

OFFERING CIRCULAR

£118,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2011

£19,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2011

£19,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2011

£24,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2011

£13,650,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2011

of

QUICK STAR PLC

(incorporated with limited liability in England and Wales with registration number 5280837)

Commercial Mortgage Backed Floating Rate Notes due July 2011

Application has been made to the Financial Services Authority in its capacity as competent authority for listing in the United Kingdom (the "UK Listing Authority") for the £118,000,000 Class A Commercial Mortgage Backed Floating Rate Notes (the "Class A Notes"), the £19,000,000 Class B Commercial Mortgage Backed Floating Rate Notes (the "Class B Notes"), the £19,000,000 Class C Commercial Mortgage Backed Floating Rate Notes (the "Class C Notes"), the £24,000,000 Class D Commercial Mortgage Backed Floating Rate Notes (the "Class D Notes") and the £13,650,000 Class E Commercial Mortgage Backed Floating Rate Notes (the "Class E Notes", together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "Notes") of Quick Star Plc (the "Issuer") to be admitted to the official list of the UK Listing Authority (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading in the London Stock Exchange's market for listed securities.

Admission to the Official List of the UK Listing Authority together with admission to trading on the London Stock Exchange's market for listed securities constitutes official listing on a Stock Exchange. A copy of this document (including the appendices), which comprises Listing Particulars with regard to the Issuer and the Notes has been delivered to the Registrar of Companies in England and Wales for registration in accordance with Section 83 of the Financial Services and Markets Act 2000 (the "FSMA").

This Offering Circular contains particulars given in compliance with the listing rules made under Section 83 of the FSMA by the UK Listing Authority (the "Listing Rules") for the purposes of giving information with regard to the Issuer and the Notes.

Interest and (to the extent payable) principal on the Notes will be payable quarterly in arrear in sterling on the 15th day of January, April, July and October in each year, subject to adjustment for non-business days as described herein (each an "Interest Payment Date"). The first Interest Payment Date will be the Interest Payment Date in January 2005.

At issue it is expected that the Notes will be assigned the respective ratings of Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("S&P"), and Fitch Ratings Ltd. ("Fitch") set forth in the table below. 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 Notes of each class will on issue be represented by a global note in bearer form for each such class of Notes (each a "Temporary Global Note", and together the "Temporary Global Notes") without coupons or talons, and will be deposited with ABN AMRO Bank N.V. London Branch (the "Common Depository") as common depository for the account of the Euroclear System ("Euroclear") and Clearstream Banking, société anonyme ("Clearstream, Luxembourg") on or about the Closing Date (or such later date as may be agreed by the Issuer, the Manager and the Note Trustee) (the "Closing Date"). Interests in each Temporary Global Note will be exchangeable not earlier than 40 days from, but not including, the Closing Date (and upon certification as to non-U.S. beneficial ownership) for interests in a permanent global note representing the Notes of the relevant class (each a "Permanent Global Note" and, together with each Temporary Global Note, the "Global Notes"), each in bearer form, without coupons or talons, which will also be deposited with the Common Depository. Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Global Notes. See "Summary of Provisions relating to the Notes while in Global Form".

Class	Initial Principal Amount (£)	Rating S&P/Fitch	Margin over LIBOR ⁽¹⁾ (per cent.)	Expected Final Maturity Date	Legal Final Maturity Date ⁽²⁾	Issue Price (per cent.)
A	118,000,000	AAA/AAA	0.20	15 July 2009	15 July 2011	100
B	19,000,000	AA/AA	0.34	15 July 2009	15 July 2011	100
C	19,000,000	A/A	0.55	15 July 2009	15 July 2011	100
D	24,000,000	BBB/BBB	0.90	15 July 2009	15 July 2011	100
E	13,650,000	BBB-/Not Rated	1.75	15 July 2009	15 July 2011	100

Notes:

- (1) All of the Notes will bear interest at three-month LIBOR plus the margin specified above.
- (2) If any of the Notes have not been redeemed in full on or before the Expected Final Maturity Date for any reason, such Notes shall be redeemed in full at their Principal Amount Outstanding together with accrued interest on or before the Legal Final Maturity Date. (See "Terms and Conditions of the Notes — Condition 5 — Redemption and Cancellation")

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

The Notes are expected to settle in book-entry form through the facilities of Clearstream, Luxembourg and Euroclear on or about the Closing Date against payments therefor in immediately available funds.

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

ABN AMRO

IMPORTANT NOTICE

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information. The Issuer accepts responsibility accordingly. None of the Manager, the Special Servicer, the Account Bank, the Cash Manager, the Agent Bank, the Liquidity Facility Provider, the Principal Paying Agent, the Managing Agent, the Borrower Security Trustee, the Issuer Security Trustee, the Note Trustee, the Corporate Services Provider or the Borrower Swap Provider have independently verified any of the information contained herein (financial, legal or otherwise) and in making an investment decision, investors must rely on their own examination of the terms of this Offering Circular, including the merits and risks involved.

Lennar Partners United Kingdom Limited (“**Lennar**”) accepts responsibility for the information set out under the heading “Special Servicer” in the section entitled “Summary of the Principal Documents – Description of Servicing and Intercreditor Deed”. To the best of the knowledge and belief of Lennar (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information. Lennar accepts no responsibility for any other information contained in this Offering Circular.

The Borrower accepts responsibility for the information set out in the section entitled “The Borrower”. To the best of the knowledge and belief of the Borrower (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything which the Borrower reasonably believes would be likely to affect the import of such information contained in this Offering Circular. The Borrower accepts no responsibility for any other information contained in this Offering Circular.

The Property Owners accept responsibility for the information set out in the sections entitled “The Mortgaged Properties” and “The Property Owners and Related Companies”. To the best of the knowledge and belief of the Property Owners (having taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything which the Property Owners reasonably believe would be likely to affect the import of such information. The Property Owners accept no responsibility for any other information contained in this Offering Circular.

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 ABN AMRO Bank N.V. (“**ABN AMRO Bank**”), the Manager, the Managing Agent, the Special Servicer, the Cash Manager, the Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee, the Principal Paying Agent, the Agent Bank, the Corporate Services Provider, the Liquidity Facility Provider, the Borrower Swap Provider, the Account Bank or the shareholders of the Issuer. 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 affairs of the Issuer, the Borrower, any Property Owner or any Holding Company or 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.

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, ABN AMRO Bank or any associated body of ABN AMRO Bank, or of or by the Manager, the Borrower Security Trustee, the Issuer Security Trustee, the Managing Agent, the Special Servicer, the Cash Manager, the Note Trustee, the Principal Paying Agent, the Agent Bank, the Corporate Services Provider, the Liquidity Facility Provider, the

Borrower Swap Provider or the Account Bank or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933 (the “**Securities Act**”) and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Other than the approval of this Offering Circular as listing particulars in accordance with the Listing Rules and the delivery of copies of this Offering Circular to the Registrar of Companies in England and Wales as described above, 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 part hereof) comes are required by the Issuer and the Manager to inform themselves about, and to observe, any such restrictions. For a further description of certain restrictions on offers and sales of Notes and distribution of this Offering Circular, see “Subscription and Sale”. Neither this Offering Circular nor any part hereof constitutes an offer of, or an invitation by, or on behalf of, the Issuer or the Manager to subscribe for or purchase any of the 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.

Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular 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 country or jurisdiction (including the United Kingdom), except in circumstances that will result in compliance with all applicable laws, orders, rules and regulations.

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.

Capitalised terms contained in this document and defined herein have the meaning given to them on the page indicated in the Index of Principal Defined Terms contained in Appendix 2 hereto.

In connection with the distribution of the Notes, ABN AMRO Bank acting through its London Branch may over-allot or effect transactions with a view to supporting the market price of the Notes at a level which might be higher than that which might otherwise prevail for a limited period after the issue date. Such stabilising, if commenced, may be discontinued at any time, shall be in accordance with all applicable laws and must be brought to an end after a limited period. Any loss or profit sustained as a consequence of any such over-allotment or stabilising shall be for the account of ABN AMRO Bank acting through its London Branch.

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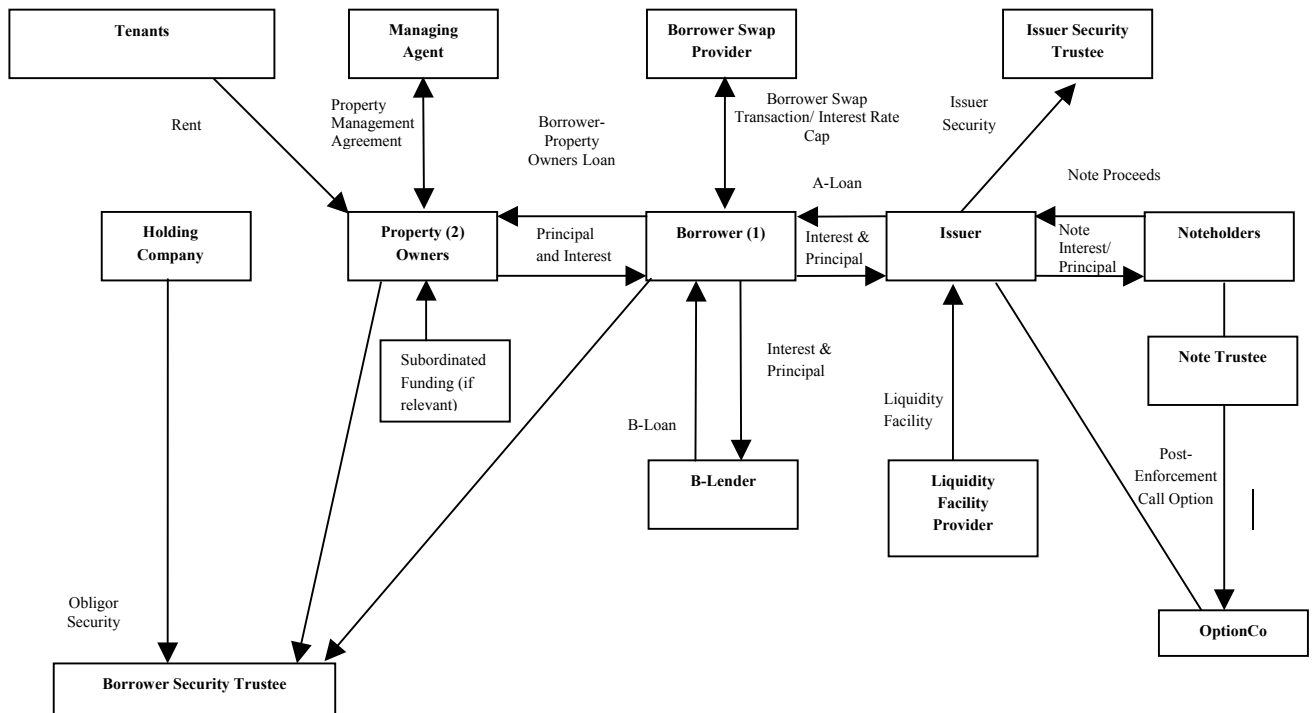
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SUMMARY

The following information is a summary of the principal features of the issue of the Notes. This summary should be read in conjunction with, and is qualified in its entirety by reference to, the more detailed information appearing elsewhere in this document. Certain terms used in this summary are defined elsewhere in this document. A list of the pages on which these terms are defined is found in the “Index of Principal Defined Terms” at Appendix 2 to this document.

Transaction Overview

Transaction Diagram



Notes:

- (1) The Borrower will borrow the Loan acting on its own behalf and (as regards the Anex Loan) as agent for Anex.
- (2) Anex will not be borrowing any amounts under the Borrower – Property Owners Loan Agreement.

The Parties

Issuer

Quick Star Plc (the “**Issuer**”), a public company incorporated in England and Wales with limited liability under registration number 5280837.

Borrower

Claywood Holdings Limited (the “**Borrower**”), a company incorporated in Gibraltar with limited liability under registration number 92942.

SUMMARY

Controlling Lender	The “ Controlling Lender ” will be, together, LNR UK CMBS S.à r.l., whose principal office is located at 9 rue Schiller, L-2519 Luxembourg and Anthracite Capital, Inc. whose principal offices are at 40 East 52nd Street, New York, NY 10022.
Borrower Security Trustee	ABN AMRO Trustees Limited (in such capacity, the “ Borrower Security Trustee ”) holds all the security granted by the Borrower, the Property Owners (other than as regards any Subordinated Floating Charge) and the Holding Company on trust (the “ Borrower Security Trust ”) as security for the Obligor Secured Liabilities. “ Obligor Secured Liabilities ” includes all expenses, fees, interest and principal due in respect of the Loan and amounts payable to the Borrower Swap Provider under the Borrower Swap Transaction and Interest Rate Cap.
Issuer Security Trustee	ABN AMRO Trustees Limited (in such capacity, the “ Issuer Security Trustee ”) holds all the security granted by the Issuer, on trust (the “ Issuer Security Trust ”) as security for the Issuer Secured Liabilities. “ Issuer Secured Liabilities ” includes all expenses, fees, interest and principal due to the Issuer Secured Parties (as defined herein) and/or in respect of or in connection with the Notes and under the Note Trust Deed.
Note Trustee	ABN AMRO Trustees Limited (the “ Note Trustee ”) will act as trustee for the holders of the Notes pursuant to a trust deed (the “ Note Trust Deed ”) between the Note Trustee and the Issuer to be dated on or prior to the Closing Date.
Special Servicer	Lennar Partners United Kingdom Limited (the “ Special Servicer ”), whose principal office is located at 40 Marsh Wall, Canary Wharf, London E14 9TP. The Special Servicer will be responsible for the special servicing of the Loan as described herein.
Operating Adviser	The Controlling Lender will have the right to remove and appoint an adviser (“ Operating Adviser ”) (so long as a Control Valuation Event has not occurred nor is continuing). The Operating Adviser will, among other things, have certain rights with respect to certain material modifications to, waivers of and releases of the Loan.
Cash Manager, Agent Bank and Principal Paying Agent	ABN AMRO Bank, acting through its London Branch at 82 Bishopsgate, London EC2N 4BN (in such capacities, the “ Cash Manager ”, the “ Agent Bank ” and the “ Principal Paying Agent ”).
Corporate Services Provider	Structured Finance Management Limited, whose principal office is at Blackwell House, Guildhall Yard, London EC2V 5AE (the “ Corporate Services Provider ”).
Account Bank	ABN AMRO Bank (the “ Account Bank ”), acting through its London Branch at 82 Bishopsgate, London EC2N 4BN. As of

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the date hereof, ABN AMRO Bank had a long-term unsecured debt rating of “AA-“ from S&P and Fitch and a short-term unsecured debt rating of “A-1+” from S&P and “F1+” from Fitch.

Borrower Swap Provider

ABN AMRO Bank (in its capacity as counterparty under the Borrower Swap Transaction and Interest Rate Cap, the “**Borrower Swap Provider**”), acting through its London Branch at 250 Bishopsgate, London EC2M 4AA.

Liquidity Facility Provider

ABN AMRO Bank acting through its head office at Gustav Mahlerlaan 10, 1082 PP, Amsterdam, The Netherlands (the “**Liquidity Facility Provider**”).

Managing Agent

Mayfield Services Limited, whose principal office is at Ground Floor, Grove House, 248a Marylebone Road, London NW1 6JZ.

The Borrower

The Borrower is a special purpose company which was established for the purpose of acting as borrower under the Loan Agreement and lender under the Borrower-Property Owners Loan. The only assets of the Borrower will be the Borrower-Property Owners Loan, the Borrower Swap Transaction and Interest Rate Cap and certain related bank accounts and agreements.

