£581,883,000
Morpheus (European Loan Conduit No. 19) plc
(incorporated with limited liability in England and Wales)
Commercial Mortgage Backed Floating Rate Notes and Loans[1] due 2029

*Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the £465,510,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class A Notes**"), the £37,820,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class B Notes**") and the £33,460,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class C Notes**" and, together with the Class A Notes and the Class B Notes, the "**Notes**") of Morpheus (European Loan Conduit No. 19) plc (the "**Issuer**") to be admitted to the Official List of the Irish Stock Exchange. The Issuer will also enter into a loan agreement (the "**Junior Loan Agreement**") pursuant to which a financial institution will advance two loans to the Issuer in the principal amount of £24,730,000 and £20,363,000 (the "**Class D Loan**" and the "**Class E Loan**", respectively, and, together, the "**Junior Loans**"). No application has been made to the Irish Stock Exchange for the Junior Loans to be admitted to the Official List of the Irish Stock Exchange. A copy of this offering circular (this "**Offering Circular**"), which comprises approved listing particulars with regard to the Issuer and the Notes in accordance with requirements of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the "**Regulations**"), has been delivered to the Registrar of Companies in Ireland in accordance with the Regulations.*

*Interest on the Notes and the Junior Loans will be payable quarterly in arrear in pounds sterling on the 1st day of February, May, August and November in each year, subject to adjustment for non-business days as described herein (each an "**Interest Payment Date**"). The first Interest Payment Date will be 1st November, 2004. The interest rate applicable to the Notes and the Junior Loans from time to time will be determined by reference to the London Interbank Offered Rate ("**LIBOR**") for three-month sterling deposits (or, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for two and three-month sterling deposits) plus a margin which will be different for each class of Notes or Junior Loan, as set out under "Margin over LIBOR" in the table below.*

*The Class A Notes, the Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan are expected, on their issue or advance, to be assigned the ratings set out opposite the relevant class in the table below by Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**"). A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations. The ratings from the Rating Agencies only address the likelihood of timely receipt by any Noteholder or the holders of the Class D Loan and the Class E Loan (together, the "**Junior Lenders**") of interest on the Notes or the Junior Loans and the likelihood of receipt by any Noteholder or a Junior Lender of principal of the Notes or Junior Loans by the relevant Maturity Date and do not address the likelihood of receipt by any Noteholder or either Junior Lender of principal prior to the relevant Maturity Date.*

	Expected Ratings			Initial Principal	Margin over	Estimated Average	Expected Final Interest		Issue
Class[1]	Fitch	Moody's	S&P	Amount	LIBOR[2]	Life[3]	Payment Date[3]	Maturity Date	Price[4]
A Notes	AAA	Aaa	AAA	£465,510,000	0.23 per cent.	3.6 years	November 2014	November 2029	100%
B Notes	AA	Aa2	AA	£37,820,000	0.43 per cent.	6.8 years	November 2014	November 2029	100%
C Notes	A	A3	A	£33,460,000	0.68 per cent.	6.8 years	November 2014	November 2029	100%
D Loan	BBB	Baa3	BBB	£24,730,000	2.25 per cent.	6.8 years	November 2014	November 2029	n/a
E Loan	BB-	Not Rated	BB	£20,363,000	2.25 per cent.	5.7 years	November 2014	November 2029	n/a

(1) *No application has been made to the Irish Stock Exchange for the Class D Loan or the Class E Loan to be admitted to the Official List of the Irish Stock Exchange and no interest in the Class D Loan or the Class E Loan is offered by this Offering Circular. Any reference to the Class D Loan and/or the Class E Loan is included for information purposes only and in order to describe the Class D Loan and/or the Class E Loan insofar as they are relevant to the issue of the Notes.*

(2) *Interest due and payable on the Class D Loan and the Class E Loan on any Interest Payment Date is limited, in accordance with Condition 5(i), to an amount equal to the lesser of (a) the Interest Amount in respect of such class of Junior Loan for that Interest Payment Date, and (b) the Adjusted Interest Amount in respect of such class of Junior Loan for that Interest Payment Date.*

(3) *See "Estimated Average Lives of the Notes, the Junior Loans and Assumptions" at page 119.*

(4) *Plus accrued interest, if any.*

*The Notes, the Junior Loans and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes and the Junior Loans will not be obligations or responsibilities of, or be guaranteed by, Morgan Stanley Bank International Limited ("**MS Bank**") or any affiliate of MS Bank, or of or by the Managers, the Servicer, the Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Facility Agent, the Loan Security Trustee, the Corporate Services Provider, the Share Trustee, the Nominee Trustee, either Junior Lender, the Post-Enforcement Call Option Holder, the Principal Paying Agent, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent, the Reporting Agent or the Operating Bank (each as defined herein) or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes or the Junior Loans.*

*The Notes will be issued simultaneously on the Closing Date. All Notes and both Junior Loans will be secured by the same security, subject to the priority described herein. The Notes of each class will rank pari passu with each other and without priority over other Notes of the same class. Prior to redemption on the Interest Payment Date falling in November 2029 (the "**Maturity Date**"), the Notes will be subject to mandatory redemption and the Junior Loans will be subject to mandatory repayment in certain circumstances. For further information, see "Terms and Conditions of the Notes and the Junior Loans – Redemption and Cancellation" at page 137.*

*THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION. THE ISSUER HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**").*

*THE NOTES ARE BEING OFFERED AND SOLD ONLY (A) WITHIN THE UNITED STATES IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT ("**RULE 144A**") TO QUALIFIED INSTITUTIONAL BUYERS AS DEFINED THEREIN ("**QUALIFIED INSTITUTIONAL BUYERS**") THAT ARE ALSO QUALIFIED PURCHASERS WITHIN THE MEANING OF SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT ("**QUALIFIED PURCHASERS**") AND (B) OUTSIDE THE UNITED STATES TO PERSONS (OTHER THAN U.S. PERSONS) PURSUANT TO REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**"). FOR FURTHER INFORMATION ABOUT CERTAIN RESTRICTIONS ON RESALES OR TRANSFERS, SEE "TRANSFER RESTRICTIONS".*

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

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

*The Notes are expected to settle in book-entry form through the facilities of DTC, Euroclear and Clearstream, Luxembourg (each as defined herein) on or about 17th August, 2004 (the "**Closing Date**") against payments therefor in immediately available funds.*

See "Risk Factors" at page 45 for a discussion of certain factors to be considered in connection with an investment in the Notes.

MORGAN STANLEY
(Lead Manager)

CALYON CORPORATE AND INVESTMENT BANK
(Co-Manager)

FORTIS BANK NV/SA
(Co-Manager)

The date of this Offering Circular is 16th August, 2004. All matters described in this Offering Circular relate to circumstances existing on that date.

IMPORTANT NOTICE

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

The Rule 144A Global Notes and the Reg S Global Notes will be deposited with or to the order of HSBC Bank USA, National Association, as book-entry depository (the "**Depository**") pursuant to a depository agreement among the Issuer, the Depository, the Note Trustee and the Issuer Security Trustee (the "**Depository Agreement**"). The Depository will, for each class of Notes (a) register a certificateless depository interest in respect of one of the Rule 144A Global Notes in the name of The Depository Trust Company ("**DTC**") or its nominee, (b) issue a certificated depository interest in respect of the other Rule 144A Global Note to HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee on behalf of HSBC Bank plc (the "**Common Depositary**") as common depositary for the account of Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**"), and (c) issue a certificated depository interest in respect of the Reg S Global Note to the Common Depositary (each certificateless depository interest and certificated depository interest, a "**CDI**"). The Depository, acting as agent of the Issuer, will maintain a book-entry system in which it will register DTC (or a nominee of DTC) as the owner of the certificateless depository interests in respect of the Rule 144A Global Notes held by DTC or its nominee and the Common Depositary (or a nominee of the Common Depositary) as the owner of the certificated depository interests held by the Common Depositary (or a nominee of the Common Depositary). Transfer of all or any portion of the interests in the Rule 144A Global Notes or the Reg S Global Notes may be made only through the book-entry system maintained by the Depository. Each of DTC, Euroclear and Clearstream, Luxembourg will record the beneficial interests in the CDIs attributable to the relevant Global Notes ("**Book-Entry Interests**"). Book-Entry Interests in the CDIs will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear or Clearstream, Luxembourg, and their respective participants. Prior to the 40th day after the Closing Date, beneficial interests in the Reg S Global Notes may be held only through Euroclear or Clearstream, Luxembourg. No person who owns a Book-Entry Interest will be entitled to receive a Note in definitive form (a "**Definitive Note**") unless Definitive Notes are issued in the limited circumstances described in "Terms and Conditions of the Notes and the Junior Loans – Definitive Notes" at page 129. Definitive Notes will be issued in registered form only. For further information, see also "Description of the Notes and the Depository Agreement" at page 121.

Holders of beneficial interests in the Rule 144A Global Notes who hold such interests directly with DTC or through its participants and who wish payments to be made to them in pounds sterling outside DTC must give advance notice thereof to DTC in accordance with the rules and procedures of DTC prior to each Interest Payment Date. If such instructions are not given, pounds sterling payments on such Rule 144A Global Notes will be exchanged for dollars by the Exchange Agent (as defined herein) prior to their receipt by DTC and the affected holders will receive dollars on the relevant Interest Payment Date. For further information, see "Description of the Notes and the Depository Agreement – Payments on Global Notes" at page 122.

The Issuer accepts responsibility for all information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer, the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Other than the approval by the Irish Stock Exchange of this Offering Circular as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Circular to the Registrar of Companies in Ireland for registration in accordance with the Regulations, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by or on behalf of the Issuer or the Managers to subscribe for or purchase any of, the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see below "Subscription and Sale" at page 166 and "Transfer Restrictions" at page 169.

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

EACH PURCHASER OF NOTES OFFERED HEREBY WILL BE DEEMED TO HAVE MADE CERTAIN ACKNOWLEDGEMENTS, REPRESENTATIONS AND AGREEMENTS AS SET FORTH HEREIN UNDER "TRANSFER RESTRICTIONS" AND "ERISA CONSIDERATIONS" AT PAGES 169 AND 164, RESPECTIVELY. THE NOTES ARE NOT TRANSFERABLE EXCEPT IN ACCORDANCE WITH THE RESTRICTIONS DESCRIBED HEREIN UNDER "TRANSFER RESTRICTIONS" AND "ERISA CONSIDERATIONS" AT PAGES 169 AND 164, RESPECTIVELY.

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

THE REG S NOTES AND CERTAIN OF THE RULE 144A NOTES ARE NOT DESIGNED FOR, AND MAY NOT BE PURCHASED OR HELD BY, ANY "EMPLOYEE BENEFIT PLAN" (AS DEFINED IN SECTION 3(3) OF THE UNITED STATES' EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT THERETO), OR ANY "PLAN" (AS DEFINED IN SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") WHICH IS SUBJECT THERETO), OR BY ANY PERSON ANY OF THE ASSETS OF WHICH ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE TO BE, ASSETS OF SUCH EMPLOYEE BENEFIT PLAN OR PLAN, AND EACH PURCHASER OF A REG S NOTE WILL BE DEEMED TO HAVE REPRESENTED, WARRANTED AND AGREED THAT IT IS NOT, AND FOR SO LONG AS IT HOLDS A REG S NOTE WILL NOT BE, SUCH AN EMPLOYEE BENEFIT PLAN, PLAN OR PERSON. FOR FURTHER INFORMATION, SEE "ERISA CONSIDERATIONS" AT PAGE 164.

AVAILABLE INFORMATION

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

ENFORCEABILITY OF JUDGMENTS

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

NOTICE TO NEW HAMPSHIRE RESIDENTS

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

FORWARD-LOOKING STATEMENTS

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

PLACEMENT WITHIN IRELAND

Except in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts, 1963-2001, the Notes will not be offered or sold in Ireland or elsewhere by means of any document prior to an application for listing of the Notes being made, the Irish Stock Exchange approving the Offering Circular in accordance with the Regulations, the approved Offering Circular being filed with the Irish Companies Registration Office and thereafter by means of any document other than (a) the relevant approved Offering Circular and/or (b) the form of application issued in connection with the Notes with the approved Offering Circular attached. This Offering Circular and any applications for the Notes may only be distributed, offered or sold (as the case may be) in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended) and the Irish Companies Acts, 1963-2001.

PLACEMENT WITHIN THE UNITED KINGDOM

The Notes have not been offered or sold and, prior to the expiry of the period of six months from the Closing Date, may not be offered or sold to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995.

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

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

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SUMMARY

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

Transaction Overview

The Issuer will issue the Notes on the Closing Date and will apply the proceeds of such issuance, together with the proceeds of the Junior Loans, to acquire from MS Bank a portfolio of commercial mortgage loans (the "**Loan Pool**"), along with MS Bank's interests as beneficiary of security trusts created over the security granted in respect of those loans.

The Loan Pool will consist of 419 loans (each, a "**Loan**"). 410 of the Loans (the "**MS Acquired Loans**") were originated by established UK building societies and/or a UK bank (each an "**Acquired Loans Originator**") between July 1988 and May 2003, eight of the Loans were originated by MS Bank between April 2003 and March 2004 and one of the Loans was originated by Morgan Stanley Dean Witter Mortgage Capital, Inc. ("**MSDWMCI**") (an affiliate of MS Bank) on 28th September, 1999 (together with the eight Loans originated by MS Bank, the "**MS Originated Loans**") and was subsequently transferred to MS Bank. The MS Acquired Loans were acquired by MS Bank from a UK bank pursuant to a mortgage sale agreement dated 9th October, 2003 (the "**MS Mortgage Sale Agreement**"). In this Offering Circular, references to "**Originator**" are to MS Bank or MSDWMCI (in the case of the MS Originated Loans) or to the relevant Acquired Loans Originator (in the case of the MS Acquired Loans).

The Loans in the Loan Pool were selected from a larger portfolio of 432 loans (the "**Provisional Loan Pool**"). The aggregate principal amount outstanding of the Loans in the Provisional Mortgage Pool, calculated (in the case of the MS Acquired Loans) as at 30th June, 2004 (the "**Acquired Loans Cut-Off Date**") and (in the case of the MS Originated Loans) as at 20th July, 2004 (the "**MS Originated Loans Cut-Off Date**") was approximately £581,883,000. Certain loans included in the Provisional Loan Pool will not be included in the Loan Pool acquired by the Issuer. As at the MS Acquired Loans Cut-Off Date, the MS Acquired Loans in the Loan Pool had an aggregate principal amount outstanding of approximately £430,214,661 and as at the MS Originated Loans Cut-Off Date the MS Originated Loans in the Loan Pool had an aggregate principal amount outstanding of approximately £139,884,373, the aggregate of such balances being approximately £570,099,034 (the "**Aggregate Cut-Off Date Balance**").

407 of the Loans representing 98.2 per cent. of the Aggregate Cut-Off Date Balance will be acquired by the Issuer on the Closing Date. Subject to the satisfaction of certain conditions (the "**Eligibility Criteria**"), the remaining 12 Loans (all of which are MS Acquired Loans) (the "**Pre-Funded Loans**") will be acquired by the Issuer no later than the Interest Payment Date falling in February 2005 (the "**Pre-Funded Loans Purchase Date**") using part of the proceeds of the issuance of the Notes and of the advance of the Junior Loans which will be placed on deposit between the Closing Date and the Pre-Funded Loans Purchase Date. If a particular Pre-Funded Loan does not satisfy the Eligibility Criteria at least two Business Days before the Pre-Funded Loans Purchase Date, such Pre-Funded Loan will not be acquired by the Issuer. However, if the only Eligibility Criterion that a Pre-Funded Loan fails to satisfy as at such date is the requirement to obtain the relevant Borrower's consent to the transfer of that Pre-Funded Loan, the Issuer will acquire a 100 per cent. interest by way of sub-participation in such Pre-Funded Loan from MS Bank on the Pre-Funded Loans Purchase Date. The balance remaining on deposit after the acquisition of the Pre-Funded Loans or of a sub-participation interest therein will be used to make a mandatory redemption of the Notes and the Junior Loans on the Pre-Funded Loans Purchase Date. The figures relating to the Loans set out in this Offering Circular assume that all the Pre-Funded Loans will be transferred to the Issuer on the Pre-Funded Loans Purchase Date. On the Closing Date, the Issuer will also deposit in the Deposit Account the Excess Proceeds (as defined on page 69), which will be used to make a mandatory redemption of the Notes on the Interest Payment Date falling in November, 2004.

Each Loan is governed by English or Scottish law, is denominated in sterling and is made to a company, partnership or individual (each, a "**Borrower**") for commercial purposes. Each Loan is secured by a first-ranking legal mortgage or a first-ranking standard security (each, a "**Mortgage**") over a property or properties situated in England, Wales or Scotland.

Approximately 852 properties (each, a "**Property**") provide security for the Loans. Certain of the Properties ("**Investment Properties**") are occupied (or substantially occupied) by tenants under occupational leases and, as such, generate an entitlement to periodic rental income ("**Rental Income**"). The remaining properties (the "**Owner-Occupied Properties**") are occupied by the Borrowers themselves or by licencees of self storage units (the "**Self Storage Properties**") at the Properties and the Borrowers' payment obligations under the related Loans are met primarily from the income generated through business operations at these Properties ("**Operating Income**") or from the Borrowers' other resources.

Following the acquisition of a Loan by the Issuer, all payments made by the Borrower in respect of that Loan will be paid, directly or indirectly, into an account with the Operating Bank beneficially owned by the Issuer (the "**Transaction Account**"). On each Interest Payment Date, the Cash Manager will, after payment of those obligations of the Issuer having a higher priority, apply funds standing to the credit of the Transaction Account in payment of interest due on the Notes and the Junior Loans and, where applicable, in repayment of principal of the Notes and the Junior Loans. Thus, payments due in respect of the Notes and the Junior Loans will be made substantially, though not exclusively, from the payments received by the Issuer in respect of the Loans.

Interest is payable by the Borrowers at a fixed or partly fixed rate in the case of Loans accounting for 54.6 per cent. of the Aggregate Cut-Off Date Balance and is payable on the remainder of the Loans at a floating rate which is calculated either by reference to LIBOR for the relevant period or the prevailing "Standard Variable Rate" of the Acquired Loans Originator. In order to protect the Issuer against the risk of interest rate mismatches arising as a result of:

(a) Borrowers paying a fixed rate of interest on all or a part of the outstanding principal amount of the relevant Loans whilst the Issuer is required to pay floating rates of interest on the Notes and the Junior Loans; and

(b) Borrowers paying a floating rate of interest that is not determined by reference to LIBOR whilst the Issuer is required to pay floating rates of interest on the Notes and the Junior Loans that are determined by reference to LIBOR,

the Issuer will enter into a series of interest rate swap transactions (each, a "**Swap Transaction**") with Morgan Stanley Capital Services Inc. (the "**Swap Provider**"). All of the obligations of the Swap Provider under the Swap Transactions will be guaranteed by Morgan Stanley (the "**Swap Guarantor**").

Payments made by Borrowers under the Loans may, under certain circumstances, be delayed. Such delays could adversely impact the Issuer's ability to make timely payments of amounts due to the Noteholders and the Junior Lenders. In order to enable the Issuer to continue to make timely payments of interest (but not principal) on the Notes and the Junior Loans should such delays occur, the Issuer will enter into a liquidity facility agreement (the "**Liquidity Facility Agreement**") with Lloyds TSB Bank plc (the "**Liquidity Facility Provider**").

The Issuer will grant fixed and floating security over all of its assets in order to secure its obligations to the Noteholders in respect of the Notes, its obligations to the Junior Lenders in respect of the Junior Loans and to certain other creditors of the Issuer who have agreed to provide services to the Issuer in connection with the proposed transaction (who, together with the Noteholders and the Junior Lenders, comprise the "**Secured Parties**").

There is no intention to accumulate any surplus funds in the Issuer as security for any future payments of interest on and repayments of principal of the Notes or the Junior Loans.

The Parties

The Issuer..... Morpheus (European Loan Conduit No. 19) plc.

The Issuer is a public company incorporated in England and Wales with limited liability. The principal objects of the Issuer are restricted to investing in mortgage loans secured on commercial or other properties in the United Kingdom or elsewhere, managing and administering mortgage loan portfolios, borrowing, raising and

	securing the payment of money including by the creation and issue of bonds, debentures, notes or other securities charged on the whole or any part of the Issuer's property or assets. For further information about the Issuer, see "The Issuer" at page 50.
Post-Enforcement Call Option Holder.....	Morpheus (European Loan Conduit No. 19) Holdings Limited (the "**Post-Enforcement Call Option Holder**"). The Post-Enforcement Call Option Holder is a private limited company incorporated in England and Wales with limited liability. The activities of the Post-Enforcement Call Option Holder are limited to holding the shares of the Issuer, entering into the Post Enforcement Call Option Agreement and entering into transactions incidental to those activities. The issued share capital of the Post-Enforcement Call Option Holder is owned by the Share Trustee pursuant to the Share Declaration of Trust.
The Loan Seller.....	Morgan Stanley Bank International Limited ("**MS Bank**" or the "**Loan Seller**"). The Loan Seller will, pursuant to a loan sale agreement to be entered into on the Closing Date between the Issuer, the Loan Seller, the Note Trustee and the Issuer Security Trustee (the "**Loan Sale Agreement**"), agree to sell to the Issuer the Loans together with its beneficial interests in the trusts created over the security granted for their repayment. Completion of such sale will take place on the Closing Date or, in the case of the Pre-Funded Loans and subject to the satisfaction of the Eligibility Criteria, the Pre-Funded Loans Purchase Date. For further information about the Loan Seller, see "The Parties – Morgan Stanley Bank International Limited" at page 55.
The Loan Security Trustee.....	Morgan Stanley Mortgage Servicing Limited (in such capacity, the "**Loan Security Trustee**"). The Loan Security Trustee holds all the security granted by each Borrower or Mortgagor in respect of each Loan (the "**Related Security**") on trust (each such trust being a "**Security Trust**"). Prior to the purchase of a Loan by the Issuer, the Related Security for that Loan is held on trust by the Loan Security Trustee for the benefit of the Loan Seller. Following the sale of a Loan to the Issuer, the Related Security for that Loan will be held on trust by the Loan Security Trustee for the benefit of the Issuer. For further information about the Loan Security Trustee, see "The Parties – Servicer, Special Servicer and Loan Security Trustee" at page 56.
The Note Trustee.....	HSBC Bank USA, National Association (in such capacity, the "**Note Trustee**"). The Note Trustee will act as trustee for the holders of the Notes pursuant to a trust deed (the "**Trust Deed**") between the Note Trustee and the Issuer. For further information about the Note Trustee and the terms of the Trust Deed, see "The Parties – Note Trustee" at page 55.

The Issuer Security Trustee	HSBC Bank USA, National Association (in such capacity, the "**Issuer Security Trustee**"). The Issuer Security Trustee will, pursuant to the Deed of Charge and Assignment, act as trustee of the Issuer Security for the Secured Parties. For further information about the Issuer Security Trustee, see "The Parties – Issuer Security Trustee" at page 56. For further information about the Issuer Security, see "Credit Structure – Post-Enforcement Priority of Payments" at page 113.
The Servicer	MSMS will act as servicer (in such capacity, the "**Servicer**") of the Loans and their Related Security pursuant to a servicing agreement (the "**Servicing Agreement**") between the Servicer, the Issuer Security Trustee, the Issuer, the Loan Security Trustee, the Facility Agent and the Special Servicer. The Issuer has, pursuant to the Servicing Agreement, granted to the Servicer the option to purchase, on any Interest Payment Date, all, but not some of the Loans, provided that on the Interest Payment Date on which the Servicer intends to purchase the Loans, the then aggregate principal balance of the Loans (calculated as at the Calculation Date immediately preceding such Interest Payment Date) is less than 10 per cent. of the Aggregate Cut-Off Date Balance. For further information about the Servicer, see "The Parties – Servicer, Special Servicer and Loan Security Trustee" at page 56. For further information about the Servicing Agreement, see "Servicing" at page 100. For further information about the Servicer's option to purchase the Loans, see "Servicing – Ability to Purchase Loans and Related Security" at page 108.
The Special Servicer	MSMS will act as the initial special servicer (in such capacity, the "**Special Servicer**") and will assume responsibility for servicing the Loans, on a loan-by-loan basis, in certain circumstances. The Special Servicer may act in relation to any one of the Loans without having to act in relation to any other Loans. The Controlling Party from time to time will be entitled to require the Issuer Security Trustee to terminate the appointment of the Special Servicer and to appoint a replacement which is acceptable to the Controlling Party. For further information about the Special Servicer, see "The Parties – Servicer, Special Servicer and Loan Security Trustee" at page 56. For further information about the activities of the Special Servicer and the circumstances in which the Special Servicer will assume servicing responsibility for a Loan, see "Servicing" at page 100. For further information about the rights of the Controlling Party to require the replacement of the Special Servicer, see "Servicing – Termination of the Appointment of the Servicer and Special Servicer" at page 108.
The Sub-Servicer and Sub-Special Servicer	Each of the Servicer and the Special Servicer will sub-delegate certain of their respective duties relating to the MS Acquired Loans to Crown Mortgage Management Limited (in such capacities, the "**Sub-Servicer**" and the "**Sub-Special Servicer**", respectively) pursuant to a Sub-Servicing Agreement between the Servicer, the

Special Servicer, the Sub-Servicer and the Sub-Special Servicer (the "**Sub-Servicing Agreement**"). Notwithstanding such sub-delegation, the Servicer and the Special Servicer will remain responsible to the Issuer, the Loan Security Trustee, the Junior Lenders, the Issuer Security Trustee and the Note Trustee for the performance by the Sub-Servicer or the Sub-Special Servicer of the sub-delegated services and there will be no direct contractual relationship between the Issuer and/or any of the Loan Security Trustee, the Junior Lenders, the Issuer Security Trustee and the Note Trustee with the Sub-Servicer and the Sub-Special Servicer.

For further information about the Sub-Servicer, see "The Parties – Sub-Servicer and Sub-Special Servicer" at page 56. For further information about the Sub-Servicing Agreement, see "Servicing" at page 100.

The Swap Provider and the Swap Agreement ..... Morgan Stanley Capital Services Inc. (the "**Swap Provider**").

The Swap Provider will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association Inc. ("**ISDA**") 1992 Master Agreement (Multicurrency-Cross Border) (the "**Swap Agreement**") with the Issuer. The Issuer and the Swap Provider will enter into interest rate swap confirmations evidencing the terms of the Swap Transactions to be entered into pursuant to the Swap Agreement in order to protect the Issuer against the risk of interest rate mismatches arising as a result of any Borrowers paying a fixed rate of interest on all or a part of the outstanding principal amount of the relevant Loans whilst the Issuer is required to pay floating rates of interest on the Notes and the Junior Loans and any Borrowers paying a floating rate of interest on all or a part of the outstanding principal amount of the relevant Loans that is not determined by reference to sterling LIBOR whilst the Issuer is required to pay floating rates of interest on the Notes and the Junior Loans that are determined by reference to sterling LIBOR.

Either party to the Swap Agreement may require that its obligations and those of its counterparty in respect of the relevant Swap Transactions terminate proportionally in the event that any of the Loans are prepaid (whether voluntarily or as the result of their enforcement) or are repurchased by the Loan Seller or purchased by a Junior Lender or the Servicer. Upon such termination, either party to the relevant Swap Transaction may, depending on the circumstances then prevailing, be required to make a termination payment to its counterparty. If the termination of a Swap Transaction is due to the prepayment of a Loan, the Issuer will not be obliged to make a termination payment to the Swap Provider, although the Swap Provider may, depending on the circumstances, be obliged to make a termination payment to the Issuer which will constitute Swap Breakage Receipts. If the termination of a Swap Transaction is due to the repurchase of a Loan by the Loan Seller or its purchase by a Junior Lender or the Servicer and the Issuer is, as a result of such repurchase or purchase, required to make a termination payment to the Swap Provider, the Loan Seller, the relevant Junior Lender or the Servicer, as the case may be, will be required to pay an equivalent amount to the Issuer.

For further information about the Swap Provider see "The Parties – Swap Provider" at page 56. For further information about the Swap

	Agreement and the Swap Transactions see "Credit Structure – The Swap Agreement" at page 116.
Swap Guarantor.....	Morgan Stanley (the "**Swap Guarantor**") will, pursuant to and subject to the terms of a guarantee in favour of the Issuer (the "**Swap Guarantee**"), guarantee all of the Swap Provider's obligations under the Swap Agreement and the Swap Transactions. The Swap Guarantee will be governed by New York law. For further information about the Swap Guarantor, see "The Parties – Swap Guarantor" at page 56. For further information about the Swap Guarantee, see "Credit Structure – The Swap Guarantee" at page 118.
The Liquidity Facility Provider and Liquidity Facility Agreement.....	Lloyds TSB Bank plc, acting through its branch located at 25 Monument Street, London EC3R 8BQ, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. The credit facility available under the Liquidity Facility Agreement will have an initial maximum aggregate principal amount of £24,000,000, such amount being subject to reduction in certain specified circumstances. Subject to certain limitations, the Issuer will be entitled to make drawings under the Liquidity Facility Agreement from time to time to cover shortfalls in the amount available to the Issuer to make timely payments of interest due in respect of the Notes ("**Interest Drawings**"). The Issuer will also be entitled to make drawings to fund shortfalls in amounts available to pay certain Revenue Priority Amounts ("**Expenses Drawings**"). For further information about the Liquidity Facility Provider, see "The Parties – Liquidity Facility Provider" at page 56. For further information about the Liquidity Facility Agreement, see "Credit Structure – Liquidity Facility" at page 115.
The Corporate Services Provider.....	SFM Corporate Services Limited will act as corporate services provider to the Issuer and the Post-Enforcement Call Option Holder (the "**Corporate Services Provider**") pursuant to a corporate services agreement between the Corporate Services Provider, the Issuer, the Post-Enforcement Call Option Holder and the Issuer Security Trustee (the "**Corporate Services Agreement**"). The Corporate Services Agreement will be governed by English law. For further information about the Corporate Services Provider see "The Parties – Corporate Services Provider and Share Trustee" at page 57.
The Depository and Registrar.....	HSBC Bank USA, National Association will act as the depository pursuant to a depository agreement (the "**Depository Agreement**") and the registrar pursuant to the Agency Agreement (in such capacities, the "**Depository**" and the "**Registrar**", respectively). The Depository Agreement will be governed by New York law. For further information about the Depository and the Registrar, see "The Parties – Depository and Registrar" at page 57.

The Operating Bank	HSBC Bank plc, acting through its office at 8 Canada Square, London E14 5HQ will act as operating bank (in such capacity, the "**Operating Bank**"). The Issuer Accounts (other than, in certain circumstances, the Stand-by Account) will be maintained with the Operating Bank, including the Transaction Account, which will be used to receive, among other things, payments of interest and repayments of principal made on the Loans. For further information about the Operating Bank and the Issuer Accounts, see "The Parties – Operating Bank" and "The Structure of the Accounts – The Issuer Accounts" at page 57 and page 73, respectively.
The Principal Paying Agent, Cash Manager, Agent Bank, Exchange Agent and Facility Agent	HSBC Bank plc will act as principal paying agent and agent bank (in such capacities, the "**Principal Paying Agent**" and the "**Agent Bank**" respectively) pursuant to an agency agreement (the "**Agency Agreement**") between, among others, the Issuer and HSBC Bank plc in its various capacities; as cash manager (in such capacity, the "**Cash Manager**") pursuant to a cash management agreement (the "**Cash Management Agreement**") between the Issuer, the Cash Manager, the Issuer Security Trustee and the Reporting Agent; and as exchange agent (in such capacity, the "**Exchange Agent**") pursuant to an exchange rate agency agreement (the "**Exchange Rate Agency Agreement**") between the Issuer, the Exchange Agent, the Note Trustee and the Issuer Security Trustee and as facility agent for the Junior Lenders (in such capacity the "**Facility Agent**") pursuant to the Junior Loan Agreement. The Agency Agreement, the Cash Management Agreement and the Junior Loan Agreement will be governed by English law. The Exchange Rate Agency Agreement will be governed by New York law. For further information about the Principal Paying Agent, the Agent Bank, the Cash Manager, the Exchange Agent and the Facility Agent, see "The Parties – Principal Paying Agent, Cash Manager, Agent Bank, Exchange Agent and Facility Agent" at page 57.
The Sub-Paying Agent	HSBC Global Investor Services (Ireland) Limited will act as sub-paying agent (in such capacity, the "**Sub-Paying Agent**") pursuant to the Agency Agreement. The Sub-Paying Agent together with the Principal Paying Agent and any other paying agents that may be appointed pursuant to the Agency Agreement are together referred to as the "**Paying Agents**". For further information about the Sub-Paying Agent, see "The Parties – Sub-Paying Agent" at page 57.
The Share Trustee.....	SFM Corporate Services Limited (in such capacity, the "**Share Trustee**") will hold the entire issued share capital of the Post-Enforcement Call Option Holder as trustee of the "European Loan Conduit No. 19 Securitisation Trust" and provide certain services as trustee of that trust (the "**Share Trust**").
The Nominee Trustee.....	SFM Nominees Limited (in such capacity, the "**Nominee Trustee**") will, pursuant to a declaration of trust in favour of the Post-

	Enforcement Call Option Holder (the "**Nominee Declaration of Trust**"), hold a share in the Issuer as nominee for the Post-Enforcement Call Option Holder .
The Reporting Agent	Wells Fargo Securitisation Services Limited (the "**Reporting Agent**") will, pursuant to the Cash Management Agreement, provide reporting services and will make information relating to the transaction available to, among others, the Noteholders. For further information about the Reporting Agent, see "The Parties – Reporting Agent" at page 57.
	The Loans and the Properties
The Loan Pool.....	There are 419 Loans in the Loan Pool which had an Aggregate Cut-Off Date Balance of approximately £570,099,034, an average balance of £1,360,618 and a weighted average term to maturity of 8.8 years. The Loans are secured by first ranking legal mortgages or first ranking standard securities over approximately 852 Properties located in England, Wales and Scotland**.** For further information regarding the Loans, the Borrowers and the Properties see "The Loan Pool" at page 74. For further information regarding the five largest Loans in the Loan Pool, see "The Top Five Loans – Loan and Related Property Summaries" at page 83.
Lending Criteria.....	The lending criteria applied by the Originators at the time of the origination of the Loans are described in "The Loans and the Related Security – Lending Criteria" at page 59. The Originators may, in some cases, have waived certain of these criteria provided that so doing would have been consistent with the practices of a reasonably prudent commercial mortgage lender at the relevant time.
Valuations	On the basis of the valuations of the Properties undertaken in connection with the origination of the Loans (the "**Origination Valuations**"), the weighted average loan to value ratio ("**LTV Ratio**") of the Loan Pool as at the Cut-Off Date was 66.7 per cent., the aggregate Origination Valuations of the Properties being £884,901,659. Taking into account updated valuations of certain of the Properties charged as security for the MS Acquired Loans undertaken in connection with the acquisition of the MS Acquired Loans (the "**Acquisition Valuations**"), the weighted average LTV Ratio of the Loan Pool as at the Cut-Off Date was 66.4 per cent. and the aggregate of such valuations was £899,078,809. Unless the Servicer or Special Servicer is required by the Servicing Agreement to undertake further valuations (for example, because the Servicing Standard requires it to do so), it is not envisaged that further independent valuations of the Properties will be undertaken and nor will the Origination Valuations or the Acquisition Valuations be updated prior to the sale of the Loans to the Issuer. For further information about the valuations of the Properties, see "The Loan Pool" at page 74. Further information about the valuations, or summaries of the valuations, of the Properties is also contained, in electronic form, on the CD-ROM circulated contemporaneously with this Offering Circular. For further information about the CD-ROM, see "CD-ROM Disclaimer" at page 173.

The Loan Security	All of the Loans are secured by one or more Mortgages. Certain of the Borrowers and Mortgagors, including all those under the MS Originated Loans, have also executed debentures creating fixed and floating charges over all of their other assets in favour of the Loan Security Trustee as security for the Borrower's obligations under the relevant Loan and other liabilities owing from time to time to the lender (each, a "**Debenture**" and together, the "**Debentures**"). In some circumstances, the Borrower and the person providing security for the repayment of that Borrower's Loan (the "**Mortgagor**") are the same legal entity. In other cases, the Borrower and Mortgagor are not the same legal entity but the Mortgagor is the owner of the relevant Property or Properties and an affiliate of the Borrower or a nominee holding the Property on trust for the Borrower. For further information about the loan security, see "The Loans and the Related Security" at page 59.
Further Advances	The Issuer is not required to make any further advance to any Borrower under the terms of any of the credit agreements and none of the Servicer, the Special Servicer, the Sub-Servicer or the Sub-Special Servicer will be permitted to agree to an amendment of the terms of a credit agreement that would require the Issuer to make a further advance to any Borrower unless the Issuer Security Trustee grants its prior written consent.
Insurance	The terms of each Loan require the Property or Properties securing it to be covered by a buildings insurance policy. The Servicer or, in the case of a Specially Serviced Loan, the Special Servicer, will monitor compliance by the Borrowers with their insurance obligations and arrange such insurance where it is found to have lapsed. Additionally, the Issuer is expected to, on or prior to the Closing Date, take out a policy of insurance (the "**Contingency Policy**") to cover it in respect of losses incurred as a result of any Borrower or Mortgagor in respect of an MS Acquired Loan failing to effect or maintain buildings insurance as required by the applicable Loan Documentation. For further information relating to the insurance arrangements in respect of the Properties and the risks in relation thereto, see "Risk Factors – Factors Relating to the Loans – Insurance" at page 36, "The Loans and the Related Security – Loan Terms – Insurance" at page 64 and "Servicing – Insurance" at page 103.
	Sale of the Loan Pool
Representations and Warranties	The Loan Sale Agreement contains certain representations and warranties given by the Loan Seller in respect of the Loans and the Related Security which are summarised in "The Loans and the Related Security – The Loan Sale Agreement - Representations and Warranties" at page 64. If there is a material breach of any warranty by the Loan Seller with respect to any Loan or its Related Security, which breach (if capable of remedy) has not been remedied within the time specified in the Loan Sale Agreement, the Issuer Security Trustee (acting upon the instructions of the Facility Agent, unless the Issuer Security Trustee considers that so acting would be materially prejudicial to the interests of the Noteholders) may require the Loan Seller, under the terms of the Loan Sale Agreement, to repurchase the relevant Loan together with the beneficial interest in the related

Security Trust. The consideration for such repurchase will be the principal amount that was paid by the Issuer as the purchase price for the relevant Loan on the Closing Date together with an amount in respect of accrued and unpaid interest and any costs and expenses incurred by the Issuer directly as a result of such repurchase (including, without limitation any termination payments payable by the Issuer under the Swap Agreement), less any Issuer Principal Receipts received by the Issuer in respect of that Loan since the Closing Date. Any such repurchase would result in redemption of the Notes and repayment of the Junior Loans in accordance with Condition 6(*b*) at page 137. The Issuer will have no recourse to the Loan Seller in respect of a breach of such representations and warranties, other than through the exercise of its repurchase option.

Sale of the Pre-Funded Loans..... 12 of the Loans (each, a "**Pre-Funded Loan**") accounting for 1.8 per cent. of the Aggregate Cut-Off Date Balance require the relevant Borrower to consent to their transfer. Provided that certain criteria (each an "**Eligibility Criterion**" and, together, the "**Eligibility Criteria**") are met, including that the relevant consent has been obtained no later than two Business Days before the Pre-Funded Loans Purchase Date and the Loan otherwise complies with the terms of the Loan Sale Agreement, each such Loan will be sold to the Issuer on the Pre-Funded Loans Purchase Date. The Loan Seller will agree, in the Loan Sale Agreement, to use reasonable endeavours to obtain any required consent as soon as possible but is not obliged to offer any financial or other incentive in exchange for such consent.

On the Closing Date, £10,308,391 (being the approximate aggregate outstanding principal balance of the Pre-Funded Loans as at the MS Acquired Loans Cut–Off Date) (the "**Pre-Funded Loans Principal Allocation**") will be placed by the Issuer into an account (the Deposit Account) opened with the Operating Bank. In the period from the Closing Date to the Pre-Funded Loans Purchase Date, funds standing to its credit will be invested by the Cash Manager in Eligible Investments in accordance with the terms of the Cash Management Agreement. The proceeds of Eligible Investments derived from sums in the Deposit Account will be included in the Available Interest Receipts.

No later than two Business Days prior to the Pre-Funded Loans Purchase Date, the Servicer shall provide the Loan Seller, the Issuer Security Trustee and the Issuer with a list of those Pre-Funded Loans which do not meet the Eligibility Criteria, whereupon the Issuer's obligation to purchase any Loan specified on such list shall cease. However, if the only Eligibility Criterion that a Pre-Funded Loan does not meet is the requirement to obtain the relevant Borrower's consent to such transfer, the Issuer will instead acquire a 100 per cent. interest by way of sub-participation in such Pre-Funded Loan (each, a "**Sub-Participated Loan**") from the Loan Seller on the Pre-Funded Loans Purchase Date. On the Pre-Funded Loans Purchase Date, the Issuer will purchase the Pre-Funded Loans which meet the Eligibility Criteria (the "**Eligible Pre-Funded Loans**") and will purchase a sub-participation interest in the Sub-Participated Loans and the Issuer Security Trustee will authorise the release of sufficient funds from the Deposit Account to pay the purchase price therefor. The purchase price payable by the Issuer for the Eligible Pre-Funded Loans and the sub-participation interests in the Sub-Participated Loan (the "**Pre-Funded Loans Purchase Price**") will be equal to their aggregate outstanding principal balance as at the MS Acquired

Loans Cut-Off Date, less any principal payments made in respect thereof since that date.

Any excess remaining in the Deposit Account after the payment of the Pre-Funded Loans Purchase Price (other than excess which represents the proceeds of Eligible Investments) will be transferred to the Transaction Account and will be allocated towards Prepayment Redemption Funds which will be applied towards redemption of the Notes and repayment of the Junior Loans in accordance with Condition 6(*b*). Any excess which represents the proceeds of Eligible Investments which are derived from sums in the Deposit Account will be included in the Available Interest Receipts for the Interest Payment Date falling in November 2004 and the Pre-Funded Loans Purchase Date. The Deposit Account will be closed on the Pre-Funded Loans Purchase Date after all funds have been withdrawn therefrom.

The Notes

Status and Form..... The Notes will be issued on the Closing Date in an aggregate principal amount of £536,790,000 and in denominations of at least £50,000 and integral multiples of £100 thereafter and will be constituted by the Trust Deed. The Notes of each class will rank *pari passu* without any preference or priority among themselves.

The Notes will share the benefit of the Issuer Security. However, in the event of the security granted in respect of the Notes being enforced, the Class A Notes will rank higher in priority to the Class B Notes and the Class B Notes will rank higher in priority to the Class C Notes. The Notes will rank higher in priority to the Junior Loans.

The Notes to be sold in reliance on Regulation S (the "**Reg S Notes**") will be initially represented by interests in a global note for each class of Notes (each, a "**Reg S Global Note**" and together, the "**Reg S Global Notes**") in bearer form. The Notes to be sold within the United States to Qualified Institutional Buyers who are also Qualified Purchasers (the "**Rule 144A Notes**") will initially be represented by two global notes in bearer form for each class of Notes (each a "**Rule 144A Global Note**" and together, the "**Rule 144A Global Notes**"). The Reg S Global Notes and the Rule 144A Global Notes are, together, referred to herein as the "**Global Notes**".

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

be deemed to have made certain representations relating to compliance with all applicable securities, ERISA and tax laws.

For further information about restrictions on transferring the Notes, see "Transfer Restrictions" at page 169.

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

Interests in Reg S Global Notes may only be exchanged for interests in Rule 144A Global Notes in connection with transfers to persons who are eligible to hold such Notes pursuant to Rule 144A and otherwise in compliance with the Securities Act and upon appropriate certification in the manner provided in the Depository Agreement. Prior to the expiration of the Distribution Compliance Period, interests in Rule 144A Global Notes may only be exchanged for interests in Reg S Global Notes in connection with transfers to non-U.S. persons in offshore transactions (as defined in Regulation S) in reliance on Regulation S and otherwise in compliance with the Securities Act and upon appropriate certification in the manner provided in the Depository Agreement.

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

In performing its duties under the Trust Deed, the Note Trustee is required to have regard to the interests of the holders of the Class A Notes (the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**" and, together with the Class A Noteholders and the Class B Noteholders, the "**Noteholders**"). Save in certain limited circumstances (including those referred to under "Controlling Party" below and in Condition 12), where there is, in the Note Trustee's opinion, a conflict between the interests of the various classes of Noteholders, the Note Trustee will be required to have regard only to the interests of the holders of the most senior class of Notes then outstanding. The consent of the Facility Agent will also be required to be given on behalf of the Junior Lenders to certain matters in connection with which the Note Trustee's consent is required (including waiving, modifying or amending the terms of the Transaction Documents). However, the Facility Agent's ability to withhold its consent to such matters is restricted as described in Condition 12.

For further information about the voting rights attaching to the Notes, see "Terms and Conditions of the Notes and the Junior Loans – Condition 3(*A*)(d)" and "Terms and Conditions of the Notes and the Junior Loans – Condition 12" at page 131 and page 149, respectively.

Controlling Party ..... While the Notional Principal Amount Outstanding of the Class E Loan is greater than or equal to £5,090,750, lender under the Class E Loan (the "**Class E Lender**") will be the "**Controlling Party**". If the

Notional Principal Amount Outstanding of the Class E Loan falls below £5,090,750, for so long as the Notional Principal Amount Outstanding of the Class D Loan is greater than or equal to £6,182,500, the lender under the Class D Loan (the "**Class D Lender**") will be the Controlling Party. If the Notional Principal Balance of the Class D Loan falls below £6,182,500, the Controlling Party will be the holders of the most junior class of Notes outstanding from time to time, which class has a total Notional Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding on the Closing Date. However, if no class of Notes and neither of the Junior Loans has a Notional Principal Amount Outstanding that satisfies this requirement, then the Controlling Party will be the holders or, as the case may be, lenders of the most junior class of Notes or Junior Loans then outstanding that has a Notional Principal Amount Outstanding that is greater than zero.

The Controlling Party will have certain rights, including:

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

(b) the right to require the termination of the appointment of a person as Special Servicer and the appointment of a replacement which is acceptable to the Controlling Party (subject to certain conditions, in respect of which see "Servicing – Termination of the Appointment of the Service and the Special Servicer" at page 108).

For further information about the powers of the Operating Adviser, the payment of the Special Servicer and the termination of its appointment, see "Servicing" at page 100.

Note Purchase Options ..... Following the service of an Enforcement Notice but prior to the Issuer Security Trustee making the determinations referred to in the next paragraph, the Junior Lender whose Junior Loan has the greatest Notional Principal Amount Outstanding will have the right (but not the obligation) to purchase all of the Notes at their Notional Principal Amount Outstanding. For further information about the basis on which this option will become exercisable, see Condition 11(*b*) at page 148.

The proceeds of realisation of the Issuer Security may, after paying or providing for all prior-ranking claims, be less than the sums due to Noteholders or certain of the Noteholders. For further information about the Issuer Security, see "Security for the Notes" at page 32. If the Issuer Security Trustee determines (i) in its sole opinion and discretion that all amounts outstanding under the Notes have become due and payable, and (ii) on the basis of a certificate provided by the Facility Agent (which shall be provided in accordance with the Junior Loan Agreement) that all amounts outstanding under the Junior Loans have become due and payable and (iii) in its sole opinion and discretion that there is no reasonable likelihood of there being any further realisations (whether arising from the enforcement of the Issuer Security or otherwise) available to pay amounts outstanding under the Notes and the Junior Loans, the Post-Enforcement Call Option Holder will have the option (the "**Post-Enforcement Call Option**") to purchase all the Notes and Junior Loans then outstanding in consideration for the payment of £0.01 in

respect of each Note and each Junior Loan. For further information about the Post-Enforcement Call Option, see Condition 11*(b)* at page 148.

Interest..... Each Note and Junior Loan will bear interest on its Principal Amount Outstanding from, and including, the Closing Date. Interest will be payable in respect of the Notes and the Junior Loans in pounds sterling quarterly in arrear on the 1st day in February, May, August and November in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each such day being an "**Interest Payment Date**"). However, to the extent that the interest on any class of Notes or either Junior Loan relates to any excess of the Principal Amount Outstanding of that class of Notes or Junior Loan over the Notional Principal Amount Outstanding of that class of Notes or Junior Loan, the due date for payment of such interest (the "**Deferred Interest**") shall be deferred until the date on which the relevant Notes or Junior Loan are due to be redeemed or repaid in full. For a description of the basis on which the Notional Principal Amount Outstanding will be calculated, see Condition 5*(b)*. The first Interest Payment Date in respect of each class of Notes and each Junior Loan will be the Interest Payment Date falling in November 2004.

Interest payments will be made subject to applicable withholding or deduction for or on account of tax (if any), without the Issuer being obliged to pay additional amounts in respect of any such withholding or deduction.

The interest rate applicable to the Notes and the Junior Loans from time to time will be LIBOR for three-month sterling deposits (or, in the case of the first Interest Period, a rate determined by the linear interpolation of LIBOR for two and three-month sterling deposits) plus the Relevant Margin. The "**Relevant Margin**" in respect of each class of Notes and each Junior Loan will be:

Class	*Relevant Margin*
A Notes	0.23 per cent. per annum
B Notes	0.43 per cent. per annum
C Notes	0.68 per cent. per annum
D Loan	2.25 per cent. per annum
E Loan	2.25 per cent. per annum

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

Failure by the Issuer to pay interest on the most senior class of Notes which is outstanding at any time when such interest is due and payable will result in the occurrence of an Event of Default (as defined in Condition 10 at page 146), which may in turn result in the Issuer Security Trustee enforcing the Issuer Security. To the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the more senior-ranking class or classes of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes or Junior Loans then outstanding, the shortfall in the amount then due will not be paid on such date and will only be

paid on subsequent Interest Payment Dates, in accordance with the order of seniority of the affected classes of Notes or Junior Loans, if and when permitted by subsequent cash flow which is available after the Issuer's other higher priority liabilities have been discharged, or on the Maturity Date.

Principal Amount Outstanding ..... The "**Principal Amount Outstanding**" means:

(a) in respect of a Note on any date, its face amount less the aggregate amount of principal repayments that have been paid in respect of that Note since the Closing Date; and

(b) in respect of a Junior Loan on any date, its principal amount outstanding less the aggregate amount of principal repayments that have been paid in respect of that Junior Loan since the Closing Date.

Unless previously redeemed or repaid, the Notes and the Junior Loans will be redeemed and repaid, respectively, at their Principal Amount Outstanding together with accrued interest (including any Deferred Interest) on the Interest Payment Date falling in November 2029 (the "**Maturity Date**").

