ranking charge by way of legal mortgage over the relevant Property and any other properties in England or Wales belonging to each Obligor and a first fixed charge over, among other things, any plant and machinery belonging to each Obligor, the Rent Account and any other Account, the benefit of any insurance policy relating to the relevant Property, the book and other debts of each Obligor, each Obligor's rights under the Hedging Arrangements and under each occupational lease in respect of the relevant Property.

In addition, each Milton Obligor, Birchwood Obligor and Chineham Obligor has assigned absolutely to the Facility Agent by way of security its interests in all rental income, any guarantee of rental income contained in or relating to any occupational lease in respect of the relevant Property and the relevant Hedging Arrangements.

In relation to Hillington Property, the Hillington Property Trustees have also granted in favour of the Facility Agent:

- (i) the Standard Security – subject to its registration in the Land Register of Scotland and in the Companies Register of Charges, the Standard Security creates a first ranking fixed charge over the Hillington Property; and
- (ii) the Assignment in Security – subject to its intimation to the tenants under the occupational leases of the Hillington Property, the Assignment in Security creates a first ranking fixed security over the rental income payable pursuant to each such occupational lease; such intimation will not be made to the licensees under the short term licences of two parts of the Hillington Property and accordingly the Assignment in Security will not come into effect in relation thereto until such intimation is given (see further “*Risk Factors – Considerations relating to the Loans and the Properties – Assignment and Assignment of rents*” above).

Each Obligor has also granted a first floating charge in favour of the Facility Agent over all of its assets not otherwise mortgaged, charged or assigned by way of fixed mortgage or charge or assignment under the relevant Security Agreement (but extending over all of the Obligor's assets situated in Scotland or otherwise governed by Scots law).

(b) Enforceability

The security created by each Security Agreement is only enforceable once the Facility Agent has served an acceleration notice in accordance with the Credit Agreement (which it is entitled to do once a Loan Event of Default has occurred and is outstanding). The charge will confer upon the Facility Agent and any receiver appointed by it a wide range of powers in connection with the sale or disposal of the relevant Property and its management, and each of them will be granted a power of attorney on behalf of each Obligor in connection with the enforcement of its security.

(c) Related Security

In addition to the Security Agreements, the Loans are secured by additional related security.

The Mortgage of Shares' creates a first fixed equitable charge over all shares in each General Partner and all associated rights. Under each Mortgage of Shares, MEPC Business Space Limited has given the usual representations as to, among other things, its incorporation and due authority and also undertake in the usual manner, among other things, not to further charge, sell, transfer or otherwise dispose of the relevant Obligor's shares. CB Richard Ellis Limited was appointed as managing agent of the Properties (except the Milton Property, in relation to which the relevant agent is MEPC Business Space Management Limited and the Chineham Property, in relation to which the managing agent is Nelson Bakewell Limited) and each Managing Agent has undertaken pursuant to a Duty of Care Agreement to ensure that all rental income from the Properties is paid into a segregated rent collection account on trust for the relevant Borrower from which the net amount (after deductions of service charge amounts and value added tax (except in the case of two parts of the Hillington Property, in respect of which rental income is paid gross)) must be transferred into the Rent Account (without set-off or counterclaim).

4.2 The Property Trust Deeds

Pursuant to the terms of contribution agreements dated 27 July 2005, as amended and supplemented by trust deeds dated 6 October 2005 and 28 October 2005 (read together, each a **Property Trust Deed**), each Borrower is the beneficiary of a trust declared by the relevant Property Trustees over the following assets (each a **Trust Property**):

- (a) the relevant Property (subject to, and with the benefit of, the occupational leases);
- (b) any additional properties acquired in accordance with the terms of the Credit Agreement (subject to, and with the benefit of, the occupational leases);
- (c) the rent and the right to receive all other income arising from any interest of the Property Trustees in the relevant Property or otherwise arising from the Property to which the Property Trustees may be entitled;
- (d) all Disposal Proceeds;
- (e) all rights and interest in, under or pursuant to the occupational leases, any documents relating to the relevant Property (including, without limitation, the management of the

relevant Property) and the Finance Documents (together, the **Underlying Documents**); and

- (f) all assets arising from or representing the above from time to time or derived therefrom or created or acquired by the respective Property Trustees in their capacity as trustees from time to time.

Disposal Proceeds means the gross proceeds of any disposal of a Property or a part of a Property permitted under the terms of the Credit Agreement.

The interests of each Borrower in the trusts created by the relevant Property Trust Deed are subject to the security conferred by, and obligations created pursuant to, the Credit Agreement, the relevant Security Agreement, the relevant Beneficiary Undertaking and the relevant Property Trust Deed (together, the **Trust Property Obligations**).

Each Borrower has undertaken to the relevant Property Trustees (for so long as any actual or contingent liability is owed by that Borrower under the Finance Documents (among other things) and the relevant Property is subject to the Loan Security) not to:

- (a) request or require that the Property Trustees transfer any of the relevant Trust Property to that Borrower; or
- (b) dissolve the trust created pursuant to the Property Trust Deed (the **Property Trust**); or
- (c) transfer its beneficial interest in the relevant Trust Property other than as permitted under the Underlying Documents; or
- (d) require any interest in the relevant Trust Property to be sold; or
- (e) give any direction to the Property Trustees, or to otherwise require them to take any action, which would be inconsistent with the Trust Property Obligations.

During any period (a) beginning with the presentation of an application for an administration order in respect of a Borrower and ending with the order taking effect or the dismissal of the application or (b) beginning with the filing with the court of a copy of a notice of intention to appoint an administrator to a Borrower and ending ten business days later or with the appointment of an administrator or (c) during which a Borrower is in administration (each an **Administration Period**), the respective Property Trustees will not be under any obligation to comply with any direction from that Borrower in respect of the relevant Trust Property. During such periods, the Property Trustees will be entitled to sell or lease the relevant Property to enable them to comply with their obligations under the Finance Documents.

Each Property Trust Deed is governed by English law.

4.3 Beneficiary Undertaking

Pursuant to deeds of undertaking dated 28 September 2005 for the Birchwood and Milton Properties, 7 October 2005 for the Hillington Property and 28 October 2005 for the Chineham Property (each a **Beneficiary Undertaking**), each Borrower has undertaken to the Facility Agent (for so long as any actual or contingent liability is owed by that Borrower under the Credit Agreement) not to:

- (a) request or require that the relevant Property Trustees transfer any of the relevant Trust Property to that Borrower; or
- (b) dissolve the trust created pursuant to the relevant Property Trust Deed; or
- (c) transfer its beneficial interest in the relevant Trust Property other than as permitted under the Underlying Documents; or

- (d) require the legal (and beneficial) interest in the relevant Trust Property to be sold; or
- (e) give any direction to the Property Trustees, or to otherwise require them to take any action, which would be inconsistent with the Trust Property Obligations; or
- (f) during an Administration Period, give any directions (or, if given, not require compliance with) to the Property Trustees in relation to the management or application of the Trust Property; or
- (g) amend or waive any terms of a Property Trust Deed without the Facility Agent's consent.

Each Beneficiary Undertaking is governed by English law.

5. Borrower Accounts

5.1 Borrower Accounts

The Credit Agreement requires each Borrower to establish bank accounts into which rental income and other monies received by the relevant Borrower are required to be paid. Each of CB Richard Ellis Limited, MEPC Business Space Management Limited and Nelson Bakewell Limited in its capacity as the relevant Managing Agent will ensure that all rent, (net of any tenant contributions towards insurance premia, insurance valuations, service charges, sinking fund contributions and any value added tax or similar taxes) in respect of the relevant Property is paid into the appropriate Borrower Account, being the appropriate rent collection account. Any rental income received by the relevant Managing Agent is held in a separate account on trust for the Borrowers until net rental income is transferred promptly from the relevant managing agent collection account to the relevant Rent Account.

Each Borrower Account is expressed to be the subject of a first fixed charge in favour of the Facility Agent on trust for the benefit of the Loan Secured Creditors. Following a Loan Event of Default under the Credit Agreement, the Facility Agent will be able to assume signing rights and control over such accounts.

5.2 Rent Account

The Facility Agent has sole signing rights in relation to each Rent Account and is irrevocably authorised on each Loan Interest Payment Date to apply amounts standing to the credit of the Rent Account in the following order (the **Loan Waterfall**):

- (a) **first**, payment *pro rata* of any unpaid fees, costs and expenses of the Arranger or the Facility Agent;
- (b) **then**, in or towards payment of any relevant Facility Fee due but unpaid;
- (c) **then**, in or towards payment
 - (i) **first**, accrued interest under the Hedging Loans; and
 - (ii) **secondly**, the principal outstanding amount of any Hedging Loans;
- (d) **then**, in or towards payment *pro rata* of any periodic payments (not being payments as a result of termination or closing out) due but unpaid to each Hedge Counterparty under the Hedging Arrangements;
- (e) **then**, payments *pro rata* (not being payments referred to in subparagraph (h) below) as a result of termination or closing out due but unpaid to the Hedge Counterparties under the Hedging Arrangements,

- (f) **then**, in or towards payment *pro rata* of any interest due but unpaid under the Credit Agreement;
- (g) **then**, in or towards payment of any principal due but unpaid under the Credit Agreement;
- (h) **then**, in or towards payment *pro rata* of any payments due as a result of termination or closing out of any Hedging Arrangements arising from:
 - (i) it becoming illegal for the relevant Hedge Counterparty to comply with its obligations under the relevant Hedging Arrangements; or
 - (ii) an event of default occurring with respect to the relevant Hedge Counterparty; or
 - (iii) the occurrence of a Rating Event (as defined in the relevant Hedging Arrangements) with respect to the relevant Hedge Counterparty,
 due but unpaid to the relevant Hedge Counterparties in accordance with the applicable Hedging Arrangements;
- (i) **then**, in or towards payment of any relevant due but unpaid Securitisation Fee due to the Issuer;
- (j) **then**, in or towards payment *pro rata* of any other sum due but unpaid under the Finance Documents; and
- (k) **then**, in or towards payment of any costs paid by an Obligor in relation to operating, or providing services to a tenant of, or with respect to, any Property or any part of that Property, to the extent not fully funded by the tenants under the lease documents to the General Account;
- (l) and **finally**, payment of any surplus into:
 - (i) if the Interest Cover is 125 per cent. or greater, the relevant General Account; or
 - (ii) if the Interest Cover is less than 125 per cent., the relevant Reserve Account.

The Facility Agent is only obliged to make a withdrawal from the Rent Account, or to withdraw an amount from the Rent Account that should have been paid into another Account and pay that amount to that other Account if no Loan Event of Default under the Credit Agreement is outstanding.

At any time when a Loan Event of Default under the Credit Agreement is outstanding, the Facility Agent may authorise withdrawals from, and apply amounts standing to the credit of, the Rent Account in or towards payment of any amount due but unpaid under the Finance Documents.

Each Borrower retains any amounts received by it (or the Managing Agent) (other than any amounts required under the Credit Agreement to be transferred into any other Account) in the General Account. Prior to a Loan Event of Default under the Credit Agreement, a Borrower is permitted to withdraw any amount from the General Account. Following a Loan Event of Default under the Credit Agreement, the Facility Agent will be permitted to apply amounts standing to the credit of the Rent Account to meet the relevant Borrower's obligations under the Finance Documents and may withdraw amounts from the Rent Account to pay rent due under a Headlease.

5.3 Other Accounts

A Borrower may deposit sufficient amounts into an account designated as a reserve account (the **Reserve Account**) to enable it to meet its obligations under the Credit Agreement with respect to the Interest Cover Percentage undertaking. Amounts deposited into the Reserve Account to meet such obligations (together with any interest (see *Undertakings* above)) may be transferred to a general account held in the name of each Borrower (each a **General Account**) if, without taking into account any amount deposited into the Reserve Account, the relevant Borrower has complied with its obligations with respect to the Interest Cover Percentage for the two immediately preceding Loan Interest Payment Dates.

Monies received in respect of any credit support annex entered into in connection with the Hedging Arrangements will be deposited into one or more deposit accounts (each a **CSA Account**) in the joint names of the Borrowers and dealt with in accordance with the terms of such credit support annex and the Credit Agreement. Upon termination of all transactions that constitute the Hedging Arrangements with respect to a Borrower, the Facility Agent shall pay to the relevant Hedge Counterparty or Hedge Counterparties, as the case may be, an amount representing any excess collateral standing to the credit of the relevant CSA Account in priority to any other Loan Secured Creditor. The Facility Agent has sole signing rights over each CSA Account.

Monies received following a disposal permitted under the Credit Agreement will be paid into the relevant Property Trustee's deposit account (the **Disposals Account**) in accordance with the disposals covenant in the Credit Agreement (see *Undertakings* above). The Facility Agent has sole signing rights in respect of each Disposals Account. Amounts in the Disposals Account can be applied in prepayment of the Loans or towards the acquisition cost of substitute properties, subject to fulfilment of the substitution criteria.