Creation of the Loan

On the Closing Date, the Issuer will issue the Notes. The Issuer will onlend the proceeds to the Borrower and the Controlling Lender will lend £22,000,000 (less certain amounts of costs and expenses) to the Borrower (collectively the “**Loan**”) under a loan agreement (the “**Loan Agreement**”). A portion of the Loan (the “**Anex Loan**”) will be lent to the Borrower as agent for Anex. All references to the Borrower acting as borrower under the Loan Agreement should be construed accordingly. The Loan (excluding the Anex Loan) will be utilised by the Borrower for onlending amounts to the Property Owners (the “**Borrower-Property Owners Loan**”) pursuant to the loan agreement between the Borrower, the Property Owners and the Borrower Security Trustee (the “**Borrower-Property Owners Loan Agreement**”). The Property Owners will use the proceeds of the advances from the Borrower under the Borrower-Property Owners Loan, along with the Anex Loan and any amount of Subordinated Funding received under the Subordinated Funding Agreement, to fund the purchase by the Property Owners of the Mortgaged Properties. The amounts received by the companies selling the Mortgaged Properties to the Property Owners (the “**Original Property Owners**”) shall be utilised by them to repay their existing indebtedness.

The Loan and the Mortgaged Properties

The Loan will provide for the Borrower to pay a floating rate of interest, be denominated in sterling and governed by English law. It is expected that the Loan will be partially amortised over its term. All of the principal amount of the Loan, if not previously prepaid, will become due for repayment on the Loan Interest Payment Date falling on 15 July 2009 (the “**Loan Redemption Date**”). See “The Loan and the Obligor Security — Terms of the Loan — Interest and Repayments — Repayments”.

The Borrower and the Property Owners are each jointly and severally liable for the Loan on a full recourse basis. The obligations of the Property Owners under their respective guarantees of the Loan are secured by, amongst other things, first legal mortgages over the Mortgaged Properties (as more particularly described in the section entitled “The Mortgaged Properties” below).

The Borrower has established an account in the name of the Borrower with the Account Bank (the “**Rent Account**”) into which net rents payable by the tenants occupying the Mortgaged Properties are to be paid

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directly by a managing agent on behalf of the Property Owners immediately after collection. The managing agent is Mayfield Services Limited (the “**Managing Agent**”). On each Loan Interest Payment Date, to the extent funds are available in accordance with the applicable priority of payments, the Cash Manager (as agent for the Borrower Security Trustee) will transfer from the Rent Account to an account with the Account Bank in the name of the Issuer (the “**Collection Account**”) all amounts due to the Issuer under the Loan Agreement as determined by the Cash Manager. On each Interest Payment Date under the Notes, the Cash Manager (as agent for the Issuer Security Trustee) will, after payment of those obligations of the Issuer having a higher priority, apply such funds payable to the Issuer on the Loan in payment, *inter alia*, of interest due on the Notes and, where applicable, in repayment or prepayment of principal.

Security for the Notes

The obligations of the Issuer under the Notes and to other specified parties will be secured pursuant to a deed of charge and assignment governed by English law. The Issuer will grant to the Issuer Security Trustee for the benefit of the Issuer Secured Parties, *inter alia*, (a) an assignment by way of security of the Loan and an assignment by way of security of its senior beneficial interest in the Obligor Security (as defined below), (b) an assignment by way of security of its rights under certain agreements entered into in connection with the transactions described in this Offering Circular, (c) assignments by way of security of its interests in the Collection Account, the Stand-by Account and certain other accounts in which the Issuer may place and hold cash, and (d) a floating charge over the whole of the undertaking and assets of the Issuer (other than those assets that are otherwise secured by way of a fixed security interest).

The Loan and the Mortgaged Properties

Parties to the Loan

The Borrower (acting on its own behalf and, as regards the Anex Loan, as agent for Anex) under the Loan to be extended by the Issuer and the Controlling Lender (collectively the “**Lenders**”) will be Claywood Holdings Limited, a company incorporated under the laws of Gibraltar.

The obligations of the Borrower under the Loan will be guaranteed (on a secured basis) by certain companies which will hold the legal and beneficial title to the Mortgaged Properties being:

- (i) Berry Mews Limited;
- (ii) Horizon Hills Limited;
- (iii) Sea Meadow Limited;
- (iv) Birchleigh Limited;
- (v) Lodge Forest Limited;
- (vi) Anex Properties Limited (“**Anex**”); and
- (vii) Vine Park Limited (each, a “**Property Owner**” and together the “**Property Owners**”).

ABN AMRO Trustees Limited is the security trustee in relation to the Borrower Security Trust of the Obligor Security (in such capacity, the “**Borrower Security Trustee**”).

The Loan

The Loan is a full recourse obligation of the Borrower (acting on its own behalf and, as regards the Anex Loan, as agent for Anex)

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and the Property Owners and is secured by, amongst other things, first priority fixed and floating charges over the properties and undertakings of the Borrower and the Property Owners which principally comprise the Borrower-Property Owners Loan, the Borrower Swap Transaction (as described below), the Interest Rate Cap (as described below), the Mortgaged Properties and certain bank accounts.

Purpose

The purpose of the Loan is to provide the Borrower (acting on its own behalf and, as regards the Anex Loan, as agent for Anex) with funds to fund the Property Owners' purchase of the Mortgaged Properties from the Original Property Owners through the extension of the Borrower-Property Owners Loan.

The Original Property Owners will utilise the proceeds of the sale to repay certain existing indebtedness.

Interest

Interest will accrue on the Loan from and including each Loan Interest Payment Date up to but excluding the succeeding Loan Interest Payment Date (each a "**Loan Interest Period**"). The first Loan Interest Period shall start on the Utilisation Date for the Loan and end on the next Loan Interest Payment Date to occur after that date. The rate of interest payable on the A-Loan for each Loan Interest Period is LIBOR plus a 0.01 per cent. profit margin plus the weighted average margin per annum, from time to time, on the Notes, such amount being 0.4441 per cent. as at the Closing Date. Interest is payable quarterly in arrear on the Loan on each Loan Interest Payment Date in respect of successive Loan Interest Periods.

Repayment

The Loan is scheduled to be repaid, if not prepaid in advance thereof, on the Loan Interest Payment Date falling on 15 July 2009 (the "**Loan Redemption Date**"). The Loan is expected to be partially amortised over its term.

The Borrower may prepay all or part of the Loan (if prepayment is in part, subject to a minimum prepayment of £5,000,000 and a maximum prepayment of £50,000,000) on any Loan Interest Payment Date on the giving of at least 15 Business Days' prior notice.

The Borrower is obliged to prepay part of the Loan upon the disposal by the relevant Property Owner of any Mortgaged Property (see "The Loan and the Obligor Security — Terms of the Loan — Disposal of Mortgaged Properties"). The amount to be prepaid in such circumstances will be at least an amount equal to the greater of (a) 92.5 per cent. of the market value of that Mortgaged Property as shown in the most recent valuation (the "**Allocated Value**") or (b) 92.5 per cent. of the net proceeds derived from the disposal.

The Borrower may also prepay the Loan if it becomes obliged to gross up payments to either of the Lenders under the Loan

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Agreement or to reimburse either of the Lenders for any increased costs to it of making the Loan to the Borrower.

In the event of the prepayment of all or part of the Loan all prepayments of the Loan received by the Issuer will be applied in accordance with Condition 5(b).

In the event of any prepayment of the Loan in whole or in part by the Borrower, the Borrower will be required to pay certain prepayment fees (see “The Loan and the Obligor Security”), and will be required to make any payments that may be then due to the Borrower Swap Provider as a result of the termination (in whole or in part) of the Borrower Swap Agreement following the prepayment. See “The Loan and the Obligor Security – The Borrower Swap Transaction and Interest Rate Cap” below.

See “Risk Factors — The Notes — Prepayment Risk”.

Interest Cover Ratio Test

Among other things, a Loan Event of Default under the Loan Agreement will result if the Interest Cover Ratio falls below 110 per cent. (the “**Interest Cover Ratio Test**”) on, *inter alia*, any Loan Interest Payment Date unless within five Business Days of a breach, the Borrower prepays the Loan in such amount to ensure compliance with the Interest Cover Ratio Test; or if the Borrower deposits an amount into the Deposit Account so that if that amount and the interest which will accrue on that amount during the relevant 12 month period as set out in the Loan Agreement was treated as Net Rental Income (as defined below), the Borrower would be in compliance with the Interest Cover Ratio Test (see “The Loan and the Obligor Security – Terms of the Loan – Interest Cover Ratio Test”).

Rights of the Operating Adviser

A servicing and intercreditor deed (the “**Servicing and Intercreditor Deed**”) will provide, among other things, that the Controlling Lender will have the right to appoint an adviser (including itself) (the “**Operating Adviser**”), so long as a Control Valuation Event has not occurred. Upon the occurrence of a Control Valuation Event, the appointment of the Operating Adviser by the Controlling Lender shall automatically terminate and the Borrower Security Trustee shall be entitled to appoint the Operating Adviser. The appointment of an Operating Adviser will be deemed effective upon notification to both the Borrower Security Trustee and the Special Servicer. The Operating Adviser will have certain rights with respect to material modifications to the Loan and will have rights to remove and replace the Special Servicer, as more fully described in “Description of Servicing and Intercreditor Deed” below.

The Loan Security

The Loan will be secured by the following security agreements:

- (a) a security deed (the “**Security Deed**”) pursuant to which the Borrower and the Property Owners will provide the Borrower Security Trustee with security for the payment of

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all obligations of such parties under, *inter alia*, the Loan Agreement, including legal mortgages over the Mortgaged Properties located in England, fixed charges over all estate or interests of the Property Owners in the Mortgaged Properties located in England, the interest of the Borrower in the Borrower-Property Owners Loan and the Borrower Swap Transaction and the Interest Rate Cap, fixed charges over the Deposit Account, Rent Account and Retentions Account, all moneys of the Borrower standing to the credit of any bank account (other than the Service Charge Account) with any person and all benefits in respect of all insurance policies taken out by or on behalf of the Property Owners in respect of the Mortgaged Properties located in England and floating charges over the Service Charge Account and all other assets of the Borrower and the Property Owners (as the case may be) other than those assets that have been charged or secured pursuant to any other provisions of the Security Deed;

- (b) four standard securities (the “**Standard Securities**”) in the form of a charge over each of the Mortgaged Properties located in Scotland pursuant to which the Property Owner which owns such Mortgaged Properties will provide the Borrower Security Trustee with security for the payment of all obligations of such parties under, *inter alia*, the Loan Agreement;
- (c) four assignments of rent (the “**Assignations of Rent**”) in the form of an assignment of all Rental Income (as defined below) from any Mortgaged Property located in Scotland pursuant to which the Property Owner which owns the Mortgaged Property in question will provide the Borrower Security Trustee with security for the payment of all obligations of such parties under, *inter alia*, the Loan Agreement; and
- (d) two mortgages of shares (the “**Mortgages of Shares**”), pursuant to which Kelstow Investments Limited (the “ **Holding Company**”) and the Borrower will provide the Borrower Security Trustee with security for the payment of all obligations of such parties under, *inter alia*, the Loan Agreement, in the form of mortgages of the shares held by the Holding Company in the Borrower and by the Borrower in each of the Property Owners.

In addition, (1) the Managing Agent will enter into a property management agreement (the “**Property Management Agreement**”) in favour of the Borrower Security Trustee, under the terms of which the Managing Agent will agree to collect rent payable in respect of the Mortgaged Properties and to ensure the tenants comply with their lease covenants and inform the Managing Agent of all significant events affecting the Mortgaged

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Properties; and (2) the Property Owners, the Subordinated Lender and the Borrower Security Trustee will, if relevant, enter into the Subordination Deed. See further “The Loan and the Obligor Security — Subordinated Funding Agreement” below. The security granted under the Security Deed, the Standard Securities, the Assignations of Rent, the Mortgages of Shares, the Property Management Agreement, the Subordination Deed (if entered into) and any other security granted in respect of the Loan is referred to herein as the “**Obligor Security**”.

No Further Advances

The Loan Agreement contains no obligation upon the Lenders to make any further advance to the Borrower and the Borrower Security Trustee (or the Special Servicer, as the case may be) is not permitted under the Servicing and Intercreditor Deed to agree to any amendment of the terms of the Loan Agreement that would require the Lenders to make a further advance to the Borrower. Consequently, the Borrower-Property Owners Loan Agreement contains no obligation upon the Borrower to make any further advance to the Property Owners.

The Mortgaged Properties

The Mortgaged Properties will consist of seven office properties located in England and Scotland. The office properties are: Argyle House in Edinburgh; Rubislaw House in Hill of Rubislaw, Aberdeen; Seafield House in Hill of Rubislaw, Aberdeen; Marathon House in Hill of Rubislaw, Aberdeen; Friars Bridge Court in London SE1; New City Court in London SE1; and Sherborne House in London EC4.

The net internal area (“**NIA**”) of each property, the approximate percentage of the total NIA and the value of each property according to the valuations performed by Colliers Conrad Ritblat Erdman (the “**Valuation Report**”, a copy of which is set out in Appendix 1) are:

Mortgaged Property	Total NIA of such Mortgaged Property (sq. ft.)	Per cent. of Total NIA	Market Value (£)	Per cent. of Total Market Value (£)
Argyle House	225,280	26.19%	46,850,000	18.94%
Rubislaw House	91,660	10.66%	19,800,000	8.00%
Seafield House	197,028	22.91%	44,850,000	18.13%
Marathon House	95,270	11.08%	19,350,000	7.82%
Friars Bridge Court ...	96,137	11.18%	51,000,000	20.62%
New City Court	95,425	11.09%	38,000,000	15.36%
Sherborne House	59,355	6.90%	27,500,000	11.12%

See “The Mortgaged Properties” below.

Cure Loans

Under the terms of the Loan Agreement and the Servicing and Intercreditor Deed, the Controlling Lender may make advances to

SUMMARY

the Borrower to ensure the Borrower has sufficient sums available to (i) make all payments on the Loan as they fall due (net of any amounts payable to the Controlling Lender) and (ii) cure any Loan Event of Default. Any such payment will constitute an advance under the Loan Agreement (each a “**Cure Loan**”). This right may only be exercised twice in total and for only two consecutive quarterly payments and does not limit the right of the Borrower Security Trustee or Special Servicer to send default notices and seek payment from the Borrower and the Property Owners under the Loan.

Purchase Right of Controlling Lender

For so long as the Loan is a Specially Serviced Loan, but prior to the enforcement of the Obligor Security, the Controlling Lender may purchase the Issuer’s portion of the Loan (in whole but not in part) from the Issuer at an amount equal to the principal amount thereof along with all accrued and unpaid interest (but excluding any interest on overdue amounts or prepayment fees) plus certain other outstanding fees, costs and expenses and other amounts.

Valuation

As at 8 December 2004, the aggregate market value of the Mortgaged Properties as determined by Colliers Conrad Ritblat Erdman, the external valuers of the Mortgaged Properties, was £247,350,000. On the assumption that there has been no change in the value of the Mortgaged Properties or the rental income derived from the Mortgaged Properties, the Loan to Value as of the date hereof with respect to the Loan is 87.2 per cent. (based upon the £247,350,000 total property valuation).

Loan to Value Ratio

Among other things, a Loan Event of Default under the Loan Agreement will result if the Loan to Value (see “The Loan and the Obligor Security – Terms of the Loan – Loan to Value Ratio”) shall at any time exceed 88 per cent. (the “**Loan to Value Ratio**”) unless within five Business Days of a breach (a) the Borrower has prepaid the Loan in such amount to ensure compliance of the Loan to Value Ratio or (b) if the Borrower deposits an amount into the Deposit Account so that after calculating the aggregate outstanding Loan as reduced by that amount, the Borrower would be in compliance with the Loan to Value Ratio. As at the date of this Offering Circular, the ratio of the proceeds of the Notes to the value of the Mortgaged Properties is 78.3 per cent.