Mandatory Redemption or Repayment in Part..... Unless an Enforcement Notice has been served, the Notes and the Junior Loans will be subject to mandatory redemption or repayment in part in the manner described in "Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement – Available Principal" at page 29.

For further information regarding the circumstances in which a mandatory redemption of the Notes and mandatory repayment of the Junior Loans will occur, see Condition 6*(b)* at page 137.

Mandatory Redemption or Repayment in Full..... The Notes and the Junior Loans will be subject to mandatory redemption or repayment in full in the following circumstances:

(a) if the Issuer satisfies the Note Trustee that (i) by virtue of a change in tax law from that in effect on the Closing Date, the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes or the Junior Loans and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to any of the Loans is reduced or ceases to be receivable (whether or not actually received); or

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

provided further that, in either case, the Issuer has certified to the Note Trustee that either (i) it will have sufficient funds available to it on the relevant Interest Payment Date to discharge all of its liabilities in respect of the Notes and the Junior Loans and any amounts required, under the Deed of Charge and Assignment, to be paid in priority to, or *pari passu* with, the Notes and the Junior Loans on such Interest Payment Date, all in accordance with "Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement" at page 24, or (ii) it will have sufficient funds to discharge all of the amounts referred to in (i) above, other than sufficient funds in respect of the Class E Loan or, if the Class E Loan has been repaid in full, the Class D Loan or, if the Class D Loan has been repaid in full, the most junior class of Notes then outstanding, and that the Issuer has obtained the written consent of the Class E Lender (or, if the Class E Loan has been repaid in full, the Class D Lender) or, if the Junior Loans have been repaid in full, all the Noteholders of the most junior class of Notes then outstanding, to the repayment of the Junior Loans or the redemption of such Notes, as applicable at such lower amount. For further information, see Conditions 6*(c)* and 6*(d)* at page 140 and page 141, respectively.

Ratings..... The Notes and the Junior Loans are, upon issue, expected to be rated by the Rating Agencies as follows:

	Expected Rating		
	Fitch	**Moody's**	**S&P**
Class			
A Notes	AAA	Aaa	AAA
B Notes	AA	Aa2	AA
C Notes	A	A3	A
D Loan	BBB	Baa3	BBB
E Loan	BB-	Not Rated	BB

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

The ratings of the Notes and the Junior Loans are dependent upon, among other things, the short-term (and in the case of the Swap Guarantor, the long-term), unsecured, unsubordinated debt ratings of the Liquidity Facility Provider and the Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of any such rating by a Rating Agency may have an adverse effect on the ratings of the Notes and the Junior Loans.

Listing	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange.
Settlement of Notes	DTC, Euroclear and Clearstream, Luxembourg.
Governing Law	The Notes and the Trust Deed will be governed by English law.
Tax Status	For information about the status of the Notes, see "United Kingdom Taxation" at page 157 and "United States Taxation" at page 159.
ERISA Considerations	For information about the ERISA considerations relating to the Notes, see "ERISA Considerations" at page 164.

Available Funds and their Priority of Application

Source of Funds	The repayment of principal and payment of interest by the Borrowers in respect of the Loans will provide the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes and the Junior Loans.
Funds paid into the Transaction Account	Amounts standing to the credit of the Transaction Account from time to time are referable to, among other things, the following sources:

(a) "***Issuer Interest Receipts***", comprising: (i) all amounts allocated towards interest, fees (other than Prepayment Fees), costs, expenses, commissions and other sums paid by Borrowers in respect of the Loans or the Related Security (other than any payments in respect of principal), including recoveries in respect of such amounts on enforcement of a Loan, and/or its Related Security and Cure Payments made by the Junior Lenders to cover such amounts ("**Borrower Interest Receipts**"); and (ii) all amounts (other than amounts allocated towards principal) received by the Issuer from the Servicer, a Junior Lender or from the Loan Seller in connection with the purchase of any Loan by the Servicer or by a Junior Lender or repurchase of any Loan by the Loan Seller in accordance with the Servicing Agreement or the Loan Sale Agreement, respectively;

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

(c) "***Prepayment Redemption Funds***", comprising all payments allocated towards principal received as a result of (i) any prepayment in part or in full of a Loan (including upon the receipt of insurance proceeds not applied in reinstating the relevant Property prior to the final maturity of the relevant Loan), (ii) the repurchase of a Loan by the Loan Seller pursuant to the Loan Sale Agreement, or (iii) the purchase of a Loan or of a sub-participation interest in a Loan by the Servicer or a Junior Lender pursuant to the Servicing Agreement or (iv) the transfer of funds from the Deposit Account (other than those representing the proceeds of Eligible Investments) on the Interest Payment Date falling in November 2004 and on the Pre-Funded Loans Purchase Date;

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

(e) "***Principal Recovery Funds***", comprising all amounts allocated towards principal in respect of a Loan as a result of its enforcement;

(f) "***Prepayment Fees***", comprising all amounts allocated towards fees, costs and expenses (including all swap breakage costs) paid by a Borrower as a result of the prepayment in part or in full of a Loan, both prior to and following its enforcement; and

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

For the avoidance of doubt, Prepayment Fees and Swap Breakage Receipts (other than those of the types contemplated in (i), (ii) and (iii) of paragraph (c) of "Available Interest Receipts" at page 25) will not be included in the calculation of Issuer Interest Receipts at any time. Such amounts will, upon receipt in the Transaction Account, be payable directly by the Issuer to MS Bank (or, in the event that the right to such amounts has been assigned to a third party, to the person then entitled to them) as a component of the Deferred Consideration.

Payments out of the Swap Collateral Cash Account and the Swap Collateral Custody Account prior to Enforcement ..... The Cash Manager will pay the Swap Provider from time to time, amounts equal to any relevant amounts of interest on the credit balance of the Swap Collateral Cash Account and/or amounts equivalent to distributions received on securities held in the Swap Collateral Custody Account as well as any other payments required to be made by the Issuer in accordance with the terms of the Swap Agreement Credit Support Document in priority to any other payment obligations of the Issuer.

Payments out of the Transaction Account prior to Enforcement

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

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

(ii) out of Issuer Interest Receipts, when due, any amount of interest payable by the Issuer to the Loan Seller, the Servicer

or a Junior Lender, under the circumstances described in the paragraph immediately following paragraph (iii) below,

(such amounts, together with any amounts described in paragraph (i), being "**Revenue Priority Amounts**"); and

(iii) out of Issuer Principal Receipts, when due, any amount of principal payable by the Issuer to the Loan Seller or to the Servicer ("**Principal Priority Amounts**" and, together with Revenue Priority Amounts, "**Priority Amounts**") under the circumstances described in the immediately following paragraph.

Revenue Priority Amounts referred to in paragraph (ii) above and Principal Priority Amounts referred to in paragraph (iii) above are any moneys received by or on behalf of the Issuer in respect of a Loan following its repurchase by the Loan Seller or its purchase by the Servicer or a Junior Lender and which do not, therefore, belong to the Issuer but to the Loan Seller, the Servicer or a Junior Lender, as the case may be.

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

(b) ***Reimbursement of Cure Payments*** .... If a Junior Lender makes a Cure Payment in respect of a Loan and the Borrower subsequently makes a payment which the Servicer or Special Servicer allocates towards the repayment (or part repayment) of such Cure Payment, the Servicer or Special Servicer shall pay the same to the relevant Junior Lender forthwith unless any other default is then subsisting in relation to the relevant Loan, or the Servicer or Special Servicer considers that a further default is imminent. The Servicer or Special Servicer shall allocate receipts from a Borrower towards repayment of a Cure Payment after allocating such receipts towards the payment of all other amounts then due and payable by that Borrower in respect of the relevant Loan. Each Cure Payment shall be treated as a further advance under the relevant Junior Loan.

For a description of the basis on which Cure Payments may be made by the Junior Lender, see "Servicing – Defaulted Loans – Junior Lender's Cure Rights" at page 103.

(c) ***Swap Payments*** ..... On each Interest Payment Date, the Swap Provider (or, as the case may be, the Swap Guarantor) will pay to the Issuer the amounts (if any) required to be paid by it under the Swap Agreement or the Swap Guarantee. If the Swap Agreement requires the Issuer to make a payment to the Swap Provider (other than a payment following an early termination of the Swap Agreement in respect of which the Swap Provider is the defaulting party) then, prior to making any other payments on behalf of the Issuer, the Cash Manager will make such a payment to the Swap Provider using amounts (other than Issuer Principal Receipts) standing to the credit of the Transaction Account.

(d) ***Available Interest Receipts*** ..... On each Calculation Date, the Reporting Agent will determine the "**Available Interest Receipts**", which comprise the aggregate of:

(a) all Issuer Interest Receipts transferred to the Transaction Account during the Collection Period ending immediately

prior to the relevant Interest Payment Date (the "**related Collection Period**"); **plus**

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

(c) any Swap Breakage Receipts received by the Issuer during the related Collection Period which (i) are paid to the Issuer following an early termination of the Swap Agreement as a result of an event of default where the Swap Provider was the defaulting party, or (ii) are required for the purposes of covering any shortfall in interest arising on the enforcement of a Loan, the liquidation of which caused the Issuer to terminate a Swap Transaction, or (iii) are required for the purposes of making a payment in order for the Issuer to enter into a replacement swap agreement; **plus**

(d) an amount equal to one per cent. of the aggregate of any Principal Recovery Funds recovered by or on behalf of the Issuer in respect of the related Collection Period to be applied towards the payment of the Liquidation Fee, if any, payable on such Interest Payment Date (such amounts having been excluded from the calculation of Available Principal Recovery Funds); **plus**

(e) an amount equal to the aggregate of up to one per cent. of Amortisation Funds, Prepayment Redemption Funds and Final Redemption Funds received by the Issuer during the related Collection Period to be applied towards payment of the Work-out Fee, if any, payable on such Interest Payment Date (such amounts having been excluded from the calculation of the Available Amortisation Funds, the Available Prepayment Redemption Funds and the Available Final Redemption Funds); **plus**

(f) the proceeds of any Interest Drawing to be made by the Issuer under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date; **plus**

(g) any interest accrued upon and paid to the Issuer in respect of funds standing to the credit of the Transaction Account, the Deposit Account, (in certain circumstances) the Stand-by Account or any other account maintained by the Issuer and not paid out on any previous Interest Payment Date or the proceeds of Eligible Investments purchased by the Issuer using such funds; **less**

(h) all payments made to the Swap Provider on such Interest Payment Date; **less**

(i) all Priority Amounts paid during the related Collection Period and up to (but not including) that Interest Payment Date; **less**

(j) all amounts reimbursed to a Junior Lender during the related Collection Period in respect of Cure Payments made by it in

order to cover shortfalls in the amount of Borrower Interest Receipts; **and less**

(k) an amount equal to any payments which the Reporting Agent has determined will be required to be paid by the Issuer to the Swap Provider on the relevant Interest Payment Date.

On each Interest Payment Date prior to the service of an Enforcement Notice, the Cash Manager will apply the Available Interest Receipts in the following order of priority, in each case only if and to the extent that payments and provisions of a higher priority have been made in full:

(i) **first**, in payment or discharge to or towards the following amounts to the extent they are due and payable by the Issuer on such Interest Payment Date:

(A) amounts due and payable to the Note Trustee, the Issuer Security Trustee, the Loan Security Trustee and any third party appointed by the Loan Security Trustee in order to enforce the Related Security, on a *pari passu* and *pro rata* basis; then

(B) amounts due and payable to the Paying Agents and the Agent Bank under the Agency Agreement; then

(C) on a *pari passu* and *pro rata* basis, any amounts due and payable to the Servicer and the Special Servicer pursuant to the Servicing Agreement (including, without limitation, the Servicing Fee, the Administrative Services Fee, the Special Servicing Fee, any Liquidation Fee and any Work-out Fee); then

(D) amounts due and payable to the Cash Manager under the Cash Management Agreement; then

(E) amounts due and payable to the Corporate Services Provider under the Corporate Services Agreement; then

(F) amounts due and payable to the Share Trustee under the Share Declaration of Trust; then

(G) amounts due and payable to the Operating Bank under the Cash Management Agreement; then

(H) amounts due and payable to the Depository under the Depository Agreement; then

(I) amounts due and payable to the Exchange Agent under the Exchange Rate Agency Agreement; then

(J) amounts due and payable to the Reporting Agent under the Cash Management Agreement; then

(K) amounts due and payable to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement in respect of the payment of interest on and repayment of any Interest Drawing or

Expenses Drawing made by the Issuer under the Liquidity Facility Agreement, together with the commitment fee then due and payable and all other amounts then due from the Issuer under the Liquidity Facility Agreement, other than the Liquidity Facility Subordinated Amounts; and then

(L) amounts due and payable to the Facility Agent under the Junior Loan Agreement;

(ii) **second**, in or towards payment or discharge of any amounts described in item (i) of "Priority Amounts" above, including provision for any such Revenue Priority Amounts expected to become due in the following Interest Period including the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(iii) **third**, in or towards payment or discharge of interest due on the Class A Notes;

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

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

(vi) **sixth**, in or towards payment of interest due and interest overdue (and any interest due on such overdue interest) on the Class D Loan (but not including any interest overdue (and any interest on such overdue interest) on the Class D Loan attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments);

(vii) **seventh**, in or towards payment of interest due and interest overdue (and any interest due on such overdue interest) on the Class E Loan (but not including any interest overdue (and any interest on such overdue interest) on the Class E Loan attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments);

(viii) **eighth**, in or towards payment or discharge of any amounts due and payable by the Issuer to the Swap Provider under the Swap Agreement in respect of any payments to be made by the Issuer following an early termination of the Swap Agreement as a result of an event of default under the Swap Agreement in respect of which the Swap Provider is the defaulting party;

(ix) **ninth**, in or towards payment or discharge of any amounts in respect of (A) any increased costs (other than those amounts referred to in (B) below), mandatory costs, or tax gross up amounts owing under the Liquidity Facility Agreement, to the extent that such increased costs, mandatory costs, or tax gross up amounts exceed 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement and (B) any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs arising from the Liquidity

Facility Provider's implementation of the New Basel Capital Accord, to the extent that such increase exceeds 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement (the amounts owing under this paragraph (ix) being the "**Liquidity Subordinated Amounts**" in respect of such Interest Payment Date);

(x) **tenth**, an amount equal to the Available Interest Receipts remaining after (a) paying all the amounts referred to in items (i) to (ix) above (inclusive) and (b) making provision for the payment to the Issuer of an amount equal to 0.01 per cent. of all Issuer Interest Receipts received during the related Collection Period (such remaining amount being the "**Excess Available Interest**") shall be applied:

(A) first, in or towards repaying the Class E Loan until £2,327,532 of the principal balance of the Class E Loan has been repaid from Excess Available Interest; and

(B) thereafter, towards payment to the Loan Seller (or other person then entitled thereto) of part of the purchase price of the Loans; and

(xi) **eleventh**, any surplus to the Issuer.

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

The "**Available Principal**" for each Interest Payment Date will be the aggregate of:

(i) the Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds calculated on the related Calculation Date; **plus**

(ii) any Swap Breakage Receipts received during the preceding Collection Period which are required for the purposes of covering any shortfall in principal arising on the enforcement of a Loan, the liquidation of which caused the Issuer to terminate a Swap Transaction, save to the extent such Swap Breakage Receipts have been included in Available Interest Receipts.

On the Pre-Funded Loans Purchase Date, the "Available Principal" will also include any amounts remaining in the Deposit Account after the payment to the Loan Seller of the purchase price for the Pre-Funded Loans or interest therein.

On each Interest Payment Date prior to the service of an Enforcement Notice, the Available Principal will be applied as set out below.

Available Sequential Principal

An amount equal to the Available Principal less an amount equal to 66.67 per cent. of all Available Prepayment Redemption Funds and Available Final Redemption Funds ("**Available Sequential Principal**") will be applied in the following order of priority (in each case only if and to the extent that payments and provisions of a higher priority have been made in full):

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

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

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

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

(v) **fifth**, in or towards repaying the Principal Amount Outstanding of the Class E Loan until the Class E Loan has been repaid in full; and

(vi) **sixth**, the balance (the "**Excess Sequential Principal**") in or towards payment to the Loan Seller (or other persons entitled thereto) of part of the purchase price of the Loans.

Available Pro Rata Principal

Subject to the following paragraph, an amount equal to 66.67 per cent. of all Available Prepayment Redemption Funds and Available Final Redemption Funds (together, the "**Available Pro Rata Principal**") will be applied concurrently in repaying principal of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan, in accordance with the following percentages (which are in proportion to their respective Principal Amounts Outstanding as at the Closing Date):

Class	Percentage of Available Pro Rata Principal
A Notes	80.00 %
B Notes	6.50 %
C Notes	5.75 %
D Loan	4.25 %
E Loan	3.50 %

until each such Note or Junior Loan is redeemed or repaid in full. To the extent a prior-ranking class of Notes or Junior Loan has been redeemed in full, the Available Pro Rata Principal that would have

otherwise been applied to redeem such prior-ranking Notes or Junior Loan shall be applied in redeeming the next most senior class of Notes or Junior Loan outstanding, as applicable. However, in the event that any of the following circumstances exist on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal shall be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in paragraphs (i) to (v) of "Available Sequential Principal" above:

(A) a payment default has occurred in respect of any Loan with an outstanding principal balance of more than £12,000,000; or

(B) more than five per cent. of the Loans (based on their aggregate balances relative to the aggregate outstanding principal balance of the Loan Pool on that Interest Payment Date) are Specially Serviced Loans; or

(C) the cumulative percentage of Loans (calculated by reference to the principal amount outstanding of the Loans as at the Cut-Off Date) which have defaulted since the Closing Date is greater than 10 per cent. of the aggregate principal amount outstanding of the Loans as at the Cut-Off Date; provided that, in determining whether a Loan has defaulted for the purposes of this paragraph:

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

(2) an event of default shall not be deemed to have occurred if (a) the default is with respect to payment and such default has been remedied or cured (or a Cure Payment has been made in respect thereof) within five Business Days of such default, and/or (b) the default is other than with respect to payment, the default is capable of being remedied or cured and such default has been remedied or cured within 30 days of such default being notified in accordance with the terms of the relevant credit agreement, and/or (c) enforcement procedures have been completed and the principal amount outstanding and all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Loan have been received in full or the relevant Borrower has prepaid the defaulted Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Loan) and/or (d) a Junior Lender has exercised its right to purchase such defaulted Loan; or

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

(E) the aggregate Notional Principal Amount Outstanding of all the Notes and the Junior Loans on such Calculation Date is less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date.

Any balance of Available Pro Rata Principal remaining after the payment of such amounts (which, together with the Excess Sequential Principal, comprises the "**Excess Principal**") will be paid to the Loan Seller or person or persons otherwise entitled thereto as part of the purchase price of the Loans.

For further information regarding the redemption of the Notes and repayment of the Junior Loans, see Condition 6*(b)* at page 137.

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

Payments paid out of the Transaction Account Post-Enforcement ..... For so long as any Notes are outstanding, the Issuer Security will become enforceable upon the Note Trustee giving an Enforcement Notice and instructing the Issuer Security Trustee to enforce the Issuer Security or any part thereof. Following enforcement of the Issuer Security, the Issuer Security Trustee will be required to apply all funds received or recovered by it in accordance with the order of priority described under "Credit Structure – Post-Enforcement Priority of Payments" at page 113.

Security for the Notes

The obligations of the Issuer to the Noteholders and to each of the Note Trustee, the Facility Agent, the Issuer Security Trustee, the Junior Lenders, the Loan Security Trustee, the Corporate Services Provider, the Share Trustee, the Servicer, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swap Provider, the Paying Agents, the Agent Bank, the Registrar, the Operating Bank, the Reporting Agent, the Depository, the Exchange Agent, the Loan Seller or any receiver appointed by or on behalf of the Issuer Security Trustee pursuant to the Deed of Charge and Assignment or by or on behalf of the Loan Security Trustee in respect of a Loan or its Related Security (all of such persons or entities being, collectively, the "**Secured Parties**") will be secured by and pursuant to the Deed of Charge and Assignment which is governed by English law (or Scottish law in relation to the security interests created pursuant to item (iii) below) to be entered into on the Closing Date.

The Issuer will create, among other things, the following security under the Deed of Charge and Assignment (the "**Issuer Security**"):

(i) an assignment by way of first fixed security over the Loans governed by Scots law and the Issuer's rights under the relevant credit agreements;

(ii) an assignment by way of first fixed security over the Loans governed by English law and the Issuer's rights under the relevant credit agreements;

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

(iv) an assignment by way of first fixed security over the Issuer's beneficial interests in the Security Trusts created over the Related Security governed by Scots law to the extent not otherwise assigned by way of first fixed security under paragraph (iii) above;

(v) an assignment by way of first fixed security in respect of the Issuer's rights under, among other things, the Loan Sale Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Swap Agreement (subject to netting and set-off provisions contained therein), the Swap Guarantee, the Cash Management Agreement, the Corporate Services Agreement, the Agency Agreement, the Exchange Rate Agency Agreement, the Depository Agreement, the Junior Loan Agreement and the Master Definitions Schedule;

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

(vii) a first floating charge governed by English law over the whole of the undertaking and assets of the Issuer (other than any property or assets of the Issuer subject to an effective fixed security set out in paragraphs (i) to (vi) above, but extending over all Scottish situated assets of the Issuer).

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties (other than the Noteholders) will, with certain limited exceptions, rank higher in priority to payments of interest on, and repayments of principal of, the Notes.

Upon enforcement of the Issuer Security, all amounts owing to the Class B Noteholders will rank after all payments on the Class A Notes, all amounts owing to the Class C Noteholders will rank after all payments on the Class B Notes, all amounts owing to the Class D Lender will rank after all payments on the Class C Notes and all amounts owing to the Class E Lender will rank after payments on the Class D Loan.

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

RISK FACTORS

The following is a summary of certain issues of which prospective Noteholders should be aware, but it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision. Some, but not all, of the issues set out in this section are mitigated by certain representations and warranties which the Loan Seller will provide in the Loan Sale Agreement in relation to the Loans, the Related Security, the Properties and other associated matters. For further information about the representations and warranties given by the Loan Seller, see "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 70).

Borrowers' Ability to Pay

If the Issuer does not receive the full amount due from the Borrowers in respect of the Loans, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay, in whole or in part, interest due on the Notes. The Issuer does not guarantee or warrant full and timely payment by the Borrowers of any sums payable under the Loans.

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

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

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

Refinancing Risk

76 Loans accounting for 19.2 per cent. of the Aggregate Cut-Off Date Balance do not require the Borrower to repay any principal until the Loan matures ("**Interest Only Loans**") and 213 Loans accounting for 67.4 per cent. of the Aggregate Cut-Off Date Balance amortise partly throughout their term but require the Borrower to make a substantial repayment of principal on the maturity date ("**Balloon Loans**"). The remaining Loans amortise fully over their term. The ability of a Borrower to make the payment of principal due on the final maturity date of an Interest Only Loan or a Balloon Loan may be dependent upon that Borrower's ability to refinance the relevant Loan or to sell or, if it is not the owner, procure the sale by the Mortgagor, of the Property

or Properties securing that Loan. Neither the Issuer nor MS Bank is under any obligation to provide any such refinancing and there can be no assurance that a Borrower would be able to refinance its Loan or that a Borrower would be able to sell or, if it is not the owner, procure the sale by the Mortgagor, of the relevant Property or Properties in a timely fashion. Failure by a Borrower to refinance the relevant Loan or by the Borrower to sell or to procure the sale of the relevant Property or Properties may result in that Borrower defaulting on its Loan. In the event of such a default, the Noteholders, or the holders of certain classes of Notes, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Loan Concentration

In relation to any pool of loans, loan losses will be more severe if the losses relate to loans that account for a large percentage of the pool's aggregate principal balance. Loans made to five Borrowers represent approximately 7.3, 5.6, 5.0, 2.9 and 2.3 per cent. respectively, of the Aggregate Cut-Off Date Balance. For further details of these Loans and their Related Security see – "The Top Five Loans – Loan and Related Property Summaries" at page 83.

In addition, concentrations of Properties in geographic areas may increase the risk that adverse economic or other developments affecting a particular region could increase the frequency and severity of losses on the Loans which are secured by such Properties. Details of the regional locations of the Properties are set out in Table 11 under "The Loan Pool" at page 74.

Compulsory Purchase

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

No material compulsory purchase proposals were revealed in the certificates of title issued to the Originator by its external legal advisers in connection with the origination of the MS Originated Loans or in the course of the due diligence undertaken by MS Bank in connection with its acquisition of the MS Acquired Loans, but there can be no assurances that such orders will not be made in the future.

Prepayments

The Loans may be prepaid in whole or in part prior to their respective stated final maturity dates. If prepayments occur at a faster rate than was anticipated, the investment performance of a Note may be adversely affected. Prepayment Fees will not be available to compensate Noteholders for any reductions in yield but will be paid to the Loan Seller as a component of the Deferred Consideration. A high prepayment rate in respect of the Loans will also reduce the amount available to the Issuer to make payments of interest due to the Noteholders, the consequences of which are described under "Risk Factors – Factors Relating to the Notes – Availability of Interest" at page 44.

Due Diligence; Representations and Warranties

MS Bank undertook due diligence in relation to the Loans and the Properties either at the time of their origination or acquisition. Other than limited legal due diligence undertaken by or on behalf of MS Bank in the context of the representations and warranties being given under the Loan Sale Agreement, the due diligence previously undertaken will not be verified or updated prior to the sale of the Loan Pool to the Issuer.

The due diligence undertaken by the Loan Seller in connection with the acquisition of the MS Acquired Loans is described under "The Loans and Related Security – Due Diligence relating to the MS Acquired Loans"

at page 64. Although material issues revealed by this due diligence exercise are disclosed in this Offering Circular, no assurance can be given that such due diligence identified all matters which may, in the future, result in a loss to the Issuer. The risk of such a loss occurring is, to some extent, mitigated by representations and warranties which the Loan Seller will provide in the Loan Sale Agreement in relation to the Loans (including the MS Acquired Loans), their Related Security, their related Properties and other associated matters. However, no assurance can be given that these representations and warranties will cover every matter in relation to which the Issuer may suffer a loss. In particular, as the MS Acquired Loans were not originated by the Loan Seller or any of its affiliates, investors should note that the Loan Seller's knowledge of matters relating to the origination of the MS Acquired Loans is limited to the records kept on behalf of the Acquired Loans Originator and disclosed to the Loan Seller and, as a result, the Loan Seller was unable to implement its normal new loan origination underwriting criteria. For further information about the representations and warranties given by the Loan Seller and the Issuer's remedy for breach thereof, see "The Loan Sale Agreement – Representations and Warranties" at page 70.

None of the Issuer, the Note Trustee or the Issuer Security Trustee has undertaken or will undertake any investigations, searches or other due diligence regarding the Loans or the Properties or as to the status of the Borrowers or Mortgagors and each of them will instead rely solely on the warranties given by the Loan Seller in respect of such matters in the Loan Sale Agreement. For further information regarding the representations and warranties given by the Loan Seller, see – The Loans and the Related Security – Representations and Warranties" at page 64. If any breach of warranty relating to any Loan and the Related Security is material and (if capable of remedy) is not remedied, the Issuer Security Trustee (acting upon the instructions of the Facility Agent, unless the Issuer Security Trustee considers that so acting would be materially prejudicial to the interests of the Noteholders) may require Loan Seller to repurchase such Loan together with its beneficial interest in the related Security Trust. The Issuer will have no recourse to the Loan Seller in respect of losses arising in relation to the Loans or their Related Security, other than to require the Loan Seller to repurchase any Loan in relation to which a warranty has been breached. Therefore to the extent that any loss arises as a result of a matter which is not covered by a particular warranty or warranties, the loss will remain with the Issuer.

Leasehold Properties

If ground rents in respect of a leasehold Property are not paid when they are due, there is a risk of the rents payable by the occupational tenants to the Borrower or Mortgagor being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 (the "**LDAA**"). In similar circumstances, in the case of leasehold Properties located in Scotland, a superior landlord has the right to arrest the rents in the hands of the sub-tenants and thereafter make court application to have the rents paid to the superior landlord. Rent may also be diverted voluntarily by the sub-tenant in accordance with Section 21 of the LDAA. The superior landlord may also seek to forfeit the lease if ground rents remain unpaid.

The Servicer and Special Servicer have agreed to monitor compliance by the Borrowers and Mortgagors with their obligations to make all ground rent payments in respect of Properties which are leasehold. If the Servicer or Special Servicer or Sub-Servicer or Sub-Special Servicer becomes aware that a Borrower or Mortgagor has failed to make any such payments, the Servicer or Special Servicer may, if to do so would be in accordance with the Servicing Standard, make any payment required, either by using funds standing to the credit of any relevant Rent or Receipts Account or by using its own funds (subject to being reimbursed by the Issuer on the next Interest Payment Date together with interest at the Reimbursement Rate). The Servicer or, as the case may be, the Special Servicer will be obliged to seek to recover from the relevant Borrower any amounts so paid.

Insurance

Although the credit agreements require each Mortgaged Property to be insured at appropriate levels and against the usual risks, there can be no assurance that any loss incurred will be of a type covered by such insurance and will not exceed the limits of such insurance. Should an uninsured loss or a loss in excess of insured limits occur at a Property, the Borrower could suffer disruption of income from the Property, potentially for an extended period of time, while remaining responsible for any financial obligations relating to the Property. In addition, Borrowers are relying on the creditworthiness of the insurers providing insurance with respect to the Mortgaged Property and the continuing availability of insurance to cover the required risks, in respect of neither of which can assurances be made.

When each Loan was originated, it was the policy of the relevant Originator to verify that insurance was in place which met the requirements of the applicable Loan Documentation. No further verification of such insurance arrangements has been undertaken in connection with the sale of the Loans to the Issuer. However,

the Servicer and Special Servicer have agreed to monitor compliance by the Borrowers and Mortgagors with the terms of their Loan Documentation relating to insurance and to make alternative insurance arrangements should a policy be found to have lapsed. Additionally, a Contingency Policy is expected to be put in place by the Issuer on or prior to the Closing Date to provide cover in respect of certain losses incurred as a result of any Borrower or Mortgagor under an MS Acquired Loan failing to effect or maintain buildings insurance as required by the applicable Loan Documentation. A maximum amount of £1,000,000 may be claimed by the Issuer under the Contingency Policy in respect of a single insured event. There is also a deductible of up to £2,500 payable by the Issuer in respect of each claim in relation to damage by certain risks, including subsidence or heave damage. The cost of maintaining the Contingency Policy will be borne by the Issuer and such costs will be payable in priority to all amounts due to Noteholders. The Contingency Policy will not cover terrorism risk.

For further information regarding the Borrowers' and Mortgagors' obligations relating to insurance, see "The Loans and the Related Security – Loan Terms - Insurance" at page 64. For further information regarding the basis on which the Servicer and Special Servicer will make alternative insurance arrangements, see "Servicing - Insurance" at page 103. For further information about the Contingency Policy, see "The Loans and the Related Security – The Loan and Security Documentation – Loan Terms - Insurance" at page 64.

Valuations

The Origination Valuations and the Acquisition Valuations in respect of the Properties have been provided by a number of independent qualified firms. The Origination Valuations and the Acquisition Valuations express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. There can be no assurance that the market value of the Property will continue to equal or exceed the valuation contained in the relevant valuation report. If the market value of a Property fluctuates, there can be no assurance that the market value will be equal to or greater than the unpaid principal and accrued interest on the Loan made in respect of such Property and any other amounts due under the relevant Loan Agreement. If the Property is sold following an event of default in respect of a Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due in respect of the relevant Loan.

For further information regarding the Origination Valuations and the Acquisition Valuations of each of the Properties please see the CD-ROM distributed contemporaneously with this Offering Circular and the section entitled "CD-ROM Disclaimer" at page 173.

Environmental Risks

Existing environmental legislation in the United Kingdom imposes liability for clean-up costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found. The term "owner" would include anyone with a proprietary interest in the relevant land. Even if more than one person may have been responsible for the contamination, each person covered by the relevant environmental laws may be held responsible for all the clean up costs incurred. If a Borrower or Mortgagor was to incur any costs as a result of environmental liabilities at a Property, this may reduce the amount available to make payments in respect of the related Loan. Environmental liabilities at a Property which are not remedied, or are not capable of being remedied, may result in an inability to sell the Property or in a reduction in the price obtainable for the Property resulting in a sale at a loss. In addition, third parties may sue a current or previous owner, occupier or operator of a Property for damages and costs resulting from substances emanating from that Property, and the presence of substances on the Property could result in personal injury or similar claims by third parties.

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

Enforcement

General

If a Borrower or Mortgagor defaults in its obligations in relation to a Loan and/or its Related Security, the Servicer or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer will be required to apply its then-current enforcement procedures in accordance with the Servicing Standard. These procedures may, in certain circumstances, involve the Servicer or Special Servicer declining or deferring the commencement of formal enforcement proceedings. Instead, the Servicer or Special Servicer may agree to waive, vary or amend certain provisions of the Loan Documentation, provided that to do so would be in accordance with the Servicing Standard.

Receiver

If the Servicer or Special Servicer considers that formal enforcement proceedings should be commenced, this is likely to be done by requiring the Loan Security Trustee to appoint a "Law of Property Act" or non-administrative receiver (an "**LPA Receiver**") or, in certain cases, procuring that the Loan Security Trustee obtains possession of the relevant Property. Pending completion of the enforcement procedures in relation to a Loan, delays could be experienced in the collection of amounts due from Borrowers and, subject to the availability of the Liquidity Facility, could result in a failure by the Issuer to pay amounts due under the Notes in a timely manner. Any LPA Receiver would be deemed to be the agent of the Borrower or Mortgagor and, for so long as the LPA Receiver acted within his powers, would only incur liability on behalf of the Borrower or Mortgagor. The LPA Receiver would, however, be likely to require from the Loan Security Trustee an indemnity to meet his costs and expenses (which would rank ahead of payments due in respect of the Loan) as a condition of his appointment. However, if the Loan Security Trustee (or the Servicer or Special Servicer on its behalf), unduly directed, interfered with or influenced the LPA Receiver's actions, the Loan Security Trustee may be held to be responsible for those actions and may be deemed to have become a mortgagee in possession. It is not possible to appoint an LPA Receiver in relation to Properties situated in Scotland.

Taking Possession

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

Power of Sale

The Loan Security Trustee and/or any receiver appointed by it, in exercising its power of sale over a Property will have a duty to the Borrower or Mortgagor to take reasonable care to obtain a proper price. Any failure to do so will put the Loan Security Trustee at risk of an action by the Borrower for breach of duty, although it is for the Borrower in such circumstances to prove such a breach of duty has occurred. The Borrower or Mortgagor may also take court action to attempt to force the Loan Security Trustee to sell the relevant Property within a reasonable time. A mortgagee in possession will have an obligation to account to the Mortgagor for the income obtained from the Property, be liable for any damage to the Property, have a limited liability to repair the Property and, in certain circumstances, may be obliged to make improvements or incur financial liabilities in respect of the Property. A mortgagee in possession may also be liable to an occupational tenant for any mis-management of the relevant property and may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), the liabilities of a property owner.

Administrator (corporate Borrowers/Mortgagors)

In the case of Loans secured by floating charges granted by a corporate Borrower or Mortgagor which is registered in England and Wales prior to 15th September, 2003 an administrative receiver can be appointed over the relevant Borrower or Mortgagor which would prevent the subsequent appointment of an administrator over the same company. In the case of the Loans in respect of which floating charges were granted by a corporate Borrower or Mortgagor which were registered in England and Wales on or after 15th September, 2003 (the "**EA2002 Loans**"), the Loan Security Trustee can appoint an administrator of its choice and is entitled to notice

of, and to make representations to the court with regard to, any application for the appointment of an administrator by any other person. The appointment can be made without going to court unless a winding up order has previously been made or a provisional liquidator appointed. An administrator is required to have regard to the interests of all creditors, both secured and unsecured. The purposes of any administration will be to rescue the company or, where such is not reasonably practicable, to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up. Where neither of the above purposes are reasonably practicable, the purpose of an administration will be to realise the company's assets to make a distribution to the secured and/or preferential creditors. These purposes could conflict with the wishes or interests of the Noteholders.

The Acquired Loans Originators' lending criteria generally did not require a floating charge to be taken over all or any of the assets of corporate Borrowers or Mortgagors. In these cases, on presentation of a petition for the appointment of an administrator in respect of the Borrower or Mortgagor of EA2002 Loans, the Loan Security Trustee will not have the right to appoint an administrative receiver and thereby prevent the court making an administration order. As a consequence, because of the statutory moratorium on the enforcement of security which arises in an administration, the Loan Security Trustee would not be entitled to enforce its fixed security for the relevant Loan or take legal proceedings against that Borrower or Mortgagor without the consent of the administrator or the leave of the court. However, the administrator would be required to apply the proceeds of the disposal of the Property secured by the fixed security towards discharging sums owed to the holders of such fixed security under the relevant Loan. The administrator would also require the consent of the fixed chargeholder or the leave of the court to dispose of the property which is subject to fixed security. It is not legally possible to take floating charge security in the case of individuals.

Limited Liability Companies

The Acquired Loans Originators' lending criteria did not generally require corporate borrowers to be special purpose entities nor did the Acquired Loans Originator make specific enquiries as to whether the relevant Borrower and/or Mortgagor had any other assets and/or liabilities. Although the principal security for each MS Acquired Loan is a first-ranking Mortgage over a Property, there is a risk that third party creditors of a Borrower or Mortgagor under an MS Acquired Loan may seek to institute insolvency proceedings against such Borrower or Mortgagor which may impede the enforcement of the Related Security for a Loan by the Loan Security Trustee.

Voluntary Arrangements

Under the Insolvency Act 1986 (as amended by the Insolvency Act 2000), individuals and certain "small" companies are entitled to a short term moratorium in filing for a voluntary arrangement. The effect of this would be to allow such individual or company protection from its creditors (in that no creditor will be entitled to take enforcement action without the leave of the court) for an initial period of 28 days, which can be extended for a further two months. A company will be "small", in broad terms, if in any financial year it satisfies two or more of the requirements set out in Section 247(iii) of the Companies Act 1985, namely: (a) its turnover is not more than £2,800,000; (b) its balance sheet totals not more than £1,400,000; and (c) it does not have more than 50 employees. Certain of the corporate Borrowers and Mortgagors under the MS Acquired Loans may be "small" companies for this purpose.

Partnerships

Some MS Acquired Loans are made to two or more individuals acting in partnership. A partnership (other than a limited liability partnership) has no legal personality under English law and any such Loan is accordingly treated as a loan to the individual partners, each of whom would applying general principles, be jointly and severally liable for the debts of the partnership. However, in the case of a limited number of the MS Acquired Loans including that referred to as "Loan Number Five" in "The Top Five Loans" at page 83, the Lenders' recourse is limited to the properties charged as specific security for such Loan.

Limited Liability Partnerships

The Borrower under one of the Loans, accounting for 5.6 per cent. of the Aggregate Cut-Off Date Balance, is a limited liability partnership.

A limited liability partnership registered under the Limited Liability Partnerships Act 2000 (the "**LLPA**") is a body corporate with its own property and liabilities, and so has a legal personality separate from its members. Like shareholders in a limited company, the liability of the members of a limited liability partnership is limited

to the amount of capital the members contribute to the partnership. Members may be liable for their own negligence and other torts, like company directors, if they have assumed a personal duty of care and have acted in breach of that duty.

The provisions of the Companies Act 1985 and the Insolvency Act 1986 have been modified by the Limited Liability Partnership Regulations 2001 so that the majority of the insolvency and winding up procedures applicable to companies under the Companies Act 1985 and the Insolvency Act 1986 apply equally to a limited liability partnership and its members. For further details of these procedures see "Risk Factors – Limited Liability Companies" at page 39. An administrator or liquidator of an insolvent member would be subject to the terms of the members' agreement relating to the limited liability partnership. However, a liquidator of an insolvent member may not take part in the administration of the limited liability partnership or its business.

Individual Borrowers

Approximately 91 MS Acquired Loans, accounting for approximately 12.9 per cent. of the Aggregate Cut-Off Date Balance, are made to individuals. Neither an administrative receiver nor an administrator can be appointed over the assets of any Borrower or Mortgagor which is an individual. An individual is able to ask for a moratorium under the Insolvency Act 1986 by application to the court for an interim order where such individual intends to propose a voluntary arrangement to his or her creditors. The duration of such moratorium is normally initially 14 days but is capable of extension by the court.

The bankruptcy or death of an individual Borrower may itself be an event of default under the relevant credit agreement but, even if it is not, it could trigger breaches of representations and undertakings contained in such credit agreement that would themselves constitute an event of default. In such circumstances, whether the Issuer should call an event of default and seek through the Loan Security Trustee to enforce its security would be a matter for the discretion of the Loan Security Trustee at the time.

Application of Rental Income and Operating Income

In evaluating whether a Borrower would be able to meet its payment obligations in respect of a Loan, each Originator took into account any Rental Income or Operating Income that would be generated by the Properties offered as security for that Loan and assumed that such income would be applied towards making payments on the Loan. Investors should assume that no funds other than those derived from the Properties will be available to Borrowers to enable them to make payments due on their Loans and, in the case of the Loans secured by Owner-Occupied Properties (other than the Loans which are secured by Properties used for self storage (the "**Self Storage Loans**" and "**Self Storage Properties**", respectively), that the security is limited to the relevant land and buildings and does not extend to any moveable assets or chattels at such Properties, nor to the book debts or goodwill of the businesses carried on there. In the case of the Self Storage Loans, security has been taken over substantially all the assets of the relevant Borrowers, including the relevant Property and the business carried on there.

In the case of the MS Originated Loans (other than the Self Storage Loans) all Rental Income is paid into a Rent Account either directly or indirectly through a Managing Agent. Each such Rent Account is in the name of the Borrower and is charged in favour of the Loan Security Trustee as additional security for the Loan. On each Loan payment date, the Loan Security Trustee (acting through the Servicer) applies funds standing to the credit of the Rent Account related to a particular Loan to meet the relevant Borrower's obligations before distributing the balance as required by the applicable credit agreement. Where income from a Property securing an MS Originated Loan is paid to a Managing Agent before being transferred into the appropriate Rent Account, such Managing Agent has entered into a Duty of Care Agreement with the Loan Security Trustee, undertaking to pay the income (net of certain costs and expenses and other amounts as described in "The Structure of the Accounts – The Borrower Accounts – MS Originated Loans" at page 72) directly into the relevant Rent Account and to hold the Rental Income on trust until it is paid into the Rent Account. To the extent, therefore, that any Managing Agent failed to make payments into a Rent Account as required, the Loan Security Trustee would have recourse to the Managing Agent concerned and the Rental Income held on trust by a Managing Agent would not be available to the creditors of such Managing Agent upon its insolvency.

Operating Income from each Self Storage Property is collected by the relevant operator (an "**Operator**") and is paid into various accounts in the Operator's name. Thereafter, a proportion is transferred (directly or indirectly) into a Receipts Account in the name of the relevant Borrower which is charged in favour of the Loan Security Trustee and from which the Loan Security Trustee (acting through the Servicer) applies funds standing to the credit of the Receipts Account to meet the relevant Borrower's obligations. The Operators have not entered into Duty of Care Agreements with the Loan Security Trustee and there is therefore a risk that, pending

their transfer to the Receipts Account, the Operating Income may be available to the creditors of an Operator on its insolvency. However, to mitigate this risk, an Escrow Account has been established in respect of each Self Storage Loan to which there is credited an amount equal to the interest payable by the relevant Borrower during one Interest Period.

The charges over the Rent Accounts and Receipts Accounts are expressed to be fixed charges. However, under English law, whether or not a charge over book debts, such as monies standing to the credit of the Rent Accounts and Receipts Accounts, is fixed or floating will depend on the circumstances of the case, and it is possible that such charges will take effect only as floating charges. The Rent Accounts have been structured with a view to ensuring that the Loan Security Trustee will have sole control over the operation of these accounts, thereby increasing the likelihood that the charges will take effect as a fixed charges.

Income from the Properties securing the MS Acquired Loans is not paid into accounts charged as security for those Loans and there is a risk that the relevant Borrowers or Mortgagors might not apply Rental Income or Operating Income from those Properties towards payment of amounts due under the related Loan and that no other funds would be available to enable the relevant Borrowers to make such payments.

Under English law, the right to receive rental income generated by a property passes to a mortgagee on enforcement of the mortgage without the need for any express assignment, and therefore the claim of the Loan Security Trustee under the relevant security documents or mortgage of an Investment Property would, as a matter of legal priority, defeat any claim by a subsequent chargee or assignee of the Rental Income. There would, however, be no claim against a tenant or occupier who had previously responded to notice of the wrongful assignment by paying rent or other monies to a third party in ignorance of the relevant security documents. The position under Scottish law is broadly analogous (i.e. the right to receive payment of rent is deemed to be assigned to the heritable creditor under a standard security upon enforcement).

Investment Properties

Tenant Default

Any tenant of a Property may, from time to time, experience changes in its business which may weaken its financial condition and result in a failure to make rental payments when due. If a tenant of a Property were to default in its obligations to pay rent, the related Borrower is unlikely to have other funds available to enable it to make payments due on its Loan. The Borrower may also incur costs and experience delays associated with protecting its investment, including costs incurred in renovating and reletting the relevant Property, thereby further reducing the amount available to make payments due in respect of the Loan.

Privity of Contract

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

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

To the extent any occupational leases in respect of the Properties were entered into before 1st January, 1996 or pursuant to agreements for lease in existence before 1st January, 1996, the original tenant of a lease of any

such Property in England will remain liable under these leases notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment.

Statutory Rights of Tenants

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

Leases to residential tenants are required by the applicable Loan Documentation to constitute assured shorthold tenancies under the terms of the Housing Act 1988 (as amended), so as to avoid the resident having statutory security of tenure.

There are no equivalent statutory rights in relation to tenants of Properties located in Scotland, save that, in the case of retail premises, the Tenancy of Shops (Scotland) Act 1949 entitles the tenant of retail premises in Scotland, whose tenancy has been terminated by a notice, to an extension to a lease of up to one year.

Terms of Occupational Leases

The terms of the occupational leases might affect the realisable value of the Investment Properties. Whilst full due diligence was not undertaken by MS Bank in connection with the occupational leases relating to the Properties securing the MS Acquired Loans, none of the due diligence undertaken by MS Bank in connection with the origination or acquisition of the Loans revealed any occupational leases of any Investment Properties which appeared to have been granted on terms that would have caused a reasonably prudent commercial mortgage lender to decline to proceed with the origination or acquisition of the relevant Loan.

Borrowers and Mortgagors as Landlords

Parts of certain Investment Properties are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the property collectively, rather than being attributable to one particular unit or tenant. Occupational tenancies will usually contain provisions for the relevant tenant to make a contribution towards the cost of maintaining common areas calculated with reference, among other things, to the size of the premises demised by the relevant tenancy and the amount of use which such tenant is reasonably likely to make of the common areas. The contribution forms part of the service charge payable to the landlord (in addition to the principal rent) in accordance with the terms of the relevant tenancy. The liability of the landlord in each case to provide the relevant services is, however, not conditional upon all such contributions being made and consequently any failure by any tenant to pay the service charge contribution on the due date or at all would oblige the landlord to make good the shortfall from its own monies. The landlord would also need to pay from its own monies service charge contributions in respect of any vacant units.

Where a Borrower or Mortgagor as landlord is in default of its obligations under a tenancy or occupation agreement, a right of set-off could be exercised by a tenant or occupier of the relevant Property in respect of its payment obligations. Although the terms of many of the occupational leases at the Properties exclude tenants' rights of set-off, in certain circumstances a right of set-off could be exercised by a tenant of a Property in respect of its rental obligations, which would reduce the amount available to the Borrower to make payments due under that Borrower's Loan.

Frustration

A lease or other occupational arrangement could, in exceptional circumstances, be frustrated under English law, or the laws of Scotland, as the case may be, whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If an occupational lease of a Property

were to be frustrated, the relevant Borrower's ability to generate cash-flow would be compromised, as would its ability to make payments of interest and repayments of principal on its Loan.

Owner-Occupied Properties and Self Storage Properties

Operating Income from Owner-Occupied Properties and Self Storage Properties may be more sensitive to economic downturns or increased competitive conditions than income from Investment Properties as, unlike Rental Income generated by leases, Operating Income is generated primarily by agreements with customers which are terminable on short notice or without notice. In addition, the effective management and operation of the Owner-Occupied Properties and the Self Storage Properties will be a significant factor affecting the revenues, expenses and value of those Properties. No assurance can be given regarding the ability of the Owner-Occupied Properties or the Self Storage Properties to generate income which is sufficient to enable the related Borrowers to make all payments on their Loans when due. Furthermore, investors should be aware that the security granted by the Borrowers in the case of Loans secured by Owner-Occupied Properties is only over the Properties themselves and not over any of the Borrowers' other businesses or assets, including those located at the Property which may be required to enable business to be carried on at, and an Operating Income to be generated by, the Property.

Self Storage Loans

Each of the Properties constituting security for the Self Storage Loans are currently operated by the relevant Operator. The income-generating ability of the Properties securing the Self Storage Loans depends, in part, on the continued existence and financial strength of the group of companies incorporating the relevant Operator and the public perception of the corporate brand of the relevant Operator. Neither Operator is a single purpose entity and it, or its affiliates, own and continue to operate a number of similar premises and have assets and liabilities which are unconnected with those arising from the operation of the Self Storage Properties. An insolvency with respect to either Operator or the relevant Operator's group as a whole could have a material adverse effect on the management and operation of the relevant Properties and on the ability of the relevant Borrower to make payments under the relevant Loan. A termination of either Operating Agreement would leave the relevant Properties without an operator and consequently require the relevant Borrower to appoint a suitable replacement. No assurance can be given that any such termination would not have an adverse effect on the revenues of the affected Property and so, ultimately, upon the ability of the Issuer to meet its obligations under the Notes, nor that a suitable alternative operator could be appointed on similar terms.

Replacement of Servicer and Sub-Servicer

In order for the termination of the appointment of the Servicer, Special Servicer, Sub-Servicer or Sub-Special Servicer to be effective under the Servicing Agreement or, in the case of the Sub-Servicer and Sub-Special Servicer, the Sub-Servicing Agreement, a substitute must have been appointed. The appointment of any substitute Servicer, Special Servicer, Sub-Servicer or Sub-Special Servicer will not become effective unless certain conditions are met, including that each Rating Agency has confirmed that such appointment will not result in the then-current ratings of the Notes and the Junior Loans being downgraded, withdrawn or qualified. However, there is no guarantee that an appropriate substitute could be found who would be willing to service or sub-service the Loans and the Related Security. Furthermore, the ability of any substitute to service or sub-service effectively the Loans and Related Security would depend on the information and records made available to it.