6. Loan Sale Documents

6.1 General

Pursuant to the terms of the Loan Sale Documents, the Original Lender will sell, and the Issuer will purchase, the Loans together with the Original Lender's interest in the Loan Security. Consequently, as and from the Closing Date, the Issuer will be the sole Lender under the Credit Agreement.

The purchase consideration payable by the Issuer to the Original Lender pursuant to the Loan Sale Agreement will be equal to the aggregate of £470,000,000 (which will equal the principal amount of the Loans on the Closing Date).

The amount of any payment to be made by the Issuer to the Original Lender (pursuant to the terms of the Loan Sale Agreement) on account of interest accrued prior to the sale of the Loans to the Issuer shall be recorded by the Facility Agent and paid to the Original Lender on the succeeding Interest Payment Date following the Closing Date, in accordance with the relevant Priority of Payments. Pursuant to the terms of the Loan Sale Agreement, the Issuer will give written notice of the transfer of the Loans to the Borrowers.

6.2 Representations and Warranties

Neither the Issuer nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the purchase of the Loans. 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 Agreement or the 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, the Issuer and the Trustee will rely entirely on the representations and warranties to be given by the Original Lender 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 Original Lender under the Loan Sale Agreement will include:

- (a) the obligations of the 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 in respect of the Properties granted under the relevant Security Agreements and the Standard Security constitute legally valid, binding and subsisting first priority mortgages of or standard security over the relevant Properties (subject to completion of registration at Land Registry or (as applicable) the Land Register of Scotland and to any prior-ranking Security Interests required by law) (a **Security Interest** being any mortgage, pledge, lien, charge, standard security, security assignment, assignation, hypothecation or other security interest or any other agreement or arrangement having the effect of conferring security);
 - (ii) the fixed charges in respect of the Properties (other than the Hillington Property) granted under the Security Documents 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);
- (c) the Facility Agent has, since the Drawdown Date, 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 the Facility Agent;
- (d) in relation to each Property and subject to the matters disclosed in the Certificates of Title, the reports on title supplied to the Facility Agent as a condition precedent under the Credit Agreement (**Reports on Title**) and to the Security Documents:
 - (i) the Borrowers and the Property Trustees had together, as at the date of the relevant Security Documents, good and marketable title to the Properties; and
 - (ii) as at that date, each Borrower was the absolute beneficial owner, and the relevant Property Trustees were the legal owner, of each respective Property in each case free from any Security Interest which would materially adversely affect that title or the value of the Properties as set out in the relevant Valuation (including any encumbrance contained in any lease documents relevant to the relevant Property);
- (e) the Facility Agent is the sole legal owner of the mortgages and charges granted under the relevant Security Agreement and heritable creditor under the Standard Security, subject to:
 - (i) the interests of the Finance Parties therein; and
 - (ii) any necessary registrations,

free and clear of all encumbrances, overriding interests (other than those to which the relevant Property is subject), claims and equities (including without limitation, rights of

set-off or counterclaim) and there were at the time of completion of each mortgage, charge or standard security no adverse entries of encumbrances or other such claims or equities or applications for adverse entries of encumbrances, claims or equities against any title at Land Registry or the Land Register of Scotland to each Property or registered at any other registry on which entries would rank prior to the Facility Agent's interests in the relevant mortgage, charge or standard security;

- (f) the Original Lender is entitled to transfer and assign its interests in the Loans and the Loan Security and its other rights as Original Lender under the Finance Documents to the Issuer, both pursuant to the Loan Sale Documents and also at law;
- (g) prior to the Drawdown Date:
 - (i) the Original Lender 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 the Loans on the terms of the Credit Agreement;
 - (ii) the Original Lender (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 Borrowers or the Property Trustees (as appropriate) to any part of the Loan Security which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of the Loans on the terms of the Credit Agreement;
 - (iii) the Original Lender made available the Certificates of Title and the Reports on Title to the Valuer; and
 - (iv) the Original Lender obtained the Certificates of Title and the Reports on Title, none of which showed any adverse entries, or, if such any 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 the Loans on the terms of the Credit Agreement;
- (h) prior to making the Loans:
 - (i) no express recommendation was received by the Original Lender from a qualified surveyor or valuer on the basis of the market value as defined in the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors to carry out any environmental audit, survey or report of any Property which was not pursued;
 - (ii) the results of any such environmental audit, survey or report which was reviewed by the Original Lender would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property; and
 - (iii) those results (if any) have been taken into account in the preparation of the initial Valuation;
- (i) to the best of the knowledge and belief of the Original Lender:
 - (i) the initial Valuation was not negligently or fraudulently undertaken by the Valuer; and
 - (ii) the initial Valuation did not fall to disclose any fact or circumstance that if disclosed would have caused the Original Lender, acting as a reasonably prudent lender of money secured on commercial property, to decline to advance the Loans on the terms of the Credit Agreement.

- (j) the Original Lender 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 Drawdown Date (other than market forces affecting the values of properties comparable to the relevant Property in the areas where the relevant Properties are located);
- (k) to the best of the knowledge and belief of the Original Lender (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;
- (l) to the best of the knowledge and belief of the Original Lender, having used reasonable endeavours to ensure the same, each of the Properties is insured as required by the terms of the Credit Agreement;
- (m) the Original Lender is not aware of any material outstanding claim in respect of any insurance policy;
- (n) the Original Lender is not aware of any material default under any Finance Document 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);
- (o) the Original Lender has performed in all material respects all of its obligations under or in connection with the Loans and, so far as the Original Lender is aware, no Obligor has taken or has threatened to take any action against the Original Lender or the Facility Agent for any material failure on the part of the Original Lender or the Facility Agent to perform any such obligations; and
- (p) neither the Original Lender nor (so far as the Original Lender is aware from information which it has received in the course of administering the Loans but without having made any other or specific enquiry) the Facility Agent has received written notice of any default or forfeiture of any occupational lease or of the insolvency of any tenant of any Property which would, in any case, in the reasonable opinion of the Original Lender, render any Property unacceptable as security for the Loans.

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

6.3 Remedy for Material Breach of Loan Warranty

In the event of a Material Breach of Loan Warranty (as defined below), the Original Lender will be required, within 60 days (or such longer period not exceeding 90 days as the Issuer or the Trustee may agree) of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer or the Trustee, to remedy the matter giving rise to such breach of representation or warranty, if such matter is capable of remedy. 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 a material adverse effect on the ability of the Issuer to make timely payment in full of its obligations under the Transaction Documents to which it is a party.

If a Material Breach of Loan Warranty is not capable of remedy or is not remedied within the specified period, the Original Lender will be required to indemnify on demand the Issuer against all losses, claims, demands, taxes and all other expenses or other liabilities incurred by the Issuer as a result of such Material Breach of Loan Warranty. Neither the Issuer nor the Trustee will have any claim in respect of any breach of any Loan Warranty that is not a Material Breach of Loan Warranty.

In the event that the Issuer (or the Trustee on its behalf) makes a demand for indemnity in respect of a Material Breach of Loan Warranty, the Original Lender will be entitled (but will not be obliged), as an alternative to the Original Lender being required to indemnify the Issuer, to repurchase all of the Loans on an Interest Payment 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 Loans then outstanding plus any accrued but unpaid interest thereon. In the event that the Original Lender only intends to repurchase part of the Loans, the repurchase must be on terms acceptable to the Trustee as regards, among other things, intercreditor arrangements between the Issuer and the Original Lender.

7. Issuer Accounts

Issuer Transaction Account

Pursuant to a bank account agreement dated on or before the Closing Date (the **Bank Agreement**), the Account Bank will open and maintain an account into which all amounts of principal and interest and other amounts received in connection with the Loans or their respective Loan Security are required to be paid (the **Issuer Transaction Account**).

The Servicer 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 Issuer Transaction Account. Payments out of the Issuer Transaction Account will be made in accordance with the provisions of the Deed of Charge.

Liquidity Stand-by Account

Any Liquidity Stand-by Drawing which the Issuer may make from the Liquidity Bank (see "*Liquidity Facility*" below) will be credited to an account (which will be established only if required) in the name of the Issuer (the **Liquidity Stand-by Account** and, together with the Issuer Transaction Account, the **Issuer Accounts**) with the Liquidity Bank or, if the Liquidity Bank ceases to have at least an "F1" rating by Fitch, at least a "P-1" rating by Moody's and at least an "A-1+" rating by S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (the **Requisite Rating**), any bank which has the Requisite Rating.

8. Liquidity Facility

To mitigate the risk that Available Issuer Income (as defined below) will be insufficient to cover an Income Deficiency (as defined below), the Issuer will enter into a liquidity facility agreement dated on or before the Closing Date (the **Liquidity Facility Agreement**) with the Liquidity Bank and the Trustee. Under this agreement, the Liquidity Bank will provide a 364-day committed liquidity facility to the Issuer which will be renewable with the agreement of the Liquidity Bank until the Final Maturity Date. Investors should note that the purpose of the Liquidity Facility Agreement will be to provide liquidity, not credit support, and that the Liquidity Bank 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 would ultimately reduce the amount available for distribution to Noteholders).

Available Issuer Income will comprise:

- (a) all monies (other than principal) to be paid to the Issuer under or in respect of the Loans less the amount of any expected shortfall as notified by the Servicer; and
- (b) any interest accrued upon the Issuer Accounts and paid into the Issuer Transaction Account together with the yield 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 Issuer Transaction Account and paid into the Issuer Transaction Account.

On each Calculation Date, the Servicer will determine whether Available Issuer Income will be sufficient to make the payments set out under paragraphs (a) to (k) of the Pre-Enforcement Priority of Payments or paragraphs (a) to (j) of the Post-Enforcement Pre-Acceleration Priority of Payments (as applicable) on the next Interest Payment Date (including without limitation any Hedging Loans).

If the Available Issuer Income is insufficient to make such payments, the Servicer will make a drawing (an **Income Deficiency Drawing**) under the Liquidity Facility Agreement in an amount equal to the deficiency (an **Income Deficiency**). The proceeds of any Income Deficiency Drawing will be credited to the Issuer Transaction Account and will be applied by the Issuer in making payments on the immediately following Interest Payment Date.

The Liquidity Facility Agreement will initially permit drawings to be made by the Issuer of up to an aggregate amount of £26,000,000 (the **Liquidity Facility Commitment**). The Liquidity Facility Commitment will automatically reduce (such reduction not to result in a Liquidity Facility Commitment lower than £5,000,000) on the Interest Payment Date after:

- (a) a partial redemption of the Notes in accordance with **Condition 6.3(a), (b), (c) and (d)**;
- (b) the occurrence of an Appraisal Reduction (as defined below), in an amount proportionate to the Appraisal Reduction; or
- (c) the receipt of confirmation from the Rating Agencies that the proposed reduction in the amount of the Liquidity Facility Commitment will not adversely affect the then current ratings of the Notes.

All payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of the payment described in paragraph (p) under “9. *Cashflows – Payments Paid out of the Issuer Transaction Account Pre-Enforcement of the Issuer Security*, paragraph (o) under “9. *Cashflows – Payments Paid out of the Issuer Transaction Account Post-Enforcement of the Issuer Security but Pre-Acceleration of the Notes*” and paragraph (o) under “9. *Cashflows – Payments Paid out of the Issuer Transaction Account Post-Acceleration of the Notes*” below) will rank in priority to payments of interest and principal on the Notes.

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 such entity are rated at least “F1” by Fitch, at least “P-1” by Moody’s and at least “A-1+” by S&P or are otherwise acceptable to the Rating Agencies and, where such investments will mature in three months or more, the Rating Agencies have affirmed that the proposed investments would not adversely affect the then current ratings of the Notes.

Appraisal Reductions

Not later than the earliest to occur of:

- (a) the date 120 days after the occurrence of any Loan Event of Default as a result of non payment; and
- (b) the date 90 days after the occurrence of a Loan Event of Default as a result of the occurrence of any prescribed insolvency event of any of the Borrowers in respect of the Credit Agreement,

and, in each case, provided that such Loan Event of Default is continuing, the Servicer is required, under the terms of the Servicing Agreement, to obtain a valuation in respect of the relevant Property (unless, at the Servicer's discretion, a valuation has been obtained during the immediately preceding 12 months and the Servicer has confirmed that, in its view, neither the relevant Property nor its relevant property markets have experienced any material change since the date of such previous valuation).

If the aggregate principal amount of a Loan then outstanding (together with any unpaid interest) exceeds the sum of 90 per cent. of the appraisal value of the relevant Property as determined by the relevant valuation, an **Appraisal Reduction Event** will be deemed to have occurred and the amount of the Liquidity Facility Commitment will reduce proportionately such reduction not to result in a Liquidity Facility Commitment lower than £5,000,000 on the Interest Payment Date on or immediately following the Appraisal Reduction Event by reference to any diminution in value of that Property since the date of the relevant Valuation Report in accordance with the terms of the Servicing Agreement.