Insurance

Each Mortgaged Property is covered by a buildings insurance policy maintained by the applicable Property Owner. The Borrower Security Trustee will be named as co-insured in respect of each such policy and any such benefit is held on trust for the Lenders pursuant to the Security Deed. The initial insurer for all Mortgaged Properties in Scotland will be Norwich Union Insurance Limited of Swan House, Technology Park, Dundee, DD2 1TY (“**Norwich Union**”), which is currently rated “AA-” by S&P and “AA-” by Fitch. The initial insurer for all Mortgaged Properties in England will be Axa Insurance Plc of 1 Aldgate,

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London, EC3 (“**Axa**”), which is currently rated “A” by S&P and “AA” by Fitch. For a more detailed description of the insurance arrangements and the risks in relation thereto see “Risk Factors — The Loan: The Mortgaged Properties — Insurance”.

Property Management

The management of all the Mortgaged Properties will be undertaken by Mayfield Services Limited (in such capacity, the “**Managing Agent**”) pursuant to the Property Management Agreement entered into on or about the Closing Date under which it will agree to collect rent payable in respect of the Mortgaged Properties and to ensure the tenants comply with their covenants and inform the Managing Agent of all significant events affecting the Mortgaged Properties. A summary of the material terms of the Property Management Agreement is set out at “Acquisition and Management of the Mortgaged Properties — Management Duties”.

The Borrower-Property Owners Loan

The Property Owners will enter into the Borrower-Property Owners Loan Agreement with the Borrower pursuant to which the Borrower will lend to the Property Owners (other than Anex), the Borrower-Property Owners Loan (individual loans to separate Property Owners being each an “**Intercompany Loan**”).

For further details, see “Summary of the Principal Documents - The Loan and the Obligor Security”.

Cash Management, Servicing, Swaps and Liquidity Facility

Cash Manager

The Cash Manager will, pursuant to the Cash Management Agreement, perform certain cash management functions in respect of, amongst other things, the Loan, the Borrower Accounts and the Collection Account.

The functions to be provided by the Cash Manager include, without limitation, the collection of payments of principal and interest on the Loan, the allocation of funds in the Borrower Accounts and the Collection Account and payment of such funds to the persons entitled thereto, the calculation of the amount of interest payable by the Borrower on each Loan Interest Payment Date and the managing of the application of monies under the Borrower-Property Owners Loan Agreement. The Cash Manager will, subject to the terms of the Cash Management Agreement, receive a cash management fee. See “Cash Management - Fees” below.

Special Servicer

As at the Closing Date, the Special Servicer will act as special servicer pursuant to the Servicing and Intercreditor Deed, but thereafter any person may be appointed as Special Servicer in substitution for such person pursuant to the provisions of the Servicing and Intercreditor Deed. The Special Servicer will only be appointed in relation to the Loan upon the occurrence of a Servicing Transfer Event, as more particularly described

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under “Description of Servicing and Intercreditor Deed” below.

If so appointed, the Special Servicer will become responsible, save for certain limited exceptions, for servicing and administering the Loan and the Obligor Security including the operation of the agreed enforcement procedures. The Special Servicer will, subject to the terms of the Servicing and Intercreditor Deed, receive (i) a fee in respect of the Specially Serviced Loan in an amount equal to 1.00 per cent. per annum (exclusive of VAT) of the principal amount outstanding under the Specially Serviced Loan (the “**Special Servicing Fee**”), (ii) a liquidation fee in respect of the Specially Serviced Loan of an amount not exceeding 1.00 per cent. (exclusive of VAT) of the proceeds (net of costs and expenses of sale), if any, arising on the sale of any Mortgaged Property (the “**Liquidation Fee**”) and (iii) a work-out fee which will generally be payable to the Special Servicer upon such time as a Specially Serviced Loan becomes a Corrected Loan (the “**Work-out Fee**) in an amount not exceeding 1.00 per cent. (exclusive of VAT) of all collections of interest and principal received for so long as it remains a Corrected Loan. See “Description of Servicing and Intercreditor Deed — Special Servicing Fee, Liquidation Fee and Work-out Fee” below.

The Loan will cease to be a Specially Serviced Loan when the events giving rise to it becoming a Specially Serviced Loan have been cured, and the Loan will become a Corrected Loan (see “Description of Servicing and Intercreditor Deed” below).

Borrower Swap Transaction and Interest Rate Cap

The Borrower Swap Provider will enter into a swap agreement in the form of an International Swaps and Derivatives Association Inc. Master Agreement (“**ISDA 1992 Master Agreement (Multicurrency-Cross Border)**”) on or before the Closing Date (including the schedule thereto, the “**Borrower Swap Agreement**”) with the Borrower. The Borrower and the Borrower Swap Provider will, on the Closing Date, enter into a swap confirmation (the “**Borrower Swap Confirmation**”) evidencing the terms of the swap transaction (the “**Borrower Swap Transaction**”) entered into pursuant thereto in order to protect the Borrower against interest rate risk arising in respect of the Loan for the period from the Closing Date until the Expected Final Maturity Date. See further “The Loan and the Obligor Security — The Borrower Swap Transaction and Interest Rate Cap” below.

The Borrower Swap Provider will, on or before the Closing Date, enter into a confirmation pursuant to the Borrower Swap Agreement evidencing an interest rate cap agreement (the “**Interest Rate Cap**”) entered into in order to protect the Borrower against interest rate risk arising in respect of the A-Loan for the period from the Expected Final Maturity Date to

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the Legal Final Maturity Date. See further “The Loan and the Obligor Security – The Borrower Swap Transaction and Interest Rate Cap” below.

The Borrower will be acting as agent of Anex as regards the Anex Portion (the “**Anex Portion**” being the portion which the Anex Loan bears to the Loan) of the rights and obligations to which it is stated to be subject under the Borrower Swap Transaction and the Interest Rate Cap.

Liquidity Facility Provider and Liquidity Facility Agreement

The Liquidity Facility Provider will act as liquidity facility provider under a liquidity facility agreement (the “**Liquidity Facility Agreement**”) with a maximum aggregate principal amount of £13,500,000 (the “**Liquidity Facility**”) to be dated on or prior to the Closing Date and between the Liquidity Facility Provider, the Issuer and the Issuer Security Trustee. The Cash Manager on behalf of the Issuer, or failing the Cash Manager, the Issuer or, failing whom, the Issuer Security Trustee, will be entitled to make drawings under the Liquidity Facility Agreement from time to time to meet any shortfall in:

- (a) the amount of funds available to the Issuer to pay the Issuer Expenses (other than those referred to in paragraphs (xi) and (xiii) of the definition thereof); and/or
- (b) the amount of funds available to the Issuer to pay any interest due under the Notes.

See “Description of Liquidity Facility Agreement” below.

The Notes

Status and Form

The £118,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class A Notes**”), the £19,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class B Notes**”), the £19,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class C Notes**”), the £24,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class D Notes**”), and the £13,650,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class E Notes**”, and together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the “**Notes**”) will be constituted by the Note Trust Deed. The Notes of each class will rank *pari passu* and rateably without any preference or priority among themselves.

The Notes will all share the same security, but, in the event of the security being enforced, the Class A Notes will rank in priority to the Class B Notes, the Class B Notes will rank in priority to the Class C Notes, the Class C Notes will rank in priority to the Class D Notes and the Class D Notes will rank in

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priority to the Class E Notes.

The Notes of each class (each individual Note of which (should definitive Notes be issued) will be in the denomination of £50,000) will initially be represented by a Temporary Global Note in bearer form for each class of Notes, without coupons or talons, and will be deposited with the Common Depository for the account of Euroclear and Clearstream, Luxembourg. Interests in each Temporary Global Note will be exchangeable not earlier than 40 days from the Closing Date (and upon certification as to non-U.S. beneficial ownership) for interests in a Permanent Global Note, each in bearer form, without coupons or talons, which will also be deposited with the Common Depository.

Save in certain limited circumstances, Notes in definitive form will not be issued in exchange for the Global Notes. (See “Summary of Provisions relating to the Notes which in Global Form”.)

The Note Trust Deed contains provisions requiring the Note Trustee 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**”), the holders of the Class D Notes (the “**Class D Noteholders**”) and the holders of the Class E Notes (the “**Class E Noteholders**” and, together with the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, the “**Noteholders**”), but where there is, in the Note Trustee’s opinion, a conflict between such interests, the Note Trustee shall have regard only to the interests of the holders of the most senior class of Notes then outstanding.

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, ABN AMRO Bank or any associated body of ABN AMRO Bank, or of or by the Manager, Managing Agent, the Special Servicer, the Cash Manager, the Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee, the Principal Paying Agent, the Agent Bank, the Liquidity Facility Provider, the Borrower Swap Provider, the Corporate Services Provider, the Account Bank or the shareholders of any of them or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Interest

Each Note will bear interest on its Principal Amount Outstanding from, and including, the Closing Date. Interest will

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be payable in respect of the Notes in sterling quarterly in arrear on the 15th day of January, April, July and October in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each such day being an “**Interest Payment Date**”). The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in January 2005.

The first Interest Period will commence on (and include) the Closing Date and end on the Interest Payment Date in January 2005 but exclude the first Interest Payment Date. Each subsequent Interest Period applicable to the Notes will commence on (and include) an Interest Payment Date and end on (but exclude) the next succeeding Interest Payment Date.

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

The interest rate applicable to the Notes from time to time (the “**Rate of Interest**”) will be LIBOR for three-month sterling deposits plus the Relevant Margin. The “**Relevant Margin**” in respect of each class of Notes will be:

Class	Relevant Margin
A	0.20 per cent. per annum
B	0.34 per cent. per annum
C	0.55 per cent. per annum
D	0.90 per cent. per annum
E	1.75 per cent. per annum

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

The holders of the Notes will only receive interest payments after payment by the Issuer of certain costs and expenses (see “Application of Payments by the Borrower and the Issuer — Payments from Collection Account” below). The Issuer’s obligation to pay interest on the Class B Notes will be subordinated to all interest payments on the Class A Notes (including accrued and deferred interest) and its obligation to pay interest on the Class C Notes, Class D Notes and Class E Notes will, in each case, also be subordinated to the Issuer’s obligation to pay interest on any and all senior-ranking classes of Notes then outstanding in the same manner.

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Failure by the Issuer to pay interest on the Class A Notes (or the most senior class of Notes which is still outstanding where one or more classes of Notes has been redeemed in full) when due and payable will result in a Note Event of Default which may 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 most senior class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid but will only be paid, in accordance with the order of seniority of the affected classes of Notes, on subsequent Interest Payment Dates if and when permitted by subsequent cash flow which is available after the Issuer's higher priority liabilities have been discharged. Such shortfall will accrue interest at the then rate of interest applicable to the relevant class of Notes during the time it remains unpaid. Such shortfall of interest and interest accrued thereon shall be paid on any subsequent Interest Payment Date.

Principal Final Redemption

Unless previously redeemed, the Notes are expected to be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling on 15 July 2009 (the "**Expected Final Maturity Date**"). If any of the Notes have not been redeemed in full on or before the Expected Final Maturity Date for any reason, the Notes remaining outstanding will continue to be outstanding and the Terms and Conditions of the Notes will continue to apply thereto and such Notes shall be redeemed in full at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling on or before 15 July 2011 (the "**Legal Final Maturity Date**"). See "Terms and Conditions of the Notes — Condition 5 — Redemption and Cancellation" herein.

Principal Amount Outstanding

The "**Principal Amount Outstanding**" of a Note on any date will be its face amount less the aggregate amount of principal repayments paid in respect of that Note since the Closing Date.

Mandatory Redemption in Part

Unless a Note Enforcement Notice has been served, the Notes of any Class will be subject to mandatory redemption in part in accordance with (i) below to the extent that there are funds available pursuant to the Cash Management Agreement, (after satisfaction of all amounts due from the Issuer which rank in priority to payments of principal on the respective Notes). See further "Terms and Conditions of the Notes — Condition 5(b)".

The Issuer will apply funds to be used to redeem Notes in the following order of priority: (i) while a Specified Event of Default is not continuing (except as regards the Allocated Loan Amount which shall be applied in the repayment of all Notes

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pro rata to the amounts outstanding and except as regards the Release Premium which shall be applied, while a Specified Event of Default is not continuing, in the order of priority set out in (ii) below) in the following order of priority:

- (a) up to 0.3125% of the Principal Amount Outstanding of the Class A Notes;
- (b) up to 0.3125% of the Principal Amount Outstanding of the Class B Notes;
- (c) up to 0.3125% of the Principal Amount Outstanding of the Class C Notes;
- (d) up to 0.3125% of the Principal Amount Outstanding of the Class D Notes; and
- (e) the Class E Notes,

or (ii) while a Specified Event of Default is continuing in the following order of priority: (a) the Class A Notes; (b) the Class B Notes; (c) the Class C Notes; (d) Class D Notes; and (e) the Class E Notes.

Optional Redemption in Full

The Notes will be subject to redemption in full, but not in part, at the option of the Issuer in the following circumstances:

- (a) if the Issuer satisfies the Note Trustee that by virtue of a change in tax law from that in effect on the Closing Date (i) the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes or (ii) any amount payable by the Borrower in relation to the Loan is reduced or ceases to be receivable (whether or not actually received); or
- (b) if the aggregate Principal Amount Outstanding of all the Notes then outstanding is less than 10 per cent. of the initial Principal Amount Outstanding of all the Notes issued on the Closing Date,

provided further that in each case the Issuer has certified to the Note Trustee that it will have sufficient funds available to it on the relevant Interest Payment Date to discharge all of its liabilities in respect of the Notes and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes on such Interest Payment Date, all in accordance with Conditions 5(d), 5(e) and 5(f).

Subordination

Other than with respect to any redemption in accordance with Condition 5(b) :

- (a) while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes or

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the Class E Notes, respectively;

- (b) while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes or the Class E Notes, respectively;
- (c) while any Class C Notes are outstanding, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes or the Class E Notes, respectively; and
- (d) while any Class D Notes are outstanding, the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes.

Ratings

The Notes are, upon issue, expected to be rated by the Rating Agencies as follows:

Class	S&P/Fitch Expected Rating
A	AAA/AAA
B	AA/AA
C	A/A
D	BBB/BBB
E	BBB-/Not Rated

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 agency.

Sales Restrictions

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any state securities law and unless so registered may not be offered or sold within the United States or to, or for the benefit of, U.S. persons (as defined in Regulation S under the Securities Act) (a “**U.S. Person**”) except persons (other than U.S. persons) outside the United States pursuant to Regulation S under the Securities Act. For a description of certain restrictions on subscription and sales. See “Subscription and Sale”.

Listing

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

Settlement

Clearstream, Luxembourg and Euroclear.

Governing Law

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

Post-Enforcement Call Option

The Notes will be issued subject to an option (the “**Post-Enforcement Call Option**”) in favour of Quick Star Holdings Limited (“**OptionCo**”) which will entitle OptionCo to acquire

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the Relevant Notes (as defined herein) following enforcement of the Issuer Security and after certain conditions described in “The Loan and Obligor Security — The Post-Enforcement Call Option Agreement” are met. See further “The Loan and Obligor Security — The Post-Enforcement Call Option Agreement”.

Application of Payments by the Borrower and the Issuer

The payment of principal and interest by the Borrower under the Loan to the Issuer will provide the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes.

Payments by the Borrower from the Rent Account and Deposit Account

On each payment date under the Loan Agreement (each a “**Loan Interest Payment Date**”), amounts to the credit of the Rent Account and Deposit Account will be distributed in the priorities and in the manner set forth under “The Structure of the Accounts — The Borrower’s Accounts” below.

Payments from Collection Account

Certain Issuer Expenses are required to be calculated and paid prior to any distribution to the Noteholders, in the manner and priority set forth under “The Structure of the Accounts — The Issuer’s Accounts”.

Payments will be required to be made from the Collection Account in the orders of priority described in “The Structure of the Accounts — The Issuer’s Accounts — Distributions”.