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

Impact of Work-out Fee and Liquidation Fee

The payment of a Work-out Fee or a Liquidation Fee to the Special Servicer will reduce the amount available to the Issuer to make repayments of principal on the Notes. No assurances can be given regarding the amount of any such reduction or its impact on any class or classes of Notes, including those classes which rank in priority to the Controlling Party. For further details of the circumstances in which a Liquidation Fee or a Work-out Fee may become payable and the amount thereof, see "Servicing – Payments to the Servicer and Special Servicer" at page 106.

Conflicts of Interest

During the course of their business activities, the Servicer, the Sub-Servicer, the Special Servicer and Sub-Special Servicer and their respective affiliates may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the Properties. In such cases, the interests of any of those parties or their affiliates or the interests of other parties for whom they perform servicing functions may differ from, and compete with, the interests of the Issuer, and decisions made with respect to other real-estate assets serviced by them or in which they may have an interest may adversely affect the value of the Properties. However, if in the course of providing the services under the Servicing Agreement, a conflict arising between the interests of the Servicer or Special Servicer or any of their respective affiliates on the one hand and the interests of the Noteholders on the other the interests of the Noteholder shall prevail.

The Special Servicer is responsible for servicing Loans in the circumstances described in "Servicing – Transfer of Powers to the Special Servicer" at page 104. In addition, the Special Servicer's approval (which must be given or withheld in accordance with the Servicing Standard) must be obtained prior to the Servicer taking certain actions in relation to Loans which are not specially serviced. The Controlling Party, whose interests may conflict with the interest of the holders of other classes of Notes, is entitled to require the Note Trustee to instruct the Issuer Security Trustee to replace the Special Servicer with a person who is acceptable to the Controlling Party and who may (but need not necessarily) be an affiliate of a Noteholder who holds Notes of the Controlling Party. The Special Servicer or its affiliates may, at any time, hold any or all of the Notes, including those of the Controlling Party, and the holders of the class of Notes so held may have interests which conflict with the interests of the holders of the other classes of Notes.

Factors Relating to the Notes

Liability under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by MS Bank or any affiliate of MS Bank, or of or by the Managers, the Servicer, the Special Servicer, the Sub-Servicer, the Sub-Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Junior Lenders, the Loan Security Trustee, the Corporate Services Provider, the Share Trustee, the Nominee Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank or any company in the same group of companies as the Managers, the Servicer, the Special Servicer, the Sub-Servicer, the Sub-Special Servicer, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Loan Security Trustee, the Corporate Services Provider, the Share Trustee, the Nominee Trustee, the Paying Agents, the Agent Bank, the Registrar, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor, the Depository, the Exchange Agent or the Operating Bank and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Availability of Interest

A high prepayment rate in respect of the Loans will result in a reduction in interest receipts on the Loans by the Issuer and therefore may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes. The prepayment risk will, in particular, be borne by the Junior Lenders. On each Interest Payment Date, the maximum amount of interest then due and payable on the Class D Loan or the Class E Loan, as applicable, will be limited to the amount equal to the lesser of (a) the Interest Amount (as defined in Condition 5(*d*) at page 135) in respect of such class of Junior Loan, and (b) the Adjusted Interest Amount (as defined in Condition 5(*i*) at page 136) for such class of Junior Loan on such Interest Payment Date. If the difference between the Interest Amount and the Adjusted Interest Amount applicable to the Class D Loan or the Class E Loan, as applicable, is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments, the interest portion of such debt that is represented by such difference will be deferred until the date on which the relevant Junior Loan is due to be repaid in full.

Post-Enforcement Call Option

Following the service of an Enforcement Notice, but prior to the Issuer Security Trustee making the determinations referred to below, the Junior Lender whose Junior Loan has the greatest Notional Principal Amount Outstanding will, pursuant to an agreement dated on or about 17 August, 2004 between the Note Trustee, the Facility Agent and the Post-Enforcement Call Option Holder (the "**Post-Enforcement Call Option**

Agreement"), have the right, by serving notice on the Note Trustee, (but not the obligation) to purchase all of the Notes at their Notional Principal Amount Outstanding.

If the Issuer Security Trustee determines (i) in its sole opinion and discretion that all amounts outstanding under the Notes have become due and payable and (ii) on the basis of a certificate provided by the Facility Agent (which shall be provided in accordance with the Junior Loan Agreement) that all amounts outstanding under the Junior Loans have become due and payable and (iii) in its sole opinion and discretion that there is no reasonable likelihood of there being any further realisations (whether arising from the enforcement of the Notes and/or Junior Loans or otherwise) available to pay amounts outstanding under the Notes and the Junior Loans, the Post-Enforcement Call Option Holder will have the option to purchase all the Notes and the Junior Loans then outstanding in consideration for the payment of £0.01 in respect of each Note and each Junior Loan. Upon the exercise of the Post-Enforcement Call Option, the Noteholders will cease to have any rights against the Issuer.

Sub-Participation

The Issuer may acquire interests in the Pre-Funded Loans from MS Bank by way of sub-participation.

The purchase by the Issuer of MS Bank's rights under a Pre-Funded Loan by way of sub-participation will result in a contractual relationship only with MS Bank and not with the underlying Borrower. The Issuer would, in such case, have the right to receive repayments of principal and payment of interest to which it is entitled only upon receipt by MS Bank of such payments from the underlying Borrower. In purchasing MS Bank's rights under a Pre-Funded Loan by way of sub-participation, the Issuer will have no right directly to enforce compliance by the underlying Borrower with the terms of the applicable credit agreement and the Issuer may not directly benefit from the Related Security supporting the Pre-Funded Loan in respect of which it has purchased MS Bank's rights under the relevant Pre-Funded Loan. As a result, the Issuer will assume the credit risk of both the underlying Borrower and MS Bank. In the event of the insolvency of the MS Bank, the Issuer may be treated as a general creditor of MS Bank and may not benefit from any set off between MS Bank and the underlying Borrower and the Issuer may suffer a loss to the extent that the underlying Borrower may set off claims against MS Bank.

Additional risks are therefore associated with the purchase by the Issuer of MS Bank's rights under a Pre-Funded Loan by way of sub-participation on the Pre-Funded Loans Purchase Date.

Recourse to the Loan Seller

The Issuer, the Note Trustee and the Issuer Security Trustee will have no recourse to the Loan Seller, save in respect of any interest in a Pre-Funded Loan acquired by way of sub-participation and in respect of the representations and warranties given by the Loan Seller in the Loan Sale Agreement. For further information, see "Risk Factors – Factors Relating to the Notes – Sub-Participation" at page 45 and "The Loans and the Related Security – The Loan Sale Agreement – Representations and Warranties" at page 64).

Rights Available to Holders of Notes of Different Classes and Rights of the Junior Lenders

In performing its duties as trustee for the Noteholders, the Note Trustee will not be entitled to consider solely the interests of the holders of the most senior class of Notes then outstanding but will need to have regard to the interests of all of the Noteholders. In particular the Note Trustee may not grant its consent to certain modifications or waivers of the Notes, the Conditions or any of the Transaction Documents unless authorised to do so by the holders of each class of Notes whose interests it determines will be materially prejudiced thereby. Furthermore, notwithstanding the interests or instructions of the holders of more senior classes of Notes, the Controlling Party (if it is a class of Noteholder) will, by passing Extraordinary Resolutions, be able to direct the Note Trustee to instruct the Issuer Security Trustee in connection with the appointment of the Special Servicer and an Operating Adviser. For further information regarding the rights of the Controlling Party, see "Summary – The Notes – Controlling Party" at page 18.

Subject as provided above, where there is, in the Note Trustee's opinion, a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, the Note Trustee will be required to have regard only to the interests of the most senior class of Notes then outstanding.

In performing its duties as trustee for the Secured Parties while the Notes are outstanding, the Issuer Security Trustee will take its instructions from the Note Trustee and will not be required to take into account the interests of any other Secured Party, except as otherwise expressly provided for in the Transaction Documents.

Furthermore, where the Transaction Documents expressly require the prior consent of the Facility Agent to be obtained to a particular matter (for example, certain modifications to Loan Documentation as described under "Servicing – Modifications and Exercise of Discretions" at page 105), such consent may be granted (or withheld) by the Facility Agent on behalf of the Junior Lenders without regard to the interests of the Noteholders.

Amendments and Waivers to Transaction Documents

If the Note Trustee's consent is required to a modification of any term, or waiver of any breach, of the Notes, the Conditions or the Transaction Documents and the Note Trustee determines that such modification or waiver will be materially prejudicial to the interests of any class or classes of Noteholders, it may not consent to such modification or waiver unless permitted to do so by an Extraordinary Resolution of the class or classes of Noteholders whose interests the Note Trustee determines will be materially prejudiced thereby. Except in certain circumstances relating to the occurrence of an Event of Default, to the extent that the Note Trustee's consent is required to the modification of any term, or waiver of any breach, of the Conditions or the Transaction Documents, the Facility Agent's consent is also required thereto. However, if the Note Trustee has consented to the relevant modification or waiver, the Facility Agent may only withhold its consent if the modification was not to correct a manifest error or was not of a formal, minor or technical nature and: (i) it can reasonably certify to the Note Trustee (which certificate the Note Trustee may rely on without enquiry into the reasonableness thereof) that such modification or waiver will be materially prejudicial to the interests of either, or both, of the Junior Lenders; and (ii) the Junior Lender or Junior Lenders whose interests the Facility Agent has certified will be materially prejudiced thereby has not or have not informed the Issuer and the Note Trustee that they have consented to the modification or waiver in accordance with the Junior Loan Agreement. The Facility Agent will be deemed to have granted its consent if the certificate referred to above has not been received by the Note Trustee within ten Business Days of the Facility Agent having been notified by the Note Trustee that it has consented to a particular matter.

Ratings of Notes and Confirmations of Ratings

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

The Rating Agencies will be notified of the exercise of certain discretions by or at the direction of the Servicer and the Special Servicer, such as amendments to and waivers of Loan documentation and certain discretions of which the Issuer Security Trustee is given notice prior to their exercise. However, the Rating Agencies are under no obligation to revert to the Servicer or Special Servicer regarding the impact of the exercise of such discretion on the ratings of the Notes and any decision as to whether or not to confirm, downgrade, withdraw or qualify the ratings of all classes or any class of Notes based on such notification may be made at the sole discretion of the Rating Agencies at any time, including after the relevant action has been taken.

Where, after the Closing Date, a particular matter such as that referred to in the preceding paragraph or any other matter involves the Rating Agencies being requested to confirm the then-current ratings of the Notes, the Rating Agencies, at their sole discretion, may or may not give such confirmation. It should be noted that, depending on the timing of delivery of the request and any information needed to be provided as part of any such request, it may be the case that the Rating Agencies cannot provide their confirmation in the time available or at all and they will not be held responsible for the consequences thereof. Any confirmation received from the Rating Agencies, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time and in the context of cumulative changes to the transaction of which the Notes form part since the Closing Date. Furthermore, in the event that the Rating Agencies confirm the ratings, this will be on the basis of full and timely receipt by the Noteholders of interest on the Notes and the likelihood of receipt of principal of the Notes by the Maturity Date. There is no assurance that after any such confirmation any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by

one or more of the Rating Agencies for any of the reasons specified above in relation to the original ratings of the Notes. As such a confirmation of the ratings of the Notes by the Rating Agencies is not a representation or warranty that, as a result of a particular matter, the interest and principal due under the Notes will be paid or repaid in full and when due.

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

Absence of Secondary Market; Limited Liquidity

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

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed facility for drawings to be made in the circumstances described in "Credit Structure – Liquidity Facility" at page 115. The facility will, however, be subject to an initial maximum aggregate principal amount of £24,000,000 which will in certain specified circumstances be reduced. The amount available to be drawn under the Liquidity Facility on any Interest Payment Date may be less than the Issuer would have received, had full and timely payments been made in respect of all amounts owing to the Issuer during the related Collection Period. In such circumstances, insufficient funds may be available to the Issuer to pay in full interest due on the Notes. The Liquidity Facility Agreement is not available to meet shortfalls in principal.

United States Tax Characterisation of the Notes and the Junior Loans

Although the Notes and the Junior Loans are denominated as debt, there is a significant possibility that the Junior Loans (and, to a lesser extent, the Notes) may be treated as equity for United States federal income tax purposes. Such a characterisation could have certain adverse tax consequences to United States investors who hold the Notes and the Junior Loans. For further information, see "United States Taxation – Possible Alternative Characterisation of the Instruments" at page 161.

European Union Directive on Taxation of Certain Interest Payments

The European Union has adopted a directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that EU member states will be required from 1st July, 2005 to provide to the tax authorities of other EU member states details of payments of interest and other similar income paid by a person to an individual in another EU member state, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

Withholding Tax under the Notes

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

Introduction of the Euro

If at any time there is a change of currency in the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of such change and which are expressed in sterling will be translated into, and any amount payable will be

paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent. Any such translation will be at the official rate of exchange recognised for that purpose by the Bank of England.

Where such a change in currency occurs, the Notes and the Conditions will be amended in the manner agreed between the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note Trustee, the Issuer Security Trustee and the Noteholders in the same position as if no change in currency had occurred. Such amendments are to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with a change in currency. All such amendments will be binding on the Noteholders. Notification of the amendments will be made in accordance with Condition 15 at page 153.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law, Scottish law and New York law and administrative practice in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English law, Scottish law or New York law or administrative practice after the date of this Offering Circular, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Insolvency of Issuer

The Enterprise Act 2002 abolished the ability of mortgagees generally to appoint an administrative receiver over the assets of a mortgagor company, where the relevant security was created after 15th September, 2003.

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

Under the Insolvency Act 1986 (as amended by the Insolvency Act 2000), certain "small" companies are entitled to a short term moratorium in filing for a voluntary arrangement. The effect of this would be to allow such company protection from its creditors (in that no creditor will be entitled to take enforcement action without the leave of the court) for an initial period of 28 days, which can be extended for a further two months. A company will be "small", in broad terms, if in any financial year it satisfies two or more of the requirements set out in Section 247(iii) of the Companies Act 1985, namely: (a) its turnover is not more than £2,800,000; (b) its balance sheet totals not more than £1,400,000; and (c) it does not have more than 50 employees. However, a small company will be excluded from eligibility for such a moratorium if it is a party to an agreement which is or forms part of certain capital market arrangements under which: (i) the party has incurred (or when the agreement was entered into was expected to incur) a debt of at least £10,000,000; and (ii) the arrangement involves the issue of a capital market investment. Such arrangement must also involve: (a) the grant of security to a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement; (b) at least one party guaranteeing the performance of obligations of another party; (c) at least one party providing security in respect of the performance of obligations of another party; or (d) an investment described in Articles 83-85 of the Financial Securities and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/554). It is expected, therefore, that the Issuer will fall within this exemption.

Preferential Creditors

Crown Preference in relation to all insolvency is now abolished and, accordingly, the categories of preferential debts that are payable in priority to any assets secured by a floating charge are reduced. However,

Section 176A of the Insolvency Act 1986 ("**Section 176A**") requires that a prescribed part of a company's net property (property which is available to the holder of a floating charge) can be made available for the satisfaction of unsecured debts. Section 176A is, however, not relevant to: (a) property which is subject to a valid fixed security interest; (b) a floating charge created before 15th September, 2003; or (c) an insolvency where there are no unsecured creditors.

Section 176A will only apply in the case of one of the EA2002 Loans, although it will also apply to the Deed of Charge and Assignment granted by the Issuer. Nonetheless, in the case of the Issuer, it is not anticipated that there will be many, if any, material unsecured or preferential creditors. Currently, the maximum value of the prescribed part which can be made available to unsecured creditors is £600,000.

Proposed changes to the Basel Accord

In June 1999, the Basel Committee on Banking Supervision (the "**Basel Committee**") issued proposals for reform of the 1988 Capital Accord and proposed a new capital adequacy framework which places enhanced emphasis on market discipline. Following an extensive consultation period on its proposals, the Basel Committee announced on 11th May, 2004 that it had achieved consensus on the framework of the "**New Basel Capital Accord**". The text of the New Basel Capital Accord was published on 26th June, 2004. This text will serve as the basis for national and supra-national rule-making and approval processes to continue and for banking organisations to complete their preparation for the implementation of the New Basel Capital Accord at year end 2006. Consequently, recipients of this Offering Circular should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord proposals.

Hedging risks

Certain of the Loans bear interest at a fixed rate on all or a portion of the principal balance of the Loan while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three-month LIBOR plus a margin (for further information, see Condition 5 at page 133). In addition, certain of the Loans bear interest at a floating rate which is not determined by reference to three-month LIBOR. In order to hedge the mismatch of such interest rates, the Issuer will enter into the Swap Transactions pursuant to the Swap Agreement. However, there can be no assurance that the Swap Transactions will adequately address unforeseen hedging risks. Moreover, in certain circumstances, the Swap Agreement may be terminated and as a result the Issuer may be unhedged if replacement interest rate swap transactions cannot be entered into.

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

THE ISSUER

The Issuer, Morpheus (European Loan Conduit No. 19) plc, was incorporated in England and Wales on 14th July, 2004 (registered number 5179422), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Issuer has no subsidiaries.

1. Principal Activities

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

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

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

2. Directors and Secretary

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

Name	Business Address	Principal Activities
SFM Directors Limited (registered number 3920254)	Blackwell House, Guildhall Yard, London EC2V 5AE	Provision of directors to special purpose companies
SFM Directors (No. 2) Limited (registered number 4017430)	Blackwell House, Guildhall Yard, London EC2V 5AE	Provision of directors to special purpose companies

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

3. Capitalisation and Indebtedness

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

Share Capital

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

49,999 of the issued shares (being 49,998 shares of £1 each, each of which is paid up as to 25 pence and one share of £1 which is fully paid) in the Issuer are held by the Post-Enforcement Call Option Holder. The remaining one share in the Issuer (which is fully paid) is held by SFM Nominees Limited (registered number 4115230) (the "**Nominee Trustee**") as nominee for the Post-Enforcement Call Option Holder. The entire issued share capital of the Post-Enforcement Call Option Holder is held by SFM Corporate Services Limited (registered number 3920255) (the "**Share Trustee**") as trustee of the European Loan Conduit No. 19 Securitisation Trust pursuant to a Share Declaration of Trust declared by the Share Trustee on 16th August, 2004. The Issuer will pay the fees and expenses of the Share Trustee.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2029 ..... £465,510,00
Class B Commercial Mortgage Backed Floating Rate Notes due 2029..... £37,820,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2029..... £33,460,000
Class D Secured Floating Rate Loan due 2029..... £24,730,000
Class E Secured Floating Rate Loan due 2029 ..... £20,363,000
Total Loan Capital £581,883,000

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

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from BDO Stoy Hayward LLP, who have been appointed as auditors and reporting accountants to the Issuer. BDO Stoy Hayward LLP are chartered accountants and registered auditors. The balance sheet contained in the report does not comprise the Issuer's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since the Issuer's incorporation. The Issuer's accounting reference date will be 31st July and the first statutory accounts will be drawn up to 31st July, 2005.

BDO Stoy Hayward LLP
Chartered Accountants

8 Baker Street
London W1U 3LL

The Board of Directors
Morpheus (European Loan Conduit No. 19) plc
Blackwell House
Guildhall Yard
London EC2V 5AE

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

HSBC Bank USA, National Association
452 Fifth Avenue
New York
New York 10018
(as Note Trustee and Issuer Security Trustee)

16th August, 2004

Dear Sirs

Morpheus (European Loan Conduit No. 19) plc (the "Company")

We report on the financial information set out below. This financial information has been prepared for inclusion in the offering circular dated 16th August, 2004, of the Company (the "**Offering Circular**") relating to the issue of the £465,510,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2029, £37,820,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2029 and £33,460,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2029 and the advance of the £24,730,000 Class D Secured Floating Rate Loan due 2029 and £20,363,000 Class E Secured Floating Rate Loan due 2029.

The Company was incorporated and registered as a public limited company in England and Wales on 14th July, 2004, under the name Morpheus (European Loan Conduit No. 19) plc, registered number 5179422.

We have been auditors of the Company since our appointment on 12th August, 2004.

Basis of preparation

The financial information set out in this report is based on audited non-statutory financial statements of the Company for the period from incorporation to 16th August, 2004, to which no adjustments were considered necessary.

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

Responsibility

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

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial information set out below gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company as at 16th August, 2004.

MORPHEUS (EUROPEAN LOAN CONDUIT NO. 19) plc

BALANCE SHEET as at 16th August, 2004

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

NOTES TO THE FINANCIAL INFORMATION

1. Accounting Policies

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

2. Called up share capital

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

On incorporation, one share of £1 was issued fully paid to SFM Corporate Services Limited and one share of £1 was issued fully paid to SFM Nominees Limited.

On 26th July, 2004, 49,998 ordinary shares of £1 each were issued to SFM Corporate Services Limited and partially called up for cash consideration of £12,499.50

On 11th August, 2004, the 49,999 ordinary shares of £1 each held by SFM Corporate Services Limited were transferred to Morpheus (European Loan Conduit No. 19) Holdings Limited for consideration of £12,500.50.

The entire issued share capital of Morpheus (European Loan Conduit No. 19) Holdings Limited is held by SFM Corporate Services Limited as trustee of the European Loan Conduit No. 19 Securitisation Trust.

3. Profit and loss account

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

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountants

THE PARTIES

Morgan Stanley Bank International Limited

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

Note Trustee

HSBC Bank USA, National Association whose principal office is at 452 Fifth Avenue, New York, New York 10018, will be appointed as Note Trustee pursuant to the Trust Deed to represent the interests of the Noteholders. The Note Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Trust Deed on trust for the Noteholders.

The Trust Deed, among other things:

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

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

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

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

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

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

(g) sets out the scope of the Note Trustee's liability for any breach of duty or breach of trust, negligence or default in connection with the exercise of its duties;

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

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

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

The Trust Deed also contains provisions governing the retirement or removal of the Note Trustee and the appointment of a successor Note Trustee. The Note Trustee may at any time and for any reason resign as Note Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes of each class, acting by Extraordinary Resolution, may together remove the Note Trustee from office. The Issuer will, in the event of a trustee giving notice or being removed in accordance with the provisions of the Trust Deed, use all reasonable endeavours to procure the appointment of a new trustee as soon as reasonably

practicable thereafter. The retirement or removal of any such trustee shall not become effective until a successor trustee is appointed.

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

Issuer Security Trustee

HSBC Bank USA, National Association, a national association organised under the laws of the United States of America, is the Issuer Security Trustee. The principal office of HSBC Bank USA, National Association is 452 Fifth Avenue, New York, New York 10018, U.S.A.

Servicer, Special Servicer and Loan Security Trustee

Morgan Stanley Mortgage Servicing Limited ("**MSMS**") is a specialist loan servicing company and a subsidiary of Morgan Stanley, operating in the United Kingdom and certain other European countries. MSMS is incorporated in England and Wales (registered number 3411668) and has its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA. MSMS is rated by Fitch as a CMBS Primary Servicer with a rating of CPS2(UK). S&P have also affirmed MSMS's ranking as a commercial loan servicer for the U.K. and Ireland as "average".

Sub-Servicer and Sub-Special Servicer

Crown Mortgage Management Limited ("**Crown**") is a specialist loan servicing company and is a subsidiary of Crown Northcorp Limited. Crown is incorporated in England and Wales (registered number 912411) and has its registered office at Crown House, Crown Street, Ipswich IP1 3HS. Crown provides specialist services to commercial and residential mortgage lenders in the United Kingdom. Crown is rated by Fitch as a CMBS Primary Servicer with a rating of CPS3+(UK) and as a CMBS Special Servicer with a rating of CSS2-(UK). S&P have affirmed Crown's ranking as a commercial loan servicer as "average".

Swap Provider

Morgan Stanley Capital Services Inc. ("**MSCS**"), a Delaware corporation, is a wholly owned unregulated subsidiary of Morgan Stanley which conducts forward payment business, including interest rate swaps, exchange rate swaps and interest rate guarantees with institutional clients. The principal office of MSCS is located at 1585 Broadway, New York, New York 10036.

Swap Guarantor

Morgan Stanley, whose principal office is located at 1585 Broadway, New York, New York 10036, USA, (the "**Swap Guarantor**") is a global financial services firm that maintains three primary businesses: securities, asset management and credit services. Morgan Stanley combines global investment banking (including the origination of underwritten public offerings and mergers and acquisitions advice) with institutional sales and trading, and provides investment and global asset management products and services and, primarily through its Discover Card brand, consumer credit products. Morgan Stanley is incorporated in the State of Delaware.

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

Liquidity Facility Provider

Lloyds TSB Bank plc, acting through its branch located at 25 Monument Street, London EC3R 8BQ, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. The long-term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc are rated "AA+" by Fitch, "Aaa" by Moody's and

"AA" by S&P, and the short-term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

Operating Bank

HSBC Bank plc in its capacity as the Operating Bank will act as the operating bank pursuant to the Cash Management Agreement in relation to the Transaction Account, Swap Collateral Cash Account, Swap Collateral Custody Account, the Deposit Account and, in certain circumstances, the Stand-by Account through its office located at 8 Canada Square, London E14 5HQ. The long-term, unsecured, unsubordinated debt obligations of HSBC Bank plc are rated "AA" by Fitch, "Aa2" by Moody's and "AA-" by S&P, and the short-term, unsecured, unsubordinated debt obligations of HSBC Bank plc are rated "F1+" by Fitch, "P-1" by Moody's and "A-1+" by S&P.

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

HSBC Bank plc, whose specified office is at 8 Canada Square, London E14 5HQ, will be appointed as Principal Paying Agent and Agent Bank under the Agency Agreement, as Cash Manager under the Cash Management Agreement, as Exchange Agent under the Exchange Rate Agency Agreement and as Facility Agent under the Junior Loan Agreement.

Sub-Paying Agent

HSBC Global Investor Services (Ireland) Limited whose principal office is at Europa House, Harcourt Centre, Harcourt Street, Dublin 2 will be appointed as Sub-Paying Agent under the Agency Agreement.

Depository and Registrar

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

Reporting Agent

Wells Fargo Securitisation Services Limited, whose registered office is at 6-8 Underwood Street, London N1 7TQ will be appointed as Reporting Agent under the Cash Management Agreement (the "**Reporting Agent**") for the purpose of carrying out certain reporting functions, including, among other things, the posting of an investor report made available to Noteholders and certain other persons on a quarterly basis via its secure website.

Corporate Services Provider and Share Trustee

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

Nominee Trustee

SFM Nominees Limited, whose registered office is at Blackwell House, Guildhall Yard, London EC2V 5AE, will be appointed as Nominee Trustee under the Nominee Declaration of Trust.

THE BORROWERS

The Loan Pool consists of 419 Loans. The majority of the Loans have been made to limited liability companies. However, approximately 91 of the Loans (accounting for 12.9 per cent. of the Aggregate Cut-Off Date Balance) have been made to individuals. One MS Originated Loan, (accounting for 5.6 per cent. of the Aggregate Cut-Off Date Balance) has been made to a limited liability partnership registered under the Limited Liability Partnerships Act 2000 and one MS Originated Loan (accounting for 0.4 per cent. of the Aggregate Cut-Off Date Balance) has been made to a Danish unlimited partnership.

Limited Liability Companies

Each corporate Borrower has been incorporated as a limited liability company in England and Wales, Gibraltar, the Isle of Man or Jersey, and will be governed by the laws of such jurisdiction in relation to their business proceedings.

In the case of the MS Originated Loans made to a corporate Borrower, comprising 23.4 per cent. of the Aggregate Cut-Off Date Balance of the Loan Pool, each Borrower was incorporated or constituted for the purposes of acquiring the legal and/or beneficial interests in the Property or Properties charged as security for the related Loan, and/or for acquiring the entire issued share capital in other companies owning the legal and/or beneficial interests in such Property or Properties and (in the case of the Self-Storage Loans) of acquiring the business carried on at the relevant Properties. The Originator was satisfied at the time it originated such Loans that the corporate Borrowers and/or the Mortgagors had no material assets or liabilities (other than liabilities fully subordinated pursuant to subordination agreements) save in relation to the Property or Properties which constitute security for the relevant Loans.

The Acquired Loans Originator did not generally require corporate borrowers to be special purpose entities nor did it make specific enquiries as to whether the relevant Borrower and/or Mortgagor had any other assets and/or liabilities. Although the principal security for each MS Acquired Loan is a first-ranking Mortgage over a Property, there is a risk that third party creditors of a Borrower or Mortgagor may seek to institute insolvency proceedings against such Borrower or Mortgagor which may impede the enforcement of the Related Security for a Loan by the Loan Security Trustee.

Individuals

Approximately 91 Loans (accounting for 12.9 per cent. of the Aggregate Cut-Off Date Balance) have been made to one or more individuals, or to an individual jointly with a corporate borrower. The individual Borrowers may have other assets and liabilities.

Limited Liability Partnerships

One MS Originated Loan is made to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. English law limited liability partnerships differ from limited partnerships in that, among other things, limited liability partnerships have a separate legal personality and, subject to certain conditions, all members have limited liability. Consequently, no recourse may be made to any assets of any limited liability partnership or any of its members beyond that specifically charged by the relevant Mortgagor and/or Related Security.

Danish Unlimited Partnership

One MS Originated Loan is made to a Danish unlimited partnership. A Danish unlimited partnership is a separate legal entity capable of owning real estate in its own name. The Originator was satisfied at the time it originated the Loan that the relevant Borrower had no material assets or liabilities (other than fully subordinated pursuant to subordination agreements) save in relation to the Property which constitutes security for the relevant Loan.

THE LOANS AND THE RELATED SECURITY

General

All of the MS Originated Loans were originated between September, 1999 and March, 2004 (their weighted average seasoning being 18.1 months) and all of the MS Acquired Loans were originated between July 1988 and May 2003 (their weighted average seasoning being 54.0 months). As at the Cut-Off Date, no Loan was more than 30 days in arrears. The MS Originated Loans together account for 24.5 per cent. of the Aggregate Cut-Off Date Balance and the MS Acquired Loans account for the remainder.

Interest is payable in relation to all of the Loans at a floating or fixed rate, accrues daily and is payable quarterly (or in the case of 82 MS Acquired Loans accounting for 4.7 per cent. of the Aggregate Cut-Off Date Balance, monthly) in arrear. In the case of those Loans that accrue interest at a floating rate, the interest rate is either calculated by reference to LIBOR for the relevant period or the prevailing "Standard Variable Rate" of the Acquired Loans Originator or, in one case, the base rate.

There is no right on the part of the Issuer to substitute Loans in the Loan Pool.

Lending Criteria

The decision of the relevant Originator to advance any Loan was based on compliance with its lending criteria, as described below (the "**Lending Criteria**"), subject to such waivers or variations as may have been consistent with the practices of a reasonably prudent commercial mortgage lender at the time of the origination.

Lending Philosophy

The credit policy of each Originator was to underwrite commercial mortgage loans based on an analysis of projected income from the properties offered as security, any contractual cashflows (including, in the case of Investment Properties, occupational tenant covenants and lease terms), the creditworthiness of the applicant and the overall quality and value of the properties offered as security. Risk was assessed by stressing the cashflows derived from the underlying tenants or businesses operated at the properties and, in the case of Interest Only Loans and Balloon Loans, the risks associated with refinancing the amount due upon maturity of the relevant loan. Any plans or strategy for the relevant property and/or the applicant's business, as well as the property investment experience and expertise of the applicant or its sponsors were also factors taken into consideration. The ability of an applicant to repay a loan, taking into account any current and/or expected financial commitments, was also considered.

Debt Service

Applicants were required to have demonstrated an ability to generate sufficient income to service their loan. In the case of loans secured by Investment Properties, the expectation was that this income would be generated by rent paid by occupational tenants and, in the case of Owner-Occupied Properties, that it would be generated primarily by the business activities carried out at the property or properties offered as security.

The applicants under all the MS Originated Loans were also required to demonstrate that the interest cover percentages of the properties offered as security were no less than 110 per cent.

Types of Borrower

Loans were advanced to individuals, partnerships, trading companies or special purpose companies sponsored by individuals. For further information about the Borrowers, see "The Borrowers" at page 58.

Security

Each applicant was required to provide, or procure that there was provided, a first-ranking legal mortgage or, in Scotland, a standard security over freehold, feuhold or long leasehold land and buildings over commercial property located in England, Wales or Scotland.

In the case of all the MS Originated Loans a debenture incorporating fixed and floating charges over the other assets of the Borrowers or Mortgagors which are limited liability companies was also required. Where no such debenture exists, notwithstanding that a Borrower or Mortgagor may have assets other than the Property or

Properties charged as security for that Borrower's Loan, investors should assume that such other assets will not be available to repay a Loan in an event of default.

In some cases, additional security may have been required in the form of guarantees, share charges and/or (in the case of limited liability companies) floating charges.

Advance Level

Prior to advancing a Loan, it was the relevant Originator's policy to commission the preparation of a commercial lending valuation report, giving consideration to such factors as market condition, property repair, levels of income and local geographic issues, and to originate loans with an LTV Ratio (calculated on the basis of the Origination Valuation) of no more than 75 per cent. (in the case of the Acquired Loans Originator) or 87 per cent. (in the case of MS Bank and MSDWMCI). Higher LTV Ratios may have been accepted in certain cases, depending on the relevant Originator's analysis of the other circumstances surrounding the application.

Table 2 on page 75 sets out the distribution of the LTV Ratios of the Loans based on their Origination Valuations.

Repayment Terms

The Loans (other than those described in the next paragraph) were advanced with an original term to maturity of between three and 29 years, although the majority have a term of between five and 10 years. 19.2 per cent. of the Aggregate Cut-Off Date Balance is attributable to Interest Only Loans. The remaining Loans, 67.4 per cent. of which (based on their Cut-Off Date Balances) are Balloon Loans, have defined principal repayment schedules. These repayment schedules were structured to take account of the projected patterns of cashflow to be generated by the related Properties including, in the case of the Investment Properties, the rent payable under the occupational leases in place at the time of origination. Prior to advancing an Interest Only Loan or Balloon Loan, the relevant Originator considered the likely value of the Related Security at maturity of the Loan and the ability of the Borrower to refinance at that time.

Sixteen of the MS Acquired Loans (comprising 0.4 per cent. of the Aggregate Cut-Off Balance) contain no specific repayment date, although the lender can require the Borrower to repay at any time upon six months written notice. In the Servicing Agreement, the Servicer (or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer) will agree to demand repayment of the full outstanding principal balance of each such Loan so that it falls due for repayment in full prior to November 1, 2027.

Legal Due Diligence

Each Originator's lending criteria required it to instruct external legal advisers to undertake the legal due diligence process. An objective of this process would have been to verify that, on or prior to the Loan being advanced, the applicant or a property-owning affiliate of the applicant who would be providing the security would have good title to the property or properties to be charged, free from any encumbrances or other matters which would be considered to be of a material adverse nature and that each Loan would, upon its origination, constitute legal, valid and binding obligations of, and be enforceable against, the relevant Borrower. If the Borrower was not established in England, Wales or Scotland, lawyers in the Borrower's jurisdiction were usually (although not always) instructed to assist with the verification of these matters. In the case of leasehold Properties, the terms of the leases under which the relevant Borrowers or Mortgagors derived their interests were examined to ensure that they included no provisions which would render the leasehold interest unacceptable as security. External legal advisers were also instructed to identify any matters of a legal nature which may have been relevant to the Originator's decision regarding whether or not to make an advance.

Legal advisers were instructed to ensure that all Loan Documentation was duly executed and that all necessary registration formalities and the service of notices were dealt with at drawdown or, as appropriate, within any applicable priority or other time periods following drawdown and to either undertake all necessary registrations at the English or Scottish Land Registries or obtain an unconditional undertaking from the Borrower's or Mortgagor's solicitors to effect such registrations.

The legal due diligence was in each case addressed to the relevant Originator, and it will not be re-addressed to the Issuer, the Note Trustee or the Issuer Security Trustee.

Save as set out below under "Due Diligence relating to the MS Acquired Loans" below, it was not updated prior to the sale of the relevant loan to the Loan Seller (in the case of the MS Acquired Loans) or prior to the sale of the Loans to the Issuer in connection with the securitisation thereof.

The Issuer must rely solely on the representations and warranties given by MS Bank in this regard as contained in the Loan Sale Agreement and as described under "The Loan Sale Agreement" at page 69.

Structural and Environmental Reports

Reports relating to the structure or construction of a Property were not usually obtained by the Originators nor were specific environmental surveys or enquiries undertaken unless it was thought appropriate in any particular instance to do so.

Due Diligence relating to the MS Acquired Loans

Purpose

Prior to completing the acquisition of the MS Acquired Loans, MS Bank undertook certain due diligence relating to the MS Acquired Loans in order to satisfy itself regarding the quality of the underwriting procedures applied by the Acquired Loans Originator and of the Borrowers and the Properties securing the MS Acquired Loans, as well as the performance of the MS Acquired Loans since their origination. Although any material issues which were revealed by such due diligence are disclosed in this Offering Circular, no assurance can be given that the due diligence identified all matters which may, in the future, result in a loss to the Issuer. The risk of such a loss occurring is, to some extent, mitigated by representations and warranties which the Loan Seller will provide in the Loan Sale Agreement in relation to the Loans (including the MS Acquired Loans), their Related Security, their related Properties and other associated matters. However, no assurance can be given that these representations and warranties will cover every matter in relation to which the Issuer may suffer a loss. For further information about the representations and warranties given by the Loan Seller and the Issuer's remedy for breach thereof, see "The Loan Sale Agreement – Representations and Warranties" at page 70.

Updated Valuations

MS Bank commissioned FPD Savills to undertake "desk top" valuations of 90 of the Properties securing the MS Acquired Loans (which represent 30.2 per cent. of the aggregate original value of the MS Acquired Loans as at the Cut-Off Date). These did not comprise full valuations of the Properties and certain assumptions were made relating to income and other matters which were not necessarily verified by legal due diligence. The aim of this process was to assess generally the quality of certain of the Origination Valuations obtained by the Acquired Loans Originator and to provide an indication of updated market valuations of a sample of the Properties. These valuations indicated that, on average, the re-valued Properties had increased in value by 9.5 per cent, although 29 of the Properties had decreased in value.

Loan File Due Diligence

MS Bank commissioned Crown Mortgage Management Limited (in such capacity, "**Crown**") to undertake a detailed review of the loan files relating to the MS Acquired Loans. This review involved a two stage process. First, each loan file was reviewed and the latest correspondence reorganised with a view to ensuring, among other things, that all correspondence was up-to-date, that the Borrower's financial information (including, to the extent available, annual accounts and management accounts) was available and that the documentation (including reports on title and valuations commissioned at the time of origination) was complete and readily accessible. At the same time, the contents of each deeds packet were checked against the schedule of contents provided by the Acquired Loans Originator. To the extent that any deeds were noted as being missing, these were, or are in the process of being, recovered or reconstituted.

The second stage of the Crown's review was to complete a pro forma due diligence verification report for each MS Acquired Loan detailing the following in particular:

(i) general loan and security information;

(ii) property information; and

(iii) (in the case of the Investment Properties) tenant information, to the extent available.

The general loan information review covered matters including (a) the original LTV Ratio, (b) any variations to the standard loan terms and (c) arrears information. The property information review included items such as (a) the original open market valuation, (b) the original estimated rental value, (c) the original vacant possession valuation and (d) details of any subsequent valuations in respect of each relevant Property. The tenant review included (a) the name of each tenant, (b) each lease start date, (c) each lease expiry date, (d) the rent start date and (e) the current gross rent. Crown obtained the information necessary to complete each due diligence verification report by reviewing the whole of each loan file and the deeds packet related thereto, and noted where any such material information was missing.

MS Bank also commissioned an independent firm of accountants to audit a sample of the Loan Files together with the electronic data relating to those Loans. The sample included all the MS Originated Loans, 17 of the largest MS Acquired Loans (based on their principal balances outstanding) and 22 MS Acquired Loans selected at random. The total Loan sample comprised 46.6 per cent. of the aggregate Loan Pool by principal balance outstanding. This process revealed a number of discrepancies between the information contained on the Loan Files and the electronic data used for the purposes of making calculations of amounts due in respect of the Loans (for example, discrepancies between the rates of interest payable by the relevant Borrowers, the maturity dates of the Loans and their amortisation schedules). Although the Loan Seller did not consider any of these to be material in the context of the acquisition of the MS Acquired Loans as a whole, discrepancies other than those identified may exist which the Loan Seller is not aware of and which may cause the Issuer to suffer a loss.

Legal Due Diligence

MS Bank instructed external legal advisers to carry out a review of the standard form credit agreements and documents comprising the Related Security. The aim of this review was to report on the terms of that documentation and to highlight any material deficiencies therein.

In addition, prior to the completion of the purchase of the MS Acquired Loans, external legal advisers reviewed the mortgage deeds contained in the deeds packets relating to each such Loan to verify that the relevant title documents in respect of the Related Security were available. The external legal advisers instructed in connection with the Loans secured by Properties in England or Wales also undertook Land Registry and Companies Registry searches to verify that all applicable registration requirements had been complied with. Scottish lawyers acting for MS Bank performed corresponding checks of the mortgage deeds and searches in the Land Registers of Scotland in respect of the Properties situated in Scotland. Investors should assume that the Loan Seller's external legal advisers undertook no due diligence in connection with the acquisition of the MS Acquired Loans, other than as described above.

All of the reports by FPD Savills, Crown and the external legal advisers issued in connection with the due diligence undertaken on behalf of the Loan Seller in connection with the acquisition of the MS Acquired Loans were addressed to MS Bank and will not be updated prior to the sale of the Loans and Related Security to the Issuer. The Issuer must rely solely on the representations and warranties given by the Loan Seller in this regard as contained in the Loan Sale Agreement and as described under "The Loan Sale Agreement" at page 69.

The Loan and Security Documentation

All the Originators used standard form loan and security documentation. The standard forms used by the Originators of the MS Originated Loans and those used by the Acquired Loans Originator differed in form and content and, in the case of the MS Acquired Loans, were amended and re-issued at various times to reflect changes to the relevant law and lending practice generally. Brief descriptions of the standard forms are set out below. Material amendments to the standard forms were generally resisted, although individual Borrowers may have negotiated variations provided these were acceptable to the relevant Originator, acting in accordance with the standards of a reasonably prudent commercial mortgage lender at the time.

1. Overview of Loan Documentation

The loan and security package in relation to each Loan comprises the following documents:

(a) a credit agreement which is governed either by English or Scots law;

(b) a first legal mortgage or standard security over the relevant Property; and

(c) in certain cases (including all the MS Originated Loans) a debenture incorporating fixed and floating charges over the other assets of the relevant Borrower or Mortgagor.

The security documents in respect of the MS Originated Loans (but not the MS Acquired Loans) also include the following:

(i) a first fixed charge or first priority security interest in the Rent Account or (in the case of the Self Storage Loans) the Receipts Account and over any Escrow Account, Sales Account (as applicable) or other security account as required by the loan documentation;

(ii) a charge/security interest over the shares of the relevant Borrower and/or Mortgagor (save where the Borrower or Mortgagor comprises a limited partnership or a limited liability partnership); and

(iii) where managing agents are employed, a Duty of Care Agreement in favour of the Loan Security Trustee relating to rent collection and property management.

The credit agreements and documents evidencing the Related Security for a Loan are referred to as the "**Loan Documentation**" applicable to that Loan. The forms of the security documentation employed are described in more detail under "Terms of the Security" at page 65 below.

2. Loan Terms

A summary of the principal terms of each credit agreement is set out below:

(A) Loan Amount

The maximum amount of a Loan is calculated by reference to a pre-agreed percentage which, in the case of the MS Originated Loans, did not exceed 87 per cent. and, in the case of the MS Acquired Loans, did not exceed 75 per cent. of the value of the property to be charged (calculated by reference to the relevant Origination Valuations).

(B) Further Advances

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

(C) Interest and Amortisation Payments/Repayments

Interest on each Loan is due to be repaid quarterly or monthly in arrear on the designated Loan payment dates. Amortisation payments are also made on the Loan payment dates in accordance with a pre-determined amortisation schedule unless the Loan is an Interest Only Loan in which case the entire principal amount becomes due and payable on the maturity date.

All of the Loans are repayable in full on their scheduled or designated maturity date.

Voluntary prepayment of a Loan, in full or in part, is generally permitted subject, in most cases, to a period of notice not exceeding 30 days. In some cases a Prepayment Fee and certain other costs and expenses incurred by the lender as a result of the prepayment are also payable.

(D) Rent and Receipts Accounts

Rental Income and Operating Income from each Property securing an MS Originated Loan (or, in the case of the Self Storage Loans, a proportion of Operating Income) is paid directly, or indirectly through a Managing Agent or Operator, into a Rent Account or Receipts Account which is charged in favour of the Loan Security Trustee and over which the Loan Security Trustee has sole signing rights.

On each Loan payment date in respect of an MS Originated Loan, monies are debited from the relevant Rent Account or Receipts Account to discharge any interest and/or principal payments due under the applicable credit agreements. In the case of the certain of the MS Originated Loans, transfers are also to be made from any relevant Escrow or Sales Account should there be insufficient funds standing to the credit of the associated Rent

Account or Receipts Account to cover a Borrower's interest payment and/or principal repayments due at such time. Subject to there being no event of default under the relevant credit agreement, and to the actual or projected interest cover percentages being at or above a prescribed level (usually 125 per cent.) of the interest payable pursuant to the relevant credit agreement in respect of the relevant period(s), any surplus monies standing to the credit of the Rent Account on the relevant Loan payment date (after payment of certain other prescribed costs, fees and expenses), are paid to the relevant Borrower.

The above processes are modified in the case of the Self Storage Loans to reflect the nature of income derived from the Self Storage Properties and the arrangements with the Operators. See "The Self Storage Loans" at page 67 for a more detailed description of the cashflow arrangements in respect of the Self Storage Loans.

The credit agreements applicable to the MS Acquired Loans do not provide for income from a Property to be paid into an account charged as security for the relevant Loan nor is there any requirement for the Borrowers under the MS Acquired Loans to use any particular source of funds to finance payments due on their Loans.

(E) Representations and Warranties

The representations and warranties given by each Borrower in relation to each Loan include representations to the effect that:

(a) the Borrower (if a limited liability company) is validly incorporated, has the power, capacity and authority to own its assets and to carry on its business and to enter into the credit agreement and security documentation in relation thereto;

(b) there is no current material litigation or other legal proceedings current or pending against the Borrower;

(c) the information supplied to the relevant Originator is correct when delivered and there are no material omissions from such information; and

(d) all appropriate corporate authorisations required by the Borrower (if a limited liability company) have been obtained.

(F) Undertakings

Each Borrower gives various undertakings which take effect so long as any amount is outstanding under the relevant Loan. These include obligations:

(a) to supply financial information and, in certain cases, shareholder information;

(b) not to permit any charge to arise over the Property;

(c) not (without the Originator or the Loan Security Trustee's consent, as applicable) to sell, transfer, lease or otherwise dispose of all or a substantial part of its assets (subject to certain limited exceptions); and

(d) to insure or procure insurance of all relevant Properties for the full reinstatement value (on terms acceptable to the security trustee).

The MS Originated Loans impose certain additional obligations on the Borrowers, including supplying rental and tenancy information relating to each Property or, in the case of the Self Storage Loans, licence income and a summary of all relevant expenses and to give details of any material litigation and/or subsisting events of default. The Borrowers under the MS Originated Loans also undertake, so long as the actual interest cover percentages remain at less than a designated figure (usually 125 per cent.), not to declare any dividend, issue any shares, repay any principal or pay interest on any other borrowings, or repay or redeem any share capital and, in any event, to ensure that the actual interest cover percentages always exceed a certain prescribed figure (usually at least 105 per cent.) of the interest payable pursuant to the relevant credit agreement in respect of the relevant period(s).

(G) Insurance

Each Borrower or Mortgagor is required to effect or procure prior to drawdown (in each case in form acceptable to the Originator or the Loan Security Trustee) insurance of the relevant Property (including fixtures and improvements). The amount of insurance must not, in general, be less than the full reinstatement value of the relevant Property and the risks covered must include such risks as a prudent company in the same line of business as the relevant Borrower or Mortgagor would effect (which, in the case of Investment Properties, would include insurance for loss of rent). In the case of the MS Originated Loans, the interest of the Loan Security Trustee has been (or is in the course of being) noted on each relevant insurance policy (in some cases the interest will be included under a "general interest noted" provision). For further information, see "Risk Factors – Insurance" at page 36.

Insurance policies are typically renewed on an annual basis and, if insurance coverage ceases, such lack of insurance coverage constitutes an event of default under the relevant Loan. The Originator or the Loan Security Trustee also has the ability in such circumstances to take out (at the cost of the relevant Borrower or Mortgagor) equivalent insurance in such circumstances.

At the time of origination of each MS Acquired Loan, details of the insurance cover applicable to the Property or Properties charged as security for that Loan were notified to the Acquired Loans Originator. Although the continuing existence of such insurance was not verified at the time the MS Acquired Loans were transferred to MS Bank or subsequently, MS Bank has not received formal notice from any insurer or Borrower that any such insurance has lapsed or been voided. It is however possible that some of the Properties securing some of the MS Acquired Loans may not be insured adequately or at all. To mitigate this risk, the Issuer has the benefit of the Contingency Policy to provide cover respect of losses arising as a result of a Borrower or Mortgagor failing to insure a Property in accordance with the requirements of the applicable Loan Documentation. The cost of maintaining the Contingency Policy will be borne by the Issuer and will be paid in priority to all amounts due to the Noteholders.

(H) Events of Default

Each credit agreement either permits the lender to require repayment of the related Loan upon expiry of a period (of either two or six months) written notice or contains events of default entitling the lender to terminate the Loan and/or enforce the Related Security upon written demand. These events include non-payment of sums due, breach of the Borrower's obligations under the relevant Loan Documentation (including, where applicable, maintaining the minimum actual interest cover percentage), misrepresentation and acts of insolvency. Grace periods are sometimes granted but are no longer than five business days in the case of non-payment or 20 business days in the case of breach of any other obligations.

4. Terms of the Security

(A) Creation of Security

Each Loan is secured by, amongst other things, a first-ranking legal mortgage over the relevant Property which, in the case of the MS Originated Loans, is contained in the Debenture granted by the relevant Borrower or Mortgagor or (in the case of Properties in Scotland) a first-ranking standard security over the relevant Property granted by the relevant Borrower or Mortgagor. In the case of the MS Acquired Loans, the legal mortgage is contained in a separate legal charge document.

Where full debentures are taken fixed and/or floating charges over all of the Borrower's or Mortgagor/s other assets are taken including, in the case of the MS Originated Loans, a fixed charge over the Rent or Receipts Account, as the case may be, and other secured transaction accounts and a charge over book debts.