Liquidity Stand-by Drawings

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

- (a) the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Bank falls below the Requisite Rating; or
- (b) the Liquidity Bank refuses to renew the liquidity facility,

then the Issuer will, unless it has appointed a replacement liquidity bank, require the Liquidity Bank to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a **Liquidity Stand-by Drawing**) into the Liquidity Stand by Account maintained with the Liquidity Bank or, if the Liquidity Bank ceases to have the Requisite Rating, any bank which has the Requisite Rating. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer for the purposes of making deemed Income Deficiency Drawings as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement. Upon enforcement of the Issuer Security, any amounts standing to the credit of the Stand-by Account will be returned to the Liquidity Provider.

If the Liquidity Bank refuses to renew the Liquidity Facility, it shall at its own expense and if so requested by or on behalf of the Issuer, replace or transfer the facility to a new Liquidity Bank.

Repayment of drawings

The Issuer will pay interest on Income Deficiency Drawings at a rate equal to three month LIBOR plus a specified margin. However, Liquidity Stand-by Drawings will bear interest at a separate rate which will be calculated by reference to the liquidity facility commitment fee and interest earned on amounts standing to the credit of the Liquidity Stand-by Account. In addition, if the Issuer makes a deemed Income Deficiency Drawing by withdrawing funds from the Liquidity Stand-by Account, then this drawing will bear interest at three month LIBOR plus a specified margin as with ordinary Income Deficiency Drawings.

All payments due to the Liquidity Bank 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. The commitment fee may be increased from the initial level of 0.20 per cent. per annum but will only be recoverable prior to any payments due to the Notes up to a maximum of 0.325 per cent. per annum as a result of Basel II regulatory requirements.

Liquidity Subordinated Amounts are any amounts in respect of increased costs, mandatory costs (to the extent not already covered by the 0.125 per cent. increase in commitment fee as a result of Basel II regulatory requirements) and tax gross up amounts payable to the Liquidity Bank,

to the extent that such amounts exceed 0.125 per cent per annum of the commitment provided under the Liquidity Facility Agreement.

9. Cashflows

Payments Paid out of the Issuer Transaction Account – Priority Amounts

The Servicer will, prior to the enforcement of the Issuer Security, out of funds standing to the credit of the Issuer Transaction Account, pay sums due to third parties (other than the Arranger, the Servicer, the Liquidity Bank, the Special Servicer, the Corporate Services Provider, the Trustee, the Paying Agents, the Agent Bank or the Account Bank), including sums representing the Issuer's liability, if any, to taxation (together, the **Priority Amounts**), on a date other than an Interest Payment Date under obligations incurred, without breach of obligations under the Transaction Documents, in the course of the Issuer's business.

Payments Paid out of the Issuer Transaction Account Pre-Enforcement of the Issuer Security

Prior to the enforcement of the Issuer Security, on each Interest Payment Date, Available Issuer Income in respect of the Loans will be applied from the Issuer Transaction Account together with receipts of principal in respect of the Loans, Income Deficiency Drawings (if any) in respect of the Liquidity Facility Agreement and receipts of principal and interest in respect of any Hedging Loans in the following order of priority (the **Pre-Enforcement 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 Servicing 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 other person appointed by it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee 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;
- (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*, the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts described in paragraph (q) below);
- (d) in or towards satisfaction, *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 Agreements; and
 - (ii) the Account Bank under the Bank Agreement;
- (e) in or towards payment, *pro rata*, of any amounts that the Issuer has agreed to pay to the Borrowers or the relevant Hedge Counterparty on the relevant Borrower's behalf in respect of any Hedging Loans on such Interest Payment Date;

- (f) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (g) in or towards payment or discharge of sums due to third parties (other than Priority Amounts) under obligations incurred in the course of the Issuer's business;
- (h) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A Notes;
- (i) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes;
- (j) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class C Notes;
- (k) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class D Notes;
- (l) in or towards payment of all amounts of principal (if any) due or overdue on the Class A Notes and all other amounts (excluding interest) due in respect of the Class A Notes;
- (m) in or towards payment of all amounts of principal (if any) due or overdue on the Class B Notes and all other amounts (excluding interest) due in respect of the Class B Notes;
- (n) in or towards payment of all amounts of principal (if any) due or overdue on the Class C Notes and all other amounts (excluding interest) due in respect of the Class C Notes;
- (o) in or towards payment of all amounts of principal (if any) due or overdue on the Class D Notes and all other amounts (excluding interest) due in respect of the Class D Notes;
- (p) in or towards payments of any Liquidity Subordinated Amounts payable to the Liquidity Bank;
- (q) in or towards payment of any amounts payable by the Issuer on such Interest Payment Date to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and
- (r) in or towards payment by the Issuer of any dividend or distribution out of its after tax profits to its shareholders as permitted by Clause 18.3(g) of the Deed of Charge.

Payments paid out of the Issuer Transaction Account Post-Enforcement of the Issuer Security but Pre-Acceleration of the Notes

The Issuer Security will become enforceable upon a Note Event of Default. Following enforcement of the Issuer Security, the Trustee or its appointee will be required to apply all funds received or recovered by it in accordance with the Pre-Enforcement Priority of Payments save that paragraph (a) of the Pre-Enforcement Priority of Payment will be amended to provide for the payment of fees to the Trustee and any receiver or other person appointed by it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee is a party, paragraph (g) will be deleted (and the remaining paragraphs will be renumbered accordingly) and any surplus payable to the Issuer under paragraph (r) (above) will be retained by the Trustee, or any receiver or appointee (as applicable) (the **Post Enforcement Pre-Acceleration Priority of Payments**).

Payments paid out of the Issuer Transaction Account Post-Acceleration of the Notes

Following acceleration of the Notes, the Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (the **Post-Acceleration 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 Deed of Charge:

- (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 it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee 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 and not paid 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;
- (c) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*, the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts described in paragraph (p) below);
- (d) in or towards satisfaction, *pro rata* according to the amounts then due, of any amounts due and payable by the Issuer to:
 - (i) the Corporate Services Provider under the Corporate Services Agreements; and
 - (ii) the Account Bank under the Bank Agreement;
- (e) in or towards satisfaction of any amounts due and payable by the Issuer to the Borrowers or the relevant Hedge Counterparty on the relevant Borrower's behalf in respect of any Hedging Loans;
- (f) in or towards satisfaction of any amounts due and payable by the Issuer to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (g) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A Notes;
- (h) in or towards payment of all amounts of principal due or overdue on the Class A Notes and all other amounts (excluding interest) due in respect of the Class A Notes;
- (i) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes;
- (j) in or towards payment of all amounts of principal due or overdue on the Class B Notes and all other amounts (excluding interest) due in respect of the Class B Notes;
- (k) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class C Notes;

- (l) in or towards payment of all amounts of principal due or overdue on the Class C Notes and all other amounts (excluding interest) due in respect of the Class C Notes;
- (m) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class D Notes;
- (n) in or towards payment of all amounts of principal due or overdue on the Class D Notes and all other amounts (excluding interest) due in respect of the Class D Notes;
- (o) in or towards payment of any Liquidity Subordinated Amounts;
- (p) in or towards payment of any amounts payable by the Issuer to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and
- (q) any surplus to the Issuer.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer in respect of the Issuer's interest in the Loans and the Loan Security and all other assets constituting the Issuer Security. Other than in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of Eurohypo set out therein, the Issuer and/or the Trustee will have no recourse to Eurohypo.

SERVICING

The Servicer

Each of the Issuer and the Trustee will appoint Eurohypo under the terms of a servicing agreement to be dated on or before the Closing Date (the **Servicing Agreement**) as the initial servicer of the Loans and to have responsibility for, among other things, the investment and application of moneys in accordance with the relevant priority of payments under the Deed of Charge. The Servicer will perform the day-to-day servicing of the Loans and will continue to service other commercial mortgage loans in addition to the Loans.

Each of the Issuer and the Trustee will appoint the Servicer to be its agent to provide certain cash management services in relation to the Issuer Accounts as more particularly described below.

Servicing of the Loans

Servicing procedures will include monitoring compliance with and administering the options available to the Borrowers under the terms and conditions of the Credit Agreement. The Servicer and (where applicable) the Special Servicer will agree to service the Loans in the best interests of and for the benefit of all of the Noteholders (as determined by the Servicer or the Special Servicer, as the case may be, in its good faith and reasonable judgment) and in accordance with applicable law and regulatory requirements and shall take all measures it deems necessary or appropriate in its due professional discretion to administer and collect the Loans (a) provided that the Servicer or the Special Servicer, as the case may be, is Eurohypo, in accordance with Eurohypo's usual administrative policies and procedures from time to time and in the same manner as Eurohypo services commercial mortgage loans which remain on the books of and beneficially owned by Eurohypo; and in so doing shall exercise the standard of care of a reasonably prudent commercial mortgage lender or (b) to the extent that the Servicer or the Special Servicer, as the case may be, is not Eurohypo, in accordance with the standard of care as is normal and usual in general commercial mortgage servicing activities with respect to comparable mortgage loans for other third-party lenders or for its own account, whichever is higher, and, in either case, in particular, and, on the occurrence of a Loan Event of Default in respect of the Loans, the administration of enforcement procedures with a view to the maximisation of recoveries available to the Noteholders (taking into account the likelihood of recovery of amounts due from the relevant Borrower, the timing of any such recovery and the costs of recovery) as determined by the Servicer or Special Servicer, as the case may be, in its reasonable judgment (the **Servicing Standard**).

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

Consultation with, and appointment of, the Special Servicer

The Servicer will give notice to the Special Servicer and the Trustee and will consult with the Special Servicer in relation to the future servicing or exercise of rights in respect of the Loans and/or the Loan Security promptly upon the occurrence of any of the following events:

- (a) a payment default with regards to any payment due on the maturity of a Loan (not taking into account any extensions to its maturity permitted under the Servicing Agreement); or
- (b) other than any payment default specified in paragraph (a) above, any scheduled payment due and payable in respect of a Loan being delinquent for up to 45 days past its due date; or

- (c) a Borrower being in breach of any covenant (other than a material covenant) under the Credit Agreement (a covenant being material for the purposes of this paragraph (c) if a breach of it materially impairs or could materially impair the use or the marketability of its Property or the value thereof as security for the Loans).

The Servicer or the Special Servicer, as applicable, will promptly give notice to the Issuer, the Trustee, the Rating Agencies and the Special Servicer (where applicable) of the occurrence of any Special Servicing Event in respect of the Loans. Upon the delivery of such notice, the Special Servicer will automatically assume all of its duties, obligations and powers under the Servicing Agreement and the Loans will become **specialty serviced**. If a Loan becomes specialty serviced, all Loans will be specialty serviced.

Special Servicing Event means each of the following events:

- (a) a payment default occurring with regards to any payment due on the maturity of a Loan (taking into account any extensions to its maturity permitted under the Servicing Agreement);
- (b) other than any payment default specified in paragraph (a) above, a scheduled payment due and payable in respect of a Loan being delinquent for more than 45 days past its due date;
- (c) the Issuer, the Trustee, the Servicer or the Special Servicer receiving notice of the enforcement of any Loan Security;
- (d) insolvency or bankruptcy proceedings being commenced in respect of a Borrower;
- (e) in the Servicer's opinion a breach of a material covenant (as defined in paragraph (c) above) under the Credit Agreement occurring or, to the knowledge of the Servicer, being likely to occur, and in the Servicer's opinion such breach is not likely to be cured within 30 days of its occurrence;
- (f) a Borrower notifying the Facility 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
- (g) any other Loan Event of Default occurring that, in the good faith and reasonable judgment of the Servicer, materially impairs or could materially impair the use or the marketability of a Property or the value thereof as security for the Loans.

On the appointment of the Special Servicer in respect of the Loans, the Servicer shall cease to be subject to the obligations as Servicer in respect of the Loans under the Servicing Agreement except where otherwise provided.

Arrears and default procedures

The Servicer will collect or the Servicer or the Special Servicer, as applicable, will instruct the Facility Agent to collect all payments due under or in connection with its Loans. The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of each Loan. The Servicer and, as applicable, the Special Servicer will be required to use all reasonable endeavours to recover amounts due from the Borrowers should any Borrower default. Each of the Servicer and the Special Servicer will agree, in relation to any default under or in connection with the Loans and the Loan Security, to comply with the procedures for enforcement of the Loans and the Loan Security of the Servicer or the Special Servicer, as the case may be, current from time to time. In the event of a default in respect of a Loan, the Servicer or the Special Servicer, as applicable, will consider based on (amongst others) the nature of the default, the status of the Borrowers and the nature and value of the Properties, what internal reviews and reporting requirements are needed in respect of the Loans, and which enforcement procedures are appropriate. Such procedures for enforcement include the giving of instructions to the Facility Agent as to how to enforce the security held by it.