Security for the Notes

The obligations of the Issuer to the Noteholders and to each of the Note Trustee, the Issuer Security Trustee, the Cash Manager, the Corporate Services Provider, the Liquidity Facility Provider, the Principal Paying Agent, the Account Bank, the Special Servicer and the Agent Bank (all of such persons being, collectively, the “**Issuer Secured Parties**”) will be secured by and pursuant to a deed of charge and assignment (the “**Deed of Charge and Assignment**”) governed by English law, which will be entered into on the Closing Date.

The Issuer will grant, *inter alia*, the following security under the Deed of Charge and Assignment (the “**Issuer Security**”):

- (a) an assignment by way of security of the Loan and all the Issuer’s rights, interests and benefits in the Loan;
- (b) an assignment by way of security of all the Issuer’s rights, title, interests and benefits in the Obligor Security and the Issuer’s beneficial interests in the security trusts created over the Obligor Security;
- (c) an assignment by way of security of the Issuer’s rights under, *inter alia*, the Loan Agreement, the Servicing and Intercreditor Deed, the Cash Management Agreement, the Liquidity Facility Agreement, the Corporate Services

SUMMARY

Agreement and the Agency Agreement;

- (d) an assignment by way of security of the Issuer's interests in the Collection 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
- (e) a floating charge governed by English law over the whole of the undertaking and assets of the Issuer (other than any property or assets of the Issuer subject to the fixed security interests set out in paragraphs (a) to (d) above).

The amounts payable to the Issuer Secured Parties other than the Noteholders will rank in priority to payments of interest or principal on the Notes, except, in certain circumstances, for Subordinated Liquidity Facility Amounts (see further "The Structure of the Accounts — The Issuer's Accounts — Distributions" below). **Upon the occurrence and continuation of a Specified Event of Default, all amounts owing to the Class B Noteholders will rank after all payments on the Class A Notes. All amounts owing to the Class C Noteholders will rank after all payments on the Class B Notes. All amounts owing to the Class D Noteholders will rank after all payments on the Class C Notes. All amounts owing to the Class E Noteholders will rank after all payments on the Class D Notes.**

RISK FACTORS

Prospective investors in the Notes should consider, among other things, the following factors in connection with the purchase of the Notes. The following summary of certain issues is not intended to be exhaustive. Prospective investors in the Notes should also read the detailed information set out elsewhere in this document.

The Notes

Rights Available to Noteholders of Different Classes

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. Where, however, there is a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, the Note Trustee will only have regard to interests of the holders of the class of Notes which rank higher in priority.

Ratings of Notes

The ratings assigned to the Notes by the Rating Agencies are based on the Loan subject to the Obligor Security and the Mortgaged Properties and other relevant structural features of the transaction, including, *inter alia*, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the Borrower Swap Provider and reflect only the views of the Rating Agencies. A rating does not represent any assessment of the yield to maturity that a Noteholder may experience from a default and acceleration or from the receipt of funds with respect to a compulsory purchase of the Mortgaged Properties. The ratings address the likelihood of full and timely payment to Noteholders of all payments of interest accruing on the Notes on each Interest Payment Date and the ultimate repayment of principal on the Legal Final 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 either or both of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant.

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 shadow ratings could have an adverse effect on the value 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.

Subordination and Credit Enhancement

Upon the occurrence and continuation of a Specified Event of Default, payments of principal and interest on the Class A Notes will be made in priority to payments of principal and interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. In addition, payments of principal and interest in respect of the Class C Notes, Class D Notes and Class E Notes will be subordinated to payments of principal and interest in respect of the Class B Notes; payments of principal and interest in respect of the Class D Notes and Class E Notes will be subordinated to payments of principal and interest in respect of the Class C Notes; and payment of principal and interest in respect of the Class E Notes will be subordinated to payments of principal and interest in respect of the Class D Notes.

If, on any Interest Payment Date, there are insufficient funds available, after payment of all other claims ranking in priority to the Class B Notes and/or the Class C Notes and/or the Class D Notes and/or the Class E Notes, to pay in full all interest in respect of the Class B Notes and/or the Class C Notes and/or the Class D

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Notes and/or the Class E Notes due on such date, the Issuer's liability to pay such interest will be deferred until the next Interest Payment Date, when it may be deferred again and so on until final maturity of the relevant class of Notes, and even then the Issuer's assets may be insufficient to enable it to pay such amounts in full.

The Noteholders should, therefore, have regard to the risk factors identified herein in determining the likelihood or extent of any such shortfall.

Absence of Secondary Market: Limited Liquidity

Application has been made to the London Stock Exchange for the Notes to be admitted to the Official List of the London 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 and the performance of the Loan. 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 "Description of Liquidity Facility Agreement" below. The facility will, however, be subject to a maximum aggregate principal amount of £13,500,000 (such amount the "**Liquidity Commitment**") and may only be utilised if there is a shortfall in (a) the amount of funds available to the Issuer to pay the Issuer Expenses (other than those referred to in paragraphs (xi) and (xiii) of the definition thereof); and/or (b) the amount of funds available to the Issuer to pay any interest due under the Notes. For a more detailed description of the Liquidity Facility Agreement see "Summary of Principal Documents — Description of the Liquidity Facility Agreement".

Withholding Tax Under the Notes

In the event any withholding or deduction for or on account of taxes is imposed on or is otherwise applicable to payments of interest or principal on the Notes to Noteholders neither the Issuer nor the Principal Paying Agent is obliged to gross-up or otherwise compensate Noteholders for the lesser amounts the Noteholders will receive as a result of such withholding or deduction.

Introduction of the Euro

If at any time there is a change of currency in the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of such change and which are expressed in sterling shall be translated into, and any amount payable shall 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 shall 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 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 14.

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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, in effect as at the date of this document. No assurance can be given as to the impact of any possible change to English law, after the date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

EU Savings Directive

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 member states of the European Union will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of another member state of the European Union details of payments of interest or other similar income paid by a person to or for the benefit of an individual in that other member state of the European Union, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period in relation to such payments unless during such period they elect otherwise.

Implementation of Basel II Risk-Weighted Asset Framework

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

Insolvency Act 2000

The Insolvency Act 2000 received Royal Assent on 30 November 2000. The Insolvency Act 2000 amends Part I of the Insolvency Act 1986 so that the directors of a company which meets certain criteria (an “**eligible company**”) can take steps to obtain a moratorium the effect of which, *inter alia*, would prevent any creditor enforcing security or taking proceedings to recover its debt for the period in which the moratorium is in force (the “**relevant provisions**”).

The relevant provisions came into force on 1 January 2003. However, prior to bringing the provisions into force, the Secretary of State amended the eligibility criteria by way of statutory instrument in such a way that special purpose vehicles such as the Issuer could no longer be considered to be eligible companies. It is possible that the Secretary of State could in the future extend the eligibility criteria.

Enterprise Act 2002

On 7 November 2002, the Enterprise Act (the “**Enterprise Act**”) received Royal Assent. The Enterprise Act contains various provisions which amend corporate insolvency law in the United Kingdom. These provisions were brought into force on 15 September 2003 (the “**appointed date**”).

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The Enterprise Act amends Section 72 of the Insolvency Act 1986 (the “**Insolvency Act**”) as follows. Under Section 72A of the Insolvency Act a secured lender will not have the power to appoint an administrative receiver unless it has a qualifying floating charge which is taken prior to the appointed date or falls within an exception set out in Sections 72B to 72G of the Insolvency Act (the “**exceptions**”). In particular, Section 72B sets out an exception in relation to capital market transactions (the “**capital market exception**”).

The Security Deed and the Deed of Charge and Assignment fall within the capital market exception on the following basis:

First, the Security Deed and the Deed of Charge and Assignment include qualifying floating charges and are each part of a “capital market arrangement”.

Secondly, the Notes will constitute “capital market investments”.

Thirdly, debt of more than £50 million will be incurred under the Notes.

The Enterprise Act also removes the Crown’s preferential rights in all insolvencies and makes provision to ensure that unsecured creditors take the benefit of this change. Under this latter provision the unsecured creditors will have recourse to the floating charge assets up to a fixed amount (the “**prescribed part**”) in priority to the holder of the floating charge concerned if the floating charge assets are worth at least £10,000. The prescribed part will be 50 per cent. of the first £10,000 of floating charge assets; then 20 per cent. of the remaining floating charge assets until the prescribed part reaches a maximum of £600,000. The prescribed part will apply to all floating charges created on or after the appointed date regardless as to whether they fall within one of the exceptions or not. However, if a company is subject to substantial restrictions on its activities it will only have a limited ability to incur unsecured liabilities in any event.

The Loan: General

Risks Relating to Commercial Lending

The Loan will be secured by, amongst other things, mortgages over seven office properties. Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the property is reduced (for example, if leases are not obtained or renewed or if tenants default on their obligations under the leases), the borrower’s ability to repay a loan may be impaired.

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

The net operating income and value of the Mortgaged Properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors); local property market conditions (such as an oversupply of office space); perceptions by prospective tenants of the safety, convenience, condition, services and attractiveness of the Mortgaged Properties; the proximity and availability of competing alternatives to the Mortgaged Properties; the willingness and ability of the owners of the Mortgaged Properties to provide capable management and adequate maintenance; demographic factors; consumer confidence; unemployment rates; customer tastes and preferences; retroactive changes to building

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or similar regulations; and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect the Mortgaged Properties' value without affecting their current net operating income, including: changes in governmental regulations; fiscal policy and planning or tax laws; potential environmental legislation or liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate levels.

The age, construction quality and design of a particular property may affect its occupancy level as well as the rents that may be charged for individual leases. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property. Even good construction will deteriorate over time if the Managing Agent does not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Loan, competing properties of a similar type are built in the areas where the Mortgaged Properties are located or similar properties in the vicinity of the Mortgaged Properties are substantially updated and refurbished, the value and net operating income of such Mortgaged Properties could be reduced.

The terms of the tenancies might affect the realisable value of the Mortgaged Properties on enforcement. In order to ensure that the terms of the existing tenancies are not materially affected, the Loan provides that no Property Owner may grant a tenancy, consent to assignments, agree rent reviews or consent to amendments or waivers or surrender in respect of a lease of the Mortgaged Properties unless (a) the rent under the relevant tenancy in respect of the Mortgaged Property does not exceed £50,000 per annum or (b) the Controlling Lender consents to the same.

Additionally, some of the Mortgaged Properties may not readily be convertible to alternative uses if such Mortgaged Properties were to become unprofitable due to competition, age of the improvements, decreased demand, regulatory changes or other factors. The conversion of commercial properties to alternate uses generally requires substantial capital expenditures. Thus, if the operation of any such Mortgaged Property becomes unprofitable such that the Borrower and the Property Owners become unable to meet their respective obligations on the Loan, the liquidation value of any such Mortgaged Property may be substantially less, relative to the amount owing on the Loan, than would be the case if such Mortgaged Property were readily adaptable to other uses.

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

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

The Loan: The Borrower and Property Owners

Sufficiency of Borrower's and Property Owners' Assets

Payments on the Notes are dependent on and limited to the Issuer's receipt of funds under the Loan and the Issuer's interest in the Obligor Security and, where necessary and applicable, the Liquidity Facility Agreement. In turn, recourse on the Loan is generally limited to the Borrower, the Property Owners and the Holding Company (in the case of the Holding Company, recourse will be limited to the shares of the Borrower that it owns) and/or such assets of such entities, which assets, in each case, are the Mortgaged Properties and other assets security over which has been created to secure the Loan and whose business activities, in each case, are limited to owning, financing and otherwise dealing with such assets. See "The Borrower" and "The Property Owners and Related Companies" below. Consequently, the ability of the

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Property Owners to make payments on the Borrower-Property Owners Loan prior to the Loan Redemption Date, the ability of the Borrower to make payments on the Loan prior to the Loan Redemption Date, and, therefore, the ability of the Issuer to make payments on the Notes prior to the Expected Final Maturity Date, is dependent primarily on the sufficiency of the net operating income of the Mortgaged Properties which will in turn and in part be dependent on the ability of the Property Owners (or the Managing Agent) to find tenants for the premises in the Mortgaged Properties that may, in future, become vacant over the life of the Notes.

If, following the occurrence of a Loan Event of Default and following the exercise by the Special Servicer of all available remedies in respect of the Loan and the Obligor Security, the Issuer does not receive the full amount due to it from the Borrower, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than the Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Other Indebtedness, Liabilities and Financing

The existence of indebtedness incurred by a borrower other than its mortgage loan could adversely affect the financial viability of such borrower. Additional debt increases the likelihood that a borrower would lack the resources to perform on both its mortgage loan and such additional debt. In addition, the existence of any actual or contingent liabilities of a borrower may result in the insolvency or (if applicable) administration of that borrower which may lead to an unanticipated default under the relevant loan agreement.

The documentation relating to the Finance Documents generally provide limitations on the right of the Borrower, the Property Owners and the Holding Company to incur additional debt, on either a secured or unsecured basis, without the consent of the Lenders.

The Borrower and Property Owners were incorporated or formed for the purposes of acquiring the legal and beneficial interests in the properties charged as security for the Loan. The Issuer has been informed by such parties that the relevant company or entity has no material or contingent liabilities (other than such as are fully subordinated pursuant to the Subordination Deed (if relevant), except in relation to the Mortgaged Properties which are security for the Loan.

Taxation of the Property Owners

Under current tax law and practice (which may change in the future (see “Change of Law”)) the rental income of the Property Owners is taxable income, whilst the interest costs of the Property Owners associated with the borrowing by the Property Owners under the Borrower-Property Owners Loan and the Anex Loan and the accruing interest in the Property Owners in respect of the Subordinated Funding should in general be deductible under current law and practice against their respective taxable income. Repayment of the principal amount borrowed by the Property Owners from, ultimately, the Noteholders cannot, however, be set against the income received or amortised over the life of the Notes thus leaving the Property Owners with a potential mismatch for tax purposes to the extent that the income exceeds the interest costs. The Property Owners believe that, on the basis of activities planned for them (including, *inter alia*, the borrowings under the Borrower-Property Owners Loan, the Anex Loan and the Subordinated Funding) the Property Owners will have sufficient income on an after-tax basis to enable full and timely payment of interest and principal due under the Borrower-Property Owners Loan and the Anex Loan.

United Kingdom tax law and practice imposes liability for certain overdue taxes of companies on companies which are or have been members of the same group or are or have been under common control with the company having the overdue tax liability. Certain members of the Group have entered into the Tax Deed of Covenant under which they have given undertakings to the Issuer Security Trustee and the Borrower Security Trustee with the aim of minimising the likelihood of certain of such secondary liabilities affecting the Property Owners but the possibility of such liabilities arising cannot be entirely eliminated.

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The Loan: The Mortgaged Properties

Geographic Concentration and the Economy of England and Scotland

Three of the Mortgaged Properties, representing 47 per cent. of the Mortgaged Properties based upon market value, are located in England and four of the Mortgaged Properties, representing 53 per cent. of the Mortgaged Properties based upon market value, are located in Scotland. Repayments under the Loan and the market value of the Mortgaged Properties could be adversely affected by conditions in the property markets where the Mortgaged Properties are located, acts of nature, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Borrower. In addition, the performance of the Mortgaged Properties will be dependant upon the strength of the economies of Scotland and England.

The level of economic growth in general in Scotland and London will affect net absorption of office space and increases in rental rates. The economy of any region in which a Mortgaged Property is located may be adversely affected to a greater degree than that of other areas of the country or in another country by certain developments affecting industries concentrated in such region. A weakening of the business sectors in Scotland and London may adversely affect the demand for and hence the operation of such Mortgaged Properties and potentially lessen their market value. Additionally, the value of a commercial property can be affected significantly by the supply and demand in the market for the type of property securing the loan and therefore may be subject to adverse economic conditions of the local region. Conversely, a strong market could lead to increased building and increased competition for tenants. In either case, the resulting effect on the operations of such Mortgaged Properties could adversely affect the amount and timing of payments on the Loan and consequently the amount and timing of distributions on the Notes.