(B) Undertakings

The relevant Borrower/Mortgagor also undertakes, among other things, not to permit or allow any charge or encumbrance to arise over the Property, not to sell or dispose of any asset charged as security other than assets charged by way of floating charge only (although there are certain limited exceptions for "permitted disposals" where the Borrower or Mortgagor, as applicable, is required either to apply the proceeds of sale in prepayment or place such proceeds upon a charged Sales Account) and to keep the Property in good substantial repair.

(C) Enforceability

The security created by the relevant security documents is expressed (in the usual manner) to be enforceable immediately upon execution, however this is usually qualified by the provisions of the associated credit agreement which provides for enforcement of security only after the occurrence of an event of default. In the case of some of the MS Acquired Loans, a period of two months must elapse between non-payment and security enforcement. All security confers upon the Loan Security Trustee and any receiver or administrator appointed by it a wide range of powers in connection with the management, sale or disposal of the Property, including in many cases the grant of a power of attorney in favour of the Loan Security Trustee and any such receiver/administrator.

5. Scottish Mortgages

Some of the Loans are secured or partially secured over Properties situated in Scotland by way of first-ranking standard security (a "**Standard Security**") which is the only means of creating a fixed charge or security over heritable or long leasehold property in Scotland. In relation to each Standard Security, references in this Offering Circular to a "Mortgage", "Mortgagor" and "mortgagee" and similar terms are to be read as references to such a standard security, the grantor and heritable creditor under the same, respectively.

A statutory set of standard conditions (the "**Standard Security Conditions**") is automatically imported into all standard securities. However, the majority of these Standard Security Conditions may be, and in the case of the Standard Securities are, varied by agreement between the parties.

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

6. Additional Security

The following additional security is typically taken in respect of the MS Originated Loans:

(a) a Share Charge (save in the case of Loans to partnerships and limited liability partnerships) is entered into creating a first fixed charge or first priority security interest in all shares in the relevant Borrower and/or Mortgagor and associated rights. The relevant security provider gives the usual representations as to, among other things, its power, capacity and authority to enter into the Share Charge and undertakes in the usual manner, amongst other things, not to charge further, sell, transfer or otherwise dispose of the relevant shares;

(b) all borrowing obligations of the relevant Borrower to a party other than the Originator (the "**Subordinated Lender**") are fully subordinated to all amounts due to the Lender under the relevant credit agreement pursuant to a Subordination Agreement. The Borrower undertakes, among other things, not to secure any part of the liabilities subordinated pursuant to the relevant Subordination Agreement and not to repay all or any part of the such liabilities until the indebtedness under the relevant credit agreement has been repaid in full. This is usually qualified to the extent that surplus monies released to the Borrower can be used to make such payments. The Subordinated Lender gives the usual undertakings, including in particular that it will not take any steps leading to the administration, winding up or dissolution of the Borrower; and

(c) the Managing Agents of Properties charged as security, where appointed and independent of the Borrower or Mortgagor, have entered into Duty of Care Agreements in favour of the Loan Security Trustee (see "The Structure of the Accounts – The Borrower Accounts" at page 72).

7. Disposal of Properties

Under the terms of five of the MS Originated Loans (which are secured over more than one Property), the relevant Borrower can dispose of a Property provided that the gross sale proceeds exceed 115 per cent. or, in the case of one of such Loans, 120 per cent., of the relevant Origination Valuation, together with the costs of sale and any prepayment fee payable. This amount must then either be used immediately in prepayment of the relevant Loan or placed upon a blocked Sales Account.

The Loan Security Trustee can authorise withdrawals from any blocked Sales Account to pay any amount due under the relevant credit agreement where there are insufficient monies in the Rent Account or Receipts Account to pay such amount due, or to make a prepayment of the Loan in accordance with the terms of the relevant credit agreement or to make capital improvements to the relevant Property where the cost of such improvements is not recoverable from an occupational tenant.

8. The Self Storage Loans

(A) General

The Self Storage Loans, which account for 5.0 per cent. of the Aggregate Cut-Off Date Balance, were advanced to two separate Borrowers.

(B) Self Storage Properties and Business

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

The essence of the business is to provide storage/car parking/office space for users on a temporary or more permanent basis, as required. The majority of such occupational arrangements are effected by a standard form of agreement (there are separate forms of agreement for self storage space, car parking and office space, as appropriate) which typically provide for the user/occupier to pay a specific sum for the use of the space/area inclusive of service charge, insurance premium and value added tax. The standard form agreements are determinable upon a period of notice, usually approximately 14 days.

(C) Income Payment Arrangements

In the case of one of the Self Storage Loans the Borrower is entitled to 40 per cent. of the gross income received from the relevant Properties on a month by month basis (the "**Turnover Payment**"), provided that if and to the extent that such amount is less than the interest payable in respect of the relevant Loan, the Operator is obliged to make a fixed monthly payment to the Borrower equivalent to the interest payable in respect of the Loan (the "**Minimum Payment**"). The Borrower is liable to pay not only the interest which is payable under the relevant Loan, but also certain other costs, such as the cost of insuring the relevant Properties and the cost of paying headlease rent. The Borrower will utilise the Turnover Payment and, where more, the Minimum Payment, to meet these liabilities. The Operator is entitled, under the terms of the Operating Agreement, to 60 per cent. of the gross income received from the relevant Properties subject to the requirement that the Borrower receives the Minimum Payment. The Operator collects income from each relevant Property into a designated collection account in respect of each relevant Property from which such monies (less a small float) are transferred into one single master collection account. The Loan Security Trustee has standing order authority to take from the master collection account the monthly payment referred to above on the tenth day of each month, which amounts are paid into the Receipts Account.

In the case of the Self Storage Loan to the other Borrower, while no event of default is outstanding under that Loan, all income received is paid by the relevant Operator into separate collection accounts in which the Loan Security Trustee has no security interest. The sums are transferred from the collection accounts to a master collection account (over which the Borrower has granted a floating, but not a fixed, charge in favour of the Loan Security Trustee) on each working day, and an amount equivalent to accrued interest and principal due on the Loan together with unpaid fees is then transferred on a monthly basis from the master collection account to a Receipts Account, which is subject to a fixed and floating charge in favour of the Loan Security Trustee, and over which the Loan Security Trustee has sole signing rights. However, if there is an event of default outstanding, all income must be paid directly into the Receipts Account immediately upon receipt thereof by the relevant Borrower.

In the case of each Self Storage Loan, an amount equal to one quarter's interest is held in a separate Escrow Account.

The relevant Receipts Accounts and Escrow Accounts are subject to first fixed charges in favour of the Loan Security Trustee. However, the Loan Security Trustee does not have any interest in, or an ability to exercise any control over, other collection or operating accounts, transfers from which are controlled solely by the relevant Operator and, accordingly, the Loan Security Trustee relies solely on the Operator to make such transfers.

(D) Operating Agreements

Both Borrowers under the Self Storage Loans have entered into Operating Agreements with the relevant Operator which is, in both cases, an associated company of the relevant Borrower. Pursuant to each Operating Agreement, each Borrower grants the relevant Operator the exclusive right to manage the self storage/car parking/office business undertaken from each Property. The relevant Operator collects income from each Property and pays the same into a designated collection accounts in respect of each Property.

Neither of the Operating Agreements may be determined by the Operator during the period the relevant Self Storage Loan subsists. Each Borrower may, however, determine the relevant Operating Agreement by notice to the Operator in certain circumstances, notably the occurrence of an insolvency event in respect of the Operator or the failure to pay required amounts into the relevant master collection account. However, each credit agreement provides that the relevant Borrower may not exercise such right without the Loan Security Trustee's prior written consent. Prior to terminating or agreeing to the termination of any Operating Agreement, the Loan Security Trustee (or the Servicer on its behalf) must follow the procedures for notifying the Rating Agencies and the Issuer Security Trustee as described under "Risk Factors – Factors relating to the Notes – Ratings of Notes and Confirmations of Ratings" at page 46.

The other principal provisions of the Operator in the Operating Agreements are as follows:

(a) to comply with legislation from time to time in force;

(b) not to use the whole or any part of the relevant Property for any purpose other than for undertaking the self storage business;

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

(d) to pay income into the relevant Receipts Account in accordance with the terms of the Operating Agreement; and

(e) to use all reasonable endeavours to operate the business so as to maximise the level of income in accordance with the standards of a reasonably prudent operator of businesses of a similar nature.

THE LOAN SALE AGREEMENT

1. Acquisition

(A) Consideration

Pursuant to the Loan Sale Agreement, the Loan Seller will agree to sell and the Issuer will agree to purchase the Loans, and the Loan Seller will assign and transfer to the Issuer its beneficial interests in the Security Trusts created over the Related Security (other than in respect of certain Pre-Funded Loans as described below). All of the Loans, other than the Pre-Funded Loans, will be sold to the Issuer on the Closing Date and the Pre-Funded Loans which meet the Eligibility Criteria will be sold to the Issuer on the Pre-Funded Loans Purchase Date. In respect of those Pre-Funded Loans that meet the Eligibility Criteria other than the requirement that consent to their transfer is obtained from the relevant Borrowers, the Issuer will acquire a 100 per cent. interest by way of sub-participation in such Pre-Funded Loans on the Pre-Funded Loans Purchase Date pursuant to the Loan Sale Agreement. The aggregate initial purchase consideration in respect of the Loans (assuming (i) the Issuer acquires each Pre-Funded Loan (or a sub-participation interest therein) on the Pre-Funded Loans Purchase Date and (ii) that none of the Loans prepay prior to the Closing Date or, in the case of the Pre-Funded Loans, the Pre-Funded Loans Purchase Date will be approximately £570,099,034.

On the Closing Date, the difference between

(a) the purchase price paid by the Issuer for the Loans and the Pre-Funded Loans Principal Allocation; and

(b) the net proceeds of the issue of the Notes and the advance of the Junior Loans;

(such difference being the "**Excess Proceeds**") will be placed by the Issuer into the Deposit Account and invested by the Cash Manager in Eligible Investments, before being allocated towards Prepayment Redemption Funds and repaid to the Noteholders and the Junior Lenders in accordance with Condition 6(*b*) on the Interest Payment Date falling in November 2004.

On each Interest Payment Date prior to enforcement of the Issuer Security, the Issuer will pay to the Loan Seller (or to the person or persons then entitled to the whole or any part of the same), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loans and their Related Security (the "**Deferred Consideration**"), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to the aggregate of:

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

(b) the Excess Available Interest remaining after any payment to the Class E Lenders of any portion thereof, as described under "Available Funds and their Priority of Application - Payments out of the Transaction Account prior to Enforcement – Available Interest Receipts" at page 25; and

(c) the Excess Available Principal.

The right to receive the Deferred Consideration or any component of the Deferred Consideration is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment.

(B) Registration and Legal Title

Within 15 Business Days of each Loan and the beneficial interest in the related Security Trust being transferred, written notice will be given:

(a) to the relevant Borrower and any Mortgagor of the transfer of the Loan from the Loan Seller to the Issuer;

(b) to the Loan Security Trustee of:

(i) the assignment or assignation of the Loan Seller's beneficial interest in the relevant Security Trust to the Issuer; and

(ii) the assignment or assignation by way of security by the Issuer of the Issuer's beneficial interest in the relevant Security Trust to the Issuer Security Trustee.

2. Representations and Warranties

Neither the Issuer nor the Issuer Security Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant security would normally make in relation to the Loans or Related Security to be purchased by the Issuer. In addition, neither the Issuer nor the Issuer Security Trustee has made or will make any enquiry, search or investigation at any time in relation to compliance by the Originators, the Servicer, the Sub-Servicer or any other person with respect to the Lending Criteria or procedures or their adequacy or in relation to the provisions of the Loan Sale Agreement, the Servicing Agreement, the Sub-Servicing Agreement or the Deed of Charge and Assignment or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of any Loan or the Related Security purchased by the Issuer.

In relation to all of the foregoing matters and the circumstances in which advances were made to Borrowers prior to their purchase by the Issuer, both the Issuer and the Issuer Security Trustee will rely entirely on the representations and warranties to be given by the Loan Seller to the Issuer and the Issuer Security Trustee which are contained in the Loan Sale Agreement. The Issuer will have no recourse to the Loan Seller in respect of any loss suffered by it as a result of a matter which is not the subject of a representation or warranty.

If there is a material breach of any representation and/or warranty in relation to any Loan or Related Security (details of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, the Issuer Security Trustee (acting upon the instructions of the Facility Agent, unless the Issuer Security Trustee considers that so acting would be materially prejudicial to the interests of the Noteholders) may require the Loan Seller to repurchase such Loan and to accept a reassignment of its beneficial interests in the Security Trusts from the Issuer for an amount equal to the principal amount of the relevant Loan on the Closing Date, together with an amount in respect of accrued and unpaid interest and any costs and expenses incurred by the Issuer directly as a result of such repurchase (including, without limitation, any termination payment payable by the Issuer under the Swap Agreement), less any Issuer Principal Receipts received by the Issuer in respect of that Loan since the Closing Date. Where the transfer of any such Loan or Related Security is subject to the consent of the relevant Borrower or Mortgagor, the Loan Seller will nonetheless pay the repurchase price to the Issuer and acquire a 100% sub-participation interest in such Loan until such time as any such consent is obtained and the Loan is transferred back to the Loan Seller.

The Issuer will have no other remedy in respect of such a breach unless the Loan Seller fails to purchase the relevant Loan, and to accept a reassignment of its beneficial interests in the Security Trusts in accordance with the Loan Sale Agreement.

The representations and warranties referred to will include, without limitation (but subject to disclosures made in the Loan Sale Agreement (which, if material, have been disclosed in this Offering Circular), statements to the following effect:

(a) each Loan is secured by a Mortgage of a Property which is freehold, feuhold or leasehold;

(b) in relation to each Property situated in England and Wales, the title has been registered (or is in the course of being registered) at the Land Registry with title absolute, in the case of freehold property, or absolute or good leasehold title (or, in the case of unregistered land, a good root of title which is at least 15 years old), in the case of leasehold property, and, in relation to each Property situated in Scotland, title has been recorded or registered (as applicable) in the Registers of Scotland;

(c) each Loan constitutes a valid and binding obligation of, and is enforceable against, the relevant Borrower and each Mortgage is a valid and subsisting first charge by way of legal mortgage or standard security on the Property to which such Mortgage relates;

(d) subject only to registration or recording, each Mortgage is a legal, valid and binding first charge by way of legal mortgage, or first ranking standard security over the Property to which such Mortgage relates for the full amount of the related Loan;

(e) subject only to registration or recording, the Loan Security Trustee has an absolute right to be registered as proprietor or registered owner or heritable creditor of each Mortgage as first mortgagee or first chargee or first ranking heritable creditor of the interest in the relevant Property which is subject to that Mortgage;

(f) the Loan Security Trustee is the legal owner and the Loan Seller is the beneficial owner of the rights of the mortgagee and chargee or heritable creditor under the Mortgages pursuant to the Security Trusts, free and clear of all encumbrances, overriding interests (other than those to which each Property is subject), claims and equities (including, without limitation, rights of set-off or counterclaim);

(g) prior to the completion of each Loan, the Originator received a report or certificate of title and an Origination Valuation and carried out all material investigations, searches and other actions and made such enquiries as to the Mortgagor's title to the Properties as would a reasonably prudent commercial mortgage lender at the time of the origination and nothing was disclosed by such investigations, searches, actions and enquiries which would have led such a reasonably prudent lender either initially or after further investigation to decline to proceed with such Loan.

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

(i) the Loan Seller is the legal and beneficial owner of each Loan free and clear of all encumbrances, claims and equities and, to the best of the Loan Seller's knowledge and belief, pursuant to the terms of each credit agreement no Borrower or Mortgagor is entitled to exercise any right of set-off or counterclaim against the Originator in respect of any amount that is payable under any Loan; and

(j) the Loan Seller has not received written notice that any insurance policy in respect of a Property is about to lapse on account of failure by the relevant entity maintaining such insurance to pay the relevant premiums.

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

The Loan Sale Agreement also contains a representation from the Loan Seller, to the Issuer and the Issuer Security Trustee to the effect that the information in this Offering Circular with regard to the Loan Seller, the acquisition of the MS Acquired Loans by the Loan Seller, the Loans, the administration of the Loans, the Related Security, the Security Trusts, the Properties and the relevant buildings insurance policies that is material in the context of the issue and the offering of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer and the Issuer Security Trustee may rely upon this warranty from the Loan Seller. Breach of this representation will not give rise to any obligation on the Loan Seller to repurchase any Loan but would enable the Issuer to claim damages from the Loan Seller in respect of any loss incurred as a result of such breach.

THE STRUCTURE OF THE ACCOUNTS

1. The Borrower Accounts - MS Originated Loans

In accordance with the terms of each of the credit agreements in respect of the MS Originated Loans (other than the Self-Storage Loans), each of the Borrowers is required to establish or procure that there is established an account (a "**Rent Account**") into which sums representing the rents payable by the tenants and other occupiers of the relevant Property or Properties are to be paid.

In the case of the Self Storage Loans, income derived from the running of the businesses undertaken at the relevant Properties is paid into initial operating accounts for each Property from which funds are swept into a separate "master" account (the "**Receipts Account**"). For further information, see "The Loans and the Related Security – The Self Storage Loans" at page 67.

In cases where sales of a Property or Properties and partial redemption of a MS Originated Loan are permitted, the Borrower is required to maintain a blocked account (each a "**Sales Account**" and together, the "**Sales Accounts**") into which net sales proceeds are to be paid.

In the case of some of the MS Originated Loans (including the Self Storage Loans), the Borrower is required to establish a blocked account (each an "**Escrow Account**" and together, the "**Escrow Accounts**") which is charged in favour of the Loan Security Trustee and over which the Loan Security Trustee has sole signing rights. The amount on deposit in such Escrow Accounts is required to be no less than the amount of interest payable in respect of the related Loan during an Interest Period.

Each such Rent Account, Receipts Account, Sales Account and Escrow Account is expressed to be subject to a first fixed charge (or equivalent) in favour of the Loan Security Trustee which is held on trust for the benefit of MS Bank. The beneficial interests of MS Bank in such trusts (which constitute part of the Security Trusts) will be assigned to the Issuer on the Closing Date under the Loan Sale Agreement.

The Borrowers in respect of the MS Originated Loans (other than the Self-Storage Loans) are required to make payments in arrear in respect of their Loans by one of the following methods:

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

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

In each case, the Loan Security Trustee, is and, following the sale of the Loans and assignment of the beneficial interests in the Security Trusts created over the Related Security to the Issuer, will remain the sole signatory on the Rent Accounts, the Receipts Account, the Sales Accounts and the Escrow Accounts. Under the credit agreements relating to the MS Originated Loans, the Loan Security Trustee will be entitled to withdraw on each Loan payment date all amounts due to the Issuer under the applicable Loan before other payments are released to the Borrower from the applicable accounts.

2. The MSMS Master Collection Account – MS Acquired Loans

The Borrowers under the MS Acquired Loans as well as certain other loans acquired by MS Bank from the Acquired Loans Originator (which are not included in the Loan Pool), are required to pay all amounts due and payable thereunder into an account opened and maintained by Barclays Bank PLC in the name of the Loan Security Trustee (the "**MSMS Master Collection Account**"). In addition, the Acquired Loans Originator agreed under the terms of the MS Mortgage Sale Agreement that if it received any proceeds in respect of any MS Acquired Loans or other loans acquired by MS Bank pursuant to the MS Mortgage Sale Agreement, then it would as soon as reasonably practicable transfer such proceeds to MS Bank or as it directed and pending such

transfer would hold such amounts on trust for MS Bank. Any such amounts will be paid into the MSMS Master Collection Account.

The Loan Security Trustee has sole signing rights in respect of the MSMS Master Collection Account. The Servicer (or the Sub-Servicer on its behalf) shall, on a daily basis and on behalf of the Loan Security Trustee, arrange the transfer of amounts paid into the MSMS Master Collection Account in respect of each MS Acquired Loan which has been purchased by the Issuer (or in which the Issuer has acquired an interest by way of sub-participation) to the Transaction Account as described below.

3. The Issuer Accounts

The Transaction Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account beneficially owned by the Issuer (the "**Transaction Account**") into which the Loan Security Trustee will, on the basis of information provided by the Servicer, transfer all amounts due from the Borrowers under the MS Originated Loans and all amounts paid into the MSMS Master Collection Account in respect of each MS Acquired Loan which has been purchased by the Issuer or in which the Issuer has acquired a sub-participation interest. The Cash Manager will make all payments required to be made on behalf of the Issuer from the Transaction Account.

The Swap Collateral Cash Account and the Swap Collateral Custody Account

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

The Stand-by Account

Any Stand-by Drawing which the Issuer may require from the Liquidity Facility Provider (for further information, see "Credit Structure – Liquidity Facility" at page 115) will be credited to an account in the name of the Issuer (the "**Stand-by Account**" and, together with the Transaction Account, the Deposit Account, the Swap Collateral Cash Account and the Swap Collateral Custody Account, the "**Issuer Accounts**") with the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have a "F1" rating (or its equivalent) by Fitch, a "P-1" rating (or its equivalent) by Moody's, or an "A-1" rating (or its equivalent) by S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is commensurate with the rating assigned to the Notes from time to time) (the "**Requisite Rating**"), the Operating Bank or, if the Operating Bank ceases to have the Requisite Rating, any bank which has the Requisite Rating.

The Deposit Account

On the Closing Date, the Issuer will deposit £10,308,391 (being the approximate outstanding principal balance of the Pre-Funded Loans as at the MS Acquired Loans Cut-Off Date) into the Deposit Account with the Operating Bank, whereupon the Cash Manager will invest such sums in Eligible Investments in accordance with the terms of the Cash Management Agreement. On the Interest Payment Date falling in November 2004, the Issuer Security Trustee will authorise the transfer of the Excess Proceeds from the Deposit Account to the Transaction Account for application as Prepayment Redemption Funds in accordance with the Deed of Charge and Assignment. On the Pre-Funded Loans Purchase Date, the Issuer Security Trustee will authorise the payment to the Loan Seller of the Pre-Funded Loans Purchase Price and the balance remaining in the Deposit Account will be applied by the Cash Manager on behalf of the Issuer in accordance with the Deed of Charge and Assignment.

THE LOAN POOL

The Aggregate Cut-Off Date Balance, was £570,099,034. All of the Loans are current as of the Cut-Off Date.

The Loans had, at origination, a weighted average maturity of approximately 12.6 years. The Loans bear interest quarterly on the current principal balance outstanding. Each Loan may consist of one or more tranches which may differ in terms of interest rate characteristics, principal repayment profile and maturity. In addition, each Loan may be secured by a first fixed charge on more than one Property.

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

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

(b) "**Cut-Off Date**" means, in relation to each MS Acquired Loan, the MS Acquired Loans Cut-Off Date (being 30th June, 2004) and, in relation to each MS Originated Loan, the MS Originated Loans Cut-Off Date (being 20th July, 2004).

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

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

(e) "**ICR**" means the interest cover rate which is calculated for each Loan as the aggregate Rental Income generated by the Properties securing such Loan, divided by the interest expense of the same Loan, all for the most recent calculation period and using the latest available rental information.

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

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

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

In addition, please note that (a) due to rounding, the percentages contained in the tables on the following pages may not necessarily total 100 per cent; and (b) references in this Offering Circular to the numbers of Properties are approximate; and (c) references to the balances of the Loans are to their balances as at the Cut-Off Date and do not take into account repayments of principal received since then.

Table 1

Cut-Off Date Balances

Cut-Off Date Balances			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
(£)				(£)		(£)						
Less than 250,000			119	18,614,759	3.3%	39,695,250	55.2%	24.7%	7.2	9.4	6.56%	3.0
250,000	<	500,000	85	31,545,209	5.5%	53,780,340	61.2%	29.4%	5.2	10.4	6.25%	2.5
500,000	<	750,000	43	25,840,299	4.5%	42,847,874	62.5%	34.5%	4.5	10.6	6.33%	2.3
750,000	<	1,000,000	30	25,470,991	4.5%	41,285,000	63.1%	44.0%	5.1	8.1	6.16%	2.2
1,000,000	<	2,000,000	75	102,610,084	18.0%	171,702,020	63.5%	39.6%	4.6	9.4	5.91%	2.2
2,000,000	<	3,000,000	30	73,083,296	12.8%	109,801,575	67.8%	45.5%	3.5	9.3	6.05%	2.2
3,000,000	<	4,000,000	12	41,150,498	7.2%	61,218,100	67.6%	51.5%	4.4	12.1	6.20%	2.1
4,000,000	<	5,000,000	11	49,498,752	8.7%	72,153,000	68.9%	52.2%	3.7	9.5	6.39%	1.9
5,000,000	<	6,000,000	3	16,960,795	3.0%	26,850,000	64.0%	38.9%	3.8	11.2	6.86%	2.2
6,000,000	<	7,000,000	2	12,780,638	2.2%	19,850,000	64.8%	30.6%	3.9	10.8	7.11%	2.9
7,000,000	<	8,000,000	1	7,560,745	1.3%	12,030,000	62.8%	55.1%	3.0	4.0	5.63%	1.5
8,000,000	<	9,000,000	1	8,460,764	1.5%	12,500,000	67.7%	59.7%	6.0	12.0	7.28%	1.6
9,000,000	<	10,000,000	0	0	0.0%	0	0.0%	0.0%	0.0	0.0	0.0%	0.0
10,000,000	<	20,000,000	4	54,572,375	9.6%	85,711,500	64.9%	64.5%	2.6	9.5	6.20%	1.8
More than 20,000,000			3	101,949,829	17.9%	135,477,000	75.4%	71.4%	1.8	4.4	6.90%	1.4
		Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.57%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 2

Cut-Off Date Loan-to-Value Ratio

Cut-Off Date Loan-to-Value Ratio			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
				(£)		(£)						
Less than 25%			12	2,792,800	0.5%	15,350,000	19.3%	12.2%	7.8	3.6	6.28%	6.1
25%	<	50%	56	29,971,468	5.3%	73,563,090	41.8%	21.3%	6.2	9.2	6.20%	3.7
50%	<	55%	33	25,946,123	4.6%	50,418,000	51.5%	40.8%	2.9	5.3	6.24%	2.4
55%	<	60%	50	53,812,526	9.4%	93,241,320	57.7%	33.2%	5.8	8.8	6.50%	2.4
60%	<	65%	79	90,203,216	15.8%	143,826,000	62.8%	48.6%	4.3	8.2	6.44%	2.2
65%	<	70%	80	94,838,524	16.6%	140,662,500	67.4%	49.2%	4.3	10.1	6.12%	2.1
70%	<	75%	78	196,940,419	34.5%	271,264,625	72.6%	55.5%	3.2	9.2	6.35%	1.6
75%	<	80%	22	67,038,610	11.8%	86,089,124	77.9%	62.3%	1.7	8.6	6.40%	1.5
80%	<	85%	4	7,943,001	1.4%	9,785,000	81.2%	71.0%	0.8	5.8	6.43%	1.3
Greater than 85%			5	612,349	0.1%	702,000	87.3%	58.9%	13.3	9.5	7.72%	0.9
		Total	**419**	**570,099,034.4**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 3

Maturity Date Loan-to-Value Ratio

Maturity Date Loan-to-Value Ratio			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
				(£)		(£)						
Less than 25%			149	84,127,937	14.8%	156,137,059	59.8%	3.2%	4.9	15.0	6.06%	2.6
25%	<	50%	122	136,895,589	24.0%	225,440,000	62.3%	41.6%	4.3	8.6	6.29%	2.4
50%	<	55%	52	70,474,595	12.4%	110,226,000	65.3%	52.1%	3.0	7.5	6.07%	2.1
55%	<	60%	33	61,350,547	10.8%	92,229,000	67.1%	57.1%	5.0	7.4	6.34%	2.0
60%	<	65%	19	39,680,582	7.0%	59,996,000	66.5%	63.2%	4.6	10.0	6.57%	1.8
65%	<	70%	17	54,852,246	9.6%	78,287,000	70.2%	68.5%	4.3	6.0	7.14%	1.5
70%	<	75%	20	121,140,913	21.2%	160,578,600	75.6%	72.0%	1.6	7.2	6.29%	1.5
75%	<	80%	3	1,056,351	0.2%	1,405,000	75.2%	75.2%	5.9	4.1	6.23%	1.5
80%	<	85%	1	109,825	0.0%	135,000	81.4%	81.4%	13.6	11.5	8.29%	1.2
Greater than 85%			3	410,450	0.1%	468,000	87.7%	87.7%	14.4	8.9	7.88%	0.9
		Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 4

Mortgage Rate

Mortgage Rate			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
				(£)		(£)						
0.0%	<	5.0%	0	0	0.0%	0	0.0%	0.0%	0.0	0.0	0.00%	0.0
5.0%	<	5.2%	0	0	0.0%	0	0.0%	0.0%	0.0	0.0	0.00%	0.0
5.2%	<	5.4%	6	6,986,071	1.2%	10,105,000	69.6%	52.9%	5.2	5.5	5.38%	2.4
5.4%	<	5.6%	30	55,382,602	9.7%	80,615,450	69.3%	47.9%	4.1	13.6	5.55%	2.0
5.6%	<	5.8%	161	168,109,737	29.5%	278,295,410	63.4%	39.7%	4.0	8.8	5.66%	2.4
5.8%	<	6.0%	43	23,491,197	4.1%	39,585,500	62.6%	36.9%	5.0	9.8	5.90%	2.5
6.0%	<	6.2%	19	25,631,781	4.5%	44,822,500	59.4%	37.3%	1.9	7.9	6.16%	1.9
6.2%	<	6.4%	9	57,625,743	10.1%	79,043,000	73.1%	68.7%	1.1	5.9	6.26%	1.5
6.4%	<	6.6%	14	36,384,418	6.4%	52,744,100	70.3%	56.5%	3.2	13.2	6.49%	1.7
6.6%	<	6.8%	38	63,903,136	11.2%	85,162,699	75.9%	60.2%	1.9	8.1	6.65%	1.6
6.8%	<	7.0%	10	25,740,850	4.5%	39,044,500	66.1%	52.7%	3.7	11.3	6.85%	1.8
7.0%	<	7.2%	11	20,661,914	3.6%	34,338,000	60.8%	50.3%	6.3	7.5	7.08%	2.1
7.2%	<	7.4%	19	16,789,202	2.9%	27,662,250	64.1%	48.7%	6.9	10.7	7.27%	1.8
7.4%	<	7.6%	11	5,603,409	1.0%	8,807,750	63.0%	45.8%	6.4	7.5	7.54%	2.0
7.6%	<	7.8%	16	6,476,032	1.1%	13,241,000	55.6%	37.2%	7.5	7.1	7.72%	2.2
7.8%	<	8.0%	9	43,609,548	7.6%	67,804,500	66.0%	59.7%	4.7	4.3	7.93%	2.1
8.0%	<	9.0%	22	13,358,316	2.3%	23,165,000	59.8%	39.9%	7.3	5.5	8.36%	2.0
9.0%	<	10.0%	1	345,080	0.1%	465,000	74.2%	74.2%	8.0	3.2	9.00%	1.9
10.0%	**<**	**11.0%**	**0**	**0**	**0.0%**	**0**	**0.0%**	**0.0%**	**0.0**	**0.0**	**0.00%**	**0.0**
Total			**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 5

Interest Rate Type

Interest Rate Type	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
		(£)		(£)						
Fixed	98	242,477,858	42.5%	355,615,250	69.9%	59.9%	2.8	6.5	6.86%	1.7
Part Fixed	30	69,039,083	12.1%	106,421,425	65.2%	45.9%	4.0	12.1	6.82%	2.0
Libor Linked	247	246,129,152	43.2%	398,154,860	64.5%	40.9%	4.2	10.0	5.65%	2.3
Standard Variable Rate	42	12,181,543	2.1%	24,336,124	56.1%	39.7%	12.7	10.8	7.14%	2.5
Base Rate	2	271,398	0.0%	374,000	73.4%	1.0%	5.8	19.2	5.51%	2.2
Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 6

Current Margin (BP)

Current Margin (bp)		Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
					(£)						
0	< 10	4	957,933	0.2%	1,488,000.0	64.8%	58.4%	14.4	10.6	6.29%	3.1
10	< 20	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
20	< 30	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
30	< 40	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
40	< 50	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
50	< 60	8	1,861,268	0.3%	2,935,124.0	66.5%	7.6%	5.6	16.3	6.96%	2.2
60	< 70	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
70	< 80	2	4,553,142	0.8%	8,600,000.0	53.5%	53.5%	14.7	10.4	7.04%	2.4
80	< 90	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
90	< 100	1	201,995	0.0%	295,000.0	68.5%	0.9%	5.9	19.1	5.45%	3.0
100	< 110	18	9,382,734	1.6%	16,168,000.0	64.0%	45.8%	7.2	6.7	5.86%	2.7
110	< 120	25	49,071,672	8.6%	69,117,950.00	71.3%	40.3%	3.2	13.0	5.92%	1.8
120	< 125	16	44,890,658	7.9%	67,441,500.00	67.2%	50.7%	4.5	12.7	5.84%	2.0
125	< 130	87	116,858,953	20.5%	188,852,100.0	64.8%	46.0%	3.9	9.6	5.87%	2.2
130	< 135	25	35,692,288	6.3%	51,795,575.0	69.4%	42.5%	3.2	9.2	5.98%	2.1
135	< 140	52	93,241,073	16.4%	131,491,410	72.3%	57.0%	2.3	8.4	6.32%	1.8

140	<	145	107	133,107,798	23.3%	215,359,000	64.3%	50.2%	4.1	7.4	6.89%	2.1
145	<	150	6	18,793,963	3.3%	27,800,000.0	68.6%	66.4%	1.1	5.3	6.24%	1.7
150	<	160	47	57,079,779	10.0%	95,535,500.0	62.7%	52.6%	4.4	5.2	7.03%	2.0
160	<	170	3	1,820,070	0.3%	3,420,000.0	54.2%	42.2%	1.5	5.8	6.00%	1.8
170	<	180	15	2,328,156	0.4%	4,107,500.0	61.2%	14.3%	6.7	14.4	6.37%	1.8
180	<	190	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
190	<	200	0	0	0.0%	0.0	0.0%	0.0%	0.0	0.0	0.00%	0.0
200	<	210	3	257,555	0.0%	495,000.0	79.1%	35.1%	13.8	8.6	8.18%	1.2
		Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 7

Payment Frequency

Payment Frequency	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
		(£)		(£)						
Quarterly	337	543,329,441	95.3%	835,688,785	67.1%	51.2%	3.5	8.7	6.33%	2.0
Monthly	82	26,769,593	4.7%	49,212,874	59.1%	17.3%	8.7	10.2	6.43%	3.0
Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 8

Repayment Method

Repayment Method	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
		(£)		(£)						
Bullet With Partial Amortisation	213	384,150,158	67.4%	572,299,250	68.5%	55.3%	3.3	7.4	6.46%	1.9
Interest Only Bullet	76	109,296,696	19.2%	181,699,500	63.2%	60.0%	4.8	8.6	6.10%	2.0
Straight Line Amortisation	122	68,561,332	12.0%	111,995,909	64.6%	6.5%	4.3	16.9	6.07%	2.2
Periodic Reduction	8	8,090,849	1.4%	18,907,000	46.3%	1.7%	5.7	11.7	6.03%	4.7
Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 9

Cut-Off Date Interest Coverage Ratio

Cut-Off Date Interest Coverage Ratio	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
		(£)		(£)						
Less than 100%	20	8,529,363	1.5%	15,715,000	61.0%	29.6%	7.4	10.0	6.26%	0.1
100% < 110%	6	7,330,094	1.3%	10,539,070	70.1%	41.1%	3.7	15.4	6.50%	1.1
110% < 120%	5	5,643,110	1.0%	8,369,340	68.3%	54.8%	6.8	6.5	6.48%	1.2
120% < 130%	8	8,119,215	1.4%	11,846,000	70.3%	60.5%	3.7	7.7	7.13%	1.3
130% < 140%	13	56,822,650	10.0%	72,495,575	78.5%	65.1%	1.0	8.0	6.59%	1.4
140% < 150%	11	77,515,751	13.6%	108,687,000	71.5%	66.2%	2.8	4.2	6.79%	1.4
150% < 175%	43	93,066,327	16.3%	137,738,950	68.7%	51.6%	3.2	12.0	6.40%	1.6
175% < 200%	55	89,157,019	15.6%	128,912,350	69.5%	50.7%	4.3	11.6	6.13%	1.9
200% < 225%	54	70,279,141	12.3%	111,455,500	64.4%	44.3%	3.6	7.8	6.15%	2.1
225% < 250%	47	45,708,821	8.0%	73,663,000	62.9%	43.0%	4.7	9.3	6.15%	2.4
Greater than 250%	157	107,927,544	18.9%	205,479,874	56.1%	34.0%	5.3	7.7	6.12%	3.4
Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 10

Loan Remaining Term (Years)

Loan Remaining Term	Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
		(£)		(£)						
Less than 2 years	32	22,652,377	4.0%	44,889,000	58.0%	51.0%	5.0	1.1	5.79%	2.9
2 < 4	27	53,510,032	9.4%	83,224,000	66.0%	61.8%	5.4	2.7	7.40%	1.9
4 < 6	75	155,451,272	27.3%	245,296,750	65.6%	56.1%	2.8	4.6	6.21%	2.1
6 < 8	41	82,417,764	14.5%	114,876,000	72.8%	59.9%	2.3	6.5	6.36%	1.8
8 < 10	41	29,906,384	5.2%	47,532,000	64.9%	41.6%	4.7	9.1	6.68%	2.2
10 < 15	119	126,769,074	22.2%	201,703,000	64.8%	45.9%	4.9	11.6	6.29%	2.1
15 < 20	60	70,344,728	12.3%	103,794,374	69.5%	38.2%	3.7	17.6	6.06%	1.8
Greater than 20 years	24	29,047,402	5.1%	43,586,535	67.1%	13.1%	3.4	21.7	5.90%	1.8
Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 11

Loan Seasoning (Years)

Loan Seasoning			Number of Loans	Aggregate Cut-Off Date Loan Amount	Percentage by Aggregate Cut-Off Date Loan Amount	Aggregate Market Value	Weighted Average Cut-Off Date LTV	Weighted Average Balloon LTV	Weighted Average Seasoning (years)	Weighted Average Remaining Term to Maturity (years)	Weighted Average Mortgage Rate	Weighted Average Interest Cover Rate
				(£)		(£)						
Less than 2 years			13	116,661,618	20.5%	163,107,070	73.0%	67.3%	0.7	5.5	6.38%	1.5
2	<	3	74	103,398,575	18.1%	150,856,965	69.1%	45.2%	2.6	12.2	6.01%	1.8
3	<	4	67	108,897,531	19.1%	166,996,500	65.9%	45.7%	3.5	10.1	6.27%	2.0
4	<	5	97	125,106,542	21.9%	202,634,500	64.7%	46.7%	4.6	7.0	6.45%	2.3
5	<	6	75	69,834,507	12.2%	111,856,624	64.5%	44.7%	5.4	11.5	6.30%	2.3
6	<	7	32	19,680,406	3.5%	35,308,500	58.4%	38.7%	6.4	6.0	6.96%	3.0
7	<	10	11	7,161,257	1.3%	16,745,000	49.6%	28.9%	7.4	10.5	6.34%	3.1
10	<	11	1	637,581	0.1%	1,875,000	34.0%	2.7%	10.7	2.5	8.35%	3.5
Greater than 11 years			49	18,721,017	3.3%	35,521,500	57.0%	43.0%	14.2	8.0	6.93%	2.3
		Total	**419**	**570,099,034**	**100.0%**	**884,901,659**	**66.7%**	**49.6%**	**3.8**	**8.8**	**6.34%**	**2.0**

Table 12

Property Region

Region	Approximate Number of Properties	Aggregate Market Value	Percentage by Aggregate Market Value
		(£)	
South East	499	501,266,885	56.6%
West Midlands	42	141,881,650	16.0%
North West	91	72,504,750	8.2%
West	59	42,251,700	4.8%
North East	29	30,570,000	3.5%
Scotland	20	21,493,000	2.4%
South West[1]	15	14,926,000	1.7%
East Midlands	40	17,179,500	1.9%
East[2]	14	15,876,500	1.8%
South	30	16,058,674	1.8%
Wales	13	10,893,000	1.2%
Total	**852**	**884,901,659**	**100.0%**

1 One Property's region which was unknown is included in this region.
2 One Property located in East Anglia is included in this region.

Table 13

Property Type

Property Type	Approximate Number of Properties	Aggregate Market Value	Percentage by Aggregate Market Value
		(£)	
Industrial	64	86,707,000	9.8%
Office	134	355,985,000	40.2%
Residential	391	134,352,909	15.2%
Retail[1]	206	209,188,750	23.6%
Leisure	22	30,256,000	3.4%
Self Storage	10	47,765,000	5.4%
Warehouse	1	415,000	0.0%
Other	24	20,232,000	2.3%
Total	**852**	**884,901,659**	**100.0%**

[1] Includes Retail/Office.

Table 14

Property Value[1]

OMV			Approximate Number of Properties	Aggregate Market Value	% of Pool
0	<	100,000	133	5,983,800	0.7%
100,000	<	200,000	159	21,907,378	2.5%
200,000	<	300,000	84	20,653,086	2.3%
300,000	<	400,000	67	22,521,750	2.5%
400,000	<	500,000	59	26,030,500	2.9%
500,000	<	600,000	36	19,197,570	2.2%
600,000	<	700,000	32	20,306,000	2.3%
700,000	<	800,000	28	20,678,575	2.3%
800,000	<	900,000	25	20,916,000	2.4%
900,000	<	1,000,000	15	13,921,750	1.6%
1,000,000	<	1,500,000	69	82,306,000	9.3%
1,500,000	<	2,000,000	37	65,028,750	7.3%
2,000,000	<	2,500,000	26	58,014,250	6.6%
2,500,000	<	3,000,000	14	38,304,250	4.3%
3,000,000	<	4,000,000	25	83,860,000	9.5%
4,000,000	<	5,000,000	7	30,325,000	3.4%
5,000,000	<	6,000,000	13	70,670,000	8.0%
6,000,000	<	7,000,000	9	57,637,000	6.5%
7,000,000	<	8,000,000	2	14,750,000	1.7%
8,000,000	<	9,000,000	4	32,710,000	3.7%
9,000,000	<	10,000,000	3	28,400,000	3.2%
10,000,000	<	20,000,000	3	35,780,000	4.0%
20,000,000	<	30,000,000	-	0	0.00%
30,000,000	<	40,000,000	-	0	0.00%
40,000,000	<	50,000,000	1	43,000,000	4.9%

[1] Based on Origination Valuations

50,000,000 <	60,000,000	1	52,000,000	5.9%
Total		**852**	**884,901,659**	**100.0%**

THE TOP FIVE LOANS – LOAN AND RELATED PROPERTY SUMMARIES

Alderfell Properties Loan

Loan Information	
Borrower Name	Alderfell Properties Limited
Counterparty	Alderfell Properties Limited
Origination Date	10-Nov-03
Maturity Date	20-Oct-10
Cut-Off Date Balance	£41,398,429
Next Payment Date	20-Oct-04
Cut-Off Date LTV	79.6%
Exit LTV	71.5%
Type of Amortisation	Bullet with partial amortisation
Rate Type	Fixed
Coupon[1]	6.645%
Interest Calculation	Actual/365
Cut-Off Date ICR[2]	139%
Cut-Off Date DSCR[3]	114%
Dividend Trap	125%
Interest Cover Covenant	110%
Pledged Rent Account	Yes
Escrow Account	-

Property Information	
Single Asset / Portfolio	Single Asset
City	Salford
Location	Lancashire
Year Built	1971 (refurbished in 1991)
Number of Properties	1
Type of Property	Retail
The Collateral	Shopping Centre
OMV	52,000,000
Net Rent	3,833,519
Yield	7.37%
Tenure	Mainly Freehold
Valuer	JLL
Date of Valuation	10-Nov-03
Square Footage	280,672
Occupancy	91.83%

Major Tenant	**% SqFt**	**% Rent**	**Rent(£)**
Car Park	0.0%	6.0%	231,639
Tesco Stores Limited	8.1%	5.7%	218,750
Norwest Estates Services Limited	8.1%	4.4%	170,000
Woolworth plc	9.5%	3.5%	135,000
Iceland Frozen Foods plc	2.8%	3.5%	134,200

1 This rate is the sum of:
(i) a fixed rate of 5.275% until the final repayment date, or, a variable rate of three-months LIBOR thereafter if any amount is unpaid; plus
(ii) a margin of 1.37%.

2 ICR is based on the total annualised rent as of the Cut-Off Date and the annualised interest based on the Cut-Off Date balance and interest rate.

3 DSCR is based on the total annualised rent as of the Cut-Off Date, the annualised interest based on the Cut-Off Date balance and interest rate and the next four quarters principal payments.

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
20-Oct-04	687,731	115,618
20-Jan-05	685,811	117,556
20-Apr-05	683,858	159,473
20-Jul-05	681,209	206,648
20-Oct-05	677,776	200,088
20-Jan-06	674,452	218,214
20-Apr-06	670,827	233,792
20-Jul-06	666,943	176,338
20-Oct-06	664,013	152,294
20-Jan-07	661,483	142,102
20-Apr-07	659,123	158,941
20-Jul-07	656,482	154,348
20-Oct-07	653,918	149,735
20-Jan-08	651,431	153,818
20-Apr-08	648,875	161,939
20-Jul-08	646,185	164,624
20-Oct-08	643,450	160,297
20-Jan-09	640,787	162,984
20-Apr-09	638,080	203,167
20-Jul-09	634,705	218,976
20-Oct-09	631,067	213,103
20-Jan-10	627,527	198,801
20-Apr-10	624,224	193,387
20-Jul-10	621,012	189,748
20-Oct-10	617,859	37,192,438

The Loan

The purpose of this Loan was to assist in the refinancing of the Salford City Shopping Centre, Salford (the "Centre") which is a 280,672 sq. ft. covered shopping centre.

The Property

The Centre comprises a landholding of around five hectares (12.45 acres) and provides approximately 280,672 sq. ft. (26,075 m^2) of retail accommodation with adjacent car parking for 440 vehicles plus adjacent car parking for a further 140 vehicles across the street.

The Centre was originally built in 1971 and was extensively refurbished in 1991 which included enclosure of the main malls, new terrazzo flooring and a renewal of plant and machinery.

The Centre includes 91 retail units. The larger occupiers within the scheme are Argos, Boots, Iceland, Peacocks, Tesco Metro and Woolworths. Also located on the site is the Market Hall, where an open-air market takes place six days a week.

Tenancies

The Centre is subject to some 86 occupational leases (occupancy level of 92 per cent). The current net passing rent is £3,833,519 per annum and estimated rental value ("ERV") is approximately £4,455,839 per annum. With a valuation of approximately £52,000,000 the Property provides an initial yield of approximately 7.1 per cent. and a reversionary yield of approximately 7.4 per cent.

The largest single exposure is to Tesco Stores (only 5.7 per cent. of total rent excluding the exposure to Car Park), with the largest 20 tenants making up around 52.6 per cent. of total rent (these include Iceland, Woolworths, Argos, Boots and JJB Sports). Of the total, approximately 70 per cent. of the income is from national multiple covenants. 43.8 per cent. of rents expire/break during the term of the loan.

The Borrower / Sponsor

The Borrower is a joint venture between Prime Commercial Properties ("PCP" - 47.7 per cent.), Nordia (18.5 per cent.), Countryfell (24.6 per cent.) and Pressgrange (9.2 per cent.).

PCP specialises in the ownership and management of shopping centres in the UK and currently owns/manages six centres with a value of over £200,000,000, representing approximately 1,200,000 sq. ft. of retail space.

Lease Expiration Summary[4]

The following table shows scheduled lease expirations for the Property financed by the Alderfell Properties Loan:

Lease Rollover Schedule								
Year	**# Leases Rolling**	**SqFt Rolling**	**% of total SqFt Rolling**	**Cumulative % of SqFt Rolling**	**Annualised Base Rental Revenue Rolling (£)**	**Average Total Rental Revenue per SqFt Rolling**	**% of Total Base Rental Revenue Rolling**	**Cumul. % of Total Rental Revenues Rolling**
Vacant[5]	18	22,929	8.2%	8.2%	293,040	12.8	7.6%	7.6%
2004	0	-	0.0%	8.2%	-	-	0.0%	7.6%
2005	1	-	0.0%	8.2%	65,000	-	1.7%	9.3%
2006	6	7,673	2.7%	10.9%	189,000	24.6	4.9%	14.3%
2007	11	20,550	7.3%	18.2%	404,050	19.7	10.5%	24.8%
2008	4	13,192	4.7%	22.9%	161,450	12.2	4.2%	29.0%
2009	2	5,218	1.9%	24.8%	79,350	15.2	2.1%	31.1%
2010	3	5,878	2.1%	26.9%	60,000	10.2	1.6%	32.7%
2011	3	3,703	1.3%	28.2%	160,000	43.2	4.2%	36.8%
2012	4	12,171	4.3%	32.5%	272,350	22.4	7.1%	43.9%
>= 2013	52	189,359	67.5%	100.0%	2,149,279	11.4	56.1%	100.0%
Total/Average	**104**	**280,672**	**100.0%**	**100.0%**	**3,833,519**	**13.7**	**100.0%**	**100.0%**

4 Based exclusively on expiry dates, break dates are not taken into account.

5 Includes leases which have expired or are under review.

Major Tenant Summary

The following table show certain information regarding certain major tenants of the Property financed by the Alderfell Properties Loan:

Tenant	Credit Rating S&P/Moody's/ Fitch	Tenant SqFt	% of total SqFt	Annualised Rent (£)	% of Total Annualised Rent	Current Annualized Rent per SqFt	Lease Expiration[6]	First Break Date[6]
Car Park	NR/NR/NR	-	0.0%	231,639	6.0%	-	24-Mar-27	
Tesco Stores Ltd	A+/A1/A+	22,796	8.1%	218,750	5.7%	9.6	23-Jun-16	24-Jun-06
Norwest Estates Services Limited	NR/NR/NR	22,814	8.1%	170,000	4.4%	7.5	18-Mar-96	
Woolworth plc	NR/Ba1/NR	26,789	9.5%	135,000	3.5%	5.0	22-Sep-96	
Iceland Frozen Foods plc	BB/B1/BB-[7]	7,887	2.8%	134,200	3.5%	17.0	24-Mar-07	
Argos Distributors Limited	BBB+/Baa1/NR[8]	8,134	2.9%	113,500	3.0%	14.0	23-Jun-17	
Boots Chemists Ltd	A-/A3/A-	8,179	2.9%	106,000	2.8%	13.0	24-Mar-16	
Peacocks Ltd	NR/NR/NR	8,624	3.1%	106,000	2.8%	12.3	23-Jun-12	
JJB Sports Plc	NR/NR/NR	4,628	1.6%	84,700	2.2%	18.3	24-Mar-08	
Ethel Austin Limited	NR/NR/NR	2,936	1.0%	82,500	2.2%	28.1	24-Mar-16	
Mall Income[9]	NR/NR/NR	-	0.0%	76,100	2.0%	-		
The Royal Bank of Scotland plc	AA-/Aa2/AA	-	0.0%	75,000	2.0%	-	24-Mar-11	
T J Morris Limited T/A Home Bargain	NR/NR/NR	4,995	1.8%	70,000	1.8%	14.0	23-Jun-14	
Lloyds TSB Bank plc	NR/Aa2/AA	3,608	1.3%	65,665	1.7%	18.2	24-Dec-16	
New Look Retailers Limited	NR/NR/NR	2,365	0.8%	65,000	1.7%	27.5	24-Mar-11	
DSG Retail Ltd	NR/NR/NR	2,615	0.9%	60,000	1.6%	22.9	17-Nov-07	
Northworld Limited T/A Mark One	NR/NR/NR	2,177	0.8%	57,500	1.5%	26.4	23-Jun-12	24-Jun-07
Nationwide Building Society	A+/Aa3/AA-	2,737	1.0%	56,500	1.5%	20.6	28-Sep-06	
The Post Office	NR/NR/NR	-	0.0%	54,500	1.4%	-	23-Jun-14	24-Jun-04
Christopher Edwards & Lawrence Edwards	NR/NR/NR	1,311	0.5%	52,500	1.4%	40.0	24-Mar-17	
Total/Average		**132,595**	**47.2%**	**2,015,054**	**52.6%**	**15.2**		
Other Tenants		125,148	44.6%	1,525,425	39.8%	12.2		
Vacant Space[10]		22,929	8.2%	293,040	7.6%	12.8		
Total/Average		**280,672**	**100.0%**	**3,833,519**	**100.0%**	**13.7**		

6 Weighted Average date when there are several leases for one tenant (weighted on rent).
7 Rating of the parent company, Big Food Group.
8 Rating of the parent company, GUS plc.
9 Rent is annual income, subject to change.
10 Includes expired leases.