Amendments to the terms and conditions of the Finance Documents

The Servicer or the Special Servicer, as applicable, on behalf of the Issuer and the Trustee may (but will not be obliged to) in accordance with the Servicing Standard agree to any request by the Facility Agent or the relevant Borrower, as applicable, to vary or amend the terms and conditions of the Finance Documents provided that:

- (a) the variation or amendment consists of one or more of the following:
 - (i) any release of a Borrower, provided that there is always at least one person who is a Borrower under each Loan (which may be a person to whom the Borrower requests its obligation to be novated);
 - (ii) the release of the Loan Security in respect of the Loans or any part thereof which may, at the option of the Servicer or the Special Servicer, as applicable, be on the basis that alternative security is provided by the Borrowers which is acceptable to the Servicer or the Special Servicer acting in accordance with the Servicing Standard; or
 - (iii) any other variation or amendment which would be acceptable to a reasonably prudent commercial mortgage lender acting in accordance with the Servicing Standard;
- (b) no Acceleration Notice has been given by the Trustee which remains in effect at the date on which the relevant variation or amendment is agreed;
- (c) the Issuer will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation or amendment;
- (d) the effect of such variation or amendment would not be to extend the final maturity date of the Loans beyond July 2012 unless the Servicer or the Special Servicer, as applicable, shall have first received written confirmation from each of the Rating Agencies that the then current ratings of the Notes will not be adversely affected by such extension;
- (e) the Loan Security in respect of each Loan will continue to include a first ranking legal and beneficial mortgage or Scottish equivalent, where relevant on the interests in a Property;
- (f) notice of any such amendment or variation is given to the Rating Agencies and prior written confirmation shall have been received by the Servicer or the Special Servicer, as applicable, from each of the Rating Agencies that any variation or amendment to any of the terms and conditions of the Finance Documents that is likely, in the reasonable determination of the Servicer or the Special Servicer, as the case may be, to have a material adverse effect on the Noteholders (it being agreed that a reduction in the interest rate or principal balance of a Loan or any waiver or postponement of the same is likely to have such effect) will not result in the then current ratings of any of the Notes being adversely affected; and
- (g) if Eurohypo is not the Special Servicer, notice of any such amendment or variation is given to the Special Servicer.

With the prior written consent of the Trustee (acting in accordance with the Trust Deed and having regard to the interests of the Noteholders), the Servicer or the Special Servicer, as applicable, may (but will not be obliged to) agree to any request by the Facility Agent or the relevant Borrower to vary or amend the terms and conditions of its Finance Documents where any of the above conditions (other than the conditions specified in paragraphs (d), (f) and (g) above) are not satisfied in respect of the relevant variation or amendment.

Ability to purchase the Loans and the Loan Security

The Issuer and the Trustee will, pursuant to the Servicing Agreement, grant the option on any Interest Payment Date (a) to the Servicer to purchase a Loan (as long as they are not specially serviced) and (b) to the Special Servicer to purchase a Loan (so long as they are specially

serviced) and also, in each case, the Loan Security; provided that on the Interest Payment Date on which the Servicer or the Special Servicer, as the case may be, intends to purchase the Loan and the Loan Security the then principal balance of the Loan would be less than 10 per cent. of their principal balance as at the Closing Date, and provided further that the purchase price to be paid will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors who rank in priority to Noteholders.

The Servicer or the Special Servicer, as the case may be, must give the Issuer, the Facility Agent, the Trustee and (in the case of notice given by the Special Servicer only) the Servicer not more than 65 nor less than 35 days' written notice of its intention to purchase a Loan and the Loan Security. No such notice of the Special Servicer's intention to purchase a Loan shall be valid if the Servicer gives the Issuer, the Facility Agent and the Trustee written notice of its intention to purchase a Loan provided that such notice from the Servicer is delivered within ten days of the date on which the Special Servicer's notice was delivered.

Calculation of amounts and payments

On each **Calculation Date** (being the second Business Day prior to the relevant Interest Payment Date), the Servicer will be required to determine 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 expected to be available to make such payments. In addition, the Servicer will calculate the Principal Amount Outstanding for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date, request the making of any Income Deficiency Drawings (including Income Deficiency Drawings to fund Hedging Loans (if appropriate)) on behalf of the Issuer and notify each Borrower of the amount of the Securitisation Fee and Additional Fee (if any) due and payable by it.

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

Subject to receipt of funds from each Borrower, the Servicer will make all payments required to carry out a redemption of Notes pursuant to **Condition 6.2(b)** or **Condition 6.3**, in each case according to the provisions of the relevant Condition. See further "*Terms and Conditions of the Notes*".

If the Servicer, acting on the basis of information provided to it determines, on any Calculation Date, that the amount of Available Issuer Income, less any Priority Amounts paid since the immediately preceding Interest Payment Date or due to be paid by the Issuer prior to the next Interest Payment Date, will be insufficient to make payments set out under paragraphs (a) to (k) of the Pre-Enforcement Priority of Payments or paragraphs (a) to (j) of the Post-Enforcement Pre-Acceleration Priority of Payment) (as applicable), the Servicer will make an Income Deficiency Drawing under the Liquidity Facility. Any notice of drawdown in respect of the Liquidity Facility must be delivered at least one Business Day prior to the Interest Payment Date on which the drawing is required.

Servicer quarterly report

Pursuant to the Servicing Agreement, the Servicer will agree to deliver to the Issuer, the Trustee, the Special Servicer and the Rating Agencies a report in respect of each Calculation Date in which it will notify the recipients of, among other things, all amounts received in the Issuer Accounts and payments made with respect thereto. The report will contain the monthly arrears report and will also include qualitative and quantitative information on the Loans, including details of any material changes that may affect credit quality and the details of any delegation of any of the Servicer's and/or Special Servicer's obligations or duties. The Servicer will provide or make available post-

issuance transaction reporting information on a quarterly basis starting from the first Interest Payment Date in January 2006 on the Bloomberg page “OPERA MEPC” and at www.Trepp.com.

Insurance

The Servicer will procure that the Facility Agent monitors the arrangements for insurance which relate to the Loans and the Loan Security and establishes and maintains procedures to ensure that all buildings insurance policies in respect of the Properties are renewed on a timely basis. To the extent that the Issuer and/or the Trustee has power to do so under a policy of buildings insurance, the Servicer will, as soon as practicable after becoming aware of any occurrence of any event giving rise to a claim under such policy, procure that the Facility Agent prepares and submits such claim on behalf of the Issuer and/or the Trustee in accordance with the terms and conditions of such policy and complies with any requirements of the relevant insurer.

The Servicer will use reasonable endeavours to procure that each Borrower complies with the obligations in respect of insurance in accordance with the terms of the Credit Agreement. If the Servicer becomes aware that a Borrower has failed to pay premiums due under any policy of buildings insurance the Servicer will instruct the Facility Agent to take such action as the Issuer and/or the Trustee shall reasonably direct and in the absence of such direction will, on behalf of the Issuer or the Trustee, instruct the Facility Agent to pay premiums due and payable under any policy of buildings insurance in order that the cover provided by such policy does not lapse.

Upon receipt of notice that any policy of buildings insurance has lapsed or that a Property is otherwise not insured against fire and other perils (including subsidence other than as set out in the Credit Agreement) under a comprehensive buildings insurance policy or similar policy in accordance with the terms of the Credit Agreement, the Servicer will instruct the Facility Agent, at the cost of the Issuer, to arrange such insurance in accordance with the terms of the Credit Agreement. Under the terms of the Credit Agreement, a Borrower will be required to reimburse the Issuer, as applicable, for such costs of insurance. See also “*Risk Factors – Insurance*”.

Fees

The Servicer will be entitled to receive a fee for servicing the Loans. On each Interest Payment Date the Issuer will pay to the Servicer a servicing fee (the **Servicing Fee**) (inclusive of value added tax) in the manner agreed in a fee letter between the Issuer and the Servicer but only to the extent that the Issuer has sufficient funds to pay such amount as provided in “*Credit Structure – 9. Cashflows*”. The unpaid balance (if any) will be carried forward until the next succeeding Interest Payment Date and, if not paid before such time, will be payable on the final Interest Payment Date of the latest maturing class of Notes or on the earlier redemption in full of the Notes by the Issuer. The Servicing Agreement will also provide for the Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Servicer in the performance of its services under the Servicing Agreement.

Pursuant to the Servicing Agreement, if the Loans are designated to be specially serviced, the Issuer will be required to pay to the Special Servicer a fee (the **Special Servicing Fee**) (exclusive of value added tax) equal to 0.25 per cent. per annum of the principal balance of the Loans then outstanding but only to the extent that the Issuer has sufficient funds to pay such amount as provided in “*Credit Structure – 9. Cashflows*” for a period commencing on the date the Loans are designated to be specially serviced and ending on the date the Property is sold on enforcement or the date on which the Loan is designated to be corrected.

A Loan will be designated to be **corrected** if any of the following occurs with respect to the circumstances identified as having caused the Loans to be designated specially serviced and the Loans have been transferred back to the control of the Servicer (and provided that no other Special Servicing Event then exists with respect to the Loans):

- (a) with respect to the circumstances described in paragraphs (b) and (g) in the definition of Special Servicing Event the relevant Borrower has made two consecutive timely quarterly payments in full;
- (b) with respect to the circumstances described in paragraphs (c) and (d) in the definition of Special Servicing Event such proceedings are terminated;
- (c) with respect to the circumstances described in paragraph (e) 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 paragraph (f) in the definition of Special Servicing Event the relevant Borrower 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 paragraph (g) 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**) (exclusive of value added tax) in respect of the Loans equal to an amount of 1.00 per cent. of the proceeds (net of all costs and expenses incurred as a result of the default of the Loans, enforcement and sale), if any, arising on the sale of its Property or on or out of the application of any other enforcement procedures or other actions taken by the Special Servicer in respect of the Loans.

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 **Workout Fee**) in consideration of providing services in relation to the Loans when they are designated to be corrected. When the Loans are designated to be corrected, the VAT exclusive amount of Workout Fee shall be equal to 1.00 per cent. of each collection of principal and interest received on the Loans (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 Loans to below the amount of principal outstanding under the Loans at the date they were first designated to be corrected) for so long as they continue to be designated corrected. The Workout Fee with respect to the Loans will cease to be payable if the Loans are no longer designated to be corrected, but the Workout Fee will become payable if and when the Loans are again designated to be corrected.

The Liquidation Fee and the Workout Fee will only be payable to the extent that the Issuer has sufficient funds to pay such amount as provided in “*Credit Structure – 9. Cashflows*”.

Removal or resignation of the Servicer or the Special Servicer

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

- (a) the Servicer or the Special Servicer, as applicable, fails to pay or to procure the payment of any amount required to be paid under the Transaction Documents to which the Servicer or the Special Servicer is party (as the case may be) on its due date by it and either (i) such payment is not made within five Business Days of such time or (ii) if the Servicer’s or the Special Servicer’s failure to make such payment was due to inadvertent error, such failure is

not remedied for a period of ten Business Days after the Servicer or the Special Servicer becomes aware of such error;

- (b) subject as provided further in the Transaction Documents, the 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 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 Servicer or the Special Servicer, as applicable, by the Issuer or the Trustee;
- (c) at any time the Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue servicing each Loan; or
- (d) the occurrence of an insolvency event in relation to the Servicer or the Special Servicer.

In addition, if the Loans have been designated to be specially serviced and the Issuer is so instructed by the Controlling Party, the Issuer will terminate the appointment of the person then acting as Special Servicer and, subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in relation to the replacement of the Special Servicer).

Controlling Party means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) 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,

excluding, in each case, any Class of Notes, the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of the Borrower and/or any one or more of its Affiliates (the **Excluded Class**).

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

Prior to or contemporaneously with any termination of the appointment of the Servicer or the Special Servicer, it would first be necessary for the Issuer to appoint a substitute servicer or special servicer approved by the Trustee.

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

Any such substitute servicer or special servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Servicer or Special Servicer, as the case may be) will be required to, if possible, have experience servicing loans secured on commercial mortgage properties in England and Wales and Scotland 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 standard for such agreements in similar transactions at the time. Under the terms of the Servicing Agreement, the appointment of a substitute servicer or special servicer 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 the 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 servicer or special servicer shall, save as specified above, be paid by the Servicer or Special Servicer (as the case may be) whose appointment is being terminated. The fee payable to any such substitute servicer or special servicer should not, without the prior written consent of the Trustee, exceed the amount payable to the Servicer or Special Servicer 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 Servicer or Special Servicer, the Servicer or Special Servicer (as the case may be) must deliver any documents and all books of account and other records maintained by the Servicer or Special Servicer relating to the Loans and/or the respective Loan Security to, or at the direction of, the substitute servicer or substitute special servicer and shall take such further action as the substitute servicer or substitute special servicer, as the case may be, shall reasonably request to enable the substitute servicer or the substitute special servicer, as the case may be, to perform the services due to be performed by the Servicer or the Special Servicer under the Servicing Agreement.

Appointment of the Operating Adviser

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

- (a) appointment of a receiver or similar actions to be taken in relation to the specially serviced Loan;
- (b) the amendment, waiver or modification of any term of the Finance Documents relating to the specially serviced Loan which affects the amount payable by the relevant Borrower or the time at which any amounts are payable, or any other material term of the relevant Finance Documents; and
- (c) the release of any part of the relevant Loan Security, or the acceptance of substitute or additional Loan Security other than in accordance with the terms of the Credit Agreement.