Limitations of Valuations

The valuations for the Mortgaged Properties were performed by Colliers Conrad Ritblat Erdman. The aggregate valuations of the Mortgaged Properties as at 8 December 2004 was £247,350,000. In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion that would be reached if a different valuer were appraising such property. Moreover, valuations seek to establish the amount 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 related borrower. However, there can be no assurance that the market value of the Mortgaged Properties will continue to equal or exceed such valuation. As the market value of the Mortgaged Properties fluctuates, there can be no assurance that the market value of the Mortgaged Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Loan Agreement. If the Mortgaged Properties are sold following a Loan Event of Default or a Note Event of Default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Loan Agreement and hence the ability of the Issuer to make full payments on the Notes may be affected.

Insurance

The Borrower and Property Owners will covenant in the Loan Agreement that they will insure the Mortgaged Properties and plant and machinery thereon on a full reinstatement basis including three years' loss of rent insurance. In respect of the Mortgaged Property at Friars Bridge Court, the current tenant (BRB (Residuary) Limited) is permitted to insure the Mortgaged Property provided that it can provide the Borrower Security Trustee and the landlord with the terms of the insurance and the Borrower Security Trustee and the landlord (in each case as advised and confirmed by the Managing Agent) are satisfied with the terms but as a matter of practice, the landlord should be insuring the Mortgaged Property. The Mortgaged Properties are or will be, prior to the Closing Date, insured under an "All Risks" insurance policy (subject to usual policy exclusions, terms and conditions and including terrorism, covering physical loss or damage as well as loss of rent

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insurance, gross earnings loss and extra expenses, being additional expenses incurred as a result of physical loss or damage).

The current insurance in place for the Mortgaged Properties located in England is held with Axa which has a long-term unsecured debt obligation rating of "A" by S&P and "AA" by Fitch. The current insurance in place for the Mortgaged Properties located in Scotland is held with Norwich Union which has a long-term unsecured debt obligation rating of "AA-" by S&P.

The tenancies (save for (i) Argyle House, Edinburgh, where rent suspension until reinstatement only applies in the event of partial destruction (the lease terminating in the event of total destruction) and only the tenant can determine the lease and then only in the event that damage has rendered more than 50 per cent. of the useable office space unfit for use and reinstatement has not occurred within 24 months of such damage, (ii) Marathon House, Aberdeen, where rent suspension applies until the premises are rendered fit for occupation and use but a mutual right by either the landlord or the tenant to determine the lease only applies in the event of the total destruction of the premises, (iii) Suite A and Suite D, Seafield House, Aberdeen, where rent suspension applies with no time limit and if the premises are materially damaged or destroyed (entitling the tenant to an abatement of rent exceeding 20 per cent. of the rent for a period likely to exceed 3 months) so as to be unfit for occupation or use both the landlord and the tenant are entitled to determine the lease, (iv) the ground, second to fourth floor of Seafield House, Aberdeen, where the tenant has a right to determine the lease if the premises are damaged or destroyed by serving notice within 28 days of such damage or destruction, if the tenant does not so elect to determine the lease then the rent suspension applies indefinitely in line with the provisions set out below, and if the premises have not been restored within 3 years following such damage/destruction, then the tenant will have the sole right to determine the lease, and (v) Rubislaw House, Aberdeen, and part of the ground and first floors of Seafield House, Aberdeen, where the rent suspension applies indefinitely in line with the provisions set out below and where a mutual right by either the landlord or the tenant to determine the lease arises if the premises have not been reinstated within 3 years of the date of such damage/destruction) provide that, if the premises comprised in the tenancy are destroyed or damaged by an insured risk so as to render them unfit for use and occupation, the tenant will cease to be liable to pay rent otherwise due under the tenancy (or a proportionate part where the premises suffer only partial damage) until (i) the premises are again rendered fit for use and occupation or (ii) (if earlier) the expiration of the period for which loss of rent has been insured, or (iii) (if earlier) either the landlord or the tenant determines the lease if the premises have not been reinstated after a certain period (usually three years from the date of damage or destruction).

The insurance against loss of rental value will cover the loss of rent during the period of rent cessation, although there could be administrative delay in obtaining payment from the insurers which could affect the ability of the Borrower, and accordingly also the Issuer, to meet its payment obligations during that period of delay.

The period of recovery in respect of loss of rental value under the insurance policy will, however, be limited to a period comprising both (i) the period during which the damaged property could, with due diligence, have been rebuilt, repaired or replaced, and (ii) an additional period, being that required to restore the Property Owners' businesses to the condition that would otherwise have existed, such period commencing from the later of (a) the date on which the insurers' liability would otherwise terminate and (b) the date on which the damaged property is actually rebuilt, repaired or replaced, such additional period being, in any event limited to one year from the later of (a) and (b). Although each relevant tenant will, again, be liable for the rent if the relevant lease subsists after that period, it is likely that a tenant so affected would exercise any rights it may have to terminate its lease (where such right is granted) if the premises are not reinstated in time. Thus, after the expiry of the period referred to above, the relevant Property Owner could cease to be entitled to both the rental income from part of its Mortgaged Property and further loss of rent insurance. In addition, if those

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circumstances applied, the proceeds of the insurance taken out by the Property Owners (which will cover the costs of reinstatement) may not be sufficient to pay, in full, all the amounts due from the Borrower under the Loan Agreement and, hence the ability of the Issuer to make full payments to the Notes may be affected.

The terms of the tenancies (save for Argyle House, Edinburgh, where the landlord's obligation to reinstate only applies in the event of partial destruction) require the landlord (that is, the relevant Property Owners) to carry out the reinstatement of damaged premises following damage or destruction by an insured risk subject to any necessary planning permission or other consents being obtained, and to apply the proceeds of the buildings insurance (other than loss of rent insurance monies) for this purpose.

The Loan Agreement will require that proceeds of insurance (other than loss of rent insurance or third party liability insurance) should (except in certain circumstances) be used to make good damage or destruction unless there is a Loan Event of Default following which, to the extent any insurance policy, headlease or occupational lease does not restrict the proceeds of insurance being used to prepay the Loan, such sums may be used in or towards the prepayment of the Loan.

Certain types of risks and losses (such as losses resulting from war, terrorism, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or are not covered by the required insurance policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Borrower might not have sufficient funds to repay in full all amounts owing under or in respect of the Loan Agreement.

The Borrower Security Trustee is a co-insured party with respect to each buildings insurance policy maintained in respect of each Mortgaged Property.

The Issuer's beneficial interest in the Obligor Security (which includes the benefit of the buildings insurance policies) will form part of the Issuer Security charged to the Issuer Security Trustee for the benefit of, *inter alios*, the Noteholders under the Deed of Charge and Assignment. However, for the reasons described above, the ability of the Borrower Security Trustee and/or the Issuer Security Trustee to make full recovery under the insurance policies is not certain.

Environmental Risks

Existing environmental legislation establishing a new contaminated land regime was brought into force in April 2000. This legislation imposes liability for clean-up costs on the owner or occupier of contaminated land where no person or persons who caused or knowingly permitted the presence of the substance which has led to the pollution can be found. The term "owner" would include anyone with a proprietary interest in a property. A person who is an owner of property may also be a "knowing permitter" of contamination if that person had knowledge of the presence of the contaminating substance and the ability to take action to remove the substance or otherwise address the contamination. A person who is a polluter, or a knowing permitter, has primary liability for contamination. Only if no such person can be found will a person who is simply an owner become liable.

If any environmental liability for contamination under the contaminated land regime were to exist in respect of any Mortgaged Property, the Borrower or any Property Owner would normally incur responsibility for such liability if the liability was to arise prior to the enforcement of the Loan and Obligor Security, unless it could be established that the Borrower Security Trustee or the Issuer Security Trustee (or the Special Servicer on behalf of the Borrower Security Trustee and/or the Issuer Security Trustee) had physically entered into possession of the affected Mortgaged Property or could otherwise be said to be in control of the Mortgaged Property. After enforcement of the Loan and the Obligor Security, the Borrower Security Trustee or the Issuer Security Trustee, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the Borrower Security Trustee or the Issuer Security Trustee, could become responsible for environmental

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liabilities relating to contamination in respect of a Mortgaged Property if the person who caused or knowingly permitted such contamination cannot be found.

Under the common law, if contamination gives rise to a nuisance, any person who caused or permitted the nuisance to continue may be liable for damage arising therefrom. Again, the Borrower Security Trustee and/or the Issuer Security Trustee would not normally incur such liability without either having entered into possession or having exercised control over the property and also have continued the nuisance.

If an environmental liability arises in relation to any Mortgaged Property and is not remedied, or is not capable of being remedied without incurring excess costs, this may result in an inability to sell the Mortgaged Property or in a reduction in the price obtained for the Mortgaged Property, resulting in a sale at a loss.

In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site, and the presence of hazardous substances on the Mortgaged Property could result in personal injury or similar claims by private plaintiffs.

Unless it is satisfied that it will not incur any environmental liability or is indemnified to its satisfaction in respect of any such liability, neither the Borrower Security Trustee nor the Issuer Security Trustee will enforce the Loan or the Obligor Security or the Issuer Security, as the case may be, or take possession of any of the Mortgaged Properties.

Due Diligence

The only due diligence that has been undertaken in relation to the Mortgaged Properties was undertaken in the context of the acquisition of the Mortgaged Properties from the Original Property Owners. The Issuer will rely solely on the representations and warranties of the Borrower contained in the Loan Agreement referred to below.

The Property Certificates

Title to the Mortgaged Properties was investigated by the Issuer's solicitors, Fladgate Fielder in relation to Mortgaged Properties in England, and Leslie Wolfson in relation to Mortgaged Properties in Scotland, who produced a certificate of title dated the Closing Date in relation to each Mortgaged Property.

Compulsory Purchase

Any property in the United Kingdom may at any time be compulsorily acquired by, *inter alios*, a local or public authority or a Government Department generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposals have been revealed in the certificates of title referred to above.

If a compulsory purchase order was made in respect of a Mortgaged Property (or part thereof), compensation would be payable on the basis of the market value of all of the Property Owners' and the tenant's proprietary interests in the Mortgaged Property (or part thereof) at the time of the related purchase. The relevant freehold estate and any tenancy would both be acquired and the tenants would cease to be obliged to make any further rental payments to the Property Owners under the relevant tenancy. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold or leasehold estate allocable to the Loan may be less than the corresponding Principal Amount Outstanding on the Notes together with accrued interest.

There is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the market value. Should such a delay occur in the case of a Mortgaged Property, then, unless the Borrower has other funds available to it, a Loan Event of Default may occur. Following the payment of compensation, the Borrower will be required to prepay all or such part of the amounts owing by it

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under the Loan Agreement equal to the compensation payment received, part of such prepayment being used by the Issuer to redeem the Notes (or part thereof).

The Loan: The Tenants and the Leases

Risks Relating to Tenants and Leases

The borrower under a mortgage loan secured by income-producing property generally relies on periodic service charge payments from tenants to pay for maintenance and other operating expenses of the mortgaged property, and periodic rental payments to service the mortgage loan and any other debt or obligations it may have outstanding. There can be no guarantee that tenants will renew leases upon expiration or, in the case of a commercial tenant, that it will remain solvent and able to perform its obligations throughout the term of its lease. Income from, and the market value of, the Mortgaged Properties would be adversely affected if space in the Mortgaged Properties could not be leased or re-let, if tenants were unable to meet their lease obligations, if a significant tenant (or a number of smaller tenants) were to become insolvent, or if for any other reason rental payments could not be collected. Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a tenant, particularly a major tenant, defaults on its obligations under its lease, the Borrower may experience delays in enforcing their rights (via the relevant Property Owner) as lessor and may incur substantial costs and experience significant delays associated with protecting their investments, including costs incurred in renovating and reletting the property.

Net operating income from a commercial property may be reduced, and the borrower's ability to repay the related loan impaired, as a result of, among other things, an increase in vacancy rates for the property, a decline in market rental rates as leases are renewed or entered into with new tenants, an increase in operating expenses of the property and/or an increase in capital expenditures needed to maintain the property.

No assurance can be given that tenants in the Mortgaged Properties will continue making payments under their leases or that any such tenants will not become insolvent or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner.

Terms of the Occupational Leases

Seven of the occupational leases of the Mortgaged Properties, (which account, as at the date hereof, for 23.76 per cent. of Net Rental Income) will expire prior to the Expected Final Maturity Date of the Notes. In addition, other occupational leases may terminate earlier than anticipated if the relevant tenant surrenders its lease or defaults in the performance of its obligations. Three leases (which account, as at the date hereof, for 14.45 per cent. of Net Rental Income) contain break clauses exercisable by the tenant which, if exercised, will lead to a termination of the relevant lease. As such, the Borrower and the Property Owners will have to either seek to renew such tenancies or find new occupational tenants for the vacated premises.

Pursuant to the Property Management Agreement, the Managing Agent will agree to assist in the process of marketing vacant premises at the Mortgaged Properties and negotiating new leases or lease renewals. In addition, under the terms of the Loan Agreement, no new lease may be entered into and no existing lease may be amended, surrendered, sub-leased or assigned and no rent review may be agreed in relation to any lease without the consent of the Controlling Lender. However, certain such things may be done in particular circumstances without the consent of the Controlling Lender where, for example, the rent payable under the relevant lease does not exceed £50,000 per annum (see "The Loan and the Obligor Security").

However, there can be no assurance that leases on terms (including rent payable and covenants of the landlord) equivalent to those applicable to the leases in place on the Closing Date will be obtainable in the

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market at such time, that market practice will not have changed or that the circumstances of prospective tenants will not make some or all of such provisions inappropriate. In addition, although the Managing Agent is experienced in such matters, there can be no assurance that it will be able to find tenants of comparable quality for any vacated premises or agree equivalent lease terms. Further, the discretions given to the Borrower under the Loan Agreement as to the matters described above may result in a diminution in the quality of the tenants of the Mortgaged Properties or the terms of their occupational leases over the life of the Notes.

Any of these factors may result in a decline in the income produced by the Mortgaged Properties or the incurrance by the Borrower or the Property Owners of unforeseen liabilities, which may in turn adversely affect the ability of the Borrower to meet its obligations in respect of the Loan and hence the ability of the Issuer to make payments on the Notes.

Rights of Tenants

Each Property Owner of the Mortgaged Properties located in England is under an obligation, *inter alia*, to allow each tenant quiet enjoyment of the premises which are leased to it and to perform certain specified obligations. Where the Borrower or the Property Owners are in default of their obligations under a tenancy, under the general law a right of set-off could be exercised against the Borrower or Property Owners by a tenant of the relevant Mortgaged Property in respect of its rental obligations.

The Property Owners in respect of each Mortgaged Property (save for Argyle House and Friars Bridge Court) are also obliged under the terms of the current leases to provide services in respect of the common parts of the Mortgaged Property irrespective of whether certain parts of the Mortgaged Property are unlet. The Property Owners, in such circumstances, would have to meet any shortfall in recovering the costs of the services or risk that the related tenants would exercise their right of set-off, if any. The Property Owner of one of the Mortgaged Properties, Argyle House, has entered into a facilities management agreement with a third party to bridge the gap between Argyle House's occupational tenant's repair obligation and the obligation of the tenant under a full repairing obligation. The most significant liabilities of the Property Owners to such tenants will relate to their obligations as landlords to apply service charge payments towards the upkeep of the Mortgaged Properties. Under the Property Management Agreement, the Managing Agent is required to use amounts standing to the credit of the Service Charge Account to apply towards the upkeep of the Mortgaged Properties. In addition, the Managing Agent has entered into the Property Management Agreement with the Borrower Security Trustee and has agreed to perform its obligations under the Property Management Agreement with regard to the interest of, *inter alios*, the Issuer. The occupational leases of the Mortgaged Properties located in Scotland relieve the tenants from liability to pay service charges in respect of parts of the Mortgaged Properties leased to them but which are not actually occupied by them. If such non-occupation continues for long periods, these provisions may result in the relevant Property Owners becoming liable to pay rates for such space to the relevant local authorities in circumstances where they cannot recover the same from the tenants.