Arena Central Developments Loan

Loan Information	
Borrower Name	Arena Central Developments LLP
Counterparty	Arena Central Developments LLP
Origination Date	13-Feb-04
Maturity Date	20-Jul-08
Cut-Off Date Balance	£32,070,000
Next Payment Date	20-Oct-04
Cut-Off Date LTV	74.6%
Exit LTV	73.0%
Type of Amortisation	Bullet with partial amortisation
Rate Type	Fixed
Coupon[1]	6.280%
Interest Calculation	Actual/365
CoD ICR[2]	140%
CoD DSCR[3]	117%
Dividend Trap	125%
Interest Cover Covenant	110%
Pledged Rent Account	Yes
Escrow Account	299,000 up to 328,000

Property Information	
Single Asset / Portfolio	Single Asset
City	Birmingham
Location	West Midlands
Year Built	1972
Number of Properties	1
Type of Property	Office
The Collateral	Office Tower in Central Birmingham
OMV	43,000,000
Net Rent	2,826,039
Yield	6.57%
Tenure	Long Leasehold
Valuer	CBRE
Date of Valuation	31-Jan-04
Square Footage	195,023
Occupancy	98.82%

Major Tenant	**% Sq Ft**	**% Rent**	**Rent(£)**
Birmingham City Council	43.7%	32.1%	908,151
Britannia Parking	0.0%	18.9%	535,000[4]
Criminal Cases Review Commission	10.9%	10.0%	282,225
Cable & Wireless Communications plc	3.7%	9.8%	278,200
Amey Rail Limited	4.5%	5.1%	143,406

Instalments Schedule

Date	Amount of Interest Instalment (£)	Amount of Repayment Instalment (£)
20-Oct-04	503,499	90,000
20-Jan-05	502,086	90,000
20-Apr-05	500,673	116,500
20-Jul-05	498,844	100,000

1 This rate is the sum of:
(i) a fixed rate of 4.880% until the final repayment date, or, a variable rate of three-months LIBOR thereafter if any amount is unpaid; plus
(ii) a margin of 1.40%.

2 ICR is based on the total annualised rent as of the Cut-Off Date and the annualised interest based on the Cut-Off Date balance and interest rate.

3 DSCR is based on the total annualised rent as of the Cut-Off Date, the annualised interest based on the Cut-Off Date balance and interest rate and the next four quarters principal payments.

4 Note this is an estimated figure and it may fluctuate with operating costs and car park income.

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
20-Oct-05	497,274	-
20-Jan-06	497,274	-
20-Apr-06	497,274	-
20-Jul-06	497,274	-
20-Oct-06	497,274	-
20-Jan-07	497,274	-
20-Apr-07	497,274	-
20-Jul-07	497,274	60,000
20-Oct-07	496,332	93,250
20-Jan-08	494,868	100,000
20-Apr-08	493,298	45,000
20-Jul-08	492,591	31,375,250

The Loan

The purpose of this Loan was to finance the acquisition of the Alpha Tower and ATV Centre, Birmingham.

The Property

The Property serving the Loan comprises a complex of large multi-level commercial buildings constructed in the early 1970s and situated within the Birmingham City Centre. The complex is dominated by the 28-storey Alpha Tower, which provides approximately 195,000 sq. ft. of refurbished office space. Also located on the site is the former Central Independent Television Studios and Exhibition Hall, and an underground car park that serves the entire complex.

The TV Studios/Exhibition Hall is one of the last large-scale development site in central Birmingham and has outline planning consent for 1.9m sq ft of office, residential and leisure development. To allow for this development, the borrower has indicated that this area, along with car park, may be removed from the security package, and the apportioned value (approximately £10,125,000) prepaid within 15 to 18 months of the Closing Date.

Tenancies

The property is let to 30 different tenants on 46 separate leases/licences.

42 per cent. of the rent is derived from quasi-governmental and investment-grade tenants (Birmingham City Council and Criminal Cases Review Commission).

There is a large concentration of lease rollover between October 2005 and April 2007 (mainly due to the Birmingham City Council breaks and Criminal Cases Review Expiry). To cover this position, there is initially approximately £300,000 held in an Escrow Account and a mechanism to trap up to £328,000. This is intended to maintain a minimum ICR of 110 per cent. throughout this period (and the entire loan term).

The Borrower / Sponsor

The Borrower is a newly created limited liability partnership (LLP) jointly owned (50:50) by Andy Ruhan and the Miller Group.

Andy Ruhan has extensive real estate experience in the UK and Europe. He was Development Director at listed property company St. Modwen Plc., and was the founder of Global Switch (sold to Chelsfield Plc.), Kingspark, and Stockdale Land (of which he remains a director).

The Miller Group is the UK's largest privately owned property development, housebuilding and construction services company. It specialises in large, integrated urban regeneration schemes in the UK, as well as property trading and investment. In 2002 the group reported profit before tax (PBT) of £27,400,000 and shareholders' funds of £160,000,000.

Lease Expiration Summary[5]

The following table shows scheduled lease expirations for the Property financed by the Arena Central Developments Loan:

Lease Rollover Schedule								
Year	**# Leases Rolling**	**SqFt Rolling**	**% of total SqFt Rolling**	**Cumulative % of SqFt Rolling**	**Annualised Base Rental Revenue Rolling (£)**	**Average Total Rental Revenue per SqFt Rolling**	**% of Total Base Rental Revenue Rolling**	**Cumul. % of Total Rental Revenues Rolling**
Vacant	5	2,294	1.2%	1.2%	-	-	0.0%	0.0%
2004	1	298	0.2%	1.3%	2,235	7.5	0.1%	0.1%
2005	7	13,576	7.0%	8.3%	163,646	12.1	5.8%	5.9%
2006	6	38,230	19.6%	27.9%	514,125	13.4	18.2%	24.1%
2007	0	-	0.0%	27.9%	-	-	0.0%	24.1%
2008	10	33,962	17.4%	45.3%	626,249	18.4	22.2%	46.2%
2009	3	7,040	3.6%	48.9%	102,410	14.5	3.6%	49.8%
2010	5	84,921	43.5%	92.5%	905,916	10.7	32.1%	81.9%
2011	7	14,702	7.5%	100.0%	226,631	15.4	8.0%	89.9%
2012	0	-	0.0%	100.0%	-	-	0.0%	89.9%
>= 2013	7	-	0.0%	100.0%	284,827	-	10.1%	100.0%
Total/Average	**51**	**195,023**	**100.0%**	**100.0%**	**2,826,039**	**14.5**	**100.0%**	**100.0%**

Major Tenant Summary

The following table shows certain information regarding certain major tenants of the Properties financed by the Arena Central Developments Loan:

Tenant	Credit Rating S&P/Moody's/ Fitch	Tenant SqFt	% of total SqFt	Annualised Rent (£)	% of Total Annualised Rent	Current Annualized Rent per SqFt	Lease Expiration[6]	First Break Date[6]
Birmingham City Council	NR/NR/NR	85,219	43.7%	908,151	32.1%	10.7	07-Aug-10	02-Oct-05
Britannia Parking	NR/NR/NR	-	0.0%	535,000	18.9%	-	11-Feb-39	
Criminal Cases Review Commission	NR/NR/NR	21,300	10.9%	282,225	10.0%	13.3	07-Aug-06	
Cable & Wireless Communications plc	BB/Ba3//BB+	7,170	3.7%	278,200	9.8%	38.8	31-Mar-08	
Amey Rail Limited	NR/NR/NR	8,702	4.5%	143,406	5.1%	16.5	07-Aug-11	07-Aug-06
Gibb Limited	NR/NR/NR	10,820	5.5%	130,480	4.6%	12.1	23-Mar-06	

[5] Based exclusively on expiry dates, break dates are not taken into account.

[6] Weighted Average date when there are several leases for one tenant (weighted on rent).

Tenant	Credit Rating S&P/Moody's/ Fitch	Tenant SqFt	% of total SqFt	Annualised Rent (£)	% of Total Annualised Rent	Current Annualized Rent per SqFt	Lease Expiration[6]	First Break Date[6]
RC Lee PH Barber E Oaten RH Annan	NR/NR/NR	7,180	3.7%	113,100	4.0%	15.8	27-Mar-06	28-Sep-04
Towry Law Plc	NR/NR/NR	7,040	3.6%	100,000	3.5%	14.2	23-Jun-08	
R Prutton and AR Pearce as Trustee	NR/NR/NR	7,040	3.6%	81,000	2.9%	11.5	23-Jun-08	
First Engineering Limited (On assignment)	NR/NR/NR	7,040	3.6%	80,960	2.9%	11.5	23-Jun-09	
Total / Average		**161,511**	**82.8%**	**2,652,522**	**93.9%**	**16.4**		
Other Tenants		31,218	16.0%	173,517	6.1%	5.6		
Vacant Space		2,294	1.2%	-	0.0%	-		
Total / Average		**195,023**	**100.0%**	**2,826,039**	**100%**	**14.5**		

[6] Weighted Average date when there are several leases for one tenant (weighted on rent).

Windsor Loan

Loan Information	
Borrower Name	Windsor Worldwide Limited
Counterparty	Windsor Worldwide Limited
Origination Date	28-Sep-99
Maturity Date	15-Oct-06
Cut-Off Date Balance	£28,481,400
Next Payment Date	15-Oct-04
Cut-Off Date LTV	70.4%
Exit LTV	69.3%
Type of Amortisation	Bullet with partial amortisation
Rate Type	Fixed
Coupon[1]	7.960%
Interest Calculation	Actual/365
CoD ICR [2]	148%
CoD DSCR [3]	134%
Dividend Trap	125%
Interest Cover Covenant	110%
Pledged Rent Account	Yes
Escrow Account	

Property Information			
Single Asset / Portfolio			Portfolio of 9 properties
City			Multiple
Location			UK
Year Built			60's to 80's
Number of Properties			9
Type of Property			Mainly Office
The Collateral			8 office properties and 1 office/warehouse
OMV			40,477,000
Net Rent			3,350,772
Yield			8.28%
Tenure			Freehold/Leasehold
Valuer			DTZ
Date of Valuation			20-Sep-99
Square Footage			286,296
Occupancy			95.77%
Major Tenant	**%Sq Ft**	**% Rent**	**Rent**
Citizens Advice Bureau	7.7%	15.2%	508,000
Salomon Taylor Made	16.7%	12.4%	415,000
Prudential Unit Trst Mgrs	7.9%	9.7%	326,024
Wickes Building Supplies (Surety from Wickes Holdings Limited)	9.8%	8.1%	270,728
British Telecom	7.8%	8.1%	270,000

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
15-Oct-04	566,780	75,000
15-Jan-05	565,287	50,000
15-Apr-05	564,292	50,000
15-Jul-05	563,297	50,000
15-Oct-05	562,302	50,000
15-Jan-06	561,307	50,000

1 This rate is the sum of:
(i) a fixed rate of 6.460% until the final repayment date, or, a variable rate of three-months LIBOR thereafter if any amount is unpaid; plus
(ii) a margin of 1.50%

2 ICR is based on the total annualised rent as of the Cut-Off Date and the annualised interest based on the Cut-Off Date balance and interest rate.

3 DSCR is based on the total annualised rent as of the Cut-Off Date, the annualised interest based on the Cut-Off Date balance and interest rate and the next four quarters principal payments.

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
15-Apr-06	560,312	55,000
15-Jul-06	559,218	55,000
15-Oct-06	558,123	28,046,400

The Loan

In September 1999 a loan of £34,380,000 (80 per cent. LTV) was made to Windsor Worldwide Limited to fund the acquisition of a portfolio of 11 office properties from REIT.

Over the course of this Loan, Windsor sold four properties and one property was released to provide security for another loan facility which is not to be acquired by the Issuer. These have been substituted with three properties located in Chelmsford, Basingstoke and Wolverhampton.

The Properties

The portfolio comprises nine properties spread throughout the UK.

All properties are office buildings in predominantly regional locations.

The OMV of the portfolio currently stands at approximately £40,477,000. Net rents are £3,350,772 which gives a yield of 8.38 per cent.

Tenancies

The portfolio is let to some 33 tenants.

24 per cent. of rent is secured against quasi-government tenants (such as the Citizens Advice Bureau, The Secretary of State and Essex County Council).

Top 10 tenants include the Citizens Advice Bureau, The Secretary of State for the Environment, Prudential Unit Trust Managers and British Telecom.

The Borrower / Sponsor

The Borrower is a special purpose vehicle controlled by The Boultbee Group. The Boultbee Group is a London based property company, established in 1987, and run by brothers, Steven and Clive Boultbee Brooks. The company has a substantial UK investment portfolio which is valued in excess of £250,000,000.

Lease Expiration Summary[4]

The following table shows scheduled lease expirations for the Properties financed by the Windsor Loan:

Lease Rollover Schedule								
Year	**# Leases Rolling**	**SqFt Rolling**	**% of total SqFt Rolling**	**Cumulative % of SqFt Rolling**	**Annualised Base Rental Revenue Rolling (£)**	**Average Total Rental Revenue per SqFt Rolling**	**% of Total Base Rental Revenue Rolling**	**Cumul. % of Total Rental Revenues Rolling**
Vacant[5]	3	12,111	4.2%	4.2%	130,573	10.8	3.9%	3.9%
2004	2	5,163	1.8%	6.0%	50,150	9.7	1.5%	5.4%
2005	1	-	0.0%	6.0%	10,000	-	0.3%	5.7%
2006	1	1,079	0.4%	6.4%	6,580	6.1	0.2%	5.9%

[4] Based exclusively on expiry dates, break dates are not taken into account.
[5] Includes leases which have expired or are under review.

Lease Rollover Schedule								
Year	**# Leases Rolling**	**SqFt Rolling**	**% of total SqFt Rolling**	**Cumulative % of SqFt Rolling**	**Annualised Base Rental Revenue Rolling (£)**	**Average Total Rental Revenue per SqFt Rolling**	**% of Total Base Rental Revenue Rolling**	**Cumul. % of Total Rental Revenues Rolling**
2007	3	12,884	4.5%	10.9%	110,170	8.6	3.3%	9.2%
2008	2	16,547	5.8%	16.7%	207,185	12.5	6.2%	15.4%
2009	10	61,931	21.6%	38.3%	1,086,324	17.5	32.4%	47.8%
2010	2	27,679	9.7%	48.0%	356,000	12.9	10.6%	58.4%
2011	2	16,051	5.6%	53.6%	255,200	15.9	7.6%	66.0%
2012	1	1,185	0.4%	54.0%	12,800	10.8	0.4%	66.4%
>=2013	15	131,666	46.0%	100.0%	1,125,790	8.6	33.6%	100.0%
Total/Average	**42**	**286,296**	**100.0%**	**100.0%**	**3,350,772**	**11.7**	**100.0%**	**100.0%**

Major Tenant Summary

The following table shows certain information regarding certain major tenants of the Properties financed by the Windsor Loan:

Tenant	**Credit Rating S&P/Moody's /Fitch**	**Tenant SqFt**	**% of total SqFt**	**Annualised Rent (£)**	**% of Total Annualised Rent**	**Current Annualized Rent per SqFt**	**Lease Expiration[6]**	**First Break Date[6]**
Citizens Advice Bureau	NR/NR/NR	22,096	7.7%	508,000	15.2%	23.0	24-Jun-09	
Salomon Taylor Made	NR/NR/NR	47,885	16.7%	415,000	12.4%	8.7	28-Sep-16	31-Jul-11
Prudential Unit Trust Managers	NR/NR/NR	22,739	7.9%	326,024	9.7%	14.3	23-Dec-09	
Wickes Building Supplies Limited (Surety from Wickes Holdings)	B+/B3/NR[7]	28,115	9.8%	270,728	8.1%	9.6	24-Jun-17	
British Telecom	A-/NR/A[8]	22,210	7.8%	270,000	8.1%	12.2	24-Jun-10	
The Lion Insurance Company	NR/NR/NR	12,081	4.2%	198,500	5.9%	16.4	24-Mar-11	
Secretary of State for the Environment	NR/NR/NR	11,078	3.9%	158,000	4.7%	14.3	23-Jun-08	
Carpetright Limited (Assigned from Comet Group plc – Privity)	NR/NR/NR	12,135	4.2%	127,407	3.8%	10.5	24-Jun-17	
University of Luton	NR/NR/NR	12,969	4.5%	117,000	3.5%	9.0	04-Nov-18	01-Dec-04
Costain Construction Limited	NR/NR/NR	7,471	2.6%	108,800	3.2%	14.6	28-Sep-09	
Total/Average		**198,779**	**69.4%**	**2,499,459**	**74.6**	**12.6**		
Other Tenants		75,406	26.3%	720,740	21.5%	9.6		
Vacant Space[9]		12,111	4.2%	130,573	3.9%	10.8		
Total/Average		**286,296**	**100.0%**	**3,350,772**	**100.0%**	**11.7**		

6 Weighted Average date when there are several leases for one tenant (Weighted on rent).
7 Rating of the parent company, Focus Wickes Plc.
8 Rating of the parent company, BT Group.
9 Includes expired leases.

Big Yellow Loan

Loan Information	
Borrower Name	Big Yellow Self Storage Company 2 Ltd
Counterparty	The Big Yellow Group plc
Origination Date	16-Sep-03
Maturity Date	20-Oct-08
Cut-Off Date Balance	£16,292,500
Next Payment Date	20-Oct-04
Cut-Off Date LTV	70.0%
Exit LTV	70.0%
Type of Amortisation	Interest only bullet
Rate Type	Fixed
Coupon[1]	6.210%
Interest Calculation	Actual/365
CoD ICR[2]	162%
CoD DSCR[3]	162%
Dividend Trap	110%
Interest Cover Covenant	110%
Pledged Rent Account	Yes
Escrow Account	255,807

Property Information	
Single Asset / Portfolio	Portfolio of 4 properties
City	London/Multiple
Location	Greater London/East Anglia
Year Built	2000-2001
Number of Properties	4
Type of Property	Self-Storage
The Collateral	3 Self-Storage properties in the Greater London Area and 1 in Norwich
OMV	23,275,000

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
20-Oct-04	252,941	-
20-Jan-05	252,941	-
20-Apr-05	252,941	-
20-Jul-05	252,941	-
20-Oct-05	252,941	-
20-Jan-06	252,941	-
20-Apr-06	252,941	-
20-Jul-06	252,941	-

1 This rate is the sum of:
(i) a fixed rate of 4.760% until the final repayment date, or, a variable rate of three-months LIBOR thereafter if any amount is unpaid; plus
(ii) a margin of 1.45%.

2 ICR is based on the total annualised rent as of the Cut-Off Date, and the annualised interest based on the Cut-Off Date balance and interest rate.

3 DSCR is based on the total annualised rent as of the Cut-Off Date, the annualised interest based on the Cut-Off Date balance and interest rate and the next four quarters principal payments.

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
20-Oct-06	252,941	-
20-Jan-07	252,941	-
20-Apr-07	252,941	-
20-Jul-07	252,941	-
20-Oct-07	252,941	-
20-Jan-08	252,941	-
20-Apr-08	252,941	-
20-Jul-08	252,941	-
20-Oct-08	252,941	16,292,500

The Loan

The loan was made to finance a portfolio of four self-storage properties with a lettable floor area of 228,000 sq. ft. Three of the Properties serving the Loan are located in the Greater London area (Romford, Hounslow and Ilford) and one in Norwich.

The Properties

The stores range in size from 50,000 sq. ft. to 70,000 sq. ft. and accommodate some 2,000 customers. Each store has a loading area, customer reception, retail area and customer parking.

Individual units are constructed of steel and provide secure, clean, dry and well ventilated storage. All stores are manned seven days a week and customers can access them as often as they like during extended business hours.

There is a high level of security provided including, in the majority of stores, a perimeter security fence, electronically coded access for all gates, individually alarmed units and extensive CCTV coverage.

The properties are valued by Drivers Jonas at £23,275,000 reflecting an overall yield of around 10 per cent.

The Borrower / Sponsor

Big Yellow Group has a market capitalisation of approximately £132,000,000 as at August 2004.

The Company was originally financed by the management together with external equity capital provided by TR Property Fund.

All the Properties are operated on behalf of the Borrower by an associated company also being part of the "Big Yellow" group, which licences individual storage units located at the Properties to users on a rolling or short term basis. The Operator pays income into a separate collection account for each Property and from there into a master collection account in the name of the Borrower on a daily basis. An amount equivalent to accrued interest principal due in respect of the Loan (together with unpaid fees) is transferred on a monthly basis from the master collection account to an Escrow Account.

For further details of the operating arrangements see "The Loans and The Related Security - The Loan and Security Documentation - The Self Storage Loans" at page 67 above."

Loan Number 5

Loan Information	
Borrower Name	Loan 5
Origination Date	31-Jul-00
Maturity Date	31-Jul-15
Cut-Off Date Balance	£13,181,837
Next Payment Date	31-Oct-04
Cut-Off Date LTV	65.0%
Exit LTV	63.2%
Type of Amortisation	Bullet with partial amortisation
Rate Type	Part Fixed
Coupon[1]	6.822%
Interest Calculation	ACT/365
CoD ICR[2]	166%
CoD DSCR[3]	162%
Dividend Trap	N/A
Interest Cover Covenant	N/A
Pledged Rent Account	N/A
Escrow Account	N/A

Property Information	
Single Asset / Portfolio	Portfolio of 3 properties
City	London
Location	UK
Year Built	N/A
Number of Properties	3
Type of Property	Office
The Collateral	3 office properties in London's West End and The City
OMV	20,280,000
Net Rent	1,496,233
Yield	7.38%
Tenure	Freehold
Valuer	Drivers Jonas
Date of Valuation	30-Nov-02
Square Footage	74,532
Occupancy	91.78%

Major Tenant	**% SqFt**	**%Rent**	**Rent(£)**
Tenant 1 (Accounting/Consulting)	15.7%	14.9%	225,585
Tenant 2 (Accounting/Consulting)	8.7%	12.8%	192,000
Tenant 3 (Restaurant)	3.5%	10.1%	151,000
Tenant 4 (Local Covenant)	6.2%	8.9%	132,500
Tenant 5 (Local Covenant)	8.1%	8.7%	129,430

Instalments Schedule

Date	Amount of Interest Instalment (£)	Amount of Repayment Instalment (£)
31-Oct-04	224,821	8,570
31-Jan-05	224,699	8,570
30-Apr-05	224,576	8,570
31-Jul-05	224,453	8,570
31-Oct-05	224,331	8,570

1 This loan has two tranches:
(i) first tranche has a fixed rate of 7.95%;
(ii) second tranche has a floating rate of 5.725%.

2 ICR is based on the total annualised rent as of the Cut-Off Date and annualised interest based on the Cut-Off Date balance and interest rate.

3 DSCR is based on the total annualised rent as of the Cut-Off Date, the annualised interest based on the Cut-Off Date balance and interest rate and the next four quarters principal payments.

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
31-Jan-06	224,208	8,570
30-Apr-06	224,085	8,570
31-Jul-06	223,963	8,570
31-Oct-06	223,840	8,570
31-Jan-07	223,717	8,570
30-Apr-07	223,595	8,570
31-Jul-07	223,472	8,570
31-Oct-07	223,349	8,570
31-Jan-08	223,227	8,570
30-Apr-08	223,104	8,570
31-Jul-08	222,981	8,570
31-Oct-08	222,859	8,570
31-Jan-09	222,736	8,570
30-Apr-09	222,613	8,570
31-Jul-09	222,491	8,570
31-Oct-09	222,368	8,570
31-Jan-10	222,245	8,570
30-Apr-10	222,123	8,570
31-Jul-10	222,000	8,570
31-Oct-10	221,877	8,570
31-Jan-11	221,755	8,570
30-Apr-11	221,632	8,570
31-Jul-11	221,510	8,570
31-Oct-11	221,387	8,570
31-Jan-12	221,264	8,570
30-Apr-12	221,142	8,570
31-Jul-12	221,019	8,570
31-Oct-12	220,896	8,570
31-Jan-13	220,774	8,570
30-Apr-13	220,651	8,570
31-Jul-13	220,528	8,570
31-Oct-13	220,406	8,570
31-Jan-14	220,283	8,570
30-Apr-14	220,160	8,570
31-Jul-14	220,038	8,570

Instalments Schedule		
Date	**Amount of Interest Instalment (£)**	**Amount of Repayment Instalment (£)**
31-Oct-14	219,915	8,570
31-Jan-15	219,792	8,570
30-Apr-15	219,670	8,570
31-Jul-15	219,547	12,813,327

The Loan

This Loan was made to refinance three properties which are located in Central London.

The Property

The three properties were valued at £20,280,000 in November 2002.

Tenancies

The leases of the three properties are to a variety of tenant types and are typically medium-term.

The Borrower / Sponsor

The Borrowers are US citizens, who are property investors with investments in both the US and the UK.

Lease Expiration Summary[4]

The following table shows scheduled lease expirations for the Properties financed by Loan Number 5:

Lease Rollover Schedule								
Year	**# Leases Rolling**	**SqFt Rolling**	**% of total SqFt Rolling**	**Cumulative % of SqFt Rolling**	**Annualised Base Rental Revenue Rolling (£)**	**Average Total Rental Revenue per SqFt Rolling**	**% of Total Base Rental Revenue Rolling**	**Cumul. % of Total Rental Revenues Rolling**
Vacant[5]	4	6,124	8.2%	8.2%	-	-	0.0%	0.0%
2004	0	-	0.0%	8.2%	-	-	0.0%	0.0%
2005	2	3,051	4.1%	12.3%	166,600	54.6	11.1%	11.1%
2006	0	-	0.0%	12.3%	-	-	0.0%	11.1%
2007	4	18,167	24.4%	36.7%	414,585	22.8	27.7%	38.8%
2008	1	4,950	6.6%	43.3%	99,000	20.0	6.6%	45.5%
2009	2	8,770	11.8%	55.1%	195,600	22.3	13.1%	58.5%
2010	1	6,055	8.1%	63.2%	129,430	21.4	8.7%	67.2%
2011	1	3,190	4.3%	67.5%	78,000	24.5	5.2%	72.4%
2012	0	-	0.0%	67.5%	-	-	0.0%	72.4%
>= 2013	4	24,225	32.5%	100.0%	413,018	17.0	27.6%	100.0%
Total/Average	19	74,532	100.00%	100.0%	1,496,233	20.1	100.0%	100.0%

Major Tenant Summary

The following table show certain information regarding certain major tenants of the Properties financed by Loan Number 5:

[4] Based exclusively on expiry dates, break dates are not taken into account.
[5] Includes leases which have expired and are under review.

Tenant	Credit Rating S&P/Moody's /Fitch	Tenant SqFt	% of total SqFt	Annualised Rent (£)	% of Total Annualised Rent	Current Annualized Rent per SqFt	Lease Expiration[6]	First Break Date[6]
Tenant 1 (Accounting/ Consulting)	NR/NR/NR	11,715	15.7%	222,585	14.9%	19.0	07-Dec-07	
Tenant 2 (Accounting/ Consulting)	NR/NR/NR	6,452	8.7%	192,000	12.8%	29.8	20-Jun-07	
Tenant 3 (Restaurant)	NR/NR/NR	2,576	3.5%	151,000	10.1%	58.6	20-Dec-05	
Tenant 4 (Local Covenant)	NR/NR/NR	4,620	6.2%	132,500	8.9%	28.7	25-Mar-19	
Tenant 5 (Local Covenant)	NR/NR/NR	6,055	8.1%	129,430	8.7%	21.4	25-Dec-10	
Tenant 6 (Diversified)	NR/NR/NR	10,720	14.4%	125,000	8.4%	11.7	28-Sep-32	29-Sep-17
Tenant 7 (Diversified)	NR/NR/NR	6,055	8.1%	121,100	8.1%	20.0	27-Sep-09	
Tenant 8 (Association)	NR/NR/NR	6,055	8.1%	112,018	7.5%	18.5	03-Jun-13	
Tenant 9 (Local Covenant)	NR/NR/NR	4,950	6.6%	99,000	6.6%	20.0	01-Jun-08	
Tenant 10 (Education)	NR/NR/NR	3,190	4.3%	78,000	5.2%	24.5	25-Jun-11	
Total / Average		**62,388**	**83.7%**	**1,362,633**	**91.1%**	**21.8**		
Other Tenants		6,020	8.1%	133,600	8.9%	22.2		
Vacant Space[7]		6,124	8.2%	-	0.0%	-		
Total / Average		**74,532**	**100.0%**	**1,496,233**	**100.0%**	**20.1**		

[6] Weighted average date when there are several leases for one tenant (weighted on rent).
[7] Includes expired leases.

SERVICING

Introduction

On the Closing Date, the Issuer, the Servicer, the Special Servicer, the Issuer Security Trustee, the Facility Agent, the Junior Lenders and the Note Trustee will enter into an agreement (the "**Servicing Agreement**") pursuant to which MSMS will be appointed to act as the Servicer and the initial Special Servicer of the Loans and the Related Security. The Servicer and the Special Servicer will, as described under "Delegation by Servicer and Special Servicer" below, delegate its duties as Servicer and Special Servicer relating to the MS Acquired Loans to Crown, in its separate capacities as Sub-Servicer and Sub-Special Servicer.

Certain of the services to be provided by the Servicer under the Servicing Agreement, such as the exercise on behalf of the Issuer and the Loan Security Trustee of their rights, powers and discretions as lender and mortgagee, respectively, under the Loans and the Related Security, require the Servicer to exercise discretion in their performance. The remainder of the services to be performed by the Servicer under the Servicing Agreement, such as the provision of reports relating to the performance of the Loans and the rental income generated by the Properties, are administrative in nature. If a Loan becomes a Specially Serviced Loan, the Special Servicer will provide the discretionary services relating to that Loan in place of the Servicer. For further information regarding the circumstances in which a Loan will become a Specially Serviced Loan, see "Servicing – Transfer of powers to the Special Servicer" at page 104. For further information regarding the manner in which the Servicer and the Special Servicer will exercise their respective discretions under the Servicing Agreement, and restrictions on their ability to do so, see "Modifications and Exercise of Discretions" at page 105.

Standards to be Applied

In performing their respective obligations under the Servicing Agreement, the Servicer and the Special Servicer must act in accordance with the following standards, applying such standards in the following order of priority in the event of a conflict: (a) any and all applicable laws; (b) the express provisions of the applicable Loan Documentation; (c) the express provisions of the Servicing Agreement; and (d) the Servicing Standard. The "**Servicing Standard**", is the highest of:

(i) the standard of skill, care and diligence that the Servicer or Special Servicer would apply in servicing, on behalf of third parties, commercial mortgage loans that are similar to the Loans, giving due consideration to customary and usual standards of practice utilised by reasonably prudent lenders of money secured on commercial property located in the United Kingdom;

(ii) the standard applied by the Servicer or Special Servicer with respect to the servicing of loans similar to the Loans for other third parties; and

(iii) the standard of skill, care and diligence it would apply if it were the beneficial owner of the Mortgage Loans,

with a view to the timely collection of all sums owing under the Loans and, on the occurrence of an event of default in relation to a Loan, the maximisation of recoveries available in respect of such Loan (taking into account the likelihood of recovery of amounts due, the timing of any such recovery and the costs of recovery), without regard to any fees or other compensation to which the Servicer or the Special Servicer may be entitled, any obligation of the Servicer or the Special Servicer to incur any expense in connection with the performance of its obligations, any relationship the Servicer or the Special Servicer or any of their respective affiliates may have with any Borrower (or any affiliate of any Borrower) or any other party to the transactions contemplated by the issue of the Notes, the making of the Junior Loans, the different payment priorities among the Notes and the Junior Loans or the ownership of any Note or either Junior Loan by the Servicer or Special Servicer or any affiliate thereof.

The Servicing Agreement provides that if a conflict arises between the interests of the Servicer or Special Servicer (or any of their respective affiliates) on the one hand and the interests of the Noteholders (or any class of Noteholders) and the Junior Lenders (or either class of Junior Lender) on the other, then the interests of the Noteholders (or the holders of the most senior class of Notes whose interests are affected) or, once the Notes have been redeemed in full, of the Junior Lender (or the holders of the most senior class of Junior Loan whose interests are affected) shall prevail. Upon being requested to do so in writing by the Issuer Security Trustee or the Facility Agent, the Servicer or the Special Servicer shall provide the Issuer Security Trustee or, if such a request is issued by it, the Facility Agent, with a written explanation as to why, in relation to any particular

matter specified in such request, no such conflict exists. If the request for the explanation is submitted by the Issuer Security Trustee and the Servicer or Special Servicer does not provide the Issuer Security Trustee with a satisfactory explanation within 10 days of being required to do so, the Issuer Security Trustee shall notify the Note Trustee and shall take any further steps which the Note Trustee instructs it to take in relation thereto. The Note Trustee shall not be obliged to request an explanation or to issue any such instructions unless required to do so by an Extraordinary Resolution of the most senior class of Notes then outstanding and shall be entitled to assume that no such conflict of interest exists.

Delegation by Servicer and Special Servicer

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

The Servicer, the Special Servicer, the Sub-Servicer and the Sub-Special Servicer will enter into the Sub-Servicing Agreement on or about the Closing Date under which each of the Servicer and the Special Servicer will delegate to the Sub-Servicer and the Sub-Special Servicer, respectively, all of its duties under the Servicing Agreement insofar as they relate to the MS Acquired Loans only. The Sub-Servicer will assume day-to-day responsibility for administering the MS Acquired Loans and will provide the Servicer with information relating to the MS Acquired Loans which will enable the Servicer to prepare quarterly reports on all of the Loans in the Loan Pool as described under "Information and Reporting" at page 104. If an MS Acquired Loan becomes a Specially Serviced Loan, the Sub-Special Servicer will act as servicer of such Loan in place of the Sub-Servicer. The Sub-Servicer and, in the case of an MS Acquired Loan that becomes a Specially Serviced Loan, the Sub-Special Servicer, may not exercise certain discretions in relation to the MS Acquired Loans without obtaining the Servicer's or, in the case of MS Acquired Loans which are Specially Serviced Loans, the Special Servicer's, prior written consent. These include discretions as to whether or not to grant a waiver, variation or amendment of any of the terms of the Loan Documentation applicable to an MS Acquired Loan or to commence enforcement proceedings in relation to an MS Acquired Loan. The Sub-Servicer and the Sub-Special Servicer may only exercise such discretions in accordance with the instructions of the Servicer or Special Servicer, respectively (which must be issued or withheld in accordance with the Servicing Standard), and will not be liable for failing to take any action pending receipt of such instructions or for acting in accordance with those instructions. Following the service of an Enforcement Notice, the Issuer Security Trustee shall be entitled to issue instructions and directions directly to the Sub-Servicer and the Sub-Special Servicer in place of the Servicer and the Special Servicer, respectively.

If an MS Acquired Loan becomes a Specially Serviced Loan, the Special Servicer may, subject to the Sub-Special Servicer being indemnified to its satisfaction, require the Sub-Special Servicer to use all reasonable endeavours to appoint an entity which is acceptable to the Special Servicer to perform the duties of the Sub-Special Servicer insofar as they relate to such Specially Serviced Loan for so long as the relevant MS Acquired Loan remains a Specially Serviced Loan. All fees, costs and expenses payable to any sub-underdelegate of the Sub-Special Servicer so appointed at the request of the Special Servicer will be paid by the Special Servicer, subject to such terms as may be agreed by the Special Servicer and the sub-underdelegate, without recourse to the Sub-Special Servicer, the Sub-Servicer, the Servicer, the Issuer or the Issuer Security Trustee.

The Servicer and Special Servicer have agreed to pay certain fees to the Sub-Servicer and Sub-Special Servicer in consideration for the Sub-Servicer and Sub-Special Servicer performing its duties under the Sub-Servicing Agreement and to reimburse the costs and expenses incurred by the Sub-Servicer and Sub-Special Servicer in connection therewith. In general, the obligations to make such payments to the Sub-Servicer and the Sub-Special Servicer are obligations of the Servicer and the Special Servicer, respectively, and are not obligations of the Issuer, the Issuer Security Trustee or any other person. However, to the extent that the Sub-Servicer or Sub-Special Servicer charges the Servicer or Special Servicer VAT in respect of any services performed by it under the Sub-Servicing Agreement, the Servicer or Special Servicer shall be entitled to treat the same as a cost incurred on behalf of the Issuer under the Servicing Agreement and the Issuer shall be obliged to reimburse the Servicer or the Special Servicer in respect thereof on the next following Interest Payment Date, together with interest thereon at the Reimbursement Rate.

Collection and Allocation of Funds

As described under "Structure of the Accounts" at page 72, the Servicer will from time to time direct the Loan Security Trustee to transfer payments made in respect of the MS Originated Loans from the Rent Accounts and the Receipts Accounts to the Transaction Account. The Sub-Servicer will, on a daily basis,

transfer payments in respect of the MS Acquired Loans paid into the MSMS Master Collection Account into the Transaction Account. The Cash Management Agreement requires the Servicer to calculate the various amounts which are to be transferred from the Rent Accounts, the Receipts Account and the MSMS Master Collection Account to the Transaction Account and, on each Calculation Date, to calculate the Issuer Interest Receipts, the Issuer Principal Receipts and the Prepayment Fees received during the related Collection Period in respect of each Loan, and to determine which portions of the Issuer Principal Receipts transferred to the Transaction Account during that Collection Period consist of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds. In the case of the MS Acquired Loans, such calculations will be undertaken by the Servicer on the basis of information provided to it by the Sub-Servicer.

The Servicer will also determine, from time to time, all Priority Amounts required to be paid by the Issuer and will notify the Cash Manager thereof. For further information regarding the duties of the Cash Manager following such a notification, see "Cash Management" at page 109.

Unless the applicable credit agreement requires otherwise, all amounts applied towards sums due in respect of a Loan will be allocated in the following order of priority:

(i) **firstly** towards costs, expenses and fees, including all fees payable by a Borrower as a result of the termination of a Swap Transaction related to that Borrower's Loan, but excluding all other Prepayment Fees;

(ii) **secondly** towards interest;

(iii) **thirdly** towards principal; and

(iv) **fourthly** towards Prepayment Fees (other than those allocated under item (i) above),

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

Defaulted Loans

(a) Arrears and Default Procedures

The Servicer or, in respect of any Specially Serviced Loans, the Special Servicer will be responsible for the supervision and monitoring of payments falling due in respect of the Loans and, on the occurrence of a default, the application of the then-current enforcement procedures (the "**Enforcement Procedures**"). The Enforcement Procedures to be applied in the case of the MS Acquired Loans (the "**MS Acquired Loan Enforcement Procedures**") will be agreed between the Servicer, the Special Servicer, the Sub-Servicer and the Sub-Special Servicer and will be implemented by the Sub-Servicer or, for so long as an MS Acquired Loan is a Specially Serviced Loan, the Sub-Special Servicer. Neither the Sub-Servicer nor the Sub-Special Servicer may implement any changes to the MS Acquired Loan Enforcement Procedures unless the Servicer or the Special Servicer, respectively, have given their prior written consent to such changes. The Servicer or, in relation to MS Acquired Loans which are Specially Serviced Loans, the Special Servicer, may supplement the MS Acquired Loan Enforcement Procedures with instructions to the Sub-Servicer or the Sub-Special Servicer, respectively, regarding the timing and manner of enforcement of an MS Acquired Loan and its Related Security. In the event of a conflict between any such instructions and the MS Acquired Loan Enforcement Procedures, the instructions of the Servicer or, as the case may be, the Special Servicer, will prevail.

The Enforcement Procedures must comply with the standards which are required to be applied by the Servicer and the Special Servicer in the performance of their duties generally, as described under "Servicing – Standards" at page 100. On the occurrence of an event of default in relation to a Loan, the Enforcement Procedures may require a receiver to be appointed who will agree with the Servicer, or (as is more likely in a Loan default situation) the Special Servicer, the best strategy for preserving the Issuer's rights under the Loan and in respect of the Property. An agreed strategy may result in the receiver managing the Property for a certain time or seeking to sell the Property. However, under certain circumstances, the Servicing Standard may require the Servicer or the Special Servicer, as the case may be, to waive, vary or amend certain terms of the applicable Loan Documentation, rather than to appoint a receiver. The ability of the Servicer or Special Servicer, as the case may be, to waive, vary or amend the Loan Documentation is subject to the limitations described under "Modifications and Exercise of Discretions" at page 105.

The net proceeds realised upon the enforcement of any Related Security (after payment of the costs and expenses of the enforcement) will, together with any amount payable on any related insurance contracts, be applied against the sums owing from the relevant Borrower in the manner and order of priority described under "Collection and Allocation of Funds" at page 101.

(b) Junior Lenders' Cure Rights

The Servicer or Special Servicer shall notify the Facility Agent forthwith upon becoming aware that a Borrower has failed to make any payment in respect of a Loan when it fell due. Prior to the later of the next Calculation Date and the expiry of any grace period which the applicable credit agreement gives to the Borrower for making such payments, the Junior Lenders (or either of them) may elect to deposit into the Transaction Account a payment (a "**Cure Payment**") in an amount equal to the deficiency. The Junior Lender cannot make a Cure Payment in respect of a particular Loan more than twice consecutively or more than four times in total.

Upon the occurrence of an event of default in respect of a Loan which is not a payment default and which is remediable, a Junior Lender may remedy that default at any time during, or within a reasonable time after, the grace periods granted in the Loan Agreement, subject to any limitations imposed by the Servicer or Special Servicer by notice in writing (which shall only be issued by the Servicer or Special Servicer acting in accordance with the Servicing Standard). Such non-monetary defaults may be cured an unlimited number of times, unless the Servicer or Special Servicer determines that the likelihood of making a full recovery in respect of the relevant Loan is diminishing due to the continued exercise of cure rights.

For the avoidance of doubt, no Junior Lender is under an obligation to make any Cure Payments at any time.

For a description of the basis on which Cure Payments will be reimbursed to the Junior Lender, see "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to the Enforcement" at page 24.

(c) Junior Lenders' Purchase Rights

If there is a payment default in respect of a Loan in relation to which a Junior Lender has not made a Cure Payment, the Class E Lender (or, if the Class E Loan has been repaid in full, the Class D Lender) will have the right, but not the obligation, to purchase that Loan (or, in the case of the Sub-Participated Loans, to purchase the Issuer's sub-participation interest therein or, in the case of any MS Acquired Loan which requires the Borrower's consent to its transfer, to purchase a 100 per cent interest therein by way of sub-participation), together with its Related Security, for the Loan Purchase Price. If the Loan in question is cross-collateralised with any other Loan or Loans in the Loan Pool, the Junior Lender will not be entitled to purchase the defaulted Loan unless it also purchases such cross-collateralised Loans at the same time. The "**Loan Purchase Price**" applicable to a particular Loan or sub-participation interest therein will be equal to:

(a) all amounts of principal, interest (including accrued interest), fees, expenses and other amounts which are due (or which have accrued) in respect of that Loan at that time; plus

(b) all costs, expenses and liabilities (including, without limitation, all costs and expenses incurred by the Issuer, the Servicer, the Special Servicer or the Loan Security Trustee in connection with the termination of any Swap Transaction relating to that Loan) incurred as a result of the purchase of that Loan by the Junior Lender.

If a Loan is written off following the completion of the Enforcement Procedures, the Special Servicer shall notify the Junior Lenders thereof, whereupon the Class E Lender or, if the Class E Loan has been repaid in full, the Class D Lender, shall have the right to purchase such Loan together with its Related Security for nominal consideration.

For the avoidance of doubt, neither Junior Lender is under any obligation to purchase any Loan at any time. To the extent that they are attributable to principal, purchase monies received from a Junior Lender during a Collection Period following the exercise of its purchase right will constitute Prepayment Redemption Funds and will be applied towards a prepayment of the Notes and the Junior Loans on the next Interest Payment Date.

Insurance

The Servicer or, in the case of Specially Serviced Loans, the Special Servicer, will be responsible for monitoring compliance with the terms of the Loans regarding insurance of the Properties. The Sub-Servicer or, in the case of MS Acquired Loans that become Specially Serviced Loans, the Sub-Special Servicer, will undertake this duty as the sub-delegate of the Servicer or the Special Servicer, respectively, in relation to the MS Acquired Loans. The Servicer will also assume responsibility for ensuring that the Contingency Policy is maintained in respect of the MS Acquired Loans.

Upon becoming aware that any policy of buildings insurance has lapsed or that any Property is otherwise not insured in accordance with the terms of the relevant credit agreement, the Servicer or Special Servicer must arrange and, on behalf of the Issuer, pay for the required level of insurance coverage unless it considers that the costs of so doing will not be recoverable from the relevant Borrower. On the Interest Payment Date following the date on which the Servicer or Special Servicer incurs any out-of-pocket costs and expenses in reinstating any buildings insurance coverage, the Issuer will reimburse the Servicer or Special Servicer for such amounts. The credit agreements relating to the MS Originated Loans require the Borrowers to reimburse the Issuer for the costs of reinstating any buildings insurance coverage and the Servicer or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer must use all reasonable endeavours to recover such sums from the Borrower.

For further information about insurance arrangements in respect of the Properties, see "Summary - Insurance" at page 15 and "Risk Factors – Insurance" at page 36.

Information and Reporting

The duties of the Servicer include monitoring the payments made by the Borrowers and issuing quarterly reports to the Issuer, the Note Trustee, the Facility Agent, the Issuer Security Trustee, the Operating Adviser, the Special Servicer, the Cash Manager, the Reporting Agent and the Rating Agencies in respect of the performance of the Loans during the immediately preceding Collection Period. Such quarterly reports will include the information provided by the Sub-Servicer in its reports to the Servicer relating to the MS Acquired Loans, and will be made available to the Noteholders on the Reporting Agent's website located at www.ctslink.com. Such website does not form part of the information for the purposes of this Offering Circular. Registration may be required for access to this website and disclaimers may be posted with respect to the information posted thereon. The Servicer or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer, will be obliged to notify the Loan Seller, the Issuer Security Trustee and the Facility Agent of any matter which becomes known to the Servicer or Special Servicer which is a breach of any of the representations and warranties made by the Loan Seller to the Issuer in the Loan Sale Agreement.

The Special Servicer agrees that any non-public information which is disclosed to it in its capacity as Special Servicer which is not made available to the Noteholders in their capacities as such, and which Noteholders other than the Noteholders, if any, who constitute Controlling Party could reasonably consider important in making an investment decision regarding the Notes, will be used by the Special Servicer solely for the purposes of performing its duties under the Servicing Agreement. The Special Servicer will agree not to use any such non-public information for any dealings in relation to the Notes which would contravene any applicable law or regulation, including the rules of the Irish Stock Exchange.

Transfer of powers to the Special Servicer

If:

(a) a Borrower fails to repay any amount of principal or pay any amount of interest for 20 Business Days after the Servicer has notified such Borrower that a repayment of principal or payment of interest is overdue; or

(b) the payment required to be made by a Borrower under a Balloon Loan or an Interest Only Loan on its maturity date is not paid when due; or

(c) a Borrower and/or Mortgagor has become subject to, entered into or consented to any insolvency, moratorium, administration, liquidation, receivership or similar proceedings (unless the Servicer, acting in accordance with the Servicing Standard, is satisfied that such procedures or proceedings are vexatious or frivolous or that such Borrower or Mortgagor is in good faith disputing such proceedings); or

(d) the Servicer becomes aware that an interest cover percentage in respect of a Loan is less than the level which the applicable credit agreement requires it to be maintained and an event of default subsists under the applicable credit agreement as a result; or

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

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

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

For so long as an MS Acquired Loan is a Specially Serviced Loan, the Sub-Special Servicer will (save in certain limited respects) act as the sub-delegate of the Special Servicer and not of the Servicer when performing its duties in relation to that MS Acquired Loan) and the Special Servicer will be entitled, and required, to issue instructions to the Sub-Special Servicer regarding the servicing and enforcement of each such Specially Serviced Loan in the manner that the Servicer would have been entitled, and required, to issue instructions to the Sub-Servicer prior to such MS Acquired Loan becoming a Specially Serviced Loan.

The designation of a particular Loan as a Specially Serviced Loan will not affect the Servicer's obligations with respect to the Loans which are not Specially Serviced Loans or the performance of those of its obligations which are not of a discretionary nature.