Before taking any action in connection with the matters referred to in paragraphs (a) to (c) above, the Special Servicer must notify the Operating Adviser of its intentions and 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 protect the interests of the Noteholders, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If the Special Servicer does take such action and the Operating Adviser objects in writing to the actions so taken within ten Business Days after being notified of the action and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Party. The Operating Adviser will be considered to have approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within ten Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Operating Adviser for any actions to be taken with respect to a specially serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the specially serviced Loan and, for 60 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Agreement.

Delegation by the Servicer and Special Servicer

The Servicer or the Special Servicer, as applicable, may, in some circumstances including with the prior written consent of the Trustee and, in the case of the Servicer, with the prior written consent of the Special Servicer (where the Special Servicer is not Eurohypo), and 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. This shall not prevent the engagement on a case by case basis by the 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 Servicer or the Special Servicer, as applicable, of any of its respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee.

Governing law

The Servicing Agreement will be governed by English law.

ACCOUNT BANK ARRANGEMENTS

Account Bank and the Issuer Accounts

Pursuant to the Bank Agreement, the Account Bank will open and maintain the Issuer Transaction Account in the name of the Issuer. The Account Bank will agree to comply with any direction of the Servicer or the Issuer (prior to enforcement of the Issuer Security) or the Servicer or Trustee (after enforcement of the Issuer Security) to effect payments from the Issuer Transaction Account if such direction is made in accordance with the mandate governing the account.

Termination of appointment of the Account Bank

The Bank Agreement will require that the Account Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If it ceases to be an Authorised Entity, the Account Bank will be required to give written notice of such event to the Issuer, the Servicer and the Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Trustee and subject to establishing substantially similar arrangements to those contained in the Bank Agreement, procure the transfer of the Issuer Transaction Account and each other account of the Issuer held with the Account Bank to another bank which is an Authorised Entity. The Account Bank will be required to use all reasonable efforts to ensure that such a transfer will take place within 30 days of its ceasing to be an Authorised Entity. If, however, at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts will not be required to be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

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

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

LIQUIDITY BANK AND ACCOUNT BANK

Lloyds TSB Bank plc

Lloyds TSB Bank plc, acting through its corporate office at Faryner's House, 25 Monument Street, London EC3R 8BQ, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. Lloyds TSB Bank plc together with its subsidiaries and affiliates provides a range of banking and financial services in the UK and overseas. These include providing personal, business and corporate customers with banking and other related financial services. Lloyds TSB Bank plc is regulated by the Financial Services Authority. The short-term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc as at the date of this Offering Circular are rated P-1 by Moody's, F1+ by Fitch and A-1+ by S&P.

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

HSBC Bank plc

HSBC Bank plc, acting through its office at Level 24, 8 Canada Square, London E14 5HQ will be appointed to act as Account Bank pursuant to the terms of the Bank Agreement.

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently registered as a limited company in 1880. In 1923, the company adopted the name of Midland Bank Limited which it held until 1982 when the name was changed to Midland Bank plc.

During the year ended 31 December 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 9,800 offices in 77 countries and territories in Europe, Hong Kong, the rest of Asia-Pacific, including the Middle East and Africa, North America and South America. Its total assets at 31 December 2004 were US\$1,277 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short-term unsecured obligations of HSBC Bank plc are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations of HSBC Bank plc are currently rated Aa2 by Moody's, AA- by S&P and AA by Fitch.

In its capacity as Account Bank, HSBC Bank plc will be acting through its offices at 8 Canada Square, London E14 5HQ.

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

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loans will be prepayable and a number of other relevant factors are unknown.

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

- (a) the Loans are not sold by the Issuer;
- (b) the Loans do not default, are not prepaid (in whole or in part), are not enforced and no loss arises; and
- (c) the Closing Date is 23 November 2005,

then the approximate percentage of the initial principal amount outstanding of the Notes on each Interest Payment Date and the approximate average lives of the Notes would be as follows:

- (i) in respect of the Class A Notes, 6.7 years;
- (ii) in respect of the Class B Notes, 6.7 years;
- (iii) in respect of the Class C Notes, 6.7 years; and
- (iv) in respect of the Class D Notes, 6.7 years.

Assumptions (a) and (b) 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.

USE OF PROCEEDS

The net and gross proceeds from the issue of the Notes will be approximately £470,000,000, and this sum will be applied by the Issuer towards acquiring the Loans and the related interests in the Loan Security from the Original Lender on the Closing Date pursuant to the terms of the Loan Sale Agreement. The fees and expenses in connection with the issue of the Notes will be met by the Borrowers and the Arranger.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes in the form (subject to modification) in which they will be set out in the Trust Deed, subject to any contrary provisions thereof, such Terms and Conditions will apply to the Notes in global and in definitive form if issued:

The issue of the £373,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class A Notes**), the £36,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class B Notes**), the £37,500,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class C Notes**) and the £22,500,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2014 (the **Class D Notes** and, together with the Class A Notes, the Class B Notes and the Class C Notes, the **Notes**) by Opera Finance (MEPC) plc (the **Issuer**) was authorised by a resolution of the Board of Directors of the Issuer passed on 16 November 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 before 23 November 2005 (the **Closing Date**) made between the Issuer and HSBC Trustee (C.I.) Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee(s) under the Trust Deed) as trustee for the holders of the Notes (the **Noteholders**).

The proceeds of the issue of the Notes will be applied in or towards acquiring the Loans made by the Original Lender to MEPC Milton Park Limited Partnership (the **Milton Borrower**), MEPC Hillington Park Limited Partnership (the **Hillington Borrower**), MEPC Birchwood Park Limited Partnership (the **Birchwood Borrower** and MEPC Chineham Park Limited Partnership (the **Chineham Borrower** and, together with the Milton Borrower, the Hillington Borrower and the Birchwood Borrower, the **Borrowers**).

References herein to the Notes include references to:

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

References herein to interest include references to Deferred Interest (as defined below) and interest thereon, unless the context otherwise requires.

The Noteholders and the holders of the Receipts and Coupons (each as defined below) (the **Receiptholders** and **Couponholders** respectively) 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, HSBC Bank plc 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), HSBC Institutional Trust Services (Ireland) Limited 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 **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, Receiptholders and the Couponholders 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 Deed of Charge applicable to them and all the provisions of the other Transaction Documents (including the Bank Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Credit Agreement, the Loan Sale Documents, the Corporate Services Agreements, the Security Agreements, the Standard Security, the Assignment of Rents, the Share Trust Deed, the Nominee Declaration of Trust, the Post Enforcement 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**)) applicable to them.

The statements in these Terms and Conditions (these **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the 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.

As used in these Conditions:

- (a) a reference to a **Class of Notes** or the respective holders thereof, shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes (and, unless the context otherwise requires, shall include in each case any Coupons and Receipts appertaining thereto) or the respective Noteholders, Receiptholders and Couponholders as applicable, and **Classes**, in a similar context, shall be construed accordingly;
- (b) a reference to **Notes of any Class** shall in these Conditions, unless the context otherwise requires, include any Further Notes (as defined below in **Condition 16.1**) issued pursuant to **Condition 16** and forming a single series with the relevant Class of Notes; and
- (c) **Most Senior Class of Notes** means at any time:
 - (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 that time any Class B Notes are then outstanding);
 - (iii) if no Class A Notes and Class B Notes are then outstanding, the Class C Notes (if at that time any Class C Notes are then outstanding); or
 - (iv) if no Class A Notes, Class B Notes and Class C Notes are then outstanding, the Class D Notes (if at that time any Class D Notes are then outstanding).

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

1. GLOBAL NOTES

1.1 Temporary Global Notes

- (a) The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a **Temporary Global Note**).
- (b) 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

- (a) Interests in each Temporary Global Note will be exchangeable 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.
- (b) 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 in full 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

- (a) Each Global Note shall be issued in bearer form without Receipts, Coupons or Talons (as defined below).
- (b) 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.
- (c) 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 shall (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.
- (d) In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, and subject to **Condition 1.3(c)**, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

2. DEFINITIVE NOTES

2.1 Issue of Definitive Notes

- (a) A Permanent 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 after the Exchange Date any 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 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.
- (b) Thereupon, the whole of such Permanent Global Note will be exchanged for Definitive Notes (in the form provided in **Condition 2.2** below), Receipts and Coupons in respect of principal and interest which has not already been paid on such Permanent Global Note as provided in such Permanent Global Note. 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

- (a) Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of £50,000 with (at the date of issue) principal receipts (**Receipts**) and interest coupons (**Coupons**, which expression includes talons for further Coupons and Receipts (**Talons**), except where the context otherwise requires) attached.
- (b) Title to the Definitive Notes, Receipts and Coupons will pass by delivery.
- (c) 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 and the holder of any Receipt or Coupon as the absolute owner for all purposes (whether or not the Definitive Note, the Receipt or the Coupon 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, Receipt or Coupon) 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, the Class B Notes, the Class C Notes and the Class D Notes constitute direct, secured and unconditional obligations of the Issuer and are secured by assignments, charges and other fixed and floating security interests over all of the assets of the Issuer (as more particularly described in the Deed of Charge) (the **Issuer Charged Property**) (such assignments, charges and fixed and floating security interests together, the **Issuer Security**). Notes of the same Class rank *pari passu* and rateably without any preference or priority amongst themselves.
- (b) After enforcement of the Issuer Security in accordance with **Condition 11** and pursuant to the provisions of this **Condition 3**, the Trust Deed and the Deed of Charge, the Class A Notes will rank in priority to all other Classes of Notes in point of security and as to the payment of principal and interest, the Class B Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes but will rank in priority to the Class C Notes and the Class D Notes in point of security and as to the payment of principal and interest. The Class C Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes and the Class B Notes but will rank in priority to the Class D Notes in point of security and as to the payment of principal and interest. The Class D Notes will be subordinated in point of security and as to payment of principal and interest in respect of the Class A Notes, the Class B Notes and the Class C Notes.
- (c) In connection with the exercise of the powers, trusts, authorities, duties and discretions vested in it by the Trust Deed and the other Transaction Documents the Trustee shall:
 - (i) except where expressly provided otherwise, have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders equally PROVIDED THAT if in the opinion of the Trustee (1) (for so long as there are any Class A Notes outstanding) there is a conflict between the interests of the Class A Noteholders on the one hand and the interests of the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders on the other hand, it shall have regard only to the interests of the Class A Noteholders, (2) (for so long as there are any Class B Notes outstanding) there is a conflict between the interests of the Class B Noteholders on the one hand and the interests of the Class C Noteholders and/or the Class D Noteholders on the other hand, it shall, subject to (1) above, have regard only to the interests of the Class B Noteholders and (3) (for so long as there are any Class C Notes outstanding) there is a conflict between the interests of the Class C Noteholders on the one hand and the interests of the Class D Noteholders on the other hand, it shall, subject to (1) above, have regard only to the interests of the Class C Noteholders, but so that this proviso shall not apply in the case of powers, trusts, authorities, duties and discretions:
 - (A) in relation to which it is expressly stated that they may be exercised by the Trustee only if in its opinion the interests of the Noteholders would not be materially prejudiced thereby; or
 - (B) the exercise of which by the Trustee relates to any Basic Terms Modification (as defined in **Condition 12.10(b)**), in which event the Trustee may exercise such powers, trusts, authorities, duties and

discretions only if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby;

- (ii) where it is required to have regard to the interests of the Noteholders (or any Class thereof), it shall have regard to the interests of such Noteholders (or such Class) as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences thereof for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to, the jurisdiction of any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholders be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders; and
 - (iii) except where expressly provided otherwise, have regard only to the interests of the Noteholders and shall not be required to have regard to the interests of any Other Issuer Secured Creditor or any other person or to act upon or comply with any direction or request of any Other Issuer Secured Creditor or any other person whilst (in the case of any Other Issuer Secured Creditor) any amount remains owing to any Noteholder and (in the case of any other person) at any time.
- (d) In the event of an issue of Replacement Notes (as defined in **Condition 16.2**) or New Notes (as defined in **Condition 16.3**), the provisions of the Trust Deed, these Conditions, the Agency Agreement and the Deed of Charge, including those concerning:
- (i) the basis on which the Trustee will be required to exercise its rights, powers, trusts, authorities, duties and discretions;
 - (ii) the circumstances in which the Trustee will become bound to take action, as referred to in **Condition 10** or **11**;
 - (iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and
 - (iv) the Priorities of Payments,

will be modified in such manner as the Trustee considers necessary to reflect the issue of such Replacement Notes or, as the case may be, New Notes and the ranking thereof in relation to the Notes. If any New Notes are issued and the Notes are then listed on the Stock Exchange, the Issuer will immediately advise the Stock Exchange accordingly, procure the publication of a notice of the issue in a leading newspaper having general circulation in Dublin, file a new offering circular in respect of the issue of the New Notes with the Stock Exchange and make such offering circular and any related agreements available in Dublin at the specified office of the Irish Paying Agent.