Privity of Contract

The Landlord and Tenant (Covenants) Act 1995 (the "**Covenants Act**") provides that, in relation to leases of property in England and Wales granted after 1 January 1996 (other than leases granted after that date pursuant to agreements for lease entered into before that date) (each a "**New Tenancy**") 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, however, that arrangements can be entered into whereby on assignment of a lease of residential or commercial property, the original tenant can be required under the terms of its lease to enter into an "authorised guarantee agreement" in respect of the assignee's obligations to the landlord. Such an authorised guarantee agreement relates only to the obligations under the lease of the assignee of the previous

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tenant and not any subsequent assignees of the assignee. The same principles apply to the assignee if it assigns the lease.

To the extent that any existing tenancies in respect of the Mortgaged Properties located in England as at the Closing Date were entered into before 1 January 1996 or pursuant to agreements for lease in existence before 1 January 1996 because the Covenants Act has no retrospective effect, the original tenant under a lease of any such Mortgaged Property will remain liable under that lease notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the tenancy and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, thus creating a "chain of indemnity". If the chain of indemnity breaks down, however, the landlord remains able to seek payment from the original tenant.

There can be no assurance that any assignee of a lease of premises within a Mortgaged 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 agreement) will be of a similar credit quality.

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

Statutory Rights of Tenants

In certain limited circumstances a tenant of a Mortgaged Property located in England may have legal rights to require the Property Owners of that Mortgaged Property to grant it a lease, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act. Should such a right arise, the Property Owners may not have their normal freedom to negotiate the terms of the new lease with the tenant, such terms being imposed by the court or being substantially the same as those under the previous tenancy of the relevant premises. Accordingly, whilst it is the general practice of the courts in renewals under the Landlord and Tenant Act 1954 to grant a new lease on similar terms to the expiring lease, the basic annual rent will be adjusted in line with market rents at the relevant time and there can be no guarantee as to the terms on which any such new lease will be granted. A landlord may object to the grant of a new lease on a number of grounds including (a) if the property is required for redevelopment or for the landlord's own use or (b) if the tenant is in breach of covenant, but in such circumstances the court would typically allow a tenant time to correct the default.

Property Management

The net cash flow realised from and/or the residual value of the Mortgaged Properties may be affected by management decisions. The Managing Agent is (subject to certain general restrictions) to assist with finding and selecting new tenants on the expiry of existing tenancies (and their replacements) and with negotiating the terms of the tenancies with such tenants subject to the approval of the Controlling Lender under the Loan Agreement in most cases. While the Managing Agent may be experienced in managing commercial property, there can be no assurance that decisions taken by the Managing Agent or by a future managing agent will not adversely affect the value and/or cashflows of the Mortgaged Properties.

Under the terms of the Loan Agreement, restrictions will be placed on the ability of the Borrower, Property Owners and (and hence the Managing Agent) to do certain things in relation to the occupational leases of the Mortgaged Properties. These restrictions relate to matters such as entering into new occupational leases, accepting surrenders of leases and agreeing rent reviews. The restrictions will apply in varying circumstances depending on the activity in question. However in general terms, consent of the Controlling Lender will be required for these matters where the rent in respect of the relevant occupational lease in question is more than

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£50,000 per annum. See “The Loan and the Obligor Security — Terms of the Loan — Property Undertakings”.

The Managing Agent is paid a fee of 10 per cent. of the gross service charge incurred in any one year in respect of the Mortgaged Properties, which is recoverable from the tenants and will be paid by the tenants in addition to the rent if this is in relation to any portion of the Mortgaged Properties that have been leased.

Frustration

An occupational lease in respect of any Mortgaged Property could, in exceptional circumstances, be frustrated under English law or Scots law. Frustration may occur where a supervening event so radically alters the implications of the continuance of a lease for a party thereto that it would be inequitable for such lease to continue. If a lease were so frustrated and the relevant Property Owner were not able to re-let the premises concerned, the relevant Property Owner may suffer a loss, which would result in lesser rental income being collected by that Property Owner. This may affect the ability of the Borrower to repay interest and/or principal owing under the Loan and hence, the ability of the Issuer to make full payments on the Notes may be affected.

The Loan: The Obligor Security

Repayment of Loan at Loan Redemption Date

Payment of the Principal Amount Outstanding of the Notes at the Expected Final Maturity Date will be dependent upon the receipt of principal under the Borrower-Property Owners Loan and consequently under the Loan on the Loan Redemption Date. The Loan is expected to partly amortise over its term. As such the Loan is subject to payment substantially in full upon the Loan Redemption Date. In order to pay the Loan in full (or substantially in full) on the Loan Redemption Date, the Borrower will need to either refinance the Loan or procure the sale of the Mortgaged Properties.

The ability of the Issuer to make distributions to the Noteholders on the Loan Redemption Date of the Loan will depend significantly on the ability of the Borrower to refinance the Loan or procure the sale of the Mortgaged Properties. The availability of credit for the Borrower to refinance the Loan or its ability to procure the sale of Mortgaged Properties at maturity will be significantly dependent upon economic conditions then prevailing in England and Scotland, being the market where the Mortgaged Properties are located, as well as the willingness and ability of lenders to make such loans. Such lenders typically include banks, insurance companies and finance companies. The availability of funds in the credit markets fluctuates and there can be no assurance that the availability of such funds will remain at or increase above, or will not contract below, current levels. In addition, the availability of assets similar to the Mortgaged Properties, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Mortgaged Properties.

Failure by the Borrower to refinance the Loan or to procure the sale of the Mortgaged Properties on or prior to the Loan Redemption Date may result in the Borrower defaulting on the 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 Principal Amount Outstanding of their Notes and the Issuer may be unable to pay in full interest due on the Notes.

Risks Relating to Servicing

In the circumstances described under “Description of Servicing and Intercreditor Deed”, the Special Servicer may cease to act as such under the Servicing and Intercreditor Deed. Although the Servicing and Intercreditor Deed provides that the termination of the appointment of the Special Servicer may not take effect until such time as a satisfactory successor has been appointed, there can be no assurance that a successor could be found who would be willing to service the Loan at a commercially reasonable fee, or at all.

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Risks Relating to the Rent Account

The Loan will be structured so that rent payments are made from the collection account of the Managing Agent directly to a Rent Account charged to the Borrower Security Trustee. The Borrower and the Property Owners have agreed to procure that no Property Owner countermands or varies the instructions as to the collection and deposit of rent payments. The Managing Agent initially appointed to collect the rents is Mayfield Services Limited.

Following the Closing Date, there may be a risk of the Borrower or a Property Owner, in breach of the Loan and the Obligor Security, charging or assigning the rents to a third party. Under English law, the right to receive rent payments passes to a mortgagee (including the Borrower Security Trustee and the Issuer Security Trustee) on enforcement of the mortgage without the need for any express assignment, and therefore the claim of the Borrower Security Trustee or the Issuer Security Trustee under the Security Deed would, as a matter of legal priority, defeat any claim by a subsequent chargee or assignee of the rent. There would, however, be no claim against a tenant who had previously responded to notice of the wrongful assignment by paying rent to a third party in ignorance of the Security Deed.

The charge over the Rent Account is expressed to be a fixed charge. However, under English law, whether or not a charge over book debts, such as the Rent Account, is fixed or floating will depend on the circumstances of the case, and it is possible that such a charge will take effect only as a floating charge. The Rent Account has been structured with a view to ensuring that the Borrower Security Trustee (through the Cash Manager acting as its agent) will have control over the operation of the account, which should ensure that the charge will take effect as a fixed charge. The Cash Manager (as agent of the Borrower Security Trustee) will be entitled to withdraw amounts from the Rent Account to meet the interest, principal and other amounts due from the Borrower on each Loan Interest Payment Date.

Receivers

The principal remedies available following a default under the Loan or its Obligor Security, as contemplated by the Special Servicer's enforcement procedures, are the appointment of a receiver over the Mortgaged Properties or over all of the charged assets of the Borrower, the Property Owners or the Holding Company and/or entering into possession of the Mortgaged Properties. The Special Servicer has confirmed to the Issuer that its usual procedure for commercial property would involve the appointment of a receiver. A receiver would invariably require an indemnity to meet his costs and expenses (notwithstanding his statutory indemnity under the Insolvency Act 1986) as a condition of his appointment or continued appointment. Such an indemnity would rank ahead of payments on the Notes.

The Special Servicer's usual practice in England would be to require the Borrower Security Trustee to appoint a "Law of Property Act" receiver (an "**LPA Receiver**"). Such a receiver is so called because his powers derive not only from the fixed charge under which he has been appointed but also from the Law of Property Act 1925. An LPA Receiver is deemed by law to be the agent of the entity providing security until the commencement of liquidation proceedings against such entity and so, for as long as the receiver acts within his powers, he will only incur liability on behalf of the entity providing security. If, however, the Borrower Security Trustee, the Issuer Security Trustee or the Special Servicer on behalf of the Borrower Security Trustee and/or the Issuer Security Trustee, unduly directs or interferes with and influences the receiver's actions, a court may decide that the receiver is the Borrower Security Trustee's or the Issuer Security Trustee's agent and the Borrower Security Trustee or the Issuer Security Trustee, as the case may be, should be responsible for the receiver's acts.

Risks relating to the Borrower Swap Transaction

The obligations of the Borrower to the Borrower Swap Provider under the Borrower Swap Transaction (including any obligations to pay Borrower Swap Termination Payments) are secured by the Obligor Security.

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This interest of the Borrower Swap Provider in the Obligor Security ranks *pari passu* with the interest of the Issuer therein. If at the time of enforcement of the Obligor Security a substantial Borrower Swap Termination Payment is due to the Borrower Swap Provider (which will arise only if LIBOR falls significantly below the strike rate for the Borrower Swap Transaction), amounts available to repay the Loan (and hence the Notes) may be reduced.

Hedging Risks Relating to Borrower Swap Transaction and Interest Rate Cap

The Loan will bear interest at a rate based on three month LIBOR (plus margins in respect of the A-Loan and B-Loan respectively) while the payments under the occupational leases in respect of the Mortgaged Properties which provide the primary source of funds for the Borrower to repay the Loan do not vary with interest rates. In order to address interest rate risk, the Borrower will enter into the Borrower Swap Transaction and the Interest Rate Cap. However, there can be no assurance that the Borrower Swap Transaction and the Interest Rate Cap will adequately address unforeseen hedging risks. Moreover, in certain circumstances the Borrower Swap Transaction may be terminated. Noteholders may suffer a loss if the Borrower Swap Transaction terminates and the Issuer, as a result of such termination, does not receive sufficient funds to make all payments then due on the Notes (whether as a result of the Borrower being liable to make a payment to the Borrower Swap Provider as a result of that early termination or because of variations in LIBOR rates).

The amount of the Borrower Swap Transaction will amortise over its term from £209,696,914.61. The amortisation is in accordance with the schedule set out below:

Period start date	Period end date	Swap notional amount (£)
Closing Date	17 January 2005	209,696,914.61
17 January 2005	15 April 2005	208,651,347.53
15 April 2005	15 July 2005	207,588,136.50
15 July 2005	17 October 2005	206,506,983.79
17 October 2005	16 January 2006	205,406,624.13
16 January 2006	18 April 2006	204,287,660.89
18 April 2006	17 July 2006	203,149,815.16
17 July 2006	16 October 2006	201,992,768.27
16 October 2006	15 January 2007	200,816,196.22
15 January 2007	16 April 2007	199,619,769.52
16 April 2007	16 July 2007	198,403,153.11
16 July 2007	15 October 2007	197,610,385.63
15 October 2007	15 January 2008	196,804,240.19
15 January 2008	15 April 2008	195,984,491.05
15 April 2008	15 July 2008	195,150,908.64
15 July 2008	15 October 2008	193,872,346.25
15 October 2008	15 January 2009	192,558,742.08
15 January 2009	15 April 2009	191,223,303.33
15 April 2009	15 July 2009	189,865,994.06

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There can be no assurance that the amount of the Borrower Swap Transaction will not become greater than the principal amount of the Loan as a result of prepayments of the Loan. If this happens the Borrower may (depending on the rate of LIBOR at the relevant time) be obliged to pay more than anticipated under the Borrower Swap Transaction and consequently may not be able to make all scheduled and anticipated payments and repayments in respect of the Loan which may in certain circumstances lead to a Loan Event of Default.

It should also be noted that the Borrower Swap Transaction is scheduled to terminate on the Loan Interest Payment Date falling in July 2009. From that termination date until the Expected Final Maturity Date, the hedging in place to address interest rate risk will be the Interest Rate Cap which provides a cap on the liability of the Borrower (to the extent of the Interest Rate Cap notional amount) if LIBOR rises above 6.25 per cent.

For a more detailed description of the Borrower Swap Transaction and Interest Rate Cap see “The Loan and the Obligor Security — The Borrower Swap Agreement and Interest Rate Cap” below.

Mortgagee in Possession Liability

The Borrower Security Trustee or the Issuer Security Trustee (if the Issuer Security Trustee has taken enforcement action against the Issuer) may be deemed to be a mortgagee in possession if the Borrower Security Trustee or the Issuer Security Trustee physically enters into possession of a Mortgaged Property or performs an act of control or influence which may amount to possession, such as submitting a demand direct to tenants requiring them to pay rents to the Borrower Security Trustee or the Issuer Security Trustee. The enforcement procedures contained in the Transaction Documents contemplate that, following a default, notice would be served on the tenants of a Mortgaged Property requiring all further rents to be paid directly to the Rent Account (which is secured in favour of the Borrower Security Trustee). This could result in the Borrower Security Trustee (or the Issuer Security Trustee if it has taken enforcement action against the Issuer) becoming a mortgagee in possession.

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

In a case where it is necessary to initiate enforcement procedures against the Borrower, the Special Servicer is likely to appoint a receiver to collect the rental income on behalf of the Lenders which should have the effect of reducing the risk that either the Issuer, the Borrower Security Trustee or the Issuer Security Trustee is deemed to be a mortgagee in possession. If the Special Servicer does not choose to enforce via a receiver, the Issuer Security Trustee has the absolute discretion, at any time, to serve a written notice on the Special Servicer requiring the Special Servicer to obtain the Issuer Security Trustee’s prior written consent before taking any action which would be likely to lead to the Borrower Security Trustee or the Issuer Security Trustee becoming a mortgagee in possession in respect of a Mortgaged Property.

The Borrower Security Trustee would be entitled to be indemnified by the Borrower, in priority to payments due to the Obligor Secured Parties (including the Issuer) and the Issuer Security Trustee and Note Trustee would be entitled to be indemnified by the Issuer, in priority to payments due to the Noteholders, in each case in respect of any liabilities incurred by it as a mortgagee in possession.

Unless the Borrower Security Trustee or the Issuer Security Trustee, as the case may be, is satisfied that it will not incur any liability (whether environmental or otherwise) arising from it enforcing the security, or is appropriately indemnified in respect of any such liability, it will not enforce the security when required to do so by the Lenders or Controlling Lender, in the case of the Loan and/or the Obligor Security, or by the Note Trustee, in the case of the Issuer Security.

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Conflicts of Interest

General

The potential for various conflicts of interest exists with respect to the Property Owners and the offering of the Notes, including conflicts of interests among the Borrower, the Special Servicer, the Borrower Security Trustee and the Managing Agent.