Appointment of Operating Adviser

The Controlling Party may, from time to time, appoint a person to act as an adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about certain matters in relation to the Loans. If a Junior Lender is the Controlling Party, such appointment will be made in accordance with the Junior Loan Agreement and, if a class of Noteholders is the Controlling Party, will be made by Extraordinary Resolution. The Facility Agent or, if the Controlling Party is a class of Noteholders, the Note Trustee will notify the Issuer Security Trustee, the Issuer, the Special Servicer and the Servicer of any such appointment having been made. Upon being so notified, the Special Servicer must consult with the Operating Adviser prior to taking, or consenting to the Servicer taking, any of the following actions in relation to a Loan or its Related Security: (i) appointing a receiver or undertaking similar enforcement action; (ii) making any amendment to a term of a credit agreement which relates to the amount of principal or interest payable or the time at which it is paid; (iii) making any amendment to a non-monetary term of the credit agreement which is, in the reasonable opinion of the Servicer (in the case of an amendment to be made by it) or Special Servicer (in the case of an amendment to be made by it), material; (iv) consenting to the release of a property in circumstances which are not contemplated by the credit agreement (unless such release is accompanied by a corresponding prepayment and/or substitution); (v) releasing any borrower from all its obligations under the credit agreement, other than where a corresponding prepayment has been made; (vi) making any modification that would result in the extension of the Repayment Date; or (vii) (in the case of the Self Storage Loans) terminating, or agreeing to the termination of, the appointment of the relevant Operator. After having been notified of the Special Servicer's proposals regarding any such matter, the Operating Adviser can either confirm that it agrees with those proposals (which the Operating Adviser will be deemed to have done if it does not object within 5 Business Days) or it can propose an alternative course of action which, subject as provided below, shall be implemented by the Special Servicer. Notwithstanding the foregoing, in no event shall the Special Servicer take any action or refrain from taking any action, which taking or refraining would cause a breach of any of the Special Servicer's other obligations under the Servicing Agreement, including the obligation to act in accordance with the standards described under "Servicing – Standards to be Applied" above.

The Operating Adviser and its officers, directors, employees and owners will have no liability to Noteholders or Junior Lenders for any advice given, or representations made, to the Special Servicer, or for refraining from the giving of advice or making of representations. The Operating Adviser (a) may have special relationships and interests that conflict with those of holders of one or more classes of Notes, or Junior Loan, (b) may act solely in the interests of the Controlling Party, (c) has no duties to Noteholders or the Junior Lenders, except for the Controlling Party, (d) may act to favour the interests of the Controlling Party over the interests of other Noteholders or the Junior Lenders, and (e) will violate no duty and incur no liability by acting solely in the interests of the Controlling Party.

Modifications and Exercise of Discretions

The Servicer must obtain the Special Servicer's consent prior to doing any of the things of which the Special Servicer must give the Operating Adviser prior notice as described under "Appointment of Operating Adviser" above. Such consent will be deemed to have been given by the Special Servicer if, within 12 Business Days of the Servicer having notified the Special Servicer of the proposed instruction or direction, the Special Servicer has failed to notify the Servicer that it has declined to give its consent. Any determination made by the Special Servicer as to whether and at what time to grant its consent to any such matter must be made in accordance with the Servicing Standard. If the Servicer has notified the Special Servicer of the proposed issuance of a direction, notice, consent or approval to the Sub-Servicer, the Servicer shall be deemed not to be in breach of the

Servicing Agreement if it does not issue the relevant instruction or direction before the Special Servicer grants its consent thereto (or until its consent is deemed to have been granted) or if it issues a direction, notice, consent or approval in the manner required by the Special Servicer.

In addition to the restrictions on the ability of the Servicer to exercise certain discretions without the consent of the Special Servicer as described above, the Servicing Agreement imposes restrictions on the ability of the Servicer and the Special Servicer to consent to waivers, variations or amendments of certain terms of the Loan Documentation. For example, the Issuer Security Trustee's and the Facility Agent's consent is required to any waiver, variation or amendment which would require the Issuer to make a further advance, to extend the final maturity date of a Loan beyond its final maturity date (as at the Closing Date), to vary the rate of interest payable in respect of a Loan or to waive more than five per cent. of principal amount outstanding of a Loan as at the Cut-Off Date. The Facility Agent will exercise its discretion as to whether or not to grant its consent to such matters on behalf of the Junior Lenders and without regard to the interests of the Noteholders or any other person in accordance with the Junior Loan Agreement. While any of the Notes are outstanding, the Issuer Security Trustee shall not grant its consent to any of these matters unless instructed to do so by the Note Trustee. Neither the Issuer Security Trustee nor the Note Trustee will be liable for any delay if, as a result of being required to consent to such waiver, variation or amendment, the Note Trustee calls a meeting of the Noteholders or any class of Noteholders and/or seeks expert advice in connection therewith. Furthermore, neither the Servicer nor the Special Servicer may: (i) consent to the release and substitution of a Property included in the Related Security for any Loan where the value of the Property to be released (calculated by reference to its Origination Valuation) exceeds 15 per cent. of the aggregate value of the Properties initially charged as security for that Loan (calculated by reference to their respective Origination Valuations); or (ii) terminate or agree to the termination of any Operating Agreement, unless each of the Rating Agencies has confirmed in writing that such action shall not result in the then current ratings of the Notes being downgraded, withdrawn or qualified.

If the consent of the Issuer Security Trustee and the Facility Agent or confirmation from the Rating Agencies is required before action is taken in respect of a Loan, neither the Servicer nor the Special Servicer shall be in breach of the Servicing Agreement if, pending receipt of such consent or confirmation, they do not take the action in respect of which the consent is sought. Furthermore, if any provision of the Servicing Agreement requires the Servicer or Special Servicer to obtain a written confirmation from the Rating Agencies in respect of a particular matter but a Rating Agency declines to issue such a confirmation, then the relevant provision shall be read and construed as though confirmation from the Rating Agency declining to issue the confirmation was not required.

The Servicer or Special Servicer, as applicable, will notify the Rating Agencies of all modifications and amendments to the Loan Documentation and will provide to the Rating Agencies such further information in relation thereto as they may reasonably require.

The Issuer Security Trustee may issue instructions to the Servicer or the Special Servicer regarding the performance of their respective obligations under the Servicing Agreement if (a) the instructions are issued in connection with the exercise of a discretion or the issuance of an instruction or direction of which the Issuer Security Trustee has been given prior written notice as described above, or (b) an Enforcement Notice has been served.

Payments to the Servicer and the Special Servicer

Pursuant to the Servicing Agreement, on each Interest Payment Date the Issuer will pay the following amounts to the Servicer (or the person then entitled thereto) in accordance with the priority of payments:

(a) a fee (the "**Servicing Fee**") in respect of each Loan payable at the rate of 0.10 per cent. per annum (exclusive of any applicable value added tax) of the outstanding principal balance of that Loan, calculated on the first day of the Collection Period to which that Interest Payment Date relates;

(b) a fee (the "**Administrative Services Fee**") equal to 0.02 per cent. per annum (exclusive of any applicable value added tax) of the aggregate outstanding principal balance of the Loans on the first day of the Collection Period to which that Interest Payment Date relates.

The Servicing Fee and the Administrative Services Fee will accrue from day to day and will be calculated on the basis of a 365-day year and the actual number of days elapsed in the relevant Collection Period. However, for the purposes of calculating the amount of the Servicing Fee payable in respect of a Loan, there shall be disregarded any days falling after the completion of the Enforcement Procedures or the sale or redemption in full of that Loan and days on which it was a Specially Serviced Loan.

If a Loan becomes a Specially Serviced Loan, the Issuer shall pay to the Special Servicer a fee (the "**Special Servicing Fee**") equal to 0.15 per cent. per annum (exclusive of value added tax) (or such lesser percentage rate per annum as may be agreed between the Special Servicer, the Issuer and the Issuer Security Trustee, from time to time) of the outstanding principal amount of such Loan, calculated on the first day of the Collection Period during which it became a Specially Serviced Loan. The Special Servicing Fee will accrue from day to day, will be calculated on the basis of a 365-day year and the actual number of days elapsed from and including the date on which such Loan became a Specially Serviced Loan until, but excluding, the date on which such Loan ceases to be a Specially Serviced Loan. The Special Servicing Fee will be payable in arrear on each Interest Payment Date commencing with the Interest Payment Date following the date on which the relevant Loan becomes a Specially Serviced Loan and ending on the Interest Payment Date following the date on which such Loan ceases to be a Specially Serviced Loan.

In addition to any Special Servicing Fee then payable to the Special Servicer (or other person entitled thereto), on each Interest Payment Date the Issuer shall pay to the Special Servicer a fee (the "**Liquidation Fee**") which is calculated by reference to the Principal Recovery Funds received by or on behalf of the Issuer in respect of any Specially Serviced Loan during the Interest Period then ended. The Liquidation Fee payable in respect of a Specially Serviced Loan on an Interest Payment Date will be an amount equal to one per cent. of the Principal Recovery Funds recovered during the related Collection Period as a result of the sale of any Property securing that Loan. Furthermore, on each Interest Payment Date, the Special Servicer will be entitled to a fee (the "**Work-out Fee**") equal to the aggregate (exclusive of value added tax) of not more than one per cent. of the Issuer Interest Receipts and not more than one per cent. of the Issuer Principal Receipts received by or on behalf of the Issuer during the Interest Period then ended in respect of any Loans which are, and remain, Corrected Loans. However:

(a) no Liquidation Fee shall be payable in respect of Principal Recovery Funds derived from the purchase of a Property relating to a Specially Serviced Loan or of a Specially Serviced Loan by the Servicer, the Special Servicer, any Noteholder or any affiliate of any of the foregoing;

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

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

The Special Servicer will notify the Issuer Security Trustee and the Rating Agencies in writing if a Work-out Fee has become payable in respect of any Corrected Loan. Both before enforcement of the Notes and the Junior Loans and thereafter, all fees and other sums due to the Special Servicer will be payable in priority to payments on the Notes and the Junior Loans.

On the Interest Payment Date immediately following the Interest Period during which they are incurred, the Issuer will be obliged to reimburse the Servicer and the Special Servicer in respect of any out-of-pocket costs, expenses and charges properly incurred by them in the performance of their respective duties, together with interest thereon at the rate of one per cent. per annum over three-month LIBOR (the "**Reimbursement Rate**") from the date on which such costs, expenses or charges were incurred by the Servicer or the Special Servicer until the Interest Payment Date on which they are reimbursed. To the extent that such costs, expenses and charges are incurred in relation to a particular Loan and the recovery of such amounts is permitted by the applicable Loan Documentation, the Servicer or, as the case may be, the Special Servicer shall be required to use all reasonable endeavours to ensure that the same are recovered from the Borrower in respect of whose Loan the cost or expense was incurred. Prior to agreeing to waive, vary or amend of the terms of any Loan Documentation (or, in relation to an MS Acquired Loan, issuing an instruction to the Sub-Servicer or the Sub-Special Servicer, as applicable, to do so), the Servicer or the Special Servicer must determine and procure that the relevant Borrower is notified of the amount of the fee (the "**Restructuring Fee**") (which must be a reasonable and customary amount) to be charged for the work undertaken in relation to that waiver, variation or amendment. The Servicer or, as the case may be, the Special Servicer will only to agree to the relevant waiver, variation or amendment (or will only instruct the Sub-Servicer or the Sub-Special Servicer, as applicable, to do so) if the Borrower pays the Restructuring Fee in advance, unless such an instruction would contravene the Servicing Standard. If a Restructuring Fee is charged to and recovered from a Borrower, the Issuer shall, on the Interest Payment Date following such recovery, pay to the Servicer (or, in the case of a fee charged to the Borrower in relation to a Loan while it is a Specially Serviced Loan, the Special Servicer) an amount equal to the fees so recovered.

Each of the Servicer and the Special Servicer may assign all or any part of the fees to which it is entitled under the Servicing Agreement, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment. Following any termination of the appointment of the Servicer, the Servicing Fee will be paid to any substitute servicer appointed; provided that the Servicing Fee may be payable at a higher rate agreed in writing by the Issuer Security Trustee (but which does not exceed the rate then commonly charged by providers of loan servicing services secured on commercial properties in England and Wales) to any substitute servicer.

Ability to Purchase Loans and Related Security

The Issuer has, pursuant to the Servicing Agreement, granted to the Servicer the option to purchase, on any Interest Payment Date, all, but not some only, of the Loans, provided that on the Interest Payment Date on which the Servicer intends to purchase the Loans the then aggregate principal amount outstanding of all the Loans (calculated as at the Calculation Date immediately preceding such Interest Payment Date) is less than 10 per cent. of the Aggregate Cut-Off Date Balance. The Servicer must give the Issuer Security Trustee not more than 60 nor less than 30 days' prior written notice of its intention to purchase the Loans. The purchase price to be paid by the Servicer to the Issuer in respect of the Loans will be an amount equal to the then principal amount outstanding of those Loans and any accrued but unpaid interest thereon. Following the completion of such a purchase of those Loans by the Servicer, in the case of the Issuer, all of its rights, title and interest in those Loans shall be transferred to the Servicer and, in the case of the Issuer Security Trustee, a release and discharge of its security interests in the Loans shall be perfected.

Termination of the Appointment of the Servicer and the Special Servicer

The Servicer's appointment may be terminated upon the occurrence of certain insolvency-related events in relation to the Servicer or if the Servicer fails to pay any sum due under the Servicing Agreement, which non-payment continues unremedied for five Business Days or more after receipt by the Servicer of written notice from the Issuer Security Trustee requiring the same to be remedied or if the Servicer defaults in the performance of its duties in a manner which, in the opinion of the Issuer Security Trustee, is materially prejudicial to the interests of any class of Noteholders and such default continues unremedied for a period of 30 days after receipt by the Servicer of written notice from the Issuer Security Trustee requiring the same to be remedied.

The appointment of the Special Servicer may be terminated for the same reasons as that of the Servicer and may also be terminated by notice given by the Issuer Security Trustee acting upon the instructions of the Facility Agent (while a Junior Lender is the Controlling Party) or upon the instructions of the Note Trustee (if a class of Noteholders is the Controlling Party). If the Controlling Party is a class of Noteholders, the Controlling Party shall require the Note Trustee to issue such instructions by passing an Extraordinary Resolution to that effect and if it is a Junior Lender, the Controlling Party shall issue such instructions to the Facility Agent in accordance with the Junior Loan Agreement.

Each of the Servicer and the Special Servicer may terminate their respective appointments by giving three months' written notice to the Issuer Security Trustee.

No termination of the appointment of the Servicer or, as the case may be, the Special Servicer (whether on voluntary or involuntary grounds), may take effect until, among other things, a substitute has been appointed on terms substantially in the form of the Servicing Agreement and has agreed to assume such appointment subject to the Deed of Charge and Assignment and the Rating Agencies have confirmed that the then current ratings of the Notes and the Junior Loans will not be downgraded, withdrawn or qualified as the result of such appointment.

CASH MANAGEMENT

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain, in the name of the Issuer, the Deposit Account, the Transaction Account, the Swap Collateral Cash Account, the Swap Collateral Custody Account and, if the Liquidity Facility Providers rating falls below the Requisite Rating, the Stand-by Account. The Operating Bank has agreed to comply with any directions of the Cash Manager, the Issuer or the Issuer Security Trustee to effect payments from the Deposit Account, the Transaction Account, the Swap Collateral Cash Account or, if applicable, the Stand-by Account if such direction is made in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

As described in "Servicing – Collection and Allocation of Funds" on page 101, in each Collection Period (i) the Servicer will transfer funds from the Rent Accounts to the Transaction Account and (ii) the Sub-Servicer will transfer funds from the MSMS Master Collection Account to the Transaction Account. In addition, all payments made by the Swap Provider and/or the Swap Guarantor (other than those contemplated by the Swap Agreement Credit Support Document) and all Liquidity Drawings will be paid into the Transaction Account. Once such funds have been credited to the Transaction Account, the Cash Manager shall invest such sums in Eligible Investments. Funds will be applied by the Cash Manager as required by the Deed of Charge and Assignment and the Cash Management Agreement. For further information regarding how the Cash Manager will apply funds on Interest Payment Dates see "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement" at page 24 and "Credit Structure – Post-Enforcement Priority of Payments" at page 113.

On each Calculation Date (being the seventh Business Day prior to the relevant Interest Payment Date, save in respect of the Interest Payment Date falling in November 2029 when it means the actual Interest Payment Date in November 2029), the Reporting Agent will determine the Available Interest Receipts, the Available Principal, the Prepayment Fees and the Swap Breakage Receipts as well as the 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. The Reporting Agent will also calculate the Principal Amount Outstanding of the Notes and the Junior Loans and, on the basis of such calculation and the information provided by the Servicer regarding the outstanding balance of the Loans, the amount of any Applicable Principal Loss to be applied to any class of Notes or either Junior Loan pursuant to Condition 5(*b*) and the Pool Factor for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date. Forthwith upon making such calculations, the Reporting Agent will notify the Cash Manager thereof.

On each Interest Payment Date, the Cash Manager will instruct the Operating Bank to: (a) make any payment required to be made by the Issuer under the Swap Transactions (and any payment required to be made in order to enter into a replacement swap agreement) (b) pay on behalf of the Issuer, out of the Available Interest Receipts and Available Principal determined by the Reporting Agent to be available for such purposes, each of the payments required to be paid pursuant to, and in the priority set forth in, the Deed of Charge and Assignment, including all payments required to carry out redemption of the Notes and repayment of the Junior Loans pursuant to Condition 6(*c*) at page 140 or Condition 6(*d*) at page 141, in each case according to the provisions of the relevant Condition; and (c) pay to MS Bank as a component of the Deferred Consideration an amount equal to the Prepayment Fees and Swap Breakage Receipts payable to MS Bank transferred to the Transaction Account during the related Collection Period. In addition, on each Business Day on which the Cash Manager is notified by the Servicer that it is required to do so, the Cash Manager will instruct the Operating Bank to pay, out of Issuer Interest Receipts or (if the same are insufficient) out of Issuer Principal Receipts, all Revenue Priority Amounts and Principal Priority Amounts required to be made by the Issuer on that that date.

The Cash Manager will submit notices of drawdown under the Liquidity Facility Agreement in respect of Interest Drawings and Expenses Drawings as described under "Credit Structure – Liquidity Facility" at page 115. If the Cash Manager fails to submit a notice of drawdown on behalf of the Issuer when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Note Trustee may submit the relevant notice of drawdown. The Cash Manager will also be responsible for submitting to the Liquidity Facility Provider requests to extend the Liquidity Facility, as further described under "Credit Structure – Liquidity Facility" at page 115.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) a ledger in respect of Issuer Interest Receipts (the "**Interest Ledger**");

(b) a ledger in respect of Issuer Principal Receipts (the "**Principal Ledger**");

(c) a ledger in respect of drawings made under the Liquidity Facility Agreement (the "**Liquidity Ledger**");

(d) a ledger in respect of prepayment fees (the "**Prepayment Fee Ledger**"); and

(e) a ledger in respect of Swap Breakage Receipts (the "**Swap Breakage Receipts Ledger**").

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

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

(ii) credit the Principal Ledger with all Issuer Principal Receipts transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Issuer Principal Receipts;

(iii) credit the Liquidity Ledger with all payments of interest on and repayments of principal of drawings made under the Liquidity Facility Agreement and debit the Liquidity Facility Ledger with all drawings made by the Issuer under the Liquidity Facility Agreement;

(iv) credit the Prepayment Fee Ledger with all Prepayment Fees transferred and credited to the Transaction Account and debit the Prepayment Fee Ledger with all payments made to MS Bank in respect of that part of the Deferred Consideration which comprises an amount equal to Prepayment Fees; and

(v) credit the Swap Breakage Receipts Ledger with all Swap Breakage Receipts transferred and credited to the Transaction Account and debit the Swap Breakage Receipts Ledger with all payments made to MS Bank in respect of that part of the Deferred Consideration which comprises an amount equal to Swap Breakage Receipts.

Reporting Agent's Quarterly Report

Pursuant to the Cash Management Agreement, the Reporting Agent has agreed, on the basis of information provided to it by the Servicer, to deliver to the Issuer, the Issuer Security Trustee, the Note Trustee, the Servicer, the Special Servicer, the Cash Manager and the Rating Agencies a report in respect of each Collection Period in which it will notify the recipients of, among other things, all amounts received in the Transaction Account and payments made from the Transaction Account. Such reports will also be made available to Noteholders and certain other persons on a quarterly basis via the Reporting Agent's internet website currently located at www.ctslink.com; however, such website does not form part of the information provided for the purposes of this Offering Circular. Registration may be required for access to this website and disclaimers may be posted with respect to the information posted thereon.

Delegation by the Cash Manager

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

Fees

Pursuant to the Cash Management Agreement the Issuer will pay on each Interest Payment Date a cash management fee to the Cash Manager and will pay a reporting agent fee to the Reporting Agent. The Issuer will also reimburse the Cash Manager, the Reporting Agent and the Operating Bank for all out-of-pocket costs and expenses properly incurred by them in the performance of the services to be provided by them under the Cash Management Agreement as Cash Manager, Reporting Agent and Operating Bank, respectively. Any successor cash manager will receive remuneration on the same basis.

Both before enforcement of the Notes and the Junior Loans and thereafter (subject to certain exceptions), amounts payable by the Issuer to the Cash Manager, the Reporting Agent and the Operating Bank will be

payable in priority to interest payments due on the Notes. This order of priority has been agreed with a view to procuring the continuing performance by each of the Cash Manager, the Reporting Agent and the Operating Bank of their duties in relation to the Issuer, the Issuer Security Trustee and the Note Trustee.

Termination of Appointment of the Cash Manager

The appointment of each of the Cash Manager and the Reporting Agent under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee. The Issuer or the Issuer Security Trustee may terminate the Cash Manager's or Reporting Agent's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things, (a) a failure by the Cash Manager or Reporting Agent to make when due a payment required to be made by the Cash Manager or Reporting Agent, respectively, on behalf of the Issuer in accordance with the Cash Management Agreement, or (b) a default in the performance of any of the Cash Manager's or, as applicable, the Reporting Agent's other duties under the Cash Management Agreement which continues unremedied for a period of fifteen Business Days after the earlier of the Cash Manager or Reporting Agent becoming aware of such default or receipt by the Cash Manager or Reporting Agent of written notice from the Issuer Security Trustee requiring the same to be remedied, or (c) a petition is presented, an effective resolution is passed, or an application is made for its winding up or the appointment of a liquidator, an administrator or similar official, or a notice of intention to appoint an administrator is served, or an administrator is otherwise appointed.

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If the Operating Bank ceases to be an Authorised Entity, the Cash Manager will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Issuer Security Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, procure the transfer of the Issuer Accounts and, in certain circumstances, the Stand-by Account to another bank which is an Authorised Entity.

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

The Cash Manager may resign as cash manager and the Reporting Agent may resign as reporting agent upon not less than three months' written notice of resignation to each of the Issuer, the Servicer, the Operating Bank and the Issuer Security Trustee provided that a suitably qualified successor Cash Manager or Reporting Agent shall have been appointed.

CREDIT STRUCTURE

The composition of the Loans and the Related Security and the structure of the transaction and the other arrangements for the protection of the Noteholders, in the light of the risks involved, have been reviewed by the Rating Agencies. The ratings assigned by the Rating Agencies to each class of Notes and either Junior Loan are set out in "Summary – The Notes – Ratings" at page 22. A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. The ratings of the Notes and the Junior Loans are dependent upon, among other things, the short-term unsecured, unguaranteed, unsubordinated debt ratings of the Liquidity Facility Provider and the short-term and long-term unsecured, unsubordinated debt rating of the Swap Guarantor. Consequently, a qualification, downgrade or withdrawal of either such ratings may have an adverse effect on the ratings of the Notes.

The principal risks associated with the Notes and the manner in which they are addressed in the structure are set out below. Attention is also drawn to the section of this Offering Circular entitled "Risk Factors" at page 45 for a description of the principal risks in respect of the Loans and Related Security.

Liquidity, Credit and Basis Risks

The Issuer is subject to:

(a) the risk of delay arising between the dates upon which payments to the Issuer are due and the receipt of payments due from the Borrowers. This risk is addressed through the ability of the Issuer to make drawings under the Liquidity Facility Agreement to cover certain third party expenses and to make payments of interest due to the Noteholders and the Junior Lenders. For further information about the Liquidity Facility, see "Credit Structure – Liquidity Facility" at page 115;

(b) the risk that payments due from Borrowers are not paid at all and that there is a failure by the Loan Security Trustee, the Servicer or the Special Servicer on behalf of the Issuer, to realise or to recover sufficient funds under the enforcement procedures in respect of the relevant Loan and Related Security in order to discharge all amounts due and owing by the relevant Borrower under a Loan. This risk is addressed in respect of the Notes by the credit support provided to more senior classes of Notes by those classes of Notes (if any) and the Junior Loans ranking lower in priority; and

(c) the risk of the interest rates payable by the Borrowers on the Loans being less than that required by the Issuer in order to meet its commitments under the Notes, the Junior Loans and its other obligations. This risk is addressed by the Swap Transactions. For further information about the Swap Transactions, see "The Swap Agreement" at page 116).

Liabilities under the Notes

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

On each Interest Payment Date, payments of interest on the Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan, respectively, will be due and payable only if and to the extent that there are sufficient funds available to the Issuer to pay interest on the Class A Notes and other liabilities of the Issuer ranking higher in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan, respectively, as provided in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement – Available Interest Receipts" at page 25, and which have been paid or provided for in full. To the extent that there are insufficient funds available to the Issuer on any Interest Payment Date to pay in full interest otherwise due on any one or more classes of junior-ranking Notes or the Junior Loans then outstanding, after making the payments and provisions ranking higher in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but will become due and payable, together with accrued interest thereon, on subsequent Interest Payment Dates, but

only if and to the extent that funds are available therefor, or on the date on which the relevant Notes are due to be redeemed in full.

To the extent that the difference between (a) the Interest Amount (as defined in Condition 5(*d*)) in respect of the Class D Loan or the Class E Loan for that Interest Payment Date, and (b) the Available Interest Receipts in respect of such Interest Payment Date (excluding for these purposes the amount available for drawing by way of Interest Drawings under the Liquidity Facility Agreement on such Interest Payment Date), minus the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on such class of Junior Loan is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments, the Interest Amount payable by the Issuer on that Interest Payment Date in respect of the Class D Loan or the Class E Loan, as the case may be, will be reduced by the amount of such difference and the due date for the payment of the debt that would otherwise be represented by such difference will be deferred until the date on which the relevant Junior Loan is due to be repaid in full.

The Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan will provide credit support for the Class A Notes. Available Principal will be applied as described in "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement – Available Principal" at page 29 and Condition 6*(b)* at page 137.

Post-Enforcement Priority of Payments

The Issuer Security will become enforceable upon the Note Trustee giving an Enforcement Notice and directing the Issuer Security Trustee to enforce the Issuer Security. Following enforcement of the Issuer Security, the Issuer Security Trustee will be required by the terms of the Deed of Charge and Assignment to apply all funds (other than funds standing to the credit of the Stand-by Account which shall be repaid to the Liquidity Facility Provider and Prepayment Fees which shall be paid to MS Bank under the Loan Sale Agreement) received or recovered by it in accordance with the following order of priority (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full):

(i) in or towards payment or discharge of any amounts due and payable by the Issuer (including indemnity expenses (if any) to (a) the Note Trustee, the Facility Agent, the Issuer Security Trustee, the Loan Security Trustee and any receiver appointed by or on behalf of the Issuer Security Trustee pursuant to the Deed of Charge and Assignment or any receiver appointed by the Loan Security Trustee in respect of a Loan and/or its Related Security, *pari passu* and *pro rata*; then (b) the Swap Provider in respect of amounts due or overdue to it under the Swap Agreement and the Swap Agreement Credit Support Document; then (c) the Paying Agents, the Exchange Agent and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement or the Exchange Rate Agency Agreement, *pari passu* and *pro rata*; then (d) the Servicer in respect of the Servicing Fee and the Special Servicer in respect of any Special Servicing Fees and any other amounts (including any amounts due to the Special Servicer in respect of any Work-out Fee or Liquidation Fee) due to the Servicer and the Special Servicer pursuant to the Servicing Agreement, in each case as between the Servicer and the Special Servicer, *pari passu* and *pro rata*; then (e) the Cash Manager under the Cash Management Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreement; then (g) the Share Trustee under the Share Declaration of Trust; then (h) the Depository under the Depository Agreement; then (i) the Operating Bank under the Cash Management Agreement; then (j) the Reporting Agent under the Cash Management Agreement; then (k) the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement, other than the Liquidity Subordinated Amounts and then (j) the Facility Agent under the Junior Loan Agreement;

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

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

(iv) (a) in or towards payment of interest due or overdue on the Class C Notes; and after payments of all such sums (b) in repayment of all amounts of principal due or overdue on the Class C Notes and all

other amounts due in respect of the Class C Notes until the outstanding principal balance of the Class C Notes is reduced to zero;

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

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

(vii) in or towards payment of any Liquidity Subordinated Amounts;

(viii) in or towards payment or discharge of any amounts that are due and payable by the Issuer to the Swap Provider under the Swap Agreement in respect of any payments to be made by the Issuer following an early termination of the Swap Agreement as a result of an event of default under the Swap Agreement in respect of which the Swap Provider is the defaulting party;

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

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

provided that at the time a payment is proposed to be made to a Secured Party (other than the Noteholders) following an enforcement of the Issuer Security and that Secured Party is in default under any of its obligations under any of the Transaction Documents under the terms of which it is required to make any payments to the Issuer, the amount of the payment which may be made to the Secured Party shall be reduced by an amount equal to such defaulted payment.

Upon enforcement of the Issuer Security, the Issuer Security Trustee will have recourse only to the rights of the Issuer to the Loans and the Related Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement in respect of the acquisition of a 100 per cent. interest in a Loan from MS Bank by way of sub-participation, or (b) for material breach of warranty in relation to the Loans and, in certain limited circumstances, the Related Security (as to which, for further information, see "The Loan Sale Agreement – Representations and Warranties" at page 70) and breach of other provisions specified therein, and (b) in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of MSMS or MS Bank set out therein, the Issuer and/or the Issuer Security Trustee will have no recourse to MSMS or MS Bank.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments (including all amounts payable to any receiver, the Loan Security Trustee, the Issuer Security Trustee and the Note Trustee, all amounts due to the Servicer, Special Servicer, the Cash Manager, the Corporate Services Provider, the Share Trustee, the Operating Bank, the Depository, the Reporting Agent, all payments due to the Swap Provider under the Swap Transactions and all payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than Liquidity Subordinated Amounts) will be made in priority to payments in respect of interest and principal on the Notes. Upon enforcement of the Issuer Security, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders. All amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders. All amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Junior Lender in respect of the Class D Loan. All amounts owing to the Junior Lender in respect of the Class D Loan will rank higher in priority to all amounts owing to the Junior Lender in respect of the Class E Loan.

If the net proceeds of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Secured Liabilities (other than the Notes and the Junior Loans), the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall in amounts payable to the Secured Parties (other than the Noteholders and the Junior Lenders) arising therefrom (which will be borne in accordance with the terms of the Deed of Charge and Assignment). All claims of such Secured Parties in respect of such shortfall, after realisation of, or enforcement with respect to, all of the Issuer Security, will be extinguished and

the Issuer Security Trustee, the Note Trustee, and such Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts.

Liquidity Facility

On the Closing Date, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Issuer Security Trustee, whereby the Liquidity Facility Provider will provide the Liquidity Facility to the Issuer. The "**Liquidity Facility**" will consist of (a) a 364-day committed sterling revolving loan facility, which will be renewable as described below, and (b) a committed sterling stand-by facility (the "**Stand-by Facility**"). The Liquidity Facility will permit drawings to be made by the Issuer of up to an initial aggregate amount of £24,000,000. However, on any Interest Payment Date on which the aggregate outstanding principal amount of the Loans is less than £400,000,000, the Liquidity Facility commitment will be reduced to an amount equal to six per cent. of such aggregate outstanding principal amount of the Loans provided that on any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £83,000,000, the Liquidity Facility commitment will be the lesser of £5,000,000 and 10 per cent. of the aggregate outstanding principal amount of the Loans.

If, on any Business Day, the Cash Manager determines that there will be a shortfall in the amount available to pay the Revenue Priority Amounts due from the Issuer to a third party other than a Secured Party, the Cash Manager may, on behalf of the Issuer, make a drawing (an "**Expenses Drawing**") under the Liquidity Facility Agreement on the next following Business Day in an amount equal to such shortfall.

On each Calculation Date, the Reporting Agent will determine:

(a) the Available Interest Receipts (excluding for the purposes of such determination the proceeds of any Interest Drawing to be made by the Issuer in respect of the following Interest Payment Date); and

(b) the amount required by the Issuer to pay or make provision for all payments due to be made by the Issuer referred to in items (i) through (vii) under "Summary – Available Funds and their Priority of Application – Payments out of the Transaction Account prior to Enforcement – Available Interest Receipts" on the following Interest Payment Date.

If the aggregate of the amounts specified in paragraph (a) above is less than the amount specified in paragraph (b) above, the Reporting Agent will notify the Cash Manager and the Cash Manager will make a drawing (an "**Interest Drawing**") under the Liquidity Facility Agreement in an amount equal to the shortfall, subject to there being sufficient amounts available at that time under the Liquidity Facility. The proceeds of such Interest Drawing will be credited to the Transaction Account and will be applied by the Issuer as part of the Available Interest Receipts on the Interest Payment Date following such Calculation Date.

For the avoidance of doubt the Liquidity Facility will not be available to pay any shortfalls in interest on the Class D Loan or the Class E Loan to the extent that such shortfalls are attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments.

The Liquidity Facility will not be available to fund a shortfall between the amount of (a) Available Principal Receipts and (b) the amount required by the Issuer to pay or make provision for all repayments of principal of the Notes.

Each Interest Drawing will be repaid, together with any accrued interest, on the Interest Payment Date following the Interest Payment Date in respect of which such Interest Drawing was made out of Available Interest Receipts. Each Expenses Drawing will be repaid, together with any accrued interest, on the Interest Payment Date following the date on which it was made out of Available Interest Receipts.

The Liquidity Facility Agreement may be renewed on a 364-day revolving basis until the Final Interest Payment Date. The Liquidity Facility Agreement will provide that if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below the Requisite Rating, or the Liquidity Facility Provider refuses to renew the Liquidity Facility Agreement, then the Issuer may appoint a replacement liquidity facility provider with the Requisite Rating and acceptable to the Issuer Security Trustee. In the event that the Issuer is not able to appoint a replacement liquidity facility provider pursuant to the terms of the Liquidity Facility Agreement, then the Issuer will make a drawing under the Stand-by Facility (a "**Stand-by Drawing**") equal to its undrawn commitment under the Liquidity Facility Agreement and pay such amount into a designated bank account of the Issuer (the "**Stand-by Account**") maintained with the Liquidity Facility Provider. On any Interest Payment Date on which the aggregate outstanding principal amount of the Loans is less than £400,000,000 and the proceeds of a Stand-by Drawing

stand to the credit of the Stand-by Account (a "**Stand-by Deposit**"), such Stand-by Deposit shall be reduced to an amount equal to six per cent. of such aggregate outstanding principal amount of the Loans and provided that on any Interest Payment Date on which the then aggregate outstanding principal amount of the Loans is less than £83,000,000, the Stand-by Deposit will be reduced to the lesser of £5,000,000 and 10 per cent. of the aggregate outstanding principal amount of the Loans. The amount by which the Stand-by Deposit is reduced will be paid directly to the Liquidity Facility Provider as a part repayment of the Stand-by Drawing. In the event that the Cash Manager makes a Stand-by Drawing and/or there are, during an Interest Period, sums standing to the credit of the Transaction Account, the Cash Manager is required (save to the extent that the same are required to make payments on behalf of the Issuer prior to the next following Interest Payment Date) to invest such funds in Eligible Investments.

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

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

All amounts payable to the Liquidity Facility Provider under the Liquidity Facility Agreement both before and after enforcement of the Issuer Security (other than Liquidity Subordinated Amounts) will rank higher in priority to payments of interest on, and repayments of principal of, the Notes.

The Swap Agreement

On or before the Closing Date, the Issuer will enter into the Swap Agreement with the Swap Provider and the Swap Transactions pursuant thereto (each as described below). The obligations of the Swap Provider under the Swap Agreement will be guaranteed by the Swap Guarantor.

Pursuant to the Swap Agreement, the Issuer will enter into interest rate swap transactions with the Swap Provider in order to protect itself against mismatch between the interest rates applicable to the Loans and the interest rates applicable to the Notes and the Junior Loans (the "**Swap Transactions**").

Each of the MS Originated Loans bears interest at a fixed rate on the principal amount outstanding. The Issuer will enter into an Swap Transaction in respect of each MS Originated Loan (each an "**MS Originated Loan Swap Transaction**"). Under the terms of each MS Originated Loan Swap Transaction, the Issuer will pay to the Swap Provider on each Interest Payment Date an amount equal to the excess (if any) of an amount determined by reference to the fixed rate payments payable by the relevant Borrower during the relevant Collection Period ("X") over an amount determined by reference to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by the linear interpolation of two and three-month sterling LIBOR) ("Y") and the Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y over X.

Certain of the MS Acquired Loans bear interest at a fixed rate on all or a part of their outstanding principal amount. The Issuer will enter into a single Swap Transaction (the "**MS Acquired Loans Swap Transaction**") under the terms of which the Issuer will pay to the Swap Provider on each Interest Payment Date an amount equal to the excess (if any) of an amount determined by reference to the weighted average of the fixed rates applicable to the relevant MS Acquired Loans during the relevant Calculation Period (as such term is defined under the confirmation of the MS Acquired Loans Swap Transaction) and a notional amount equal to the sum of the principal amounts of the MS Acquired Loans which bear interest at a fixed rate (the "**Swap Notional Amount**") during the relevant Collection Period ("X") over an amount determined by reference to three month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by reference to the linear interpolation of two and three-month sterling LIBOR) and the Swap Notional Amount during the relevant Collection Period ("Y") and the Swap Provider will pay the Issuer an amount equal to the excess (if any) of Y over X.

Under the terms of each floating to floating Swap Transaction, the Issuer will pay to the Swap Provider on each Interest Payment Date an amount equal to the excess (if any) of the amount determined by reference to the floating rate payments payable by the relevant Borrower which are not determined by reference to three-month sterling LIBOR during the relevant Collection Period ("X") over an amount determined by reference to three-month sterling LIBOR (or, in the case of the first Interest Period, an amount determined by the linear interpolation of two and three-month sterling LIBOR) ("Y") and the Swap Provider will pay to the Issuer an amount equal to the excess (if any) of Y over X.

The Swap Transactions may be terminated in accordance with certain termination events and events of default, certain of which are more particularly described below.

Subject to the following, the Swap Provider and the Swap Guarantor are only obliged to make payments under the Swap Transactions to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Swap Transactions will constitute a default thereunder and entitle the Swap Provider to terminate the Swap Transactions.

The Swap Provider will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required or, if such withholding or deduction is a withholding or deduction which will or would be or become the subject of any tax credit, allowance, set-off, repayment or refund to the Swap Provider, the Issuer shall use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Swap Provider. The Issuer is similarly obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law and is similarly obliged to pay additional amounts and the Swap Provider is similarly obliged to use reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer. Such additional amounts will be payable in priority to amounts payable on the Notes.

The Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority, action brought in a court of competent jurisdiction or any change in tax law, either the Issuer or the Swap Provider will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (an "**Swap Tax Event**"), the Swap Provider will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Swap Tax Event. If no such transfer can be effected, the Swap Agreement and the Swap Transactions may be terminated. If the Swap Agreement is terminated and the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use its best endeavours to find a replacement interest rate swap provider) and the Issuer cannot avoid such Swap Tax Event by taking reasonable measures available to it and the Issuer has certified that it has sufficient funds to discharge all of its liabilities in respect of the Notes and the Junior Loans and any amounts due under the Deed of Charge and Assignment in priority thereto or *pari passu* therewith, then the Issuer shall redeem all of the Notes and repay the Junior Loans in full. Such redemption will be made by the Issuer to the extent of an amount equal to the then aggregate Principal Amount Outstanding of each class of Notes then outstanding plus interest accrued and unpaid thereon. For further information, see Condition 6*(d)* at page 141. The Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate the Swap Agreement. In the event that a Loan is repurchased by MS Bank pursuant to the Loan Sale Agreement or purchased by the Servicer pursuant to the Servicing Agreement, the Swap Transactions will not be terminated, but the rights and obligations of the Issuer under the Swap Transactions will, in accordance with the terms of the Swap Agreement, be novated to MS Bank or the Servicer, as the case may be.

Either party to the Swap Agreement may require that its obligations and those of its counterparty in respect of the relevant Swap Transactions terminate proportionally in the event that any of the Loans are prepaid (whether voluntarily or as the result of their enforcement) or are repurchased by the Loan Seller or purchased by the Junior Lender or the Servicer. Upon such termination, either party to the relevant Swap Transaction may, depending on the circumstances then prevailing, be required to make a termination payment to its counterparty. If the termination of a Swap Transaction is due to the prepayment of a Loan, the Issuer will not be obliged to make a termination payment to the Swap Provider, although the Swap Provider may, depending on the circumstances, be obliged to make a termination payment to the Issuer which will constitute Swap Breakage Receipts. If the termination of a Swap Transaction is due to the repurchase of a Loan by the Loan Seller or its purchase by the Junior Lender or the Servicer and the Issuer is, as a result of such repurchase or purchase,

required to make a termination payment to the Swap Provider, the Loan Seller, the Junior Lender or the Servicer, as the case may be, will be required to pay an equivalent amount to the Issuer.

The Swap Provider may, at its own discretion and at its own expense, assign its rights or novate its rights and obligations under the Swap Agreement (including the Swap Transactions) to any third party provided the Rating Agencies have confirmed in writing that such transfer would not cause a downgrading of the then applicable ratings of the Notes or the Junior Loans and provided further that such third party agrees to be bound by, among other things, the terms of the Deed of Charge and Assignment, on substantially the same terms as the Swap Provider.

The Swap Guarantee

The Swap Provider's obligations under the Swap Transactions are guaranteed pursuant to, and subject to the terms of, the Swap Guarantee provided by the Swap Guarantor. In the event that MSCS ceases (other than by virtue of its own default) to be the Swap Provider or it is replaced by a suitably rated third party, Morgan Stanley will cease to be the Swap Guarantor.

Swap Guarantor Downgrade Event

If the rating of the short-term, unsecured, unsubordinated debt obligations of the Swap Guarantor falls below "F1" by Fitch, "P-1" by Moody's or "A-1" by S&P, or the long-term, unsecured debt obligations of the Swap Guarantor falls below "A1" by Moody's at any time, then the Swap Provider will be required to comply with the requirements set out in the Swap Agreement which may require the delivery to the Issuer of collateral (which collateral may be in the form of cash or securities) in respect of its obligations under the Swap Agreement in an amount or value determined in accordance with the terms of the Swap Agreement Credit Support Document.

Swap Agreement Credit Support Document

If at any time the Swap Provider is required to provide collateral in respect of any of its obligations under the Swap Agreement it will also do so under the terms of the 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) entered into on or prior to the Closing Date between the Issuer and the Swap Provider (the "**Swap Agreement Credit Support Document**"). The Swap Agreement Credit Support Document will provide that, from time to time, subject to the conditions specified in the Swap Agreement Credit Support Document, the Swap Provider will make transfers of collateral to the Issuer in support of its obligations under the Swap Agreement and the Issuer will be obliged to return such collateral in accordance with the terms of the Swap Agreement Credit Support Document.

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

Amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or equivalent to distributions received on securities held in the Swap Collateral Custody Account, are required to be paid to the Swap Provider in accordance with the terms of the Swap Agreement Credit Support Document and the Deed of Charge and Assignment in priority to any other payment obligations of the Issuer, other than to the Issuer Security Trustee, the Note Trustee and for a receiver following the enforcement of the Notes and the Junior Loans. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the Swap Agreement Credit Support Document is to return collateral of the same type, nominal value, description and amount as the collateral posted to the Issuer by the Swap Provider.

ESTIMATED AVERAGE LIVES OF THE NOTES, THE JUNIOR LOANS AND ASSUMPTIONS

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

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

(a) no Loans are repurchased by the Loan Seller or purchased by the Junior Lender;

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

(c) the Swap Agreement will not be terminated;

(d) the Loan Pool on the Closing Date has the same characteristics as the Loan Pool as at the Cut-Off Date;

(e) the Loans are each prepaid partially on each Loan payment date at a constant prepayment rate of 10 per cent. per annum of their principal balance without regard to any prepayment restrictions or prepayment penalties; the constant prepayment rate used is purely illustrative;

(f) in the case of floating rate Loans, the relevant base rate at the Cut-Off Date was used;

(g) the Servicer exercises its option to purchase all of the Loans on the first Interest Payment Date on which the aggregate principal balance of the Loans (calculated as at the Calculation Date immediately preceding such Interest Payment Date) is less than 10 per cent. of the Aggregate Cut-Off Date Balance;

(h) the item specified in trigger (E) under "Summary – The Notes – Available Principal – Available Pro Rata Principal" at page 30is not applicable;

(i) an amount approximately equal to the Excess Proceeds is applied to redeem the Notes and the Junior Loans on the first Interest Payment Date;

(j) no modification, waiver or amendment is made regarding any payment of interest on, any repayment of principal of, or the term of any of the Loans;

(k) interest payments are made on the Notes and the Junior Loans in full on each Interest Payment Date commencing in November 2004;

(l) the Issuer purchases each Loan (including for these purposes each Pre-Funded Loan) on the Closing Date; and

(m) the Closing Date is 17th August, 2004,

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

Interest Payment Date	Class A Notes	Class B Notes	Class C Notes	Class D Loan	Class E Loan
			(%)		
Closing Date	100%	100%	100%	100%	100%
1st November, 2004	94%	97%	97%	97%	93%
1st February, 2005	90%	95%	95%	95%	87%
1st May, 2005	86%	93%	93%	93%	81%
1st August, 2005	82%	91%	91%	91%	79%
1st November, 2005	79%	89%	89%	89%	78%
1st February, 2006	76%	88%	88%	88%	76%
1st May, 2006	73%	86%	86%	86%	75%
1st August, 2006	69%	84%	84%	84%	73%
1st November, 2006	62%	80%	80%	80%	69%
1st February, 2007	60%	79%	79%	79%	68%
1st May, 2007	57%	78%	78%	78%	67%
1st August, 2007	55%	77%	77%	77%	66%
1st November, 2007	52%	75%	75%	75%	64%
1st February, 2008	49%	74%	74%	74%	63%
1st May, 2008	46%	73%	73%	73%	61%
1st August, 2008	38%	68%	68%	68%	56%
1st November, 2008	33%	65%	65%	65%	54%
1st February, 2009	31%	64%	64%	64%	53%
1st May, 2009	29%	63%	63%	63%	52%
1st August, 2009	26%	62%	62%	62%	50%
1st November, 2009	23%	60%	60%	60%	48%
1st February, 2010	21%	59%	59%	59%	48%
1st May, 2010	20%	58%	58%	58%	47%
1st August, 2010	18%	57%	57%	57%	46%
1st November, 2010	13%	54%	54%	54%	43%
1st February, 2011	12%	54%	54%	54%	43%
1st May, 2011	10%	53%	53%	53%	42%
1st August, 2011	9%	53%	53%	53%	41%
1st November, 2011	8%	52%	52%	52%	41%
1st February, 2012	7%	52%	52%	52%	40%
1st May, 2012	7%	51%	51%	51%	40%
1st August, 2012	6%	51%	51%	51%	40%
1st November, 2012	5%	51%	51%	51%	39%
1st February, 2013	4%	50%	50%	50%	39%
1st May, 2013	4%	50%	50%	50%	39%
1st August, 2013	3%	50%	50%	50%	38%
1st November, 2013	3%	49%	49%	49%	38%
1st February, 2014	2%	49%	49%	49%	38%
1st May, 2014	1%	49%	49%	49%	37%
1st August, 2014	1%	48%	48%	48%	37%
1st November 2014	0%	0%	0%	0%	0%
Average Life (years)	3.6	6.8	6.8	6.8	5.7
First Principal Payment Date	1st November, 2004	1st November, 2004	1st November, 2004	1st November, 2004	1st November, 2004
Last Principal Payment Date	1st November, 2014	1st November, 2014	1st November, 2014	1st November, 2014	1st November, 2014

The following table of estimated weighted average lives of the Notes and the Junior Loans has been based on the assumptions as set out above, except as regards constant prepayment rates:

Constant Prepayment Rate (per cent. per annum)	Estimated average life of Class A Notes (years)	Estimated average life of Class B Notes (years)	Estimated average life of Class C Notes (years)	Estimated average life of Class D Loan (years)	Estimated average life of Class E Loan (years)
0%	5.9	10.9	11.0	11.0	9.3
5%	4.5	8.2	8.2	8.2	6.9
10%	3.6	6.8	6.8	6.8	5.7
15%	3.0	5.2	5.2	5.2	4.3
20%	2.5	4.3	4.3	4.3	3.6
25%	2.1	3.7	3.7	3.7	3.1
30%	1.8	3.2	3.2	3.2	2.7

Assumptions (a) through (i) above relate to circumstances which are not predictable.

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

The average lives of the Notes and the Junior Loans were calculated on the basis of 90-day quarters and a 360-day year.

DESCRIPTION OF THE NOTES AND THE DEPOSITORY AGREEMENT

General

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

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

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

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

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

So long as the Depository or its nominee is the holder of the Global Notes underlying the Book-Entry Interests, the Depository or such nominee, as the case may be, will be considered the sole Noteholder for all purposes under the Trust Deed. Except as set forth under "Issuance of Definitive Notes" at page 125, participants or indirect participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive bearer or registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a Book-Entry Interest must rely on the rules and procedures of the Depository and DTC, Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the participant or indirect participants through which such person owns its interest in the relevant Book-Entry Interests to exercise any rights and

obligations of a holder of Notes under the Trust Deed (for further information, see "Action in Respect of the Global Notes and the Book-Entry Interests" at page 125).

Unlike legal owners or holders of the Notes, holders of the Book-Entry Interests will not have the right under the Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of Book-Entry Interests will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of Book-Entry Interests to vote on any requested actions on a timely basis. Similarly, upon the occurrence of an Event of Default (as defined in Condition 10 at page 146) under the Notes, holders of Book-Entry Interests will be restricted to acting through DTC, Euroclear, Clearstream, Luxembourg and the Depository unless and until Definitive Notes are issued in accordance with the Terms and Conditions. There can be no assurance that the procedures to be implemented by DTC, Euroclear and Clearstream, Luxembourg and the Depository under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

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

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

Purchasers of Book-Entry Interests in a Global Note pursuant to Reg S will hold Book-Entry Interests in the Reg S Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of a Reg S Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth under "Transfer and Transfer Restrictions" at page 124), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. After the expiration of the Note Distribution Compliance Period (as defined under "Transfer and Transfer Restrictions" at page 124) but not earlier, investors may also hold such Book-Entry Interests through organisations, other than Euroclear or Clearstream, Luxembourg, that are participants in the DTC system. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in each Reg S Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

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

Payments on Global Notes

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

be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

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

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

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

Information Regarding DTC, Euroclear and Clearstream, Luxembourg

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

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

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

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

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

Redemption

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

Transfer and Transfer Restrictions

All transfers of Book-Entry Interests will be recorded in accordance with the book-entry systems maintained by DTC, Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants. For further information, see "General Information" at page 174.