As used in these Conditions:

Other Issuer Secured Creditors means the Trustee, any appointee of the Trustee, the Servicer, the Special Servicer, the Corporate Services Provider, the Liquidity Bank, the Account Bank, the Note Arranger, the Principal Paying Agent, the Agent Bank and any other Paying Agent; and

Issuer Secured Creditors means the Noteholders, the Receiptholders, the Couponholders, the Other Issuer Secured Creditors and any other party so designated by the Issuer and the Trustee.

3.2 Issuer Security and Priority of Payments

The Issuer Security in respect of the Notes, Receipts and Coupons and the payment obligations of the Issuer under the Transaction Documents is set out in the Deed of Charge. The Servicing Agreement contains provisions regulating the priority of application of the Issuer Charged Property by the Servicer (and proceeds thereof) among the persons entitled thereto prior to the Issuer Security becoming enforceable and the Deed of Charge contains provisions regulating such application by the Trustee after the Issuer Security has become enforceable.

The Issuer Security will become enforceable upon the occurrence of a Note Event of Default in accordance with **Condition 10**. 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 Charged Property 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 Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or (b) the Trustee is of the opinion, which will be binding on the Noteholders, reached after considering at any time and from time to time the advice, upon which the Trustee will be entitled to rely, of such professional advisers as may be selected by the Trustee, that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, 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.

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, standard security, sub-mortgage, sub-standard security, charge, sub-charge, assignment, assignation, 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 (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 undertaking 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 the Issuer will engage in or make any supplies for VAT purposes otherwise than in accordance with the Transaction Documents;
- (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 of 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 and 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 moneys 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**) 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), (ii), (iii) and (iv) above and are binding on the Issuer (or any successor thereto); and
 - (vi) the then current ratings of the Notes are unaffected 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 out of its after tax profits and provided that such dividend or distribution is paid (i) in accordance with the applicable Priority of Payments and (ii) net of any applicable tax or taxes payable by the Issuer in relation to such dividends or distributions;

(h) VAT:

(i) be or become registered (or be liable to be registered) for VAT;

(ii) apply to become part of any group for the purposes of (a) sections 43 to 43D of the Value Added Tax Act 1994 or (b) the Value Added Tax (Groups: eligibility) Order 2004 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal such legislation; or

(iii) take any steps (whether by act, omission or otherwise) which could reasonably be expected to result, whether by a direction pursuant to Schedule 9A, of the Value Added Tax Act 1994 or otherwise, in the Issuer being treated as a member of any such group for VAT purposes;

(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 Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property.

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

4.2 Servicer

(a) So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a 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 Servicer will not be permitted to terminate its appointment unless a replacement servicer acceptable to the Issuer and the Trustee has been appointed and (ii) the appointment of the Servicer may be terminated by the Trustee if, among other things, the 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 Servicer by the Issuer or the Trustee.

4.3 Special Servicer

If a Loan has become specially serviced in accordance with the Servicing Agreement, then the Issuer, upon being so instructed by an Extraordinary Resolution (as defined below) of the Class of Noteholders then acting as Controlling Party, will exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the Loan subject to the conditions of the Servicing Agreement.

Controlling Party means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) 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,

excluding, in each case, any Class of Notes the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of a Borrower and/or any one or more of its Affiliates (the **Excluded Class**).

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

4.4 Operating Adviser

The Class of Noteholders then acting as Controlling Party may, by an Extraordinary Resolution passed by that class, appoint an adviser (the **Operating Adviser**) with whom the Servicer or Special Servicer, as the case may be, will be required to liaise in accordance with the Servicing Agreement.

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 (as defined in **Condition 6.3(a)**) 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

- (a) Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year or, if any such day is not a Business Day (as defined below), the next following day that is a Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not)) (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 first Interest Payment Date.

- (b) 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) 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 each Interest Payment Date, and in respect of the first Interest Period, on the Closing Date (each, an **Interest Determination Date**), determine the Rate of Interest applicable to, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an **Interest Payment**), for the Interest Period beginning on that Interest Determination Date. 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)**) plus a margin of 0.24 per cent. per annum;
 - (ii) in the case of the Class B Notes, LIBOR (as so determined) plus a margin of 0.34 per cent. per annum;
 - (iii) in the case of the Class C Notes, LIBOR (as so determined) plus a margin of 0.40 per cent. per annum; and
 - (iv) in the case of the Class D Notes, LIBOR (as so determined) plus a margin of 0.60 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 upwards).

For the purposes of these Conditions:

Business Day means a day (other than Saturday or 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.

- (b) 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 Interest Period, a linear interpolation of the rate for two month and three month sterling deposits) in the London inter-bank market which appears on LIBOR 01 Reuters (or (x) such other page as may replace LIBOR 01 Reuters on that service for the purpose of displaying such information or (y) if that service ceases to display such information, Moneyline Telerate Screen No. 3750) (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 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 date. 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 such banks as so agreed. If no such bank is so agreed or such bank as so agreed does not provide such a quotation or if, on such Interest Determination Date, none of the Reference Banks provides such an offered quotation, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to five decimal places, 0.000005 being rounded upwards) of the rates quoted by such major banks in London, as selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the Closing Date or the relevant Interest Payment Date, as the case may be, for loans in sterling to leading European banks for a period of three months. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date.

(c) There will be no minimum or maximum Rate of Interest.

5.4 Publication of Rates 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 Servicer, the Paying Agents, the Noteholders in accordance with **Condition 15** 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.

5.5 Determination or Calculation by 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** 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** 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** 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, 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 Agent Bank, the Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks (or any of them), the Agent Bank, the Paying Agents or the Trustee in connection with the exercise by them of 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**. 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 by the Trustee has been appointed.

5.8 Deferral of Payment

- (a) Interest on the Notes is payable subject to, and in accordance with the order of priorities set out in the Pre-Enforcement Priority of Payments or the Post-Enforcement Pre-Acceleration Priority of Payments. If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any Deferred Interest (as defined below) and accrued interest thereon) payable in respect of the Class B Notes and/or the Class C Notes and/or the Class D Notes after having paid or provided for items of higher priority, then:
- (i) the Issuer shall be entitled (unless there are then no Class A Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class B Notes:
 - (A) if it then defers all payments of interest then due (but for the provisions of this paragraph (A)) in respect of the Class C Notes and the Class D Notes; and
 - (B) to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class B Notes;
 - (ii) the Issuer shall be entitled (unless there are then no Class A Notes and/or Class B Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class C Notes:
 - (A) if it then defers all payments of interest then due (but for the provisions of this paragraph (A)) in respect of the Class D Notes; and
 - (B) to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class C Notes;
 - (iii) the Issuer shall be entitled (unless there are then no Class A Notes and Class B Notes and Class C Notes outstanding) to defer, to the next Interest Payment

Date, the payment of interest in respect of the Class D Notes to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class D Notes.

- (b) Any amount of interest (including any Deferred Interest arising on any preceding Interest Payment Date and accrued interest thereon) on the Class B Notes and/or the Class C Notes and/or the Class D Notes which is not due and payable on an Interest Payment Date as a result of the provisions of this **Condition 5.8** is the **Class B Deferred Interest**, the **Class C Deferred Interest** and the **Class D Deferred Interest** respectively and, together, the **Deferred Interest** arising on any such Interest Payment Date. Interest will accrue on the amount of any such Deferred Interest at the rate from time to time applicable to the Class B Notes and/or the Class C Notes and/or the Class D Notes (as the case may be) and on the same basis as interest on the Class B Notes and/or the Class C Notes and/or the Class D Notes (as the case may be) then applicable. Any Deferred Interest and accrued interest thereon is payable on the next Interest Payment Date unless and to the extent that this **Condition 5.8** applies.
- (c) As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes and/or the Class C Notes and/or the Class D Notes will be deferred or that a payment previously deferred will be made in accordance with this **Condition 5.8** the Issuer will give notice thereof to the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders (as the case may be) in accordance with **Condition 15**. Any deferral of interest in accordance with this **Condition 5.8** will not constitute a Note Event of Default. The provisions of this **Condition 5.8** shall cease to apply on the Final Maturity Date or any earlier date on which the Notes become repayable in full or upon acceleration of the Notes pursuant to **Condition 10**, at which time all Deferred Interest and accrued interest thereon shall become due and payable.

6. REDEMPTION AND POST ENFORCEMENT CALL OPTION

6.1 Redemption on the Final Maturity Date

Save to the extent otherwise redeemed or 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 which falls in July 2014 (the **Final Maturity Date**).

Principal Amount Outstanding means, in respect of any Note at any time, the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time.

6.2 Redemption for Taxation or Other Reasons

- (a) If the Issuer at any time satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the occasion of the next Interest Payment Date, the Issuer would either (i) become subject to tax on its income in more than one jurisdiction or the Issuer would be required to make any withholding or deduction from any payment of principal or interest in respect of any of the Notes, or the Issuer would suffer any withholding or deduction from any payment in respect of the Loans, for or on account of any present or future tax, duty or charge of whatsoever nature incurred or levied by or on behalf of the United Kingdom or any authority thereof or therein or (ii) by reason of a change in law, which change becomes effective on or after the Closing Date, it has become unlawful for the Issuer to make, lend or allow to remain outstanding all or any advances made or to be made by it under the Credit Agreement, then the Issuer shall inform the Trustee accordingly and shall, in order to avoid 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 principal debtor under the Notes in accordance with **Condition 12**.

- (b) If the Issuer is unable to arrange such a substitution which would have the result of avoiding the event described above, then the Issuer shall, having given not more than 60 nor less than 30 days' notice (or, in the case of paragraph (ii) above, such shorter notice period expiring on or before the latest date permitted by the relevant law) to the Noteholders in accordance with **Condition 15**, 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, provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described above will apply on the occasion of the next Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds referred to above; 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 Whole or in Part

- (a) If a Borrower prepays all or part of a Loan using the proceeds of disposal of a Property then the Issuer will, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, be obliged to redeem the Notes, on the next Interest Payment Date, in an aggregate principal amount equal to the principal amount of the relevant prepayment. In these circumstances, the Issuer will, prior to the enforcement of the Issuer Security, be obliged to redeem the Notes as follows:
- (i) an amount equal to 15 per cent. (or 25 per cent. if the Relevant Percentage is 125 per cent.) of the relevant value set out in (i) – (v) of the definition of Allocated Loan Amount (as defined in the Credit Agreement) of the relevant Property is to be applied in redemption of Notes in the following order of priority:
- (A) *first*, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;
 - (B) *second*, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;
 - (C) *third*, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero, and
 - (D) *fourth*, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero, and
- (ii) an amount equal to the principal amount of the relevant prepayment less the amount applied in accordance with (a)(i) above is to be applied *pro rata* in redemption of all Classes of Notes then outstanding.
- (b) If a Borrower prepays all or part of a Loan using insurance proceeds or the proceeds of a compulsory purchase in relation to a Property then the Issuer will, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, be obliged to redeem the Notes, on the next Interest Payment Date, in an aggregate principal amount equal to the principal amount of the relevant

prepayment. In these circumstances, the Issuer will, prior to the enforcement of the Issuer Security, be obliged to redeem the Notes as follows:

- (i) to the extent the principal amount of the relevant prepayment is less than or equal to the Allocated Loan Amount of the relevant Property but greater than or equal to 100 per cent. of the relevant value set out in (i) – (v) of the definition of Allocated Loan Amount (as defined in the Credit Agreement) (the **Excess**),
 - (A) an amount equal to the Excess is to be applied in redemption of Notes in the following order of priority:
 - I. *first*, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;
 - II. *second*, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;
 - III. *third*, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero, and
 - IV. *fourth*, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero, and
 - (B) an amount equal to the principal amount of the relevant prepayment less the amount applied in accordance with (b)(i)(A) is to be applied *pro rata* in redemption of all Classes of Notes then outstanding;
- (ii) to the extent the principal amount of the relevant prepayment is less than 100 per cent. of the relevant value set out in (i) – (v) of the definition of Allocated Loan Amount (as defined in the Credit Agreement), an amount equal to the principal amount of the relevant prepayment is to be applied:
 - I. *first*, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;
 - II. *second*, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;
 - III. *third*, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero; and
 - IV. *fourth*, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero.
- (c) If a Borrower, at its option, prepays all or part of a Loan using funds other than the proceeds of disposal of a Property, insurance proceeds or the proceeds of a compulsory purchase then the Issuer will, having given not less than 30 days' notice to the Noteholders in accordance with **Condition 15**, be obliged to redeem the Notes, on the Interest Payment Date immediately following the date falling 35 days after the receipt by the Facility Agent of a notice of prepayment, in an aggregate principal amount equal to the principal amount of the relevant prepayment. In these circumstances, the Issuer will, prior to the enforcement of the Issuer Security, be obliged to redeem the Notes in an order as directed by the Borrower, or in the absence of such a direction, as follows:
 - (i) *first*, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero;
 - (ii) *second*, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero;

- (iii) *third*, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero; and
 - (iv) *fourth*, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;
- (d) If a Borrower is required under the terms of the Credit Agreement (other than, following disposal of a Property, in respect of the relevant disposal proceeds or in respect of insurance proceeds or the proceeds of a compulsory purchase) to make a prepayment in respect of a Loan or a Loan is declared to be due and payable, then the Issuer will, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, be obliged to redeem the Notes, on the next Interest Payment Date, in an aggregate principal amount equal to the principal amount of the relevant prepayment. In these circumstances, the Issuer will, prior to the enforcement of the Issuer Security, be obliged to redeem the Notes in the following order of priority:
 - (i) *first*, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;
 - (ii) *second*, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;
 - (iii) *third*, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero; and
 - (iv) *fourth*, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero.
- (e) If Replacement Notes (as defined in **Condition 16.2**) are to be issued, the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, on the applicable Interest Payment Date redeem only the relevant Class or Classes of Notes to be replaced at a price equal to the Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.
- (f) Upon service of an Acceleration Notice pursuant to **Condition 10**, the Trustee or its appointee is required to apply principal amounts (if any) received in respect of a Loan in accordance with the Post-Acceleration Priority of Payments pursuant to the Deed of Charge.
- (g) The Issuer will be required to apply all funds received by it and representing principal (if any) following the repurchase by the Original Lender of any interest in the Loans and/or in respect of any payment received by way of indemnity from the Original Lender, in each case pursuant to the terms of the Loan Sale Agreement to redeem the Notes in accordance with the priority of payments set out in paragraph (d) above.
- (h) For the purposes of **Condition 6.3(a)** and **(b)**, the Principal Amount Outstanding of the relevant Notes shall be calculated as at the date on which the redemption is to occur but prior to the application of any sequential redemption anticipated by **Condition 6.3(a)** or **(b)**.