Conflicts Between the Special Servicer and the Borrower Security Trustee

The Borrower Security Trustee has been advised by the Special Servicer that it intends to continue to service existing and new loans for third parties and its own portfolio, including loans similar to the Loan, in the ordinary course of their business. These loans may be in the same markets or have common owners, obligors and/or managing agents as the Loan and Mortgaged Properties. Certain personnel of the Special Servicer may, on behalf of the Special Servicer, perform services with respect to the Loan at the same time as they are performing services, on behalf of other persons or itself, with respect to other mortgage loans in the same markets as the Mortgaged Properties securing the Loan. In such a case, the interests of the Special Servicer and its affiliates and their other clients may differ from and compete with the interests of the Borrower Security Trustee and such activities may adversely affect the amount and timing of collections on the Loan.

In addition, the Special Servicer and its affiliates actively engage in the acquisition, development, operation, financing and disposition of commercial property, including commercial property that competes with the Mortgaged Properties, and may in the future have relationships, including financing relationships, with the equity owners of the Borrower under the Loan. Such activities and relationships may create conflicts of interest for the Special Servicer in its servicing of the Loan.

Conflicts Between the interests of the Noteholders and the Operating Adviser

As described herein, under certain circumstances, the Controlling Lender will be entitled to appoint an Operating Adviser with respect to the Loan. Prior to the Borrower Security Trustee or Special Servicer making certain modifications with respect to the Loan, the Borrower Security Trustee or Special Servicer, as the case may be, will be required to consult with the Operating Adviser. In addition, the Operating Adviser will have the right to remove and replace the Special Servicer.

Investors in the Notes should consider that an Operating Adviser may and, in certain events, will, have interests that conflict with those of the Noteholders and may oppose actions that would benefit the holders of the Notes. However, the Special Servicer will be obliged to act in accordance with the Servicing Standard and the Borrower Security Trustee and the Special Servicer will be obliged to act in accordance with the other terms of the Servicing and Intercreditor Deed, notwithstanding their consultation with an Operating Adviser and the Borrower Security Trustee shall not be liable to any person for so acting.

Rights of the Controlling Lender

The Controlling Lender will have the right to appoint the Special Servicer upon a Servicing Transfer Event and to be consulted with or in some instances approve certain actions with respect to the Loan in the event that the Loan becomes a Specially Serviced Loan including, *inter alia*, any enforcement of the Specially Serviced Loan, the appointment of an LPA Receiver, modifications, waivers and amendments of any monetary terms of the Specially Serviced Loan, the release of any security, the release of Borrower obligations under the Loan Agreement and actions taken on the Mortgaged Properties with respect to environmental matters. The Special Servicer will not be required to follow any such direction that would cause it to violate the Servicing Standard. The Controlling Lender may also appoint the Operating Adviser under certain circumstances. Prior to the Special Servicer making certain modifications with respect to the Specially Serviced Loan, the Special Servicer will be required to consult with, or in certain circumstances obtain the consent of, the Operating Adviser. In addition, the Operating Adviser will have the right to, subject

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to certain limitations, terminate and replace the Special Servicer. There can be no assurance that any directions provided by the Controlling Lender will ultimately maximise the recovery on the Specially Serviced Loan. Because the Controlling Lender will be LNR UK CMBS S.à r.l. and Anthracite Capital, Inc., together the B-Lender under the Loan, the Controlling Lender may have interests that may conflict with those of the Noteholders. See “Servicing — Rights and Powers of the Controlling Lender”.

Conflicts Between the Managing Agent and the Property Owners

The Managing Agent manages additional properties, including properties that may compete with the Mortgaged Properties. Moreover, affiliates of the Managing Agent, may also own or manage other properties, including competing properties. Accordingly, the Managing Agent may experience conflicts of interest in the management of the Mortgaged Properties.

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 risk 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.

SUMMARY OF THE PRINCIPAL DOCUMENTS

THE LOAN AND THE OBLIGOR SECURITY

1 Origination of the Loan

A £215,650,000 loan facility will be made available by the Lenders to the Borrower pursuant to the Loan Agreement on the Closing Date.

The Loan will be utilised by the Borrower for the purposes described under “Use of Proceeds” below.

2 Terms of the Loan

The Loan Agreement will be governed by English law. A summary of the principal terms of the Loan Agreement is set out below.

For the purposes of the Loan Agreement:

“**A-Lender**” means (a) the Issuer; and (b) any person who has become an A-Lender in accordance with Clause 22 of the Servicing and Intercreditor Deed, which in each case has not ceased to be an A-Lender in accordance with the Servicing and Intercreditor Deed.

“**A-Loan**” means an amount equal to the A-Lender’s participation in the Loan being as at the Closing Date £193,650,000.

“**Agreement for Lease**” means an agreement to grant an Occupational Lease of all or part of a Mortgaged Property.

“**Allocated Value**” means the Market Value of that Mortgaged Property as shown in the Valuation Report.

“**B-Lender**” means (a) the Controlling Lender; and (b) any person who has become B-Lender in accordance with Clause 22 of the Servicing and Intercreditor Deed, which in each case has not ceased to be a B-Lender in accordance with the Servicing and Intercreditor Deed.

“**B-Loan**” means the aggregate of (a) an amount equal to the B-Lender’s participation in the Loan being as at the Closing Date £22,000,000; and (b) the amount of all outstanding Cure Loans made by the B-Lender pursuant to Clause 15 of the Servicing and Intercreditor Deed (if any) and Clause 30.11 of the Loan Agreement, but for the purposes of calculating the amount of any payment due to be made to the B-Lender under the Servicing and Intercreditor Deed which is based, pro rata, on the relative sizes of the A-Loan and the B-Loan, there shall be disregarded any amount of the B-Loan which is attributable to Cure Loans.

“**Borrower-Property Owners Loan Agreement**” means the loan agreement relating to the Borrower-Property Owners Loan.

“**Break Costs**” means the amount (if any) by which:

- (a) the interest which a Lender should have received for the period from the date of repayment of all or any part of its participation in the Loan or Unpaid Sum to the last day of the Loan Interest Period in respect of that Loan or Unpaid Sum had the principal amount or Unpaid Sum received been paid on the last day of that Loan Interest Period;

exceeds

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

- (b) the amount which that Lender would be able to obtain by placing an amount equal to the principal amount or Unpaid Sum received by it on deposit with a leading bank in the London interbank market for a period starting on the Business Day following receipt or recovery and ending on the last day of that Loan Interest Period.

“**Business Day**” means a day (other than a Saturday or a Sunday) on which banks are open for business in London.

“**Cure Loan**” means any further advance made by the B-Lender to the Borrower in order to cure a Loan Event of Default in the circumstances described in Clause 15 of the Servicing and Intercreditor Deed and Clauses 22.1.3, 22.2.3 or 30.11 of the Loan Agreement.

“**Default**” means any Loan Event of Default or event or circumstance which would be (with the expiry of a grace period, the giving of notice or the making of any determination or any combination of them) a Loan Event of Default.

“**Facility**” has the meaning given in Clause 2 of the Loan Agreement.

“**Finance Documents**” means, collectively, the Loan Agreement, the Security Deed, the Borrower Swap Transaction, the Interest Rate Cap, the Standard Securities, the Assignations of Rent, the Mortgages of Shares, the Servicing and Intercreditor Deed, the Notes, the Agency Agreement, the Subscription Agreement, the Cash Management Agreement, the Deed of Charge and Assignment, the Liquidity Facility Agreement, the Note Trust Deed, the Tax Deed of Covenant, the Corporate Services Agreement, the Declaration of Trust, the Master Definitions Schedule, the Borrower-Property Owners Loan Agreement, the Subordinated Funding Agreement, the Subordinated Floating Charge Deed, the Subordination Deed, the Post-Enforcement Call Option Agreement, and the Property Management Agreement and any other document designated as such by the Borrower Security Trustee and the Borrower and “**Finance Document**” means any one of them.

“**Finance Party**” means the Lenders, the Borrower Swap Provider, the Account Bank, the Note Trustee, the Cash Manager, the Agent Bank, the Principal Paying Agent, the Liquidity Facility Provider, the Corporate Services Provider, the Special Servicer, the Managing Agent, the Borrower Security Trustee or the Issuer Security Trustee and “**Finance Parties**” means all of them.

“**Group**” means the Borrower, the Property Owners and any other subsidiaries of the Borrower and the Property Owners for the time being.

“**Headlease**” means each lease or fee form grant (other than the Leases within the Group) under which a Property Owner holds an interest in any of the Mortgaged Properties and any further such lease or fee form grant granted to, or otherwise acquired by, a Property Owner in the future.

“**Increased Cost**” means an additional or increased cost, a reduction in the rate of return under a Finance Document or on its overall capital or a reduction of an amount due and payable under any Finance Document incurred by a Finance Party to the extent attributable to it having entered into any Finance Document or funding or performing its obligations under any Finance Document.

“**Interest Cover**” or “**ICR**” means, at any time, projected annual Net Rental Income as a percentage of projected annual finance costs at that time. For the purposes of this definition:

- (a) projected annual finance costs means the estimated aggregate amount of all amounts payable to the Finance Parties under the Finance Documents (less any amount payable by the Borrower Swap Provider to the Borrower) and all other amounts due in respect of Issuer Expenses and expenses of the Borrower Security Trustee and the Cash Manager in relation to the Loan for the 12 month period in respect of the projected annual net rental income;

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

- (b) in determining projected annual finance costs it shall be assumed, insofar as interest on the Loan is subject to the Borrower Swap Transaction or the Interest Rate Cap, that LIBOR for the purposes of determining the rate of that interest on the Loan is the weighted average of the fixed or protected rate under the Borrower Swap Transaction or the Interest Rate Cap, as applicable, otherwise LIBOR shall be used assuming an interest period of 3 months; and
- (c) projected annual net rental income means the estimated aggregate Net Rental Income for the 12 month period commencing on the next Loan Interest Payment Date and in determining projected annual net rental income, it shall be assumed that:
 - (i) a break clause under any Lease Document will be deemed to be an expiry of the Lease Documents;
 - (ii) following expiry of a Lease Document, the part of the Mortgaged Property that was leased remains vacant;
 - (iii) Net Rental Income will be ignored unless payable under a binding Lease Document;
 - (iv) potential Net Rental Income increases as a result of rent reviews will be ignored other than where there are fixed rental increases pursuant to the relevant Lease Documents;
 - (v) Net Rental Income payable by a tenant that is more than three months in arrears on its rental payments will be ignored; and
 - (vi) Net Rental Income will be reduced by the amounts (together with any related value added or similar taxes) of ground rent, rates, service charges, insurance premia, maintenance and other outgoings with respect to each Mortgaged Property insofar as any of those items are not fully funded by the tenants under the Lease Documents.

“**Lease Document**” means an Agreement for Lease, an Occupational Lease or any other document designated as such by the Borrower Security Trustee upon the advice of the Managing Agent and the Borrower or any Property Owner.

“**LIBOR**” for a Loan Interest Period of the Loan has the meaning given in Condition 4(c).

“**Loan Interest Balance Payment**” means, in respect of a Relevant Mortgaged Property, the accrued interest on the Relevant Mortgaged Property Proportion of the Loan in respect of the period from and including the last Loan Interest Payment Date to (but excluding) the date of the relevant disposal or compulsory acquisition plus any Break Costs.

“**Loan Interest Payment Date**” means 15 January, 15 April, 15 July and 15 October in each year, with the first Loan Interest Payment Date being in January 2005. If, however, any such day is not a Business Day, the Loan Interest Payment Date will instead be the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not).

“**Loan to Value**” means, at any time, the Loan as a percentage of the aggregate open market values of the Mortgaged Properties (determined in accordance with the most recent Valuation at that time).

“**Market Value**” has the meaning given to it in the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual (or its successor).

“**Material Adverse Effect**” means a material adverse effect on or material adverse change in: (a) the financial condition, assets, prospects or business of any Obligor or on the consolidated financial condition, assets, prospects or business of the Group or the Obligors taken as a whole; (b) the ability of any Obligor to perform and comply with its obligations under any Finance Document; (c) the validity, legality or enforceability of any

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Finance Document; or (d) the validity, legality or enforceability of any security expressed to be created pursuant to any Security Document or on the priority and ranking of any of that security.

“**Mortgaged Property**” means each of the properties known as Argyle House in Edinburgh; Rubislaw House in Hill of Rubislaw, Aberdeen; Seafield House in Hill of Rubislaw, Aberdeen; Marathon House in Hill of Rubislaw, Aberdeen; Friars Bridge Court in London SE1; New City Court in London SE1; and Sherborne House in London EC4 (being, together, the “**Mortgaged Properties**”), each as described in the Security Deed and, where the context so requires, the buildings on that Mortgaged Property.

“**Net Rental Income**” means Rental Income other than Service Charge Proceeds.

“**Obligors**” means the Borrower and the Property Owners and “**Obligor**” means any one of them.

“**Obligor Security Documents**” means:

- (a) the Security Deed;
- (b) the Mortgage Shares;
- (c) the Standard Securities;
- (d) the Assignations of Rent; and
- (e) any other security document that may at any time be given as security for any of the Obligor Secured Liabilities pursuant to and in connection with any finance document.

“**Obligor Secured Parties**” means each of:

- (a) the Borrower Security Trustee;
- (b) the Issuer;
- (c) the Controlling Lender;
- (d) the Special Servicer;
- (e) the Borrower Swap Provider;
- (f) the Account Bank;
- (g) the Cash Manager;
- (h) the Managing Agent;
- (i) the Corporate Service Provider; and
- (j) any LRA Receiver appointed under the Security Deed,

in each case, in its or their capacity as party to the relevant Transaction Document.

“**Occupational Lease**” means any occupational lease or licence or other right of occupation to which a Mortgaged Property may be subject from time to time.

“**Potential Loan Event of Default**” means any condition, event or act which, with the giving of notice and/or the lapse of time and/or the issue of a certificate, would constitute a Loan Event of Default.

“**Release Amount**” means, in relation to a disposal, an amount equal to the greater of:

- (a) 92.5 per cent. of the Allocated Value of the Mortgaged Property disposed of (whether directly or through a disposal of shares in the Property Owner); and

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- (b) 92.5 per cent. of the net disposal proceeds in respect of that disposal (after deducting fees, transaction costs and taxes).

“**Relevant Mortgaged Property**” means a Mortgaged Property which is, or is to be, disposed of or compulsorily acquired.

“**Relevant Mortgaged Property Proportion**” means, in respect of a Relevant Mortgaged Property, the proportion which the Allocated Value of that Relevant Mortgaged Property bears to the aggregate Allocated Value of all Mortgaged Properties.

“**Relevant Quarterly Costs**” means, in respect of a Loan Interest Period in which a Relevant Mortgaged Property is disposed of or compulsorily acquired, the Relevant Mortgaged Property Proportion of the estimated amount of all costs and expenses payable to any parties under any Finance Documents and any other amounts of Issuer Expenses (excluding interest payable under the Loan and the Notes and without double counting) in respect of such Loan Interest Period.

“**Rental Income**” means the aggregate of all amounts payable to or for the benefit or account of an Obligor arising from or in connection with the letting, use or occupation of any part of each Mortgaged Property, including each of the following amounts (without double counting):

- (a) rent, licence fees and equivalent sums reserved or made payable;
- (b) sums received from any deposit held as security for the performance of any tenant’s obligations;
- (c) any premium paid on the grant of any Occupational Lease;
- (d) any other monies payable in respect of use and/or occupation;
- (e) proceeds of insurance in respect of loss of rent;
- (f) receipts from or the value of consideration given for the surrender or variation of any letting;
- (g) proceeds paid by way of reimbursement of expenses incurred or on account of expenses to be incurred in the management, maintenance and repair of, and the payment of insurance premia for, a Mortgaged Property;
- (h) proceeds paid for a breach of covenant under any Occupational Lease and for expenses incurred in relation to any such breach;
- (i) any contribution to a sinking fund paid by an occupational tenant;
- (j) payments from a guarantor in respect of any of the items listed in this definition;
- (k) interest, damages or compensation in respect of any of the items in this definition; and
- (l) any value added tax on any sum mentioned in this definition.