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

Each Reg S Global Note will bear a legend substantially identical to that appearing in paragraph (5) under "Transfer Restrictions". Until and including the 40th day after the later of the commencement of the offering of the Notes and the closing date for the offering of the Notes (the "**Distribution Compliance Period**"), Book-Entry Interests in a Reg S Global Note may be held only through Euroclear or Clearstream, Luxembourg, unless transfer and delivery is made through a Rule 144A Global Note of the same class. Prior to the expiration of the Distribution Compliance Period, a Book-Entry Interest in a Reg S Global Note of one class may be transferred to a person who takes delivery in the form of a Book-Entry Interest in a Rule 144A Global Note of the same class only upon receipt by the Depository of written certification from the transferor (in the form provided in the Depository Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is both a "qualified institutional buyer" within the meaning of Rule 144A of the Securities Act (a "**Qualified Institutional Buyer**") and a "qualified purchaser" within the meaning of Section 2(a)51 of the Investment Company Act (a "**Qualified Purchaser**"), in each case in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

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

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

Issuance of Definitive Notes

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

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

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

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

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

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

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

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

Reports

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

Action by Depository

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

Charges of Depository and Indemnity

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

Amendment and Termination

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

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

Resignation or Removal of Depository

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

Obligation of Depository

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

TERMS AND CONDITIONS OF THE NOTES AND THE JUNIOR LOANS

The following are the Terms and Conditions of the Notes and the Junior Loans in the form (subject to amendment) in which they will be set out in the Trust Deed and the Junior Loan Agreement.

The £465,510,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class A Notes**"), the £37,820,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class B Notes**") and the £33,460,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2029 (the "**Class C Notes**") and, together with the Class A Notes and the Class B Notes, the "**Notes**" (as more fully defined below)) of Morpheus (European Loan Conduit No. 19) plc (the "**Issuer**") are constituted by a trust deed dated on or about 17 August, 2004 (the "**Trust Deed**", which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and HSBC Bank USA, National Association (the "**Note Trustee**", which expression includes its successors or any further or other note trustee under the Trust Deed). The £24,730,000 Class D Commercial Mortgage Backed Floating Rate Loan due 2029 (the "**Class D Loan**") and the £20,363,000 Class E Commercial Mortgage Backed Floating Rate Loan due 2029 (the "**Class E Loan**" and, together with the Class D Loan, the "**Junior Loans**") were advanced pursuant to a loan agreement dated on or about 16 August, 2004 between the Issuer, the parties named therein as Junior Lenders and HSBC Bank plc (the "**Facility Agent**", which expression shall include its successors or any further or other Facility Agent under the Junior Loan Agreement) (the "**Junior Loan Agreement**", which expression includes such loan agreement 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). The Note Trustee has agreed, pursuant to the Trust Deed, to act as trustee for the holders of the Notes and the Facility Agent has agreed pursuant to the Junior Loan Agreement to act as facility agent for the Junior Lenders. Any reference to a "**class of Notes**" or of Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes and the Class C Notes; or any or all of their respective holders, as the case may be and any reference to a "**class of Junior Loan**" means the Class D Loan and/or the Class E Loan, as applicable. Any reference to the "**Instruments**" shall be a reference to the Notes and the Junior Loans.

The security for the Instruments is created pursuant to, and on terms set out in, a deed of charge and assignment dated on or about 17 August, 2004 (the "**Deed of Charge and Assignment**", which expression includes such deed of charge and assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Note Trustee and HSBC Bank USA, National Association (in such capacity, the "**Issuer Security Trustee**"). By an agency agreement dated on or about 16 August, 2004 (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Note Trustee, the Issuer Security Trustee, HSBC Bank plc in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression shall include any other principal paying agent appointed in respect of the Notes), agent bank (the "**Agent Bank**", which expression shall include any other agent bank appointed in respect of the Notes), HSBC Global Investor Services (Ireland) Limited as paying agent in Ireland (the "**Sub-Paying Agent**", which expression shall include any other paying agent appointed in Ireland in respect of the Notes) and HSBC Bank USA, National Association as registrar (the "**Registrar**", which expression shall include any other registrar appointed in respect of the Notes) (the Principal Paying Agent being, together with any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**" and, together with the Agent Bank and the Registrar, the "**Agents**"), provision is made for, among other things, the payment of principal and interest in respect of the Notes.

The statements in these Terms and Conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Junior Loan Agreement, the Agency Agreement, the Deed of Charge and Assignment, the Depository Agreement, the Exchange Rate Agency Agreement and the Master Definitions Schedule (each as defined herein). Copies of the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Depository Agreement, the Exchange Rate Agency Agreement and the Master Definitions Schedule (each as defined herein) are available for inspection by the Noteholders at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of and definitions contained in the Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the depository agreement dated on or about 17 August, 2004, between the Issuer, the Note Trustee, the Issuer Security Trustee and HSBC Bank USA, National Association, in its capacity as depository (the "**Depository Agreement**", which expression includes such depository agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be

supplemental thereto as from time to time so modified and the "**Depository**", respectively), the exchange rate agency agreement dated on or about 17 August, 2004, between the Issuer, HSBC Bank plc, in its capacity as exchange agent (the "**Exchange Agent**", which expression shall include any other exchange agent appointed in respect of the Notes), the Note Trustee, the Issuer Security Trustee and the Depository (the "**Exchange Rate Agency Agreement**", which expression includes such exchange rate agency agreement as from time to time so modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and a master definitions schedule dated on or about 17 August, 2004, and signed for identification purposes by, among others, the Issuer, the Note Trustee and the Issuer Security Trustee (the "**Master Definitions Schedule**", which expression includes such master definitions schedule as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and the documents referred to in each of them.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 17 August, 2004.

1. Global Notes

(a) Rule 144A Global Notes

The Class A Notes, the Class B Notes and the Class C Notes initially offered and sold in the United States of America (the "**United States**") to "qualified institutional buyers" (as defined in Rule 144A ("**Rule 144A**"), ("**Qualified Institutional Buyers**") under the United States Securities Act of 1933, as amended, (the "**Securities Act**"), in reliance on Rule 144A, that are also "qualified purchasers" (as defined in Section 2(a) (51) of the Investment Company Act of 1940 ("**Qualified Purchasers**") will initially be represented by two separate global notes in bearer form for each class of Note (collectively, the "**Rule 144A Global Notes**"). The Rule 144A Global Notes will be deposited with or to the order of the Depository pursuant to the terms of the Depository Agreement. The Depository will (i) register a certificateless depository interest in respect of one of the Rule 144A Global Notes of each class of Notes in the name of The Depository Trust Company ("**DTC**") or its nominee, and (ii) issue a certificated depository interest in respect of the other Rule 144A Global Note of each class of Notes to HSBC Issuer Services Common Depositary Nominee (UK) Limited as nominee on behalf of HSBC Bank plc (the "**Common Depositary**") for the account of Euroclear Bank S.A./N.V. (as operator of the Euroclear System) ("**Euroclear**", which term includes any successor operator of the Euroclear System) and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**").

(b) Reg S Global Notes

The Class A Notes, the Class B Notes and the Class C Notes initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act ("**Reg S**") will initially be represented by a separate global note in bearer form for each class of Note (collectively, the "**Reg S Global Notes**" and, together with the Rule 144A Global Notes, the "**Global Notes**"). The Reg S Global Notes will each be deposited with or to the order of the Depository pursuant to the terms of the Depository Agreement. The Depository will issue a certificated depository interest in respect of each Reg S Global Note to the Common Depositary for the account of Euroclear and Clearstream, Luxembourg.

(c) Form and Title

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

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

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

book-entry form by DTC, Euroclear and Clearstream, Luxembourg and their participants and in accordance with the provisions of the Depository Agreement.

2. Definitive Notes

(a) Issue of Definitive Notes

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

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

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

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

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

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

(b) Title to and Transfer of Definitive Notes

Title to a Definitive Note will pass upon registration in the register which the Issuer will procure to be kept by the Registrar. A Definitive Note will have an original principal balance of £50,000 or any integral multiple of £100 in excess thereof and will be serially numbered. Definitive Notes may be transferred in whole or in part (provided that any partial transfer relates to a Definitive Note in the original principal amount of £50,000 or any integral multiple of £100 in excess thereof) upon surrender of the relevant Definitive Note, with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the detailed regulations concerning transfers in the Agency Agreement.

Each new Definitive Note to be issued upon transfer of a Definitive Note will, within five Business Days (as defined in Condition 5(*b*)) of receipt at the specified office of the Registrar of such Definitive

Note (duly endorsed) for transfer, be available for delivery at the specified office of the Registrar or be posted at the risk of the holder entitled to such new Definitive Note to such address as may be specified in the form of transfer.

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

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

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

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

(e) References to "**Final Interest Payment Date**" means the Interest Payment Date falling in November 2029.

3. Status, Security and Priority

(A) Status and relationship between the Notes

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

(b) In the event of the Issuer Security (as defined in the Master Definitions Schedule) being enforced, the Class A Notes will rank higher in priority to the Class B Notes, the Class C Notes, the Class D Loan and the Class E Loan; the Class B Notes will rank higher in priority to the Class C Notes, the Class D Loan, and the Class E Loan; the Class C Notes will rank higher in priority to the Class D Loan and the Class E Loan, and the Class D Loan will rank higher in priority to the Class E Loan. Save as described in Condition 6, prior to enforcement of the Issuer Security, repayments of principal of, and payments of interest on, the Class E Loan will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes, the Class B Notes, the Class C Notes and the Class D Loan; repayments of principal of, and payments of interest on, the Class D Loan will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes, the Class B Notes and the Class C Notes; repayments of principal of, and payments of interest on, the Class C Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes and the Class B Notes; repayments of principal of, and payments of interest on, the Class B Notes will be subordinated to repayments of principal of, and payments of interest on, the Class A Notes.

(c) The Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of the Class A Notes, Class B Notes and the Class C Notes equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise including, without limitation, as provided in Condition 12), provided that:

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

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

(B) holders of the Class B Notes (the "**Class B Noteholders**") and/or holders of the Class C Notes (the "**Class C Noteholders**"),

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

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

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

(B) the Class C Noteholders,

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

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

(d) The Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, among other things, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution (as defined in the Trust Deed) according to the effect thereof on the interests of the Class A Noteholders, (ii) the Class C Noteholders, among other things, to request or direct the Note Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders and/or the Class B Noteholders. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders irrespective of the effect thereof on their interests.

Except in certain circumstances, the exercise of powers by the Class B Noteholders will be binding on the Class C Noteholders, irrespective of the effect thereof on their interests.

(B) Security and Priority of Payments

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

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

4. Covenants

(A) Restrictions

Save with the prior written consent of the Note Trustee (which consent shall not be given without the prior resolutions of the Noteholders, such resolution having been passed by the holders of not less than 50.1 per cent. of the aggregate of the Notional Principal Amount Outstanding of the Notes then outstanding and shall not be required if all the Notes have been redeemed in full) and of the Facility Agent (which consent shall not be given without the consent of the Junior Lenders, such consent having been given by the lenders of not less than 50.1 per cent. of the aggregate of the Notional Principal Amount Outstanding of the Junior Loans then outstanding) or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents (as defined in

the Master Definitions Schedule), the Issuer shall not, so long as any Note or either Junior Loan remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, assignment, assignation, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital);

(b) Restrictions on Activities

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

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

(iii) amend, supplement or otherwise modify its constitutive documents; or

(iv) engage, or permit any of its affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its affiliates to hold, any mortgaged property that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles;

(c) Disposal of Assets

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest therein other than in accordance with the provisions of the Transactional Documents;

(d) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares;

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except as contemplated by the Instruments, the Swap Transactions (as defined in the Master Definitions Schedule) or the Liquidity Facility Agreement (as defined in the Master Definitions Schedule) or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

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

(g) Bank Accounts

have an interest in any bank account other than the Issuer Accounts (as defined in the Master Definitions Schedule), unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it.

In giving any consent to the foregoing and subject to Condition 12, the Note Trustee and/or the Facility Agent may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders or as the Facility Agent may deem expedient in the interests of the Junior Lenders, provided that each of the Rating Agencies (as defined in Condition 15) has provided written confirmation to the Note Trustee that the then applicable ratings of each class of Notes and to the Facility Agent that the then applicable ratings of each class of Junior Loan then rated thereby will not be qualified, downgraded or withdrawn as a result of such modifications or additions.

(B) Cash Manager and Servicer

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

(C) Special Servicer

Upon being required to do so by the Facility Agent (if the Controlling Party is a Junior Lender) or by the Note Trustee (acting as directed by an Extraordinary Resolution of the Controlling Party, if the Controlling Party is a class of Noteholders), the Issuer Security Trustee shall, subject to the requirements of the Servicing Agreement regarding the appointment of a substitute, terminate the appointment of the person then acting as the Special Servicer (as defined in the Master Definitions Agreement) and replace such person with a Special Servicer who is acceptable to the Controlling Party. While the Notional Principal Amount Outstanding of the Class E Loan is greater than or equal to £5,090,750, the Class E Lender will be the "**Controlling Party**". If the Notional Principal Amount Outstanding of the Class E Loan falls below £5,090,750, for so long as the Notional Principal Amount Outstanding of the Class D Loan is greater than or equal to £6,182,500, the Class D Lender will be the Controlling Party. If the Notional Principal Amount Outstanding of the Class D Loan falls below £6,182,500, the Controlling Party will be the holders of the most junior class of Notes outstanding from time to time, which class has a total Notional Principal Amount Outstanding that is not less than 25 per cent. of that class's original Notional Principal Amount Outstanding on the Closing Date; provided, however, that if no class of Notes or Junior Loan has a Notional Principal Amount Outstanding that satisfies this requirement (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes, repayment of such Junior Loan or otherwise), then the Controlling Party will be the holders of the most junior class of Notes or Junior Loan then outstanding that has a Notional Principal Amount Outstanding that is greater than zero.

(D) Operating Adviser

The Controlling Party may, by notifying the Facility Agent (if the Controlling Party is a Junior Lender) or by passing an Extraordinary Resolution (if the Controlling Party is a class of Noteholders), appoint a person to act as an adviser (the "**Operating Adviser**") with whom the Servicer or Special Servicer, as the case may be, will be required to liase in accordance with the Servicing Agreement. The Facility Agent or the Note Trustee, as appropriate will notify the Servicer and the Special Servicer of the identity of the Operating Adviser so appointed.

5. Interest

(a) Period of Accrual

Each Instrument will bear interest on its Principal Amount Outstanding from (and including) 17th August, 2004, (the "**Closing Date**"). Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, repayment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder (either in accordance with Condition 15 or individually) that, upon presentation thereof being duly made, such

payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) Interest Payment Dates and Interest Periods

Subject to Condition 16*(a)*, interest on the Instruments is payable quarterly in arrear on the 1st day of February, May, August and November in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an "**Interest Payment Date**") in respect of the Interest Period ending immediately prior thereto. However, to the extent that an amount of interest in respect of any class of Instrument relates to any excess of the Principal Amount Outstanding of that class of Instrument over the Notional Principal Amount Outstanding of that class of Instrument, the due date for payment of such interest (the "**Deferred Interest**") shall be deferred until the date on which the relevant Instruments are due to be redeemed or repaid in full. The first Interest Payment Date in respect of each Instrument will be the Interest Payment Date falling in November 2004.

In these Conditions, "**Interest Period**" means the period from (and including) an Interest Payment Date (or, in respect of the payment of the first Interest Amount (as defined in Condition 5*(d)* below), the Closing Date) to (but excluding) the next following Interest Payment Date (or, in respect of the payment of the first Interest Amount, the Interest Payment Date falling in November, 2004) and "**Business Day**", in these Conditions (other than Condition 6 and Condition 7), means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, New York and Dublin.

The "**Notional Principal Amount Outstanding**" of any Instrument shall be the Principal Amount Outstanding of that Instrument as treated as reduced, for the purposes only of determining the amount of any Deferred Interest thereon, by the aggregate amount of all Applicable Principal Losses in respect of such Instrument that have arisen since the Closing Date and on or prior to the date of calculation. "**Applicable Principal Losses**" means, on any Interest Payment Date, in relation to each Instrument of a particular class (and avoiding double-counting), a *pro rata* share of the amount equal to the aggregate amount of Principal Losses required to be treated as applied to the Instrument of that class on such Interest Payment Date in accordance with the following sentence (rounded down to the nearest penny). For the purposes of this paragraph, the *pro rata* share shall be calculated on the basis of the Notional Principal Amount Outstanding of each class of Instrument as at the date on which the calculation is being made. On the Interest Payment Date following the occurrence of a Principal Loss, the Principal Amount Outstanding of the Instruments will, for the purposes only of determining the amount of any Deferred Interest thereon and subject as set out below, be treated as reduced by an amount equal to the Principal Loss as follows: first the Principal Amount Outstanding of the Class E Loan shall be treated as reduced until the Principal Amount Outstanding of the Class E Loan is zero; second, the Principal Amount Outstanding of the Class D Loan shall be treated as reduced until the Principal Amount Outstanding of the Class D Loan is zero; third, the Principal Amount Outstanding of the Class C Notes shall be treated as reduced until the Principal Amount Outstanding of the Class C Notes is zero; fourth, the Principal Amount Outstanding of the Class B Notes shall be treated as reduced until the Principal Amount Outstanding of the Class B Notes is zero; and, fifth, the Principal Amount Outstanding of the Class A Notes shall be treated as reduced, until the Principal Amount Outstanding of the Class A Notes is zero. Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the face amount of such Note on the date of issuance thereof was £50,000.

A "**Principal Loss**" will occur if, on the Calculation Date, the amount of principal determined by the Servicer to be outstanding in respect of the Loans, taking into account Issuer Principal Receipts received in prior Collection Periods and Principal Amounts written off by the Servicer or Sub-Servicer, as the case may be, following a Borrower's default and the completion of the Enforcement Procedures in respect of a Loan, is less than the Principal Amount Outstanding of the Instruments on such Calculation Date.

(c) Rate of Interest

The rates of interest payable from time to time in respect of the Instruments (each a "**Rate of Interest**") will be determined by the Agent Bank on a date which is two London Business Days prior to each Interest Payment Date or, in the case of the first Interest Period, two London Business Days prior to the Closing Date (each an "**Interest Determination Date**"). For the purposes of these Conditions,

"**London Business Day**" means a day, other than a Saturday or a Sunday, on which banks are open for general business in the City of London.

Each Rate of Interest for the Interest Period next following the relevant Interest Determination Date shall be the aggregate of:

(i) the Relevant Margin (as defined below); and

(ii) (1) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places with the mid-point rounded up) for three-month sterling deposits (save, in the case of the first Interest Determination Date, the linear interpolation of two and three-month sterling deposits), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the "**Screen Rate**") (rounded to five decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Note Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or

(2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 5*(h)* below) as the rate at which three-month sterling deposits in an amount of £10,000,000 (save, in the case of the first Interest Determination Date, the linear interpolation of two and three-month sterling deposits) are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate will be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank will forthwith consult with the Note Trustee and the Facility Agent (or, after the Notes have been redeemed in full, the Facility Agent only) and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee and the Facility Agent (or, after the Notes have been redeemed in full, the Facility Agent only) suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

For the purposes of these Conditions the "**Relevant Margin**" shall be:

(A) in respect of the Class A Notes, 0.23 per cent. per annum;

(B) in respect of the Class B Notes, 0.43 per cent. per annum;

(C) in respect of the Class C Notes, 0.68 per cent. per annum;

(D) in respect of the Class D Loan, 2.25 per cent. per annum; and

(E) in respect of the Class E Loan, 2.25 per cent. per annum.

There shall be no minimum or maximum Rate of Interest.

(d) Determination of Rates of Interest and Calculation of Interest Amounts

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Note Trustee, the Facility Agent, the Cash Manager and the Paying Agents in

writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date (or, in respect of the first Interest Amount, the Closing Date) in respect of the Instruments of each class, and (ii) the sterling amount (the "**Interest Amount**") payable in respect of such Interest Period in respect of the Instruments of each class. Each Interest Amount in respect of the Instruments shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Instruments of each class, multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest penny.

(e) Publication of Rates of Interest for the Notes, Interest Amounts and other Notices

As soon as practicable after receiving notification thereof, the Issuer shall cause the Rate of Interest and Interest Amount applicable to the Notes of each class for each Interest Period and the Interest Payment Date in respect thereof to be notified in writing to Irish Stock Exchange Limited (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and shall cause notice thereof to be given to the Noteholders in accordance with Condition 15. The Interest Amounts and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes.

(f) Determination or Calculation by the Note Trustee

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of Instrument in accordance with the foregoing Conditions, the Note Trustee or, following redemption of the Notes in full, the Facility Agent may (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and/or (as the case may be), (ii) calculate the Interest Amount for each class of Instrument in the manner specified in Condition 5*(d)* above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank, the Note Trustee or the Facility Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Facility Agent, the Issuer Security Trustee, the Servicer, the Special Servicer, the Cash Manager, the Paying Agents and all Noteholders and each Junior Lender and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Issuer Security Trustee, the Servicer, the Special Servicer, the Cash Manager or the Paying Agents in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Instruments remain outstanding, there are, at all times, four Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of four major banks in the London interbank market (the "**Reference Banks**") chosen by the Agent Bank. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Note Trustee (or, following redemption of the Notes in full, the Facility Agent) has been appointed.

(i) Interest on the Class D Loan and the Class E Loan

To the extent that the difference between:

(i) the Interest Amount in respect of the Class D Loan or the Class E Loan, as calculated pursuant to Condition 5*(d);* and

(ii) the Available Interest Receipts (as defined in the Master Definitions Schedule) in respect of such Interest Payment Date (excluding, for these purposes the amount available for drawing by way of Interest Drawings (as defined in the Master Definitions Schedule) under the Liquidity Facility Agreement on such Interest Payment Date) minus the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on such Junior Loan in accordance with the Deed of Charge and Assignment

is attributable to a reduction in the interest-bearing balances of the Loans (as defined in the Master Definitions Schedule) as a result of prepayments, the Interest Amount payable by the Issuer on that Interest Payment Date in respect of the Class D Loan or the Class E Loan will be reduced by the amount of such difference (such reduced amount being the "**Adjusted Interest Amount"**) and the due date for payment of the debt that is represented by such difference will be deferred until the date on which the relevant Junior Loan is due to be repaid in full.

6. Redemption, Repayment and Cancellation

(a) Final Redemption and Repayment

Unless previously redeemed in full and cancelled as provided in this Condition 6, the Issuer shall redeem the Notes and repay the Junior Loans at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in November 2029.

The Issuer may not redeem Notes or repay the Junior Loans in whole or in part prior to that date except as provided in this Condition but without prejudice to Condition 10.

(b) Mandatory Redemption and Repayment in Part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Swap Breakage Receipts, Available Principal Recovery Funds, Available Services Principal Payments, Available Loan Seller Principal Payments and Available Interest.

Subject as provided in Conditions 6*(c)* and 6*(d)*, prior to the service of an Enforcement Notice and subject as provided below, the Class A Notes or, if no Class A Notes are outstanding, the most senior class of Instruments then outstanding, shall be subject to mandatory redemption or repayment in part on each Interest Payment Date if on the Calculation Date (as defined below) relating thereto there is any Available Principal after paying any and all amounts payable out of such funds in priority to payments on such class of Instruments, and if the amount of such Available Principal, after paying any and all amounts payable out of such funds in priority to payments on such class of Instruments, is not less than £1.

If on any Interest Payment Date, the most senior class of Instruments then outstanding is redeemed or repaid in full pursuant to the foregoing, any remaining Available Principal shall be applied in mandatory redemption or repayment in part of the next most senior class of Instrument then outstanding and on that class of Instruments being redeemed or repaid in full each next most senior class of Instruments then outstanding until all Notes are redeemed and the Junior Loans are repaid.

The "**Calculation Date**" means the seventh calendar day prior to the relevant Interest Payment Date save in respect of the Interest Payment Date falling in November 2029 when it means the actual Interest Payment Date in November 2029.

The "**Available Principal**" on any Interest Payment Date means all Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Swap Breakage Receipts, Available Principal Recovery Funds less any Issuer Principal Receipts (as defined in the Master Definitions Agreement) that were applied during the related Collection Period to pay Priority Amounts.

The "**Issuer Principal Receipts**" means, together, Amortisation Funds, Final Redemption Funds, Prepayment Redemption Funds, Principal Recovery Funds.

For the purposes of these Conditions:

(A) "**Amortisation Funds**" means the aggregate amount allocated towards principal received by or on behalf of the Issuer in respect of the Loans other than any Prepayment Redemption Funds, Final Redemption Funds or Principal Recovery Funds (each as defined below) and "**Available**

Amortisation Funds" means, in respect of any Calculation Date, the Amortisation Funds received by or on behalf of the Issuer during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date to (but excluding) such first Calculation Date) (each a "**Collection Period**") less any amount of Amortisation Funds to be transferred to Available Interest Receipts (as defined in the Master Definitions Schedule) on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Work-out Fees (as defined in the Master Definitions Schedule);

(B) "**Final Redemption Funds**" means the aggregate amount allocated towards principal payments received by or on behalf of the Issuer in respect of the Loans as a result of the repayment of the relevant Loan upon its scheduled final maturity date, and "**Available Final Redemption Funds**" means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less any amount of Final Redemption Funds to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Work-out Fees;

(C) "**Prepayment Redemption Funds**" means (i) the aggregate amount allocated towards principal payments received by or on behalf of the Issuer in respect of the Loans as a result of any prepayment in part or in full of a Loan (including upon the receipt of insurance proceeds not applied in reinstating the relevant Property prior to the final maturity of the relevant Loan), (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase of a Loan by MS Bank pursuant to the Loan Sale Agreement, (iii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of a Loan by the Servicer or the Junior Lender pursuant to the Servicing Agreement, and (iv) the Excess Proceeds (as defined in the Master Definitions Schedule) released from the Deposit Account on the Interest Payment Date falling in November, 2004 and the amounts (other than amounts representing the proceeds of Eligible Investments) released from the Deposit Account on the Pre-Funded Loans Purchase Date in accordance with the Deed of Charge and Assignment and "**Available Prepayment Redemption Funds**" means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less any amount of Prepayment Redemption Funds to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Work-out Fees;

(D) "**Principal Recovery Funds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the enforcement procedures in respect of a Loan and/or the Related Security (as defined in the Master Definitions Schedule), and "**Available Principal Recovery Funds**" means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended less any amount of Principal Recovery Funds to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees (as defined in the Master Definitions Schedule), if any, payable on that Interest Payment Date;

(E) "**Swap Breakage Receipts**" means the aggregate of all amounts paid to the Issuer under the Swap Agreement or the Swap Guarantee (each as defined in the Master Definitions Schedule) as a result of the termination of any Swap Transaction (as defined in the Master Definitions Schedule), and "**Available Swap Breakage Receipts**" means, in respect of any Calculation Date, the Swap Breakage Receipts received by or on behalf of the Issuer during the Collection Period then ended (but excluding any Swap Breakage Receipts paid to the Issuer following an early termination of a Swap Transaction which are required for the purposes of covering any shortfall in principal arising on the enforcement of a Loan, the liquidation of which caused the Issuer to terminate such Swap Transaction);

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Principal on any preceding Calculation Date.

I. Application of Available Principal

On each Interest Payment Date prior to the service of an Enforcement Notice, the Available Principal will be applied as set out below.

(a) *Application of Available Sequential Principal*

On each Interest Payment Date, an amount equal to the Available Principal less an amount equal to 66.67 per cent. of all Available Prepayment Redemption Funds and Available Final Redemption Funds (as determined by the Cash Manager on behalf of the Issuer on the related Calculation Date) ("**Available Sequential Principal**") will be applied in the following order of priority (in each case only if and to the extent that payments and provisions of a higher priority have been made in full):

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

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

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

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

(v) **fifth**, in or towards repaying the Principal amount Outstanding of the Class E Loan until the Class E Loan has been repaid in full; and

(vi) **sixth**, the balance in or towards payment to the Loan Seller (or other persons entitled thereto) of part of the purchase price of the Loans.

(b) *Application of Available Pro Rata Principal*

On each Interest Payment Date, an amount equal to 66.67 per cent. of all Available Prepayment Redemption Funds and Available Final Redemption Funds (as determined by the Cash Manager on behalf of the Issuer on the related Calculation Date) ("**Available Pro Rata Principal**") will be applied concurrently in accordance with the following percentages:

Class	Percentage of Available Pro Rata Principal
A Notes	80.00 %
B Notes	6.50 %
C Notes	5.75 %
D Loan	4.25 %
E Loan	3.50 %

until each such Instrument is redeemed or repaid in full and, to the extent a prior-ranking class of Instruments has been redeemed or repaid in full, the Available Pro Rata Principal that would have otherwise been applied to redeem such prior-ranking Instruments shall be applied in redeeming or repaying the next most senior class of Instruments outstanding, **provided that**, in the event that any of the following circumstances exist on a Calculation Date, on the next following Interest Payment Date, Available Pro Rata Principal shall be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in paragraphs (i) to (v) of "Application of Available Sequential Principal" above:

(A) a payment default has occurred in respect of any Loan with an outstanding principal balance of more than £12,000,000; or

(B) more than five per cent. of the Loans (based on their aggregate balances relative to the aggregate outstanding principal balance of the Loan Pool on that Interest Payment Date) are Specially Serviced Loans; or

(C) the cumulative percentage of Loans (calculated by reference to the principal amount outstanding of the Loans as at the Cut-Off Date) which have defaulted since the Closing Date is greater than 10 per cent. of the aggregate principal amount outstanding of the Loans as at the

Cut-Off Date; provided that, in determining whether a Loan has defaulted for the purposes of this paragraph:

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

(2) an event of default shall not be deemed to have occurred if (a) the default is with respect to payment and such default has been remedied or cured within five Business Days of such default (including by means of a Cure Payment) (as defined in the Master Definition Schedule), and/or (b) the default is other than with respect to payment, the default is capable of being remedied or cured and such default has been remedied or cured by the Borrower or the Junior Lender (as defined in the Master Definitions Schedule) within 30 days of such default being notified in accordance with the terms of the relevant credit agreement, and/or (c) enforcement procedures have been completed and the principal amount outstanding of all amounts of interest, fees, expenses and any other amounts payable by the relevant Borrower in respect of such defaulted Loan have been received in full or the relevant Borrower has prepaid the defaulted Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the relevant Borrower in respect of such defaulted Loan), and/or (d) the Junior Lender (as defined in the Master Definitions Schedule) has exercised its right to purchase a defaulted Loan; or

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

(E) the aggregate Notional Principal Amount Outstanding of all the Instruments on such Calculation Date is less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date.

Any balance of Available Pro Rata Principal remaining after the payment of such amounts will be paid to the Loan Seller or person or persons otherwise entitled thereto as part of the purchase price of the Loans.

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

II. Application of Excess Available Interest

In addition to the foregoing, on any Interest Payment Date, Excess Available Interest (as defined below) shall be applied first, in or towards repaying the Class E Loan until £2,327,532 of the principal balance of the Class E Loan has been repaid from Excess Available Interest and, thereafter, towards payment to the Loan Seller (or other person then entitled thereto) of part of the purchase price of the Loans.

The "**Excess Available Interest**" for an Interest Payment Date is an amount equal to the Available Interest Receipts remaining after (a) paying all the amounts referred to in sub-clauses 6.3.1(a) to (i) of the Deed of Charge and Assignment and (b) making provision for the payment to the Issuer of an amount equal to 0.01 per cent. of all Issuer Interest Receipts transferred to the Transaction Account during the related Collection Period.

(c) Mandatory Redemption and Repayment for Tax or Other Reasons

If the Corporate Services Provider, acting on behalf of the Issuer, at any time notifies the Note Trustee (or, following redemption in full of the Notes, the Facility Agent) immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Instrument

(other than (i) where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes or advancing of a Junior Loan, or (ii) in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to the Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Note Trustee (or, following redemption in full of the Notes, the Facility Agent) that either (x) it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Instruments to be redeemed or repaid under this Condition 6*(c)* and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Instruments to be so redeemed or repaid, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior Instrument then outstanding, and that the Issuer has obtained the written consent of the Class E Lender or, to the extent the Class E Loan has been repaid in full, the Class D Lender and, to the extent the Class D Loan has been repaid in full, the Noteholders of the most junior class of Notes then outstanding to the redemption at such lower amount, which certificate shall be conclusive and binding, and provided that, on the Interest Payment Date on which such notice expires, no Enforcement Notice has been served, then the Issuer shall, on any Interest Payment Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice ending on such Interest Payment Date to the Note Trustee, the Facility Agent, the Paying Agents and to the Noteholders in accordance with Condition 15, redeem in the case of the Notes and repay in the case of the Junior Loans:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) the Class D Loan in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Loan plus interest accrued and unpaid thereon; and

(E) the Class E Loan in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Loan plus interest accrued and unpaid thereon.

After giving notice of redemption or repayment pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Instruments other than by way of redemption or repayment pursuant to this Condition 6*(c)*. Once redeemed or repaid to the full extent provided in this Condition 6*(c)*, the Instruments shall cease to bear interest.

(d) Mandatory Redemption and Repayment in Full – Swap Transactions

If, at any time, one or more of the Swap Transactions is terminated by reason of the occurrence of a Swap Tax Event (as defined below) under the Swap Agreement and (i) the Issuer cannot avoid such Swap Tax Event by taking reasonable measures available to it, (ii) the Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Swap Tax Event, and (iii) the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use its best endeavours to find a replacement interest rate swap provider) then, on giving not more than 60 nor less than 30 days' written notice to the Note Trustee and to the Noteholders and the Facility Agent in accordance with Condition 15 and provided that, on the Interest Payment Date on which such notice expires, no Enforcement Notice in relation to the Instruments has been served and further provided that the Issuer has, prior to giving such notice, certified to the Issuer Security Trustee that either (x) it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Instruments to be redeemed or repaid under this Condition 6*(d)* and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Instruments, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most

junior class of Instrument then outstanding and that the Issuer has obtained the written consent of all of the Noteholders or, as the case may be, the Junior Lenders of the most junior class of Instrument then outstanding to the redemption or repayment at such lower amount, which certificate will be conclusive and binding, the Issuer shall on such Interest Payment Date redeem (in the case of the Notes) and repay (in the case of the Junior Loans) the Instruments as follows:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) the Class D Loan in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Loan plus interest accrued and unpaid thereon; and

(E) the Class E Loan in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Loan plus interest accrued and unpaid thereon.

After giving notice of redemption or repayment pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Instruments other than by way of redemption or repayment pursuant to this Condition 6(*d*). Once redeemed to the full extent provided in this sub-paragraph, the Instruments shall cease to bear interest.

For these purposes, a "**Swap Tax Event**" means:

(i) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to the Swap Agreement); or

(ii) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or interpretation of any law),

as a result of which, on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any government or taxing authority, either the Issuer or the Swap Provider will, or there is a substantial likelihood that it will be required to pay additional amounts or make an advance in respect of tax under the Swap Agreement or the Swap Provider will, or there is a substantial likelihood that it will, receive a payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax and no additional amount or advance is able to be paid by the Issuer.

(e) Note Principal Payments, Principal Amount Outstanding and Pool Factor

The principal amount (if any) to be redeemed in respect of each Note (the "**Note Principal Payment**") on any Interest Payment Date under Condition 6*(b)* or Condition 6*(c)* or Condition 6*(d)*, as applicable, will, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 6*(b)* or Condition 6*(c)* or Condition 6*(d)*, as applicable, (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note. The principal amount (if any) to be repaid in respect of each Junior Loan (the "**Junior Loan Principal Payment**") on any Interest Payment Date under Condition 6(*b*) or Condition 6(*c*) or Condition 6(*d*), as applicable, shall not exceed the Principal Amount Outstanding of the relevant Junior Loan at that time.

On each Calculation Date, the Cash Manager shall determine (i) the amount of any Note Principal Payment and/or Junior Loan Principal Payment (if any) due on the next following Interest Payment Date, (ii) the Principal Amount Outstanding of each Note and each Junior Loan on the next following Interest Payment Date (after deducting any Note Principal Payment or, as the case may be, Junior Loan Principal Payment, to be paid and any Applicable Principal Losses (as defined above) to be applied on that Interest Payment Date), and (iii) the fraction expressed as a decimal to the sixth place (the "**Pool Factor**"), of which the numerator is the Principal Amount Outstanding (after deducting any Note Principal Payment to be paid and any Applicable Principal Losses to be applied on that Interest

Payment Date) of a Note of the relevant class (calculated on the assumption that the face amount of such Note on the date of issuance thereof was £50,000) and the denominator is 50,000. Each determination by the Cash Manager of any Note Principal Payment, Junior Loan Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The "**Principal Amount Outstanding**" of an Instrument on any date shall be the nominal amount thereof on the date of issuance or advance thereof, as applicable, less the aggregate amount of (a) in respect of a Note, all Note Principal Payments that have been paid since the Closing Date and on or prior to the date of calculation, or (b) .in respect of a Junior Loan, all repayments of principal of such Junior Loan since the Closing Date and on or prior to the date of calculation.

The Issuer (or the Reporting Agent on its behalf) will cause determination of a Note Principal Payment, Junior Loan Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Note Trustee, the Facility Agent, the Issuer Security Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are admitted to trading on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Note Principal Payment, Junior Loan Principal Payment, Principal Amount Outstanding and Pool Factor to be given to the Noteholders in accordance with Condition 15 as soon as reasonably practicable.

If the Issuer (or the Reporting Agent on its behalf) does not at any time for any reason determine a Note Principal Payment, Junior Loan Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this Condition 6*(e)*, such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Note Trustee (but without any liability accruing to the Note Trustee as a result) and/or the Junior Loan Principal Payment may be determined by the Facility Agent (but without any liability accruing to the Facility Agent as a result), in accordance with this Condition 6*(e)*, and each such determination or calculation will be binding and will be deemed to have been made by the Issuer or the Reporting Agent, as the case may be.

(f) Notice of Redemption

Any such notice as is referred to in Condition 6*(c)*, *(d)* or *(e)* above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes and repay the Junior Loans of the relevant class in the amounts specified in these Conditions.

(g) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions shall be cancelled forthwith and may not be resold or re-issued.

7. Payments

(a) Global Notes

Payments of principal and interest in respect of any Global Note will be made only against presentation (and, in the case of final redemption of a Global Note or in circumstances where the unpaid principal amount of the relevant Global Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Global Note), surrender) of such Global Note at the specified office of any Paying Agent. A record of each payment so made, distinguishing, in the case of Global Notes, between payments of principal and payments of interest and, in the case of partial payments, of the amount of each partial payment, will be endorsed on the schedule to the relevant Global Note by or on behalf of the relevant Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made.

Payments in respect of the Rule 144A Global Notes will be paid (i) in sterling to holders of interests in such Notes who hold such interests through Euroclear and/or Clearstream, Luxembourg (the "**Rule 144A Euroclear/Clearstream Holders**"), and (ii) subject to the provisions below, in U.S. dollars to holders of interests in such Notes who hold such interests through DTC (the "**DTC Holders**"). Payments in respect of the Reg S Global Notes will be paid in sterling to holders of interests in such Notes (such holders being, together with the Rule 144A Euroclear/Clearstream Holders, the "**Euroclear/Clearstream Holders**").

At present, DTC can only accept payments in U.S. dollars. As a result, DTC Holders will receive payments in U.S. dollars as described above unless they elect, in accordance with DTC's customary procedures, to receive payments in sterling.

A Euroclear/Clearstream Holder may receive payments in respect of its interest in any Global Notes in U.S. dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

(b) Definitive Notes

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the relevant Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note, in which case the relevant payment of principal or interest, as the case may be, will be made against surrender of such Note)) in respect of Definitive Notes will be made by sterling cheque drawn on a branch of a bank in London posted to the holder (or to the first-named of joint holders) of such Definitive Note at the address shown in the Register not later than the due date for such payment. If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, paid. For the purposes of this Condition 7, the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the "**Record Date**").

Upon application by the holder of a Definitive Note to the specified office of the Registrar not later than the Record Date for payment in respect of such Definitive Note, such payment will be made by transfer to a sterling account maintained by the payee with a branch of a bank in London. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

(c) Laws and Regulations

Payments of principal, interest and premium (if any) in respect of the Notes and the Junior Loans are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) Overdue Principal Payments

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 5*(a)* will be paid against presentation of such Note at the specified office of any Paying Agent, and in the case of any Definitive Note, will be paid in accordance with Condition 7*(b)*.

(e) Change of Agents

The Principal Paying Agent is HSBC Bank plc at its office at 8 Canada Square, London E14 5HQ. The Issuer reserves the right, subject to the prior written approval of the Note Trustee or, following redemption in full of the Notes, the Facility Agent, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will at all times maintain a Paying Agent with a specified office in, for so long as the Notes are listed on the Irish Stock Exchange, Dublin. The Issuer shall cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders and the Junior Lenders in accordance with Condition 15.

(f) Presentation on Non-Business Days

If any Note is presented (if required) for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 7*(b)* above) in London, New York City or Dublin as the case may be, payment will be made on the next succeeding day that is a business day and no further payments of additional amounts by way of interest, principal or otherwise will be due in respect of such Note. No further payments of additional amounts by way of interest, principal or otherwise will be payable in respect of the late arrival of any cheque posted to a Noteholder in accordance with the provisions of Condition 7*(b)*. For the purposes of

Condition 6 and this Condition 7, "**business day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(g) Accrual of Interest on Late Payments

If interest is not paid in respect of a Note of any class on the date when due and payable (other than by reason of non-compliance with Condition 7*(a)* or *(b)*), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 15, provided that such interest and interest thereon are, in fact, paid.

(h) Redenomination in Euro

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes and the Junior Loans outstanding at the time of any such change and which are expressed in sterling will be converted into, and/or any amount becoming payable under the Notes and the Junior Loans thereafter as specified in these Conditions will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent.

Any such conversion will be made at the official rate of exchange recognised for that purpose by the Bank of England.

(ii) Where such a change in currency occurs, the Global Notes in respect of the Notes then outstanding and these Conditions in respect of the Instruments will be amended in the manner agreed by the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note Trustee, the Facility Agent, the Noteholders and the Junior Lenders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 7*(h)* will be binding upon holders of such Notes and the Junior Lender.

(iii) Notification of the amendments made to the Instruments pursuant to this Condition 7*(h)* will be made to the Noteholders and the Junior Lenders in accordance with Condition 15 which will state, among other things, the date on which such amendments are to take or took effect, as the case may be.

8. Taxation

All payments in respect of the Instruments will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Instruments subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. **Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to the Noteholders or the Junior Lenders in respect of such withholding or deduction.**

9. Prescription

Claims for principal in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of Global Notes will become void unless the relevant Global Notes are presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes will become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the "**relevant date**" means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have

been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15.

10. Events of Default

(a) Eligible Noteholders

If, while any of the Notes are outstanding, any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Note Trustee may, and will, if so requested in writing by the "**Eligible Noteholders**", being:

(1) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or

(2) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(3) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding,

or if so directed by or pursuant to an Extraordinary Resolution (as defined in Condition 12) of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders, shall, and in any case aforesaid, subject to the Note Trustee being indemnified and/or secured to its satisfaction, give notice (an "**Enforcement Notice**") to the Issuer, with a copy to the Facility Agent and the Issuer Security Trustee, declare all the Instruments to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class B Notes outstanding, any Class C Note; or

(ii) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Eligible Noteholders; or

(iii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Instruments of any class, the Trust Deed, the Deed of Charge and Assignment or the other Transaction Documents to which it is party and, in any such case (except where the Note Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or

(iv) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10*(a)*(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, any application to court for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process is levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency,

composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

provided that, in the case of each of the events described in Condition 10*(a)*(iii), the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders.

If all of the Notes have been redeemed in full and:

(a) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, the Class D Loan; or, if there is no Class D Loan outstanding, the Class E Loan; or

(b) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Facility Agent in writing; or

(c) any of the Events of Default specified in items (iii), (iv) or (v) above occurs (provided that, in the case of item (iii), references to "the Note Trustee" shall be read and construed as references to "the Facility Agent"),

the Facility Agent may serve an Enforcement Notice on the Issuer, with a copy to the Issuer Security Trustee, by which it declares the Junior Loans to be due and repayable and the Issuer Security enforceable.

In the event of a conflict between the instructions of the Eligible Noteholders of a class of Notes and an Extraordinary Resolution of the holders of the same class of Notes, the instructions issued pursuant to the Extraordinary Resolution shall prevail.

(b) Effect of Enforcement Notice

Upon the giving of an Enforcement Notice in accordance with Condition 10*(a)* above, all the Instruments then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

11. Enforcement; Post-Enforcement Call Option and Junior Lender's Purchase Option

(a) Enforcement

(i) Subject to the provisions of Condition 16, following the service of an Enforcement Notice the Issuer Security Trustee may, without notice, take such proceedings against the Issuer or any other person as are appropriate to enforce the provisions of the Notes, the Junior Loan Agreement and the Transaction Documents and may, at any time after the Issuer Security has become enforceable, without notice, take possession of the Issuer Security or any part thereof and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part thereof in such manner and upon such terms as the Issuer Security Trustee may think fit to enforce the Issuer Security, but it will not be bound to take any such proceedings or steps unless:

(A) for so long as any Notes are outstanding, it has been directed to do so by the Note Trustee or, following the redemption in full of the Notes and while the Junior Loans are outstanding, it has been directed to do so by the Facility Agent; and

(B) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing.

(ii) The Note Trustee will not be bound to issue directions to the Issuer Security Trustee in respect of the enforcement of the Issuer Security unless, subject to the proviso below, it is directed to do so, in accordance with Condition 10, by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes or the Class C Notes, as applicable, then outstanding; and

PROVIDED THAT:

(i) the Note Trustee shall not be bound to act at the direction of the Class B Noteholders unless to do so would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Class A Noteholders or the Note Trustee has been directed to take such action by an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; and

(ii) the Note Trustee shall not be bound to act at the direction of the Class C Noteholders unless to do so would not in the opinion of the Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or the Note Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes and the Class B Notes then outstanding.

Enforcement of the Issuer Security will be the only remedy available to the Note Trustee, the Facility Agent, the Noteholders and the Junior Lenders for the repayment of the Instruments and any interest thereon. No Noteholder or Junior Lender shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Issuer Security Trustee, having become bound to do so, fails to do so within 90 days from the date it becomes so bound and such failure shall be continuing; provided that no Class B Noteholder (for so long as there is any Class A Note outstanding), no Class C Noteholder (for so long as there is any Class A Note, or Class B Note outstanding), the Class D Lender shall not (for so long as there is any Class A Note, Class B Note or Class C Note outstanding), the Class E Lender shall not (for so long as there is any Class A Note, Class B Note, Class C Note or Class D Loan outstanding) will be entitled to take such action. No Noteholder or Junior Lender will be entitled to directly take proceedings for the winding up or administration of the Issuer. The Issuer Security Trustee cannot, while any of the Instruments are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party under (and as defined in the Master Definitions Schedule) the Deed of Charge and Assignment.

(b) Post-Enforcement Call Option and Junior Lender's Note Purchase Option

Following the service of an Enforcement Notice, but prior to the Issuer Security Trustee making the determinations referred to below, the Junior Lender whose Junior Loan has the greatest Notional Principal Amount Outstanding will, pursuant to an agreement dated on or about 17 August, 2004 between the Note Trustee, the Facility Agent and the Post-Enforcement Call Option Holder (as defined below) (the "**Post-Enforcement Call Option Agreement**"), have the right, by serving notice on the Note Trustee, (but not the obligation) to purchase all of the Notes at their Notional Principal Amount Outstanding.

The notice of the exercise of this Junior Lender's option shall be given by the Note Trustee to the Noteholders in accordance with Condition 15.

The Noteholders and the Junior Lenders will, at the request of Morpheus (European Loan Conduit No. 19) Holdings Limited (the "**Post-Enforcement Call Option Holder**"), sell all (but not some only) of their holdings of Notes and their Junior Loans then outstanding to the Post-Enforcement Call Option Holder pursuant to the option, which entitles the Post-Enforcement Call Option Holder to acquire all (but not some only) of the outstanding Instruments (plus accrued interest thereon, including Deferred Interest) for a consideration of £0.01 per Instrument (the "**Post-Enforcement Call Option**"), granted to the Post-Enforcement Call Option Holder by the Note Trustee (on behalf of the Noteholders) and by the Facility Agent (on behalf of the Junior Lenders) pursuant to the Post-Enforcement Call Option Agreement.

The Post-Enforcement Call Option will become exercisable by the Post-Enforcement Call Option Holder on the date upon which the Issuer Security Trustee gives written notice to the Post-Enforcement Call Option Holder that it has determined (i) in its sole opinion and discretion that all amounts outstanding under the Notes have become due and payable and (ii) on the basis of a certificate provided by the Facility Agent (in accordance with the Junior Loan Agreement), that all amounts under the Junior Loans have become due and payable and (iii) in its sole opinion and discretion there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of

the Issuer Security or otherwise) which would be available to pay amounts outstanding under the Instruments.

Each of the Noteholders grants to the Note Trustee and each of the Junior Lenders grants to the Facility Agent, and acknowledges that the Note Trustee and the Facility Agent, respectively, have the authority and the power to bind such Noteholder and Junior Lender in accordance with the provisions set out in the Post-Enforcement Call Option Agreement and each Noteholder and Junior Lender by acquiring the relevant Instruments irrevocably authorises the Note Trustee or, as the case may be, the Facility Agent to act on its behalf in respect of the Post-Enforcement Call Option and agrees to be bound to the terms of this Condition and the Post-Enforcement Call Option Agreement and ratifies the Note Trustee's or, as the case may be, the Facility Agent's entry into the Post-Enforcement Call Option Agreement, on its behalf, accordingly.

The Issuer shall give notice of exercise of the Post-Enforcement Call Option to the Noteholders in accordance with Condition 15.

12. Meetings of Noteholders, Modification and Waiver

(*a*) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, among other things, the removal of the Note Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.