6.4 Notice of Redemption

Any such notice as is referred to in **Condition 6.2** or **6.3** 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.

6.5 Purchase

The Issuer shall not purchase any of the Notes.

6.6 Cancellation

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

6.7 Post Enforcement Call Option

All of the Noteholders will, at the request of Opera Finance (Options) Limited, sell all (but not some only) of their holdings of the Class B Notes, the Class C Notes and the Class D Notes to Opera Finance (Options) Limited, pursuant to the option granted to it by the Trustee (as agent for the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, to acquire all (but not some only) of the Class B Notes, the Class C Notes and the Class D Notes (plus accrued interest thereon)), for the consideration of one penny per Note outstanding in the event that the Issuer Security is enforced, 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 higher in priority to the Class B Notes, the Class C Notes and the Class D Notes and *pro rata* payment of all claims ranking in equal priority to the Class B Notes, the Class C Notes and the Class D Notes and after the application of any such proceeds to the Class B Notes, the Class C Notes and the Class D Notes under the Deed of Charge, to pay any further principal and interest and any other amounts whatsoever due in respect of the Class B Notes, the Class C Notes and the Class D Notes.

Furthermore, each of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders acknowledges that the Trustee has the authority and the power to bind the Class B Noteholders, the Class C Noteholders and the Class D Noteholders in accordance with the terms and conditions set out in the Post Enforcement Call Option Agreement and each Class B Noteholder, Class C Noteholder and Class D Noteholders, by subscribing for or purchasing the relevant Class B Notes, Class C Notes and the Class D Notes, agrees to be so bound.

Notice of such determination will be given by the Trustee to the Class B Noteholders, the Class C Noteholders and the Class D Noteholders in accordance with **Condition 15**. The consideration will be paid in the same manner as payment of principal under these Conditions.

7. PAYMENTS

- 7.1 Payments of principal and interest in respect of the Notes will be made in sterling against presentation of the relevant Global Notes or Definitive Notes, Receipts and/or Coupons (as the case may be) at the specified office of the Principal Paying Agent or, at the option of the holder of the relevant Global Notes or Definitive Notes (as the case may be), at the specified office of any other Paying Agent outside the United States of America. 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. Upon the date on which any Definitive Note becomes due and repayable in full, all unmatured Receipts and Coupons appertaining to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

- 7.2 For so long as the Notes are in global form, none of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note of the relevant Class or as being entitled to a particular principal amount of Notes shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note(s) or principal amount whilst such Note(s) is/are 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 If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note in accordance with **Condition 5** and the provisions of the Trust Deed will be paid against presentation of such Note at the specified office of any Paying Agent.
- 7.4 If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further payments of additional amounts by way of interest, principal or otherwise. In this **Condition 7.4** the expression **Payment Day** means 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 the place of presentation and which is a Business Day.
- 7.5 If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse on the relevant Note a statement indicating the amount and date of such payment.
- 7.6 The initial Principal Paying Agent and the initial Irish Paying Agent and their initial specified offices are listed 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 the Principal Paying Agent or the Irish Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain a Principal Paying Agent and also a Paying Agent with a specified office in Dublin. 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 other Directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their specified offices to be given in accordance with **Condition 15**.

8. PRESCRIPTION

Claims in respect of Notes, Receipts and Coupons shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this Condition, the **relevant date** means the date on which a payment first becomes due or (if the full amount of the moneys 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 moneys has been received is duly given to the Noteholders in accordance with **Condition 15**.

9. TAXATION

All payments in respect of the Notes will be made without withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature unless the Issuer (or any Paying Agent) is required by applicable law to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any such taxes, duties or charges. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any such 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 The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding shall, (subject in each case to its being secured and/or indemnified to its satisfaction) give notice in writing (an **Acceleration Notice**) to the Issuer declaring the Notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events (each, a **Note Event of Default**):

- (a) default being made for a period of five 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 5.8** shall not constitute a default in the payment of such interest for the purposes of this **Condition 10.1(a)**; or
- (b) 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 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
- (c) 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
- (d) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in paragraph (e) 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 the Issuer being (or being deemed to be) unable to pay its debts as and when they fall due; or
- (e) 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 the Trustee or an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or
- (f) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the Court for an administration order, documents being filed with the

Court for the appointment of an administrator or notice of intention to appoint an administrator being served), or an administration order being granted or an administrative receiver or other receiver, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial 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, execution, diligence 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, diligence or process (as the case may be unless initiated by the Issuer) 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,

provided that in the case of each of the events described in subparagraphs (b), (c) and (d) of this **Condition 10.1**, the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class of Notes outstanding.

- 10.2 Upon any declaration being made by the Trustee in accordance with **Condition 10.1** above that the Notes are due and repayable each Note shall thereby immediately become due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Deed of Charge 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 it may think fit to enforce the provisions of the Trust Deed, these Conditions, the Notes, the Coupons and any other Transaction Document to which it is a party, (provided that, subject to **Condition 11.3** below, enforcement of the Issuer Security shall be the only remedy available for the repayment of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and the payment of accrued interest (including any Deferred Interest and accrued interest thereon)) and, at any time after the Issuer Security has become enforceable, take such steps as it may think fit to enforce the Issuer Security, but it 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 then outstanding or so requested 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 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 Other Issuer Secured Creditors under the Deed of Charge.
- 11.3 If the Trustee has taken enforcement action under the 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**) and, (save in the case of the Class A Notes) the Post Enforcement Call Option has not been exercised by OptionCo, 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 TRUSTEE'S 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 or any other documents the rights and benefits of the Issuer in respect of which are comprised in the Issuer Security.
- 12.2 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 (as defined below) 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.
- 12.3 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 and the Class D Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.
- 12.4 An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders.
- 12.5 An Extraordinary Resolution passed at any meeting of Class B Noteholders, which is effective in accordance with **Condition 12.4**, shall be binding on all Class A Noteholders, Class B Noteholders, the Class C Noteholders and the Class D Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class C Noteholders and the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class C Noteholders and the Class D Noteholders.
- 12.6 An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders.
- 12.7 An Extraordinary Resolution passed at any meeting of Class C Noteholders, which is effective in accordance with **Condition 12.6**, shall be binding on all Class A Noteholders, Class B Noteholders, the Class C Noteholders and the Class D Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an

Extraordinary Resolution of the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class D Noteholders.

- 12.8 An Extraordinary Resolution passed at any meeting of Class D Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.
- 12.9 An Extraordinary Resolution passed at any meeting of Class D Noteholders, which is effective in accordance with **Condition 12.8**, shall be binding on all Class A Noteholders, Class B Noteholders and Class C Noteholders.
- 12.10 As used in these Conditions and the Trust Deed:

- (a) **Extraordinary Resolution** means (i) a resolution passed at a meeting of any 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 (ii) a resolution in writing signed by or on behalf of not less than 90 per cent. in aggregate Principal Amount Outstanding of any Class of Noteholders, 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;

Affiliate means any company or other entity of which the Borrower is a Subsidiary, any other company or entity which is a Subsidiary of that company or entity and any Subsidiary of the Borrower;

Subsidiary means:

- (i) a Subsidiary within the meaning of Section 736 of the Companies Act 1985 (as amended); and
- (ii) (unless the context otherwise requires) a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985 (as amended); and
- (b) **Basic Terms Modification** means, in respect of a Class of Notes:
- (i) 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;
- (ii) alteration of the currency in which payments under such Notes and the Coupons appertaining thereto are to be made;
- (iii) alteration of the quorum or the majority required to pass an Extraordinary Resolution;
- (iv) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 18(i)** of **Schedule 3** to the Trust Deed (Provisions for Meeting of Noteholders);
- (v) alteration of this definition or the provisos to **paragraphs 5** and/or **6** of **Schedule 3** to the Trust Deed (Provisions for Meeting of Noteholders);

- (vi) alteration of the Pre-Enforcement Priority of Payments, the Post-Enforcement Pre Acceleration Priority of Payments or the Post-Acceleration Priority of Payments; and
- (vii) 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.

12.11 The Trustee may agree, without the consent of the Noteholders, Receiptholders or the Couponholders, (a) 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 Noteholders or (b) to any modification of these Conditions, the Trust Deed, or any of the other Transaction Documents, which, in the Trustee's opinion, 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, the Receiptholders or the Couponholders, determine that any Note Event of Default shall not, or shall not subject to specified conditions, be treated as such if, in its opinion, the interests of the Noteholders will not be materially prejudiced thereby. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 15** as soon as practicable thereafter.

12.12 The Trustee may agree, without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes, subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate), (b) such body corporate being a single purpose vehicle and undertaking itself to be bound by provisions corresponding to those set out in these Conditions, (c) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby and (d) certain other conditions set out in the Trust Deed being complied with. Any such substitution shall be notified by the substitute Issuer to the Noteholders in accordance with **Condition 15** and the Rating Agencies. In the case of a substitution pursuant to this paragraph, the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change of the laws governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders, the Receiptholders or the Couponholders. No such substitution shall take effect unless it applies to all the Notes then outstanding.

13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE

13.1 The Trust Deed and certain of the Transaction Documents contain 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 Eurohypo or any agent or related company of Eurohypo or by 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.

13.2 The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, among other things, (a) 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, (b) 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 (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

- 13.3 The Trust Deed also relieves the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would have been likely to make in entering into the Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security 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 Servicer 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.
- 13.4 The Trust Deed and certain of the other Transaction Documents contain other provisions limiting the responsibility, duties and liability of the Trustee.
- 13.5 The Trust Deed contains provisions pursuant to which (a) 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 (b) 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.

14. REPLACEMENT OF THE NOTES

14.1 Definitive Notes and Coupons

If a Definitive Note, Receipt, Coupon or Talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement thereof will only be made on 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 relevant Paying Agent may reasonably require. If mutilated or defaced, the Definitive Note, Receipt, Coupon or Talon must be surrendered before a new one will be issued.

14.2 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 Any notice to the Noteholders shall be validly given if published (a) in one leading London daily newspaper (which is expected to be the *Financial Times*) and (b) (for so long as the Notes are listed on the Stock Exchange and the rules of that exchange so require) in a leading English language newspaper having general circulation in Dublin (which is expected to be *The Irish Times*) or, if either such newspaper shall cease to be published or timely publication therein shall not be practicable, in the opinion of the Trustee, in another appropriate newspaper or newspapers as the Trustee shall approve having a general circulation in London or Dublin (as appropriate) previously approved in writing by the Trustee. Any such notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.
- 15.2 Whilst the Notes are represented by Global Notes notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders rather than by notification as required above provided that so long as the Notes are listed on the Stock Exchange, the rules of the Stock Exchange so permit. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day of such delivery.
- 15.3 A copy of each notice given 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.
- 15.4 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. FURTHER ISSUES, REPLACEMENT NOTES AND NEW NOTES

16.1 Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders, but subject always to the provisions of these Conditions and the Trust Deed to create and issue further Notes (the **Further Notes**) in bearer form carrying the same terms and conditions in all respects (except in relation to the issue date, the first Interest Period and the first Interest Payment Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the relevant Class of Notes, provided that:

- (a) the aggregate principal amount of all Further Notes to be issued on such date is in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000;
- (b) any Further Notes are assigned the same ratings by the Rating Agencies as are then applicable to the corresponding Class of Notes then outstanding;
- (c) the Rating Agencies confirm that the ratings of each Class of Notes at that time outstanding will not be adversely affected as a result of such issue of Further Notes;

- (d) an amount equal to the aggregate principal amount of such Further Notes will be on-lent by the Issuer pursuant to the provisions of the Credit Agreement;
- (e) such encumbrances necessary to maintain the then current ratings referred to in (c) above or to obtain the necessary ratings for the Further Notes are given in favour of the Trustee, the Facility Agent, and/or the Issuer by the relevant Borrower(s) at the date of issue of the Further Notes (if applicable);
- (f) no Loan Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes;
- (g) the Issuer's liabilities in respect of such Further Notes are hedged to the satisfaction of the Rating Agencies then rating the Notes;
- (h) no Note Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes; and
- (i) application will be made to list the Further Notes on the Stock Exchange, or if the Notes then issued are no longer listed on the Stock Exchange, on such exchange, if any, on which the Notes then issued are then listed.