(*b*) An Extraordinary Resolution passed at any meeting of the Class A Noteholders will be binding on all other Noteholders and the Junior Lenders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents, which (except as provided in Condition 12(*f*) and Condition 12(*j*)) will not take effect unless: (i) it shall have been sanctioned by an Extraordinary Resolution of each other class of Noteholders (or it will not, in the opinion of the Note Trustee, in its sole discretion, be materially prejudicial to the interests of the other Noteholders) and (ii) such modification waiver or authorisation has been consented to by the Facility Agent. However, the Facility Agent may only withhold its consent to a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents which has been sanctioned by an Extraordinary Resolution of the Class A Noteholders if: (i) it can reasonably certify to the Issuer and the Note Trustee (which certificate the Note Trustee may rely on without enquiry into the reasonableness thereof) that the relevant modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of either, or both, of the Junior Lenders; and (ii) the Junior Lender or Junior Lenders whose interests the Facility Agent has certified will be materially prejudiced thereby has not or have not informed the Issuer and the Note Trustee that they have consented thereto in accordance with the Junior Loan Agreement. The Facility Agent will be deemed to have granted its consent if the certificate referred to above has not been received by the Note Trustee within ten Business Days of the Facility Agent having been notified by the Note Trustee that that the Class A Noteholders have sanctioned a waiver or authorisation of any breach or proposed breach of any of the provisions of these Conditions or any of the Transaction Documents (which notice will be issued by the Note Trustee forthwith on it becoming aware thereof).

The term "Extraordinary Resolution" means a resolution passed at a meeting of the relevant class of Noteholders duly convened and held in accordance with the provisions contained in the Trust Deed by a majority consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than 75 per cent. of the votes given on such poll.

(c) An Extraordinary Resolution passed at any meeting of the Class B Noteholders (other than as referred to in Condition 12 *(b)*) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders will be binding on all other Noteholders (other than the Class A Noteholders) and Junior Lenders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents which (except as provided in Condition 12(*f*) and Condition 12(*j*)) will not take effect unless it has been sanctioned by an Extraordinary Resolution of the Class C Noteholders (or it will not, in the opinion of the Trustee, in its sole discretion, be materially prejudicial to the respective interests of the Class C Noteholders) and such modification, waiver or authorisation has been consented to by the Facility Agent. However, the Facility Agent may only withhold its consent to a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents which has been sanctioned by an Extraordinary Resolution of the Class B Noteholders if: (i) it can reasonably certify to the Issuer and the Note Trustee (which certificate the Note Trustee may rely on without enquiry into the reasonableness thereof) that the relevant modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of either, or both, of the Junior Lenders; and (ii) the Junior Lender or Junior Lenders whose interests the Facility Agent has certified will be materially prejudiced thereby has not or have not informed the Issuer and the Note Trustee that they have consented thereto in accordance with the Junior Loan Agreement. The Facility Agent will be deemed to have granted its consent if the certificate referred to above has not been received by the Note Trustee within ten Business Days of the Facility Agent having been notified by the Note Trustee that the Class B Noteholders have sanctioned a waiver or authorisation of any breach or proposed breach of any of the provisions of these Conditions or any of the Transaction Documents (which notice will be issued by the Note Trustee forhtwith on it becoming aware thereof).

(d) An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than as referred to in Conditions 12*(b)* or 12*(c)*) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders; or

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders will be binding on the Junior Lenders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents which (except as provided in Condition 12(*f*)and Condition 12(*j*)) will not take effect unless it has been consented to by the Facility Agent. However, the Facility Agent may only withhold its consent to a modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents which has been sanctioned by an Extraordinary Resolution of the Class C Noteholders if: (i) it can reasonably certify to the Issuer and the Note Trustee (which certificate the Note Trustee may rely on without enquiry into the reasonableness thereof) that the relevant modification of, or a waiver or authorisation of any breach or proposed breach of any of the provisions of, these Conditions or any of the Transaction Documents will be materially prejudicial to the interests of either, or both, of the Junior Lenders; and (ii) the Junior Lender or Junior Lenders whose interests the Facility Agent has certified will be materially prejudiced thereby has not or have not informed the Issuer and the Note Trustee that they have consented thereto in accordance with the Junior Loan Agreement. The Facility Agent will be deemed to have granted its consent if the certificate referred to above has not been received by the Note Trustee within ten Business Days of the Facility Agent having been notified by the Note Trustee that the Class C Noteholders have sanctioned a waiver or authorisation of any breach or proposed breach of any of the provisions of these Conditions or any of the Transaction Documents (which notice will be issued by the Note Trustee forhtwith on it becoming aware thereof).

(e) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Notional Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Notional Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes (whether being Definitive Notes or represented by a Global Note) of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings.

Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Master Definitions Schedule) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 1/3 per cent. in Notional Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(f) Subject to Condition 12*(g)* and Condition 12(*j*), the Note Trustee may agree, without the consent of the Noteholders, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of any class of Noteholders, or (ii) to any modification of the Instruments (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Note Trustee may also, without the consent of the Noteholders of any class and without any requirement for the Facility Agent to have granted its consent thereto, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Note Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and the Junior Lenders and, unless the Note Trustee agrees otherwise, any such modification shall be notified to the Noteholders and the Facility Agent as soon as practicable thereafter in accordance with Condition 15 and the Junior Loan Agreement.

Save as provided in this Condition 12(*f*), to the extent that the Note Trustee's consent is required to the modification of any term, or waiver of any breach, of the Conditions or the Transaction Documents, the Issuer shall also obtain the Facility Agent's consent thereto. However, if the Note Trustee has consented to the relevant modification or waiver, the Facility Agent may only withhold its consent if the modification was not to correct a manifest error or was not of a formal, minor or technical nature and: (i) it can reasonably certify to the Issuer and the Note Trustee (which certificate the Note Trustee may rely on without enquiry into the reasonableness thereof) that such modification or waiver will be materially prejudicial to the interests of either, or both, of the Junior Lenders; and (ii) the Junior Lender or Junior Lenders whose interests the Facility Agent has certified will be materially prejudiced thereby has not or have not informed the Issuer and the Note Trustee that they have consented thereto in accordance with the Junior Loan Agreement. The Facility Agent will be deemed to have granted its consent if the certificate referred to above has not been received by the Note Trustee within ten Business Days of the Facility Agent having been notified by the Note Trustee that it has consented to a particular matter, which notice shall be issued by the Note Trustee forthwith upon the Note Trustee issuing such consent.

(g) Where either the Note Trustee or the Issuer Security Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee and the Issuer Security Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee and the Issuer Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Note Trustee, the Issuer Security Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(h) Each of the Note Trustee and the Issuer Security Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Noteholders and if the Note Trustee or the Issuer Security Trustee, as the case may be, shall certify that any such event, matter

or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Note Trustee and the Issuer Security Trustee shall be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Instruments of the relevant class would or, as the case may be, would not, be adversely affected by such event, matter or thing.

(i) The Issuer shall procure that the Facility Agent is advised of all consents, modifications, authorisations and waivers given by the Note Trustee pursuant to, and in accordance with, the Conditions and the Trust Deed. The Issuer shall procure that the Note Trustee is advised of all consents, modifications, authorisations and waivers given by the Facility Agent pursuant to, and in accordance with, the Conditions and the Junior Loan Agreement.

(*j*) Nothing in this Condition 12 will limit the exercise of any right of the Controlling Party with regard to the appointment of a Special Servicer or Operating Adviser set forth in Condition 4 or (ii) restrict the ability of the Facility Agent to withhold its consent to any matter in respect of which the Transaction Documents expressly require the Facility Agent's consent to be obtained.

13. Indemnification and Exoneration of the Note Trustee and the Issuer Security Trustee

The Trust Deed, the Deed of Charge and Assignment and certain of the other Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and the Issuer Security Trustee and for their respective indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to their satisfaction. The Issuer Security Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Issuer Security Trustee.

The Issuer Deed of Charge and Assignment, contains provisions pursuant to which the Issuer Security Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as Issuer Security Trustee for the holders of any other securities related to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Secured Parties, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed contains provisions pursuant to which the Note Trustee or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as Note Trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Deed of Charge and Assignment relieves the Issuer Security Trustee of liability for, among other things, not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. The Issuer Security Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Issuer Security Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified to its satisfaction or to supervise the performance by the Issuer, the Servicer, the Special Servicer, the Sub-Servicer, the Sub-Special Servicer, the Cash Manager, the Liquidity Facility Provider, the Swap Provider, the Swap Guarantor or any other person of their obligations under the Transaction Documents and the Issuer Security Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Global Notes and Definitive Notes

If any Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar or the Note Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

15. Notice to Noteholders and Junior Lenders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 15, to Noteholders shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language with general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. For so long as the Notes of any class are represented by Global Notes, notices to Noteholders will be validly given if published as described above or, for so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so allow, at the option of the Issuer, if delivered to the Depository for communication by it to Euroclear and/or Clearstream, Luxembourg and/or to DTC for communication by them to their participants and for communication by such participants to entitled accountholders. Any notice delivered to Euroclear and/or Clearstream, Luxembourg and/or DTC as aforesaid shall be deemed to have been given on the day on which it is delivered to the Depository.

(b) Any notice specifying a Note Principal Payment, Interest Payment Date, Pool Factor, a Rate of Interest, an Interest Amount or a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reporting Agent's internet website currently located at www.ctslink.com or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee and notified to the Noteholders pursuant to Condition 15*(a)*. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15*(a)*.

(c) A copy of each notice given in accordance with this Condition 15 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to the Facility Agent, Fitch Ratings Ltd. ("**Fitch**"), Moody's Investors Service, Inc. ("**Moody's**") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**" and, together with Fitch and Moody's, the "**Rating Agencies**", which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Note Trustee, to provide a credit rating in respect of the Notes or any class thereof), with a copy to the Depository. For the avoidance of doubt, and unless the context otherwise requires, all references to "rating" and "ratings" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(d) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

16. Subordination

(a) Interest

Subject to Condition 10 and for so long as any Class A Note is outstanding, in the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (c) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class B Notes); and items (a) to (d) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class C Notes), respectively, (each such amount with respect to the relevant class of Notes, an "**Interest Residual Amount**"), are not sufficient to satisfy in full the Interest Amount due and payable on the

Class B Notes and the Class C Notes, respectively, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note and/or Class C Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class or classes of Notes on such Interest Payment Date, calculated by dividing the original principal amount outstanding of each such Class B Note or Class C Note, as the case may be, by the aggregate principal amount of the Class B Notes and the Class C Notes as at the Closing Date, as the case may be, and multiplying the result by the relevant Interest Residual Amount, and then rounding down to the nearest penny.

If on any Interest Payment Date:

(i) an insufficiency of the type described in the preceding paragraph exists in relation to the Notes; or

(ii) the Available Interest Receipts, after deducting the amounts referred to in items (a) to (e) of Clause 6.3.1 the Deed of Charge and Assignment (in the case of the Class D Loan) or items (a) to (f) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class E Loan) are not sufficient to pay the Adjusted Interest Amount in respect of the Class D Loan or the Class E Loan,

the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes, the Class C Notes, and/or the Adjusted Interest Amount on the Class D Loan or the Class E Loan,

as the case may be, on any Interest Payment Date in accordance with this Condition 16*(a)* falls short of the Interest Amount due on the Class B Notes, the Class C Notes, the Class D Loan or the Class E Loan, as the case may be, on that date pursuant to Condition 5. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes, the Class C Notes, the Class D Loan or the Class E Loan, as applicable, and shall be payable together with such accrued interest on the earlier of (x) any succeeding Interest Payment Date if and to the extent that, on such Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (c) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class B Notes); and items (a) to (d) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class C Notes); items (a) to (e) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class D Loan); and items (a) to (f) of Clause 6.3.1 of the Deed of Charge and Assignment (in the case of the Class E Loan), respectively, are, in any such case, sufficient to make such payment, or (y) the date on which the relevant Notes are due to be redeemed in full.

In the event that no Class A Note is outstanding, the provisions in this Condition 16(*a*) shall apply, *mutatis mutandis*, save that reference to the most senior class of Notes or Junior Loan outstanding at that time and all references to classes of Notes and Junior Loans that were, prior to their redemption, senior to that class of Notes or Junior Loan shall be deleted.

(b) Principal

Subject to Condition 6*(b)*, Condition 6*(c)* and Condition 6*(d)*, Condition 10 and Condition 11, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Lender and the Class E Lender shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Loan or the Class E Loan, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class B Notes are outstanding, the Class C Noteholders, the Class D Lender and the Class E Lender shall not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Loan or the Class E Loan, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while any Class C Notes are outstanding, the Class D Lender and the Class E Lender shall not be entitled to any repayment of principal in respect of the Class D Loan or the Class E Loan, respectively. Subject to Condition 6*(c)* and Condition 6*(d)*, while the Class D Loan is outstanding, the Class E Lender shall not be entitled to any repayment of principal in respect of the Class E Loan.

(c) Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes, the Class C Notes, the Class D Loan or the Class E Loan, as the case may be, will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, the Issuer will give notice thereof to the Class B Noteholders, the Class C Noteholders, the Class D Lender or the Class E Lender, as the case may be, in accordance with Condition 15 and for so long as the Class B

Notes and the Class C Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange in respect of the Class B Notes and the Class C Notes only.

17. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of these Conditions, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. Governing Law

The Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Transaction Documents, the Notes and the Junior Loan Agreement are governed by, and shall be construed in accordance with, English law other than the Depository Agreement, the Exchange Rate Agency Agreement and the Swap Guarantee, which are governed by and shall be construed in accordance with the laws of the State of New York (and other than certain parts of the Transaction Documents relating to assets or rights situated in or governed by the law of Scotland, which are governed by and shall be construed in accordance with Scots law).

19. U.S. Tax Treatment and Provision of Information

(a) It is the intention of the Issuer, each Noteholder, each Junior Lender and each beneficial owner ("**Owner**") of an interest in the Instruments that the Instruments will be indebtedness of the Issuer for United States federal, state and local income and franchise tax purposes and for the purposes of any other United States federal, state and local tax imposed on or measured by income (the "**Intended U.S. Tax Treatment**"). To the extent applicable and absent a final determination to the contrary, the Issuer and each Noteholder, Junior Lender and Owner, by acceptance of an Interest, or a beneficial interest therein, agree to treat the Instruments, for purposes of United States federal, state and local income or franchise taxes and any other United States federal, state and local taxes imposed on or measured by income, consistent with the Intended U.S. Tax Treatment and to report the Instruments on all applicable tax returns in a manner consistent with such treatment.

(b) For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or Section 15(d) of the United States Exchange Act of 1934, as amended (the "**Exchange Act**") nor exempt from reporting pursuant to rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or Owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or Owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

USE OF NET PROCEEDS

The net proceeds from the issue of the Notes and from the Junior Loans will be approximately £581,883,000. This sum will be applied by the Issuer towards payment to MS Bank of the purchase consideration in respect of the Loans (other than the Pre-Funded Loans) and interest accrued thereon, and MS Bank's beneficial interests in the Security Trusts comprising the Related Security (other than in respect of the Pre-Funded Loans) to be purchased on the Closing Date pursuant to the Loan Sale Agreement. The net proceeds of the issue of the Notes and from the Junior Loans remaining after the payment to the Loan Seller of the purchase price for those Loans which are purchased on the Closing Date (including the Pre-Funded Loans Principal Allocation and the Excess Proceeds) will be placed by the Issuer into the Deposit Account. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes and the advance of the Junior Loans will be met by Morgan Stanley & Co. International Limited.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a "recognised stock exchange" for this purpose) interest payments on each of the Notes will be treated as a "payment of interest on a quoted Eurobond" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) from interest paid on them, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in sections 349A to 349D of the Income and Corporation Taxes Act 1988.

2. Further United Kingdom income tax issues for non-United Kingdom resident Noteholders

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company which carries on a trade through a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by the Inland Revenue as constituting "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "accrued income scheme" described in paragraph 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and SDRT

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

European Union Directive on Taxation of Certain Interest Payments

The European Union has adopted a directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that EU member states will be required from 1st July, 2005 to provide to the tax authorities of other EU member states details of payments of interest and other similar income paid by a person to an individual in another EU member state, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

UNITED STATES TAXATION

The following is a summary of certain United States federal income tax considerations for original purchasers of the Instruments that use the accrual method of accounting for United States federal income tax purposes and that hold the Instruments as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt institutions, non-United States persons engaged in a trade or business within the United States, or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to rules not described herein. In addition, this summary does not discuss any non-United States, state, or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), and administrative and judicial authorities, all as in effect on the date hereof and all of which are subject to change, possibly on a retroactive basis. Prospective investors should consult their tax advisors regarding the federal, state, local, and non-United States income and other tax considerations of owning the Instruments. No rulings will be sought from the United States Internal Revenue Service (the "**IRS**") with respect to the United States federal income tax consequences described below.

Notwithstanding anything to the contrary contained in this Offering Circular, each offeree or holder of the Instruments (and each employee, representative, or other agent of such offeree or holder) may disclose to any and all persons, without limitation of any kind, the U.S. tax treatment and tax structure of the transaction (as defined in section 1.6011-4 of the United States Treasury regulations) and all materials of any kind (including opinions or other tax analyses) that are provided to the taxpayer relating to such U.S. tax treatment and tax structure.

For purposes of this summary, a "United States holder" means a beneficial owner of an Instrument that is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in or under the laws of the United States or of any political subdivision thereof, or (iii) an estate or trust described in section 7701(a)(30) (D) or (E) of the Code (taking into account effective dates, transition rules and elections in connection therewith). A "non-United States holder" means a beneficial owner of an Instrument that is not a United States holder.

Characterisation of the Instrument

The Issuer intends to take the position that the Instruments are debt for United States federal income tax purposes. However, the Issuer will not obtain any rulings or opinions of counsel on the characterisation of the Instruments and there can be no assurance that the IRS or the courts will agree with the position of the Issuer. In particular, because of the subordination and other features of the Junior Loans (and to a lesser extent, the Notes) there is a significant possibility that the IRS could contend that they should be treated as equity. For further information, see "Possible Alternative Characterisations of the Notes and the Junior Loans" at page 161. Absent a final determination to the contrary, the Issuer and each Noteholder, Junior Lender and Owner, by acceptance of an Instrument or a beneficial interest therein, agree to treat the Instruments as debt for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state and local taxes imposed on or measured by income and to report the Instruments on all applicable tax returns in a manner consistent with such treatment. Unless otherwise indicated, the discussion in the following paragraphs assumes this characterisation of the Instruments is correct for United States federal income tax purposes. The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the income from the Instruments is effectively connected.

Interest Income of United States Holders

In General

The Instruments will not be issued with original issue discount ("**OID**") for United States federal income tax purposes (as discussed below), thus interest on such Instruments will be taxable to a United States holder as ordinary income at the time it is accrued prior to the receipt of cash attributable to that income.

An Instrument will be considered issued with OID if its "stated redemption price at maturity" exceeds its "issue price" (i.e., the price at which a substantial portion of the respective class of Instruments is first sold (not including sales to the Managers)) by an amount equal to or greater than 0.25 per cent. of such Instrument's stated redemption price at maturity multiplied by such Instrument's weighted average maturity ("**WAM**"). In general, an Instrument's "stated redemption price at maturity" is the sum of all payments to be made on the

Instruments other than payments of "qualified stated interest." The WAM of an Instrument is computed based on the number of full years each distribution of principal (or other amount included in the stated redemption price at maturity) is scheduled to be outstanding. The schedule of such likely distributions should be determined in accordance with the assumed rate of prepayment (the "**Prepayment Assumption**") used in pricing the Instruments. The pricing of the Instruments is calculated on the basis of the scheduled amortisation payments (for further information, see "The Loan Pool" at page 74) on the assumption that there will be no prepayments.

In general, interest on the Instruments will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Instruments contain terms and conditions that make the likelihood of late payment or non-payment "remote." Although the Conditions of the Instruments provide that a holder cannot compel the timely payment of any interest accrued in respect of the Instruments (other than the Class A Notes), Treasury Regulations provide that in determining whether interest is unconditionally payable the possibility of non-payment due to default, insolvency or similar circumstances is ignored. Accordingly, the Issuer intends to take the position that interest payments on the Instruments constitute "qualified stated interest." It is possible that the IRS could take a contrary position.

Sourcing

Interest on an Instrument will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom withholding tax, if any, imposed on payments on the Instruments will generally be treated as a foreign tax eligible for credit against a United States holder's United States federal income tax (unless such tax is refundable under United Kingdom law or a United Kingdom – United States income tax treaty). For foreign tax credit purposes, interest will generally be treated as foreign source passive income (or, in the case of certain United States holders, financial services income).

Foreign Currency Considerations

A United States holder that receives a payment of interest in sterling with respect to the Instruments will be required to include in income the United States dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to the Instruments during an accrual period. The United States dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. In addition, such United States holder will recognise additional exchange gain or loss, treated as ordinary income or loss, with respect to accrued interest income on the date such income is actually received or the applicable Instrument is disposed of. The amount of ordinary income or loss recognised will equal the difference between (i) the United States dollar value of the sterling payment received (determined at the spot rate on the date such payment is received or the applicable Instrument is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt, the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Instruments by United States Holders

In General

Upon the sale, exchange or retirement of an Instrument, a United States holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the United States holder's adjusted tax basis in the Instrument. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Instrument (which will be treated as interest as described under "Interest Income of United States Holders" above). A United States holder's adjusted tax basis in an Instrument generally will equal the cost of the Instrument to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Instrument.

In general, except as described below, gain or loss realised on the sale, exchange or redemption of an Instrument will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in an Instrument, and the amount of any subsequent adjustment to such United States holder's tax basis, will be the United States dollar value of the sterling amount paid for such Instrument, or of the sterling amount of the adjustment, determined at the spot rate on the date of such purchase or adjustment. A United States holder that purchases an Instrument with previously owned sterling will recognise ordinary income or loss in an amount equal to the difference, if any, between such United States holder's tax basis in the sterling and the United States dollar value of the sterling on the date of purchase.

Gain or loss realised upon the receipt of a principal payment on, or the sale, exchange or retirement of, an Instrument that is attributable to fluctuations in currency exchange rates will be treated as ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the United States dollar value of the applicable sterling principal amount of such Instrument, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Instrument is disposed of, and (ii) the United States dollar value of the applicable sterling principal amount of such Instrument, on the date such holder acquired such Instrument, and the United States dollar amounts previously included in income in respect of the accrued interest received at the spot rate on that day. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a United States holder on the sale, exchange or retirement of the Instrument. The source of such sterling gain or loss will be determined by reference to the residence of the United States holder or the qualified business unit of the United States holder on whose books the Instrument is properly reflected.

A United States holder will have a tax basis in any sterling received on the receipt of principal on, or the sale, exchange or retirement of, an Instrument equal to the United States dollar value of such sterling, determined at the time of such receipt, sale, exchange or retirement. Any gain or loss realised by a United States holder on a subsequent sale or other disposition of sterling (including its exchange for United States dollars) will generally be ordinary income or loss.

Realised Losses

It is likely that the Instruments will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Instruments as a result of one or more realised losses on the Loans will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Instruments are wholly worthless.

Each United States holder will be required to accrue interest with respect to an Instrument without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Loans until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the Junior Loans, the amount of taxable income reported during the early years of the term of the Instruments may exceed the economic income actually realised by the holder during that period. Although the United States holder of an Instrument would eventually recognise a loss or reduction in income attributable to the previously accrued income that is ultimately not received as a result of such defaults, the law is unclear with respect to the timing and character of such loss or reduction in income.

Possible Alternative Characterisations of the Instruments

In General

Although, as described above, the Issuer intends to take the position that the Instruments will be treated as debt for United States federal income tax purposes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the subordination and other features of the Junior Loans (and to a lesser extent, the Notes) there is a significant possibility that the IRS could contend that the Junior Loans should be treated as an equity interest in the Issuer.

If the Instruments were treated as equity interests in the Issuer (any such Instrument, a "**Recharacterised Instrument**"), a United States holder of a Recharacterised Instrument would be required to include in income (with no dividends received deduction available to corporate United States holders) payments of "interest" as dividends to the extent of current or accumulated earnings and profits of the Issuer, as determined for United States federal income tax purposes. "Dividend" payments on the Recharacterised Instrument, in excess of

current or accumulated earnings and profits of the Issuer, generally would reduce the United States holder's tax basis in the Instrument and, to the extent the aggregate amount of dividends exceeded the United States holder's basis, such excess would generally constitute capital gain. "Dividend" income derived by a United States holder with respect to a Recharacterised Note generally would constitute foreign source income that would be treated as passive income for foreign tax credit purposes. If the Issuer were a PFIC as described below, "dividend" income derived by a United States holder of a Recharacterised Instrument would not be eligible for the preferential income tax rates provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Each United States holder should consult its own tax advisors as to how it would be required to treat this income for purposes of its particular United States foreign tax credit calculation.

Classification of Issuer as Passive Foreign Investment Company

The Issuer will likely be treated as a passive foreign investment company ("**PFIC**") for United States federal income tax purposes. As a result, a United States holder of any Recharacterised Instruments might be subject to potentially adverse United States federal income tax consequences as the holder of an equity interest in the Issuer. A United States holder of an equity interest in a PFIC that receives an "excess distribution" must allocate the excess distribution rateably to each day in the holder's holding period for the stock and will be subject to a "deferred tax amount" with respect to each prior year in the holding period. The total excess distribution for any taxable year is the excess of (a) the total distributions for the taxable year over (b) 125 per cent. of the average amount received in respect of such equity interest by the United States holder during the three preceding taxable years. In addition, any gain recognised on the sale, retirement or other taxable disposition of such Instruments would be recharacterised as ordinary income and would further be treated as having been recognised *pro rata* over such United States holder's entire holding period. The amount of gain treated as having been recognised in prior taxable years would be subject to tax at the highest tax rate in effect for such years, with interest thereon calculated by reference to the interest rate generally applicable to underpayments with respect to tax liabilities from such prior taxable years.

Although, United States shareholders of a PFIC can mitigate any adverse tax consequences of the PFIC rules by filing an election to treat the PFIC as a qualified electing fund ("**QEF**") if the PFIC complies with certain reporting requirements, the Issuer does not intend to comply with such reporting requirements necessary to permit United States holders to elect to treat the Issuer as a QEF.

A United States holder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark the Recharacterised Instruments to market as of the close of each taxable year. A United States holder that made the mark-to-market election would be required to include in income each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Recharacterised Instruments at the close of the year over the United States holder's adjusted tax basis in the Recharacterised Instruments. For this purpose, a United States holder's adjusted tax basis generally would be the United States holder's cost for the Recharacterised Instruments, increased by the amount previously included in the United States holder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the United States holder as a deduction pursuant to such election (as described below). If, at the close of the year, the United States holder's adjusted tax basis exceeded the fair market value of the Recharacterised Instruments, then the United States holder would be allowed to deduct any such excess from ordinary income, but only to the extent of net mark-to-market gains on such Recharacterised Instruments previously included in income. Any gain from the actual sale of the Recharacterised Instruments would be treated as ordinary income, and to the extent of net mark-to-market gains previously included in income any loss would be treated as ordinary loss. Recharacterised Instruments would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Instruments. However, there can be no assurance that the Instruments will be listed on the Official List of the Irish Stock Exchange, that they will be "regularly traded" or that such exchange would be considered a qualified exchange for these purposes.

Depending on the percentage of deemed equity interests of the Issuer held by United States holders, it is possible that the Issuer might be treated as a "controlled foreign corporation" or "foreign personal holding company" for United States federal income tax purposes. In such event, United States holders that own a certain percentage of Recharacterised Instruments might be required to include in income their *pro rata* shares of the earnings and profits of the Issuer, and generally would not be subject to the rules described above relating to PFICs. Prospective investors should consult with their tax advisors concerning the potential effect of the controlled foreign corporation and foreign personal holding company provisions.

Information Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire Instruments that are characterised (in whole or in part) as equity of the Issuer to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Instruments as of the date of purchase (generally up to a maximum penalty of U.S.$100,000 in the absence of intentional disregard of the filing requirement; in case of intentional disregard, no maximum applies). In addition, if (i) U.S. holders acquire Instruments that are recharacterised as equity of the Issuer and (ii) the Issuer is treated as a "controlled foreign corporation" or a "foreign personal holding company" for United States federal income tax purposes, certain of those United States holders will generally be subject to additional information reporting requirements (e.g., certain United States holders will be required to file a Form 5471). Prospective investors should consult with their tax advisors concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

Backup Withholding and Information Reporting

Information reporting to the IRS generally will be required with respect to payments of principal or interest or to distributions on the Instruments and to proceeds of the sale of the Instruments that, in each case, are paid by a United States payor or intermediary to United States holders other than corporations and other exempt recipients. "Backup" withholding tax will apply to those payments if such United States holder fails to provide certain identifying information (including such holder's taxpayer identification number) to such payor, intermediary or other withholding agent or such holder is notified by the IRS that it is subject to backup withholding. Non-United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding tax is not an additional tax and generally may be credited against a holder's United States federal income tax liability provided that such holder provides the necessary information to the IRS.

Tax Shelter Reporting Requirements – Currency Exchange Losses

Under United States Treasury regulations on tax shelter disclosure and list maintenance, taxpayers that enter into "reportable transactions" on or after 1st January, 2003, are required to file information returns. In the case of a corporation or a partnership whose partners are all corporations, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a loss claimed under Section 165 of the Code (without taking into account any offsetting items) (a "**Section 165 Loss**") of at least U.S.$10 million in any one taxable year or U.S.$20 million in any combination of taxable years. In the case of any other partnership, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate a Section 165 Loss of at least U.S.$2 million in any taxable year or U.S.$4 million in any combination of taxable years. In the case of an individual or trust, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least U.S.$50,000 in any one taxable year arising from a currency exchange loss (for further information, see "Disposition of Instruments by United States Holders - *Foreign Currency Considerations*" at page 161). In determining whether a transaction results in a taxpayer claiming a loss that meets the threshold over a combination of taxable years, only losses claimed in the taxable year that the transaction is entered into and the five succeeding taxable years are combined. Accordingly, if a United States holder realises currency exchange losses on the Instruments satisfying the monetary thresholds discussed above, such United States holder would have to file an information return. Prospective investors should consult their tax advisers regarding these information return requirements.

ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended ("**ERISA**"), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as "**ERISA Plans**"), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on ERISA Plans and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans and arrangements are hereinafter referred to as "**Plans**"). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), generally are not subject to the requirements of ERISA. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA prohibited transaction considerations described below, subject to the provisions of other applicable federal and state law.

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimise the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plans (collectively, "**Parties in Interest**"). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons.

Certain transactions involving the purchase, holding or transfer of the Notes might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101 (the "**Plan Asset Regulations**"), the assets of the Issuer would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquires an equity interest in the Issuer and none of the exceptions contained in the Plan Asset Regulations is applicable. An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the Class A Notes, the Class B Notes and the Class C Notes should be treated as indebtedness under local law without any substantial equity features for purposes of the Plan Asset Regulations. By contrast, the Class D Loan and the Class E Loan may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class D Loan and the Class E Loan may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code.

However, without regard to whether the Class A Notes, the Class B Notes and the Class C Notes are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes, Class B Notes or Class C Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, MS Bank, the Managers, the Note Trustee or any of their respective affiliates is or becomes a Party in Interest with respect to such Plan. However, certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the fiduciary making the decision to acquire the Class A Notes, the Class B Notes or the Class C Notes. Included among these exemptions are Prohibited Transaction Class Exemption ("**PTCE**") 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest and PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest (collectively, the "**Exemptions**"). Even if the conditions specified in one or more of the Exemptions are met,

the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

Nevertheless, even if an Exemption applies, a Plan generally should not purchase the Class A Notes, the Class B Notes or the Class C Notes if the Issuer, MS Bank, the Managers, the Note Trustee, the Issuer Security Trustee, the Servicer, the Special Servicer, the Paying Agents, the Cash Manager, the Operating Bank, the Agent Bank, the Exchange Agent, the Loan Security Trustee, the Share Trustee, the Nominee Trustee, the Registrar, the Depository, the Swap Provider, the Swap Guarantor, the Liquidity Facility Provider, the Corporate Services Provider or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

An insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to ERISA and Section 4975 of the Code. On 5th January, 2000, the United States Department of Labor issued a final regulation which provides guidance for determining, in cases where insurance policies supported by an insurer's general account are issued to or for the benefit of a Plan on or before 31st December, 1998, which general account assets are plan assets. That regulation generally provides that, if certain specified requirements are satisfied with respect to insurance policies issued on or before 31st December, 1998, the assets of an insurance company general account will not be plan assets. Nevertheless, certain assets of an insurance company general account may be considered to be plan assets. Therefore, if an insurance company acquires Notes using assets of its general account, certain of the insurance company's assets may be plan assets and the provisions of ERISA and Section 4975 of the Code could apply to such acquisition and the subsequent holding of the Notes. An insurance company using assets of its general account may not acquire an interest in the Class D Loan or Class E Loan if any of such general account assets are considered to be plan assets.

The sale of any Class A Notes, Class B Notes or Class C Notes to a Plan is in no respect a representation by the Issuer, MS Bank, the Manager, the Note Trustee or the Issuer Security Trustee that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Each purchaser of the Class A Notes, the Class B Notes or the Class C Notes, will be deemed to have represented and agreed that (i) either it is not purchasing such Notes with the assets of any Plan or that one of more exemptions applies such that the use of such assets will not constitute a prohibited transaction under ERISA or the Code, and (ii) with respect to transfers, it will either not transfer such Notes to a transferee purchasing such Notes with the assets of any Plan, or one or more exemptions applies such that the use of such assets will not constitute a prohibited transaction. The Class D Loan and the Class E Loan may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code. Any Plan fiduciary that proposes to cause a Plan to purchase such instruments should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption or exemptions have been satisfied.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International Limited of 25 Cabot Square, Canary Wharf, London E14 4QA, Fortis Bank NV/SA of Montagne du Parc 3, B-1000 Brussels and Calyon of 9 quai Président Paul Doumer 92920 Paris La Défense Cedex (together, the "**Managers**"), pursuant to a subscription agreement dated 16th August, 2004 (the "**Subscription Agreement**"), between the Managers, the Issuer, the Servicer and the Originator, agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes and the Class C Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and may not be offered, sold or delivered in the United States to, or for the account or benefit of, U.S. Persons except in transactions exempt from the registration requirements of the Securities Act. In addition, each investor in the Notes taking delivery in the form of an interest in a Rule 144A Global Note will be deemed to represent and warrant, among other things, that it and each of the accounts, if any, for which it is purchasing an interest in a Rule 144A Global Note is both a Qualified Institutional Buyer and a Qualified Purchaser and (A) is not a dealer that owns and/or invests on a discretionary basis less than $25,000,000 in securities of issuers that are not affiliated persons of such person; (B) is not a plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such plan, unless the investment decisions with respect to such plan are made solely by the fiduciary, trustee or sponsor of such plan; (C) is not a corporation, partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the shareholders, partners, beneficiaries, beneficial owners or participants, as the case may be, may designate the particular investments to be made by such entity or the allocation of any such investment to such shareholders, partners, beneficiaries, beneficial owners or participants are both Qualified Purchasers and Qualified Institutional Buyers; (D) is not an entity that was formed, reformed or recapitalised for the specific purpose of investing in beneficial interests in the Notes and/or in other securities of the Issuer, unless all of the beneficial owners of such entity's securities are both Qualified Purchasers and Qualified Institutional Buyers; (E) is not an investment company that relies on the exclusion from the definition of "investment company" provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act and that was formed prior to 30th April, 1996, unless such entity has received the consent of its beneficial owners with respect to the treatment of such entity as a Qualified Purchaser in the manner required by Section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder; or (F) is not an entity that, immediately subsequent to its purchase or other acquisition of a beneficial interest in the Notes, will have invested more than 40 per cent. of its assets in beneficial interests in the Notes and/or in other securities of the Issuer (unless all of the beneficial owners of such entity's securities are both Qualified Purchasers and Qualified Institutional Buyers). Terms used in this paragraph and not defined herein have the meaning given to them by Regulation S. The Notes are not transferable except in accordance with the restrictions described herein under "Transfer Restrictions".

Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise after the expiration of the Distribution Compliance Period within the United States or to, or for the account or benefit of, U.S. Persons and, accordingly, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

Each of the Managers has represented and agreed with the Issuer that within the United States it will only sell the Notes to persons (including other dealers) who are both Qualified Institutional Buyers and Qualified Purchasers in the form of an interest in a Rule 144A Global Note that is set out in the Trust Deed. In addition, the Issuer will have represented and agreed with the Managers that, based on discussions with the Managers and other factors that the Issuer or their counsel may deem appropriate, the Issuer has a reasonable belief that initial sales and subsequent transfers of the Notes held through DTC to U.S. Persons will be limited to persons who are both Qualified Institutional Buyers and Qualified Purchasers.

Each of the Managers has agreed that, in connection with each sale to a Qualified Institutional Buyer that is also a Qualified Purchaser, it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of the Notes are restricted as set forth in the Trust Deed.

In addition, with respect to the Notes, an offer or sale of such Notes within the United States by a manager or placement agent that is not participating in the offering may violate the registration requirements of the Securities Act. Any offer or sale of Notes will be made by broker-dealers, including affiliates of the Managers, who are registered as broker-dealers under the Exchange Act. The Managers may allow a concession, not in excess of the selling concession, to certain brokers or dealers.

The Issuer and the Managers will extend to each prospective investor the opportunity, prior to the consummation of the sale of the Notes, to ask questions of, and receive answers from, the Issuer concerning the Notes and the terms and conditions of this offering and to obtain any additional information it may consider necessary in making an informed investment decision and any information in order to verify the accuracy of the information set forth herein, to the extent the Issuer and/or the Managers, as applicable, possesses the same. Requests for such additional information may be directed to the directors of the Issuer.

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.

Ireland

Each Manager has represented that the Notes will not be offered or sold in Ireland or elsewhere by means of any document prior to an application for listing of the Notes being made, the Irish Stock Exchange approving the Offering Circular in accordance with the Regulations, the approved Offering Circular being filed with the Irish Companies Registration Office and thereafter by means of any document other than (a) the relevant approved Offering Circular and/or (b) the form of application issued in connection with the Notes with the approved Offering Circular attached, except in circumstances which do not constitute an offer to the public within the meaning of the Irish Companies Acts, 1963-2001. Each Manager has also represented that this Offering Circular and any applications for the Notes will only be distributed, offered or sold (as the case may be) in conformity with the provisions of the Irish Investment Intermediaries Act 1995 (as amended) and the Irish Companies Acts, 1963-2001.

United Kingdom

Each of the Managers has represented and agreed that:

(a) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Market Act 2000 ("**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

Attention is drawn to the information set out under "Important Notice" at page 2.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

The Notes have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Each purchaser of an interest in the Notes (each initial purchaser of Notes, together with each subsequent transferee of Notes, is referred to herein as the "**Purchaser**") will be deemed to have acknowledged, represented and agreed as follows (terms used in this section that are defined in Rule 144A or Regulation S under the Securities Act are used herein as defined therein):

(1) Purchaser Requirements. The Purchaser (i) (A) is an Eligible Investor (as defined below), (B) will provide notice of applicable transfer restrictions to any subsequent transferee, and (C) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (C), or (ii) if the Purchaser is acquiring the Notes during the Distribution Compliance Period, the Purchaser: is not a U.S. person and is acquiring the Notes pursuant to Rule 903 or 904 of Regulation S.

"**Eligible Investors**" are defined for the purposes hereof as persons who are Qualified Institutional Buyers acting for their own account or for the account of other Qualified Institutional Buyers and excludes therefrom:

(1) Qualified Institutional Buyers that are broker dealers that own and invest on a discretionary basis less than $25 million in "securities" as such term is defined under Rule 144A,

(2) a partnership, common trust fund, special trust, pension fund, retirement plan or other entity in which the partners, beneficiaries or participants, as the case may be, may designate the particular investments to be made, or the allocation thereof,

(3) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes,

(4) any investment company excepted from the Investment Company Act pursuant to Section 3(c)(1) or Section 3(c)(7) thereof and formed prior to 30th April, 1996, that has not received the consent of its beneficial owners with respect to the treatment of such entity as a qualified purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and rules thereunder, and

(5) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Notes.

The Purchaser acknowledges that each of the Issuer and the Note Trustee reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Note Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.

(2) Notice of Transfer Restrictions. Each Purchaser acknowledges and agrees that (1) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered as an "investment company" under the Investment Company Act, (2) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth above and (3) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

(3) Legends on Rule 144A Global Note. Each Purchaser acknowledges that each Rule 144A Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove either such legend.

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR ARE EXPECTED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED

(THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, AS IT HAS BEEN DETERMINED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION STAFF TO APPLY IN THE CONTEXT OF SECTION 7(d) OF THE INVESTMENT COMPANY ACT.

BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I)(A) IS AN "ELIGIBLE INVESTOR" (AS DEFINED BELOW), (B) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (C) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL THE PRECEDING REQUIREMENTS AND (D) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (D) OR (II) IS NOT A U.S. PERSON AND IS ACQUIRING THE NOTES PURSUANT TO RULE 903 OR 904 OF REGULATION S. IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (II), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE REG S GLOBAL NOTE (AS DEFINED IN THE TRUST DEED); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE TO THE DEPOSITORY (THE FORM OF WHICH IS ATTACHED TO THE DEPOSITORY AGREEMENT AND IS AVAILABLE FROM THE DEPOSITORY), AND (3) THE TRANSFEREE WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER (THE FORM OF WHICH IS ALSO ATTACHED TO THE DEPOSITORY AGREEMENT AND AVAILABLE FROM THE DEPOSITORY).

"**ELIGIBLE INVESTORS**" ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER QUALIFIED INSTITUTIONAL BUYERS AND EXCLUDES THEREFROM: (I) QUALIFIED INSTITUTIONAL BUYERS THAT ARE BROKER DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN "SECURITIES" AS SUCH TERM IS DEFINED UNDER RULE 144A, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND, RETIREMENT PLAN OR OTHER ENTITY IN WHICH THE PARTNERS, BENEFICIARIES OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE OR THE ALLOCATION THEREOF, (III) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALISED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE NOTES, (IV) ANY INVESTMENT COMPANY EXCEPTED FROM THE INVESTMENT COMPANY ACT PURSUANT TO SECTION 3(C)(1) OR SECTION 3(C)(7) THEREOF AND FORMED PRIOR TO 30 APRIL, 1996, THAT HAS NOT RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WITH RESPECT TO THE TREATMENT OF SUCH ENTITY AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(A)(51)(C) OF THE INVESTMENT COMPANY ACT AND RULES THEREUNDER AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN THE SECURITIES OF THE ISSUER SUBSEQUENT TO ANY PURCHASE OF THE NOTES.

THE PURCHASER ACKNOWLEDGES THAT EACH OF THE ISSUER AND THE NOTE TRUSTEE RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER OR THE NOTE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. EACH HOLDER OF A BENEFICIAL INTEREST IN THIS GLOBAL NOTE ACKNOWLEDGES THAT IN THE EVENT THAT AT ANY TIME THE ISSUER DETERMINES OR IS NOTIFIED BY A PERSON ACTING ON BEHALF OF THE ISSUER THAT SUCH PURCHASER WAS IN BREACH, AT THE TIME GIVEN OR DEEMED TO BE GIVEN, OF ANY OF THE REPRESENTATIONS OR AGREEMENTS SET FORTH IN THIS LEGEND OR OTHERWISE DETERMINES THAT ANY TRANSFER OR OTHER DISPOSITION OF ANY NOTES WOULD, IN THE SOLE DETERMINATION OF THE ISSUER OR A PERSON ACTING ON ITS BEHALF, REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE PROVISIONS OF THE INVESTMENT COMPANY ACT, SUCH PURCHASE OR OTHER TRANSFER WILL BE VOID AB INITIO AND WILL NOT BE HONOURED BY THE NOTE TRUSTEE. ACCORDINGLY, ANY SUCH PURPORTED TRANSFEREE OR OTHER HOLDER WILL NOT BE ENTITLED TO ANY RIGHTS AS A NOTEHOLDER AND THE ISSUER SHALL HAVE THE RIGHT, IN ACCORDANCE WITH THE CONDITIONS OF THE NOTES, TO FORCE THE TRANSFER OF, OR REDEEM, ANY SUCH NOTES.

EACH PURCHASER OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE, REPRESENTS AND WARRANTS THAT EITHER IT IS NOT A BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") WHICH IS SUBJECT THERETO (A "**BENEFIT PLAN**"), OR ANY PLAN AS DEFINED IN SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**") WHICH IS SUBJECT THERETO (A "**PLAN**"), AN ENTITY USING THE ASSETS OR ACTING ON BEHALF OF SUCH A BENEFIT PLAN OR A PLAN, OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE PLAN ASSETS OF ANY SUCH BENEFIT PLAN OR PLAN. ANY ATTEMPTED TRANSFER OF SUCH NOTE OR ANY INTEREST THEREIN IN VIOLATION OF SUCH REPRESENTATION AND WARRANTY SHALL BE VOID AB INITIO.

PROSPECTIVE PURCHASERS ARE HEREBY NOTIFIED THAT THE SELLERS OF THE NOTES MAY BE RELYING ON THE EXEMPTION FROM THE PROVISIONS OF SECTION 5 OF THE SECURITIES ACT PROVIDED BY RULE 144A. TERMS WHICH ARE USED IN THIS LEGEND HAVE THE MEANINGS GIVEN TO THEM UNDER SUCH RULE.

(4) Rule 144A Information. Each Purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.

(5) Legends on Reg S Global Note. Each Purchaser acknowledges that each Reg S Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove either such legend.

NEITHER THIS NOTE NOR BENEFICIAL INTERESTS HEREIN HAVE BEEN OR ARE EXPECTED TO BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "**INVESTMENT COMPANY ACT**"), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(c)(7) OF THE INVESTMENT COMPANY ACT, AS IT HAS BEEN DETERMINED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION STAFF TO APPLY IN THE CONTEXT OF SECTION 7(d) OF THE INVESTMENT COMPANY ACT.

BY PURCHASING OR OTHERWISE ACQUIRING ANY BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY IN COMPLIANCE WITH THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. ACCORDINGLY, ANY TRANSFERS OF THE NOTES PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S) IN A TRANSACTION PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO PERSONS WHO QUALIFY AS "ELIGIBLE INVESTORS" (AS DEFINED IN THE TRUST DEED). IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (B), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE RULE 144A GLOBAL NOTE (AS DEFINED IN THE TRUST DEED); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE TO THE DEPOSITORY (THE FORM OF WHICH IS ATTACHED TO THE DEPOSITORY AGREEMENT AND IS AVAILABLE FROM THE DEPOSITORY), AND (3) THE TRANSFEREE WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER (THE FORM OF WHICH IS ALSO ATTACHED TO THE DEPOSITORY AGREEMENT AND AVAILABLE FROM THE DEPOSITORY).

(6) Mandatory Transfer/Redemption. Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines (or is notified by a person acting on behalf of the Issuer) that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set forth above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Note Trustee acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purchase or other transfer will be void ab initio and will not be honoured by the Note Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right to force the transfer of, or redeem, any such Notes.

(7) Regulation S Transfers during the Distribution Compliance Period. If the Purchaser has acquired the Notes in a sale or other transfer being made in reliance upon Regulation S, the Purchaser agrees that during the Distribution Compliance Period, it will not offer, resell, pledge or otherwise transfer such Notes to or for the account or benefit of any U.S. person other than to a person meeting the requirements set forth above and in the legend set forth above under (5) appearing on the Reg S Global Notes.

CD-ROM DISCLAIMER

The CD-ROM distributed contemporaneously with this Offering Circular contains a summary, in PDF format, of each report compiled for the purposes of ascertaining the Origination Valuation in respect of each Property prior to advancing any amounts under the relevant MS Originated Loan (each an "**Origination Valuation Report**") and each report updated for the purposes of ascertaining the Acquisition Valuation in respect of each Property prior to advancing any amounts under the relevant MS Acquired Loan (each an "**Acquisition Valuation Report**"). Prospective investors should be aware that each Origination Valuation Report and each Acquisition Valuation Report on which the relevant summary is based were prepared prior to the date of this Offering Circular. None of the firms that produced the relevant Origination Valuation Report and Acquisition Valuation Report has been requested to update or revise any of the information contained in the Origination Valuation Report or Acquisition Valuation Report nor to review, update or comment on the information contained in the summaries provided in the enclosed CD-ROM, nor shall they be requested to do so prior to the issue of the Notes. Accordingly, the information included in each Origination Valuation Report and each Acquisition Valuation Report and, therefore, the summaries contained in the enclosed CD-ROM, may not reflect the current physical, economic, competitive, market and other conditions with respect to the Properties. The information contained in the CD-ROM does not appear in paper form in this Offering Circular and must be considered together with all of the information contained in this Offering Circular, including without limitation, the statements made in the section entitled "Risk Factors - Valuations" at page 37. **All of the information contained in the CD-ROM is subject to the same limitations, qualifications and restrictions contained in this Offering Circular. Prospective investors are strongly urged to read this Offering Circular in its entirety prior to accessing the CD-ROM**. If the CD-ROM was not received in a sealed package, there can be no assurance that it remains in its original format and should not be relied upon for any purpose.

The information contained in the CD-ROM does not form part of the information provided for the purposes of this Offering Circular.

All information contained in the CD-ROM is confidential and must be treated as such by any person into whose possession it comes.

GENERAL INFORMATION

1. The issue of the Notes and the entry into of the Junior Loan Agreement was authorised by resolution of the board of directors of the Issuer passed on 16th August, 2004.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 17th August, 2004, 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.

3. The Notes have been accepted for clearance through DTC, Euroclear and Clearstream, Luxembourg as follows:

Class	Common Code (for Reg S Notes)	ISIN (for Reg S Notes)	CUSIP (for Rule 144A Notes)	Common Code (for Rule 144A Notes)	ISIN (for Rule 144A Notes)
A	019845788	XS0198457888	903994PG0	019850811	XS0198508110
B	019845826	XS0198458266	903994PI6	019850889	XS0198508896
C	019845915	XS0198459157	903994PK1	019850943	XS0198509431

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. The Issuer is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. BDO Stoy Hayward LLP, auditors of the Issuer, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

8. Save as disclosed herein, since 14th July, 2004 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

9. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at Blackwell House, Guildhall Yard, London EC2V 5AE and at the specified offices of the Sub-Paying Agent in Dublin during the period of 14 days from the date of this document:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the balance sheet of the Issuer as at 16th August, 2004, and the auditors report thereon;

   (iii) the Subscription Agreement referred to in paragraph 6 above; and

   (iv) drafts (subject to modification) of the following documents:

      (a) the Trust Deed;

      (b) the Loan Sale Agreement;

      (c) the Deed of Charge and Assignment;

      (d) the Share Declaration of Trust;

      (e) the Nominee Declaration of Trust;

(f) the Servicing Agreement;

(g) the Cash Management Agreement;

(h) the Swap Agreement, the Swap Agreement Credit Support Document and the Swap Guarantee;

(i) the Corporate Services Agreement;

(j) the Liquidity Facility Agreement;

(k) the Depository Agreement;

(l) the Agency Agreement;

(m) the Exchange Rate Agency Agreement;

(n) the Master Definitions Schedule; and

(o) the Post-Enforcement Call Option Agreement.

APPENDIX
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