16.2 Replacement Notes

The Issuer will also be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders or Couponholders, to issue notes (**Replacement Notes**), each class of which shall be required to have the same terms and conditions in all respects as the Class of Notes which it replaces except in relation to (a) the first Interest Period and (b) the rate of interest applicable to such Replacement Notes and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the class of Notes which it replaces, *provided that* the Class or Classes of Notes to be replaced are redeemed in full in accordance with **Condition 6.3(e)** and the conditions to the issue of Further Notes as set out in **Condition 16.1(a), (b), (c) and (e) to (i)** are met, *mutatis mutandis*, in respect of such issue of Replacement Notes (as if references therein to Further Notes were to Replacement Notes) and provided further that, for the purposes of this **Condition 16.2** (i) where interest in respect of the Replacement Notes or the Class of Notes being replaced is payable on a fixed rate basis, the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced shall be deemed to be the floating rate payable by the Issuer under any interest rate exchange agreement entered into by the Issuer in relation to the Replacement Notes or, as the case may be, the Class of Notes being replaced; and (ii) where the Replacement Notes or the Class of Notes being replaced have the benefit of a financial guarantee or similar arrangement (a **Financial Guarantee**), the guarantee fee and any other amounts payable to the provider of the Financial Guarantee, other than any such amounts the payment of which is subordinated to payments in respect of all of the Notes, (expressed as a percentage rate per annum on the principal amount of the Replacement Notes or, as the case may be, the Class of Notes being replaced) shall be added to the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced.

16.3 New Notes

The Issuer shall be at liberty, without the consent of the Noteholders and the Couponholders (but subject always to the provisions of the Trust Deed), to raise further funds from time to time and on any date by the creation and issue of new notes (the **New Notes**) in bearer form which may rank *pari passu* with the Class A Notes or after the Class A Notes but ahead of or *pari passu* with the Class B Notes, after the Class B Notes but ahead of or *pari passu* with the Class C Notes or after the Class C Notes but ahead of or *pari passu* with the Class D Notes or after the Class D Notes and which do not form a single series with any Class of the

Notes and which may have a Financial Guarantee *provided that* the conditions to the issue of Further Notes as set out in **Conditions 16.1(a) and (c) to (i)** are met, *mutatis mutandis*, in respect of the issue of such New Notes as if reference therein to Further Notes were references to New Notes.

16.4 Supplemental trust deeds and security

Any such Further Notes, Replacement Notes and New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of the Issuer Security pursuant to the Deed of Charge as described in **Condition 3**.

17. RIGHTS OF THIRD PARTIES

None of these Conditions, the Notes nor any Coupon confers any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of these Conditions, the Notes or Coupons, 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, these Conditions, the Notes and the Coupons 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 the Issuer's understanding 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 the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers 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.

(A) Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a “*recognised stock exchange*” within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the **Act**) (the Stock Exchange is such a “*recognised stock exchange*” for this purpose – 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 Stock Exchange) interest payments on each of the Notes will be treated as a “*payment of interest on a quoted Eurobond*” within the meaning of section 349 of the Act. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

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 who belongs in 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 is within the charge to United Kingdom corporation tax as regards the payment of interest, 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, or, where a Noteholder is associated with the Issuer, resident in a Member State of the EU and entitled in practice to the benefit of the European Council Directive 2003/49/EC, 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).

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.

3. Further United Kingdom tax issues for non-United Kingdom resident Noteholders

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.

(B) 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.

(C) Other United Kingdom tax payers

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.

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.

(D) Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No United Kingdom stamp duty or SDRT is payable on the issue or transfer by delivery of the Notes.

(E) EU Directive on the Taxation of Savings Income

Under the EU 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 dependant 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

The Royal Bank of Scotland plc whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB and UBS Limited whose registered office is at 1 Finsbury Avenue, London EC2M 2PP (together, the **Joint Bookrunners**), pursuant to a subscription agreement dated 17 November 2005 (the **Subscription Agreement**), between the Joint Bookrunners, the Issuer and Eurohypo, have agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the initial principal amount of such Notes, the Class B Notes at 100 per cent. of the initial principal amount of such Notes, the Class C Notes at 100 per cent. of the initial principal amount of such Notes and the Class D Notes at 100 per cent. of the initial principal amount of such Notes.

The Issuer has agreed to reimburse or procure the reimbursement of the Joint Bookrunners for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Bookrunners in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

In addition, the Borrowers will be obliged under an arrangement fee letter dated on or before the Closing Date to pay an arrangement fee (the **Arrangement Fee**) to the Note Arranger.

United States of America

Each of the Joint Bookrunners has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Joint Bookrunners 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 (except in accordance with Rule 903 of Regulation S) 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.

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 Joint Bookrunners has represented and agreed that:

- (a) it has complied and will comply with all applicable provisions of the 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.

The Netherlands

The Issuer must verify that all Dutch Resident (as defined below) purchasers of Notes (including rights representing an interest in a Global Note) issued by it directly to such purchasers on or before the Closing Date or issued by it in circumstances where it is reasonably able to identify the Dutch Resident holders thereof (other than the relevant Joint Bookrunner) on or before the Closing Date are Professional Market Parties (as defined below) and shall agree (or procure the relevant Joint Bookrunner agrees) with each such purchaser that any Notes acquired by it may not be offered, sold, transferred or delivered by any such purchaser, except in accordance with the restrictions referred to in paragraph 2 below.

Each of the Joint Bookrunners has represented and agreed that this Offering Circular may not be distributed and the Notes (including rights representing an interest in any Global Note) 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 (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, collective investment institutions or pension funds that are supervised or licensed under Dutch law;
- (b) banks or securities firms licensed or supervised in a European Economic Area member state (other than The Netherlands) and registered with the Dutch Central Bank (*De Nederlandsche Bank N.V. (DNB)*) or the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) and acting through a branch office in The Netherlands;
- (c) Netherlands collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;
- (d) the Dutch government (*de Staat der Nederlanden*), DNB, Dutch regional, local or other decentralised governmental institutions, international treaty organisations and international organisations;
- (e) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;
- (f) Netherlands enterprises, entities or national persons with a net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and 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 such date;
- (g) Netherlands subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;
- (h) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and

- (i) such other Netherlands entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

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 A PMP AND IS ACQUIRING THIS NOTE (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER 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 THEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE.”

Belgium

The Offering Circular and related documents are not intended to constitute a public offer in Belgium and may not be distributed to the Belgian public. The Belgian Commission for Banking, Finance and Insurance has not reviewed nor approved this (these) document(s) or commented as to its (their) accuracy or adequacy or recommended or endorsed the purchase of Notes.

Each of the Issuer and the Joint Bookrunners has represented and agreed that it will not:

- (a) offer for sale, sell or market in Belgium such Notes by means of a public offer within the meaning of the Law of 22 April 2003 on the public offer of securities; or
- (b) sell Notes to any person qualifying as a consumer within the meaning of Article 1.7 of the Belgian law of 14 July 1991 on consumer protection and trade practices unless such sale is made in compliance with this law and its implementing regulation.

Cayman Islands

Each of the Issuer and the Joint Bookrunners has represented and agreed that it has and will make no invitation to the public in the Cayman Islands to subscribe for Notes, whether directly or indirectly.

France

Each of the Issuer and the Joint Bookrunners has represented and agreed that the Notes have not been offered or sold and will not be offered or sold, directly, or indirectly to the public in France and offers and sales of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their account as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code Monétaire et Financier* and decree no. 98 880 dated 1 October 1998.

In addition, each Joint Bookrunner 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 French *Code Monétaire et Financier*.

Germany

Each of the Issuer and the Joint Bookrunners has represented and agreed that the Notes have not and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities and no selling prospectus (*Verkaufsprospekt*) within the meaning of the German Securities Selling Prospectus Act has been or will be registered or published within the Federal Republic of Germany.

Guernsey

The Notes may not be offered to, sold to or purchased by, or for the account of, persons (other than financial institutions in the normal course of business) resident for income tax purposes in Guernsey.

Ireland

Each of the Joint Bookrunners has represented and agreed that:

- (a) in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;
- (b) 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 Joint Bookrunner 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 Joint Bookrunner 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
- (c) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, in Ireland, 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.

Jersey

Each of the Issuer and the Joint Bookrunners has represented, warranted and agreed pursuant to the Subscription Agreement that the Notes may not be offered to, sold to, transferred to or purchased or held by or for the account of persons resident for income tax

purposes in Jersey other than financial institutions in the normal course of business. A financial institution for these purposes includes, without limitation, a bank, finance house, insurance company, investment trust or fund, mutual fund or society, pension fund and other institution of similar nature

Portugal

Each of the Issuer and the Joint Bookrunners has represented and agreed that:

- (a) no document, circular, advertisement or any offering material in relation to the Notes has been or will be subject to approval by the Portuguese Securities Exchange Commission (*Comissão do Mercado de Valores Mobiliários*, the CMVM);
- (b) it has not advertised, offered or sold and will not, directly or indirectly, advertise, offer or sell the Notes in circumstances which could qualify as a public offer of securities pursuant to the Portuguese Securities Code (*Código dos Valores Mobiliários*, the CVM) or in circumstances which would qualify as an issue or public placement of securities in the Portuguese market;
- (c) it has not distributed or caused to be distributed to the public in Portugal the Offering Circular or any other offering material relating to the Notes;
- (d) all offers, sales and distributions of the Notes have been and will only be made in Portugal to qualified investors (*investidores institucionais*) or to less than 200 identified people, all in accordance with the CVM; and
- (e) all applicable provisions of the CVM and any applicable CMVM Regulations have been complied with regarding the Notes, in any matters involving Portugal.

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 by the Issuer or the Joint Bookrunners 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, advertisement, form of application or other material 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 Joint Bookrunners has undertaken not to offer or sell, directly or indirectly, 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 16 November 2005.
2. It is expected that listing of the Notes on the Official List of the Stock Exchange will be granted on or about 17 November 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 Stock Exchange's market for listed securities is €8,000.
3. On 27 September 2005 the Issuer was granted a certificate under section 117 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:

	Common Code	ISIN
Class A	023441527	XS0234415270
Class B	023441578	XS0234415783
Class C	023441624	XS0234416245
Class D	023449897	XS0234498979

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 Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.
6. Save as disclosed herein 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. Since the date of its incorporation, the Issuer has not entered into any material contracts or arrangements other than as disclosed in this Offering Circular.
8. Knight Frank LLP (the **Valuer**), the relevant employees of which are members of The Royal Institute of Chartered Surveyors has given and not withdrawn its written consent to the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of section 45 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005.
9. Save as disclosed herein, since 7 September 2005 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the trading or financial position of the Issuer.
10. The Deed of Charge, the Trust Deed and the Security Agreements will provide that the Trustee and the Facility Agent (as applicable) may rely on reports or other information from professional advisors or other experts in accordance with the Deed of Charge, the Trust Deed and the Security Agreements (as applicable), whether or not such report or other information, engagement letter or other document entered into by the Trustee or

the Facility Agent (as applicable) and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

11. Copies of the following documents may be physically inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at 35 Great St. Helen's, London EC3A 6AP and at the specified offices of the Irish Paying Agent in Dublin until the Final Maturity Date:
 - (a) the Memorandum and Articles of Association of the Issuer;
 - (b) the balance sheet of each of the Borrowers as at 26 October 2005
 - (c) the Loan Sale Letter Agreement;
 - (d) the Subscription Agreement; and
 - (e) drafts (subject to modification) of the following documents (together with the Subscription Agreement, the **Transaction Documents**):
 - (i) the Trust Deed;
 - (ii) the Credit Agreement;
 - (iii) the Security Agreements;
 - (iv) the Standard Security;
 - (v) the Assignment of Rents;
 - (vi) the Related Securities;
 - (vii) the Loan Sale Agreement;
 - (viii) the Deed of Charge;
 - (ix) the Servicing Agreement;
 - (x) the Bank Agreement;
 - (xi) the Corporate Services Agreements;
 - (xii) the Share Trust Deed;
 - (xiii) the Nominee Declaration of Trust;
 - (xiv) the Liquidity Facility Agreement;
 - (xv) the Agency Agreement;
 - (xvi) the Master Definitions Schedule; and
 - (xvii) the Post Enforcement Call Option Agreement.

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