“**Security**” means a mortgage, charge, standard security, assignation in security, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Security Documents**” means the Security Deed, the Standard Securities, the Assignations of Rents and the Mortgages of Shares, and “**Security Document**” means any one of them.

“**Service Charge Proceeds**” means such amounts of Rental Income as constitutes:

- (a) any sum paid by, or receivable from, a tenant (or other occupier) of a Mortgaged Property by way of reimbursement of expenses incurred or on account of expenses to be incurred by or on behalf of an Obligor in the management, maintenance and repair or the provision of services specified in any Lease

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Document in respect of that Mortgaged Property and the payment of insurance premia for that Mortgaged Property;

- (b) any sum paid by, or receivable from, a tenant of a Mortgaged Property for a breach of covenant under its Occupational Lease to, or for expenses incurred by, or on behalf of, an Obligor in remedying such breach or discharging such expenses;
- (c) any contribution to a sinking fund paid by, or receivable from, a tenant of a Property under its Occupational Lease; and
- (d) any withholding or deduction on account of tax or any value added tax on such Rental Income or any of the amounts referred to in paragraphs (a) to (c) above.

“**Tax Payment**” means a payment made by the Borrower, any Property Owner, or the Holding Company to a Finance Party in any way relating to a deduction or withholding for or on account of tax from a payment under a Finance Document or under any indemnity given by that person in respect of tax under any Finance Document.

“**Transaction Documents**” includes:

- (a) a Finance Document;
- (b) a Lease Document; and
- (c) any other document designated as such by the Borrower Security Trustee and the Borrower, any Property Owner, or the Holding Company,

and “**Transaction Document**” means any of them.

“**Unpaid Sum**” means any sum due and payable but unpaid by an Obligor under the Finance Documents.

“**Utilisation**” means a drawdown of the Loan.

“**Utilisation Date**” means the date of a Utilisation, being the date on which the relevant Loan is to be made.

“**Valuation**” means a valuation of the Borrower’s or the relevant Property Owner’s interests in a Mortgaged Property, or as the context requires, the Mortgaged Properties by the relevant Valuer, addressed to the Finance Parties and prepared on the basis of the market value as that term is defined in the then current Royal Institution of Chartered Surveyors Appraisal and Valuation Standards.

“**Valuer**” means Colliers Conrad Ritblat Erdman or any other surveyor or valuer appointed by or on behalf of the Borrower.

(A) Amount of the Loan, Drawdown, Further Advances and Agency

The principal amount of the Loan to be made available will be £215,650,000 or such other amount representing the proceeds of Notes issue and the loan of £22,000,000 from the Controlling Lender.

The Loan Agreement places no obligation on any of the Lenders to make any further advance to the Borrower. The Borrower Security Trustee (or the Special Servicer where applicable) will not be permitted under the terms of the Servicing and Intercreditor Deed to agree to any amendment of the Loan that would allow any further advances to the Borrower to be made on behalf of the Lenders.

The Borrower will, as regards an amount of £34,690,638 comprising part of the Loan (the “**Anex Loan**”), be acting as agent for Anex. The Borrower will have full discretion to act on behalf of Anex with regards to the Anex Loan. All references to the Borrower acting as borrower under the Loan Agreement should be construed accordingly.

(B) *Conditions Precedent to Drawdown*

The obligations of the Lenders and the other parties thereto under the Loan Agreement are subject to the satisfaction of various conditions precedent including the receipt by the Lenders of the title documents to the Mortgaged Properties, insurance documents and legal opinions.

(C) *Interest and Repayments*

Interest

The rate of interest payable on the A-Loan for each Loan Interest Period is LIBOR plus a 0.01 per cent. profit margin plus the weighted average margin per annum, from time to time, on the Notes, such amount being 0.4441 per cent. as at the Closing Date. Interest is payable quarterly in arrear on the Loan on each Loan Interest Payment Date in respect of successive Loan Interest Periods.

Repayments

The Borrower must repay the Loan in full at the Loan Redemption Date, subject to the various provisions regarding prepayment in whole or in part described below. Further, the Loan is expected to amortise partially over its term.

Prepayment On Illegality

The Borrower must prepay the Loan on receipt of notice that it has become unlawful for any of the Lenders to perform any of its obligations under a Finance Document or to fund or maintain the Loan.

Prepayment On Tax Payments

The Borrower may repay the Loan if it is, or will be, required to pay any Tax Payment.

Prepayment On Disposals

On the disposal of all or part of a Mortgaged Property or the share capital of an Obligor, the Borrower must pay the disposal proceeds into the Deposit Account. The Borrower Security Trustee shall instruct the Account Bank to apply all such amounts in, amongst other things, prepayment of the Loan in accordance with the Deposit Account Priority of Payments.

Prepayment on receipt of Insurance Proceeds

Each Obligor shall ensure that subject to the requirements of any relevant Occupational Lease and (except as provided below) any proceeds received by a Group member under or pursuant to an insurance policy are paid immediately on receipt into the Deposit Account. Such amounts will be applied towards the reinstatement of the relevant Mortgaged Property and/or prepayment of the Loan or, as long as a Loan Event of Default is continuing, such amounts will be transferred to the Rent Account, all in accordance with the Deposit Account Priority of Payments.

The foregoing does not apply to insurance proceeds relating to loss of rent (which shall be paid into the relevant Rent Account) or third party or public liability claims (which shall be paid to the relevant third party).

Voluntary Prepayment

The Borrower may, by giving not less than 15 Business Days' prior notice to the Borrower Security Trustee and the Lenders prepay the Loan on any Loan Interest Payment Date in whole or in part (but if in part subject to a minimum amount of £5,000,000 but not more than £50,000,000 in aggregate).

Prepayment and the Swap

The Borrower may have to partially terminate the Borrower Swap Transaction in connection with a prepayment of the Loan. Under the terms of the Borrower Swap Transaction, the Borrower may have

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to make a termination payment to the Borrower Swap Provider in such circumstances depending on the rate of LIBOR at the relevant time.

(D) Disposal of Mortgaged Properties

- (a) No Obligor shall (and the Borrower shall ensure that no other member of the Group will) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of any asset. This does not apply to any sale, lease, transfer or other disposal:
 - (i) of a Mortgaged Property or the entire issued share capital of an Obligor on arm's-length terms if:
 - (A) the entire proceeds of the sale are paid into the Deposit Account and the Borrower Security Trustee is satisfied (having received a confirmation from the Cash Manager on which it is entitled to rely) that such proceeds are sufficient to meet the aggregate of: (x) the Release Amount and any Borrower Swap Termination Amount payable by the Borrower; and (y) if the disposal takes place on any day other than a Loan Interest Payment Date, the Relevant Quarterly Costs and any Loan Interest Balance Payment; and
 - (B) no Default is continuing or would result from that sale, lease, transfer or other disposal;
 - (ii) constituting the creation of any security permitted under the Loan;
 - (iii) permitted by the Loan in respect of Occupational Leases;
 - (iv) where the Borrower Security Trustee has consented in writing to such sale, lease, transfer or other disposal; or
 - (v) constituting the disposal of a Mortgaged Property by way of compulsory purchase.
- (b) On any disposal, the Obligors shall ensure that the disposal proceeds are paid into the Deposit Account. Such proceeds will be applied in accordance with the Deposit Account Priority of Payments.

(E) Guarantee

Pursuant to the Loan Agreement, the Obligors will jointly and severally agree to guarantee the punctual performance of each of the Obligors of their obligations under the Loan Agreement. Each of the Obligors have undertaken to pay upon demand by the Lenders (or the Borrower Security Trustee on their behalf) sums due but unpaid by any of the Obligors under the Loan Agreement and the Obligor Security.

(F) Representations and Warranties

Each of the Borrower and the Property Owners will make representations and warranties to each Finance Party under the Loan Agreement on the date of the Loan Agreement and on the first day of each Loan Interest Period. The representations and warranties relate to the matters which are normally the subject of representations and warranties in loan agreements secured on UK commercial property including (a) formation, power and authority of each of the Borrower and the Property Owners; (b) validity and enforceability of the Finance Documents; (c) no conflict with applicable law; (d) no deduction of tax; (e) recognition of choice of law and judgements obtained; (f) no filing or stamp duties; (g) no Loan Event of Default; (h) all requisite authorisations have been obtained and all filings

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and registrations have been made; (i) all financial statements have been prepared under applicable United Kingdom General Accepted Accounting Principles (“GAAP”); (j) *pari passu* ranking; (k) no litigation or proceedings pending or threatened; (l) valid security; (m) accuracy of information supplied; (n) ownership of the Mortgaged Properties; (o) compliance with environmental laws and obtained environmental licences required; (p) no release of hazardous substances and no contamination at any current, to be or previously owned, leased, occupied or controlled property; (q) group structure; (r) no other financial indebtedness; (s) solvency of the Borrower and each Property Owner; (t) payments of taxes; and (u) valid creation of Security under the Security Documents.

(G) Information Undertakings

Each of the Borrower and the Property Owners must supply to the Borrower Security Trustee its individual and consolidated audited annual financial statements within 90 days of its year end. Each of the Obligors must also notify the Borrower Security Trustee of material litigation and any Default. The Borrower Security Trustee may also (but shall not be obliged to) request additional financial or property information and certificates that no Default has occurred.

(H) General Undertakings

The general undertakings by each of the Obligors under the Loan Agreement will include covenants as to matters relating to each of the Obligors, the Finance Documents and the Mortgaged Properties. These include undertakings by each of the Obligors: (a) that their payment obligations under the Finance Documents rank at least *pari passu* with their other unsecured payment obligations; (b) not to create security over their assets (other than pursuant to a Finance Document); (c) not to dispose of their assets (other than certain permitted disposals); (d) not to dispose of any part of a Mortgaged Property other than in accordance with (D) above; (e) not to incur any financial indebtedness (subject to limited exceptions); (f) not to make any loans or give any guarantees (subject to limited exceptions); (g) not to change their businesses, have any subsidiaries (other than in the case of the Borrower, the Property Owners), merge with any person or acquire any assets; (h) not to issue any further shares, repay or redeem any share capital or pay any dividends (subject to certain limited exceptions); (i) to maintain all authorisations in respect of the Finance Documents; (j) to comply with all laws (including financial assistance); (k) to hedge the Loan; (l) not enter into contracts with persons unless in the ordinary course of business and on arm’s-length terms; (m) that the business of the Borrower be restricted; (n) to pay all taxes when required to be paid; and (o) to maintain the separate identity of each Obligor.

(I) Property Undertakings

The property undertakings by each of the Obligors under the Loan Agreement will include the following:

Occupational Leases

None of the Obligors may (subject as provided below):

- (a) enter into or agree to grant any Lease Document in respect of any Mortgaged Property;
- (b) grant any new contractual licence or right to occupy any part of any Mortgaged Property after the date of the Loan Agreement;
- (c) consent to any assignment or assignation of any tenant’s interest under any Lease Document;
- (d) in relation to a Mortgaged Property located in England, serve any notice on any former tenant under any Occupational Lease under Section 17(2) of the Landlord and Tenant (Covenants) Act 1995 or on any guarantor of any such former tenant under Section 17(3) of that Act;

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- (e) agree to any rent reviews in respect of any Occupational Lease;
- (f) agree to any amendment, waiver or surrender in respect of any Lease Document;
- (g) in relation to a Mortgaged Property located in England, grant or agree to grant any new Lease Document without including in the alienation covenant a provision for the proposed assignor on any assignment to guarantee the obligations of the proposed assignee until that assignor is released under the terms of the Landlord and Tenant (Covenants) Act 1995;
- (h) exercise any option or power to break, determine, vary or extend any Lease Document now or at any time relating to or affecting a Mortgaged Property and will duly and diligently implement any provision of any such Lease Document for the review of the rents referred to in that Lease Document; or
- (i) agree any change in, abatement or suspension of rent,

(each a “**Restricted Leasing Activity**”).

Restricted Leasing Activities (a), (b), (c), (e) (but only upward rent reviews) and (h) may be carried out with respect to any Lease Document with the prior consent of the Controlling Lender or (without such consent) if the annual rent payable under that Lease Document does not exceed £50,000 per annum.

An Obligor may agree to an amendment or waiver in respect of an Occupational Lease. where: (i) the amendment or waiver does not relate to the amount or timing of the payment of rent or the termination of that Occupational Lease before the original contractual date for the termination of that Occupational Lease or (ii) under law or regulation, the relevant Obligor cannot withhold its consent to that amendment or waiver.

Each of the Obligors must use reasonable endeavours (consistent with the principles of good estate management) to find tenants for any vacant lettable space in the Mortgaged Properties with a view to granting an Agreement for Lease or Occupational Lease of that space.

Information and Property Monitoring

On or before the date five Business Days before each Loan Interest Payment Date, the Borrower must supply to the Managing Agent and the Borrower Security Trustee the following information in respect of the quarterly period ending 1 Business Day before that Loan Interest Payment Date:

- (a) a list of the existing occupational tenants of each Mortgaged Property, showing for each tenant the rent, service charge, VAT and any other amounts payable in that period by that tenant;
- (b) copies of any management accounts and management cashflows for each of the Obligors;
- (c) details of any arrears of rent or service charges under any Lease Document and any step being taken to recover them;
- (d) details of any rent reviews with respect to any Lease Document in progress or agreed;
- (e) details of any Lease Document which will expire in the next three months or has expired or been determined or surrendered and any new lettings or licences proposed;
- (f) a commentary on the list mentioned in paragraph (a) above and each Mortgaged Property generally, detailing any proposed capital expenditure with respect to each Mortgaged Property and highlighting any issues which might be material to the Borrower Parties or which might otherwise have a Material Adverse Effect; and

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- (g) notice of any insolvency, bankruptcy, receivership, administration or liquidation affecting any tenant or licensee under any Lease Document promptly upon becoming aware of any such event.

Managing Agent

The Obligors will appoint the Managing Agent in respect of the Mortgaged Properties.

The Obligors must ensure that the Managing Agent agrees to pay all Net Rental Income (less certain value added tax amounts) received by it into the Rent Account without any withholding, set-off or counterclaim. The terms of appointment of the Managing Agent may not be materially amended and the appointment of the Managing Agent may only be terminated: (a) at the option of the Managing Agent upon 30 days' prior notice to the Borrower Security Trustee and the Property Owners; (b) by the Borrower Security Trustee, if it determines that the Managing Agent is in breach of its obligations under the Property Management Agreement; or (c) in relation to any Mortgaged Property on its disposal.

See "Management of the Mortgaged Properties" below for further details.

Insurances

Each Obligor must ensure that each Mortgaged Property and the plant and machinery on each Mortgaged Property (including fixtures and improvements) is insured on a full reinstatement basis, including site clearance, professional fees, value added tax, subsidence and not less than three years' loss of rent on all Occupational Leases of that Mortgaged Property as well as third party liability insurance, insurance against acts of terrorism (as long as such insurance is commercially available) and such other insurance as a prudent company in the same business as the relevant Obligor would effect, and is in force in an amount and form acceptable to the Borrower Security Trustee with an insurance company or underwriter which has a long term unsecured debt instrument rating of (i) "A" (or better) by Fitch, or (ii) "A" (or better) by both Moody's and S&P. and which is acceptable to the Borrower Security Trustee.

The proceeds of any insurance policy in respect of physical damage must be applied towards replacing, restoring or reinstating the relevant Mortgaged Property. However, after the occurrence of a Loan Event of Default, subject to the terms of any insurance policy or Lease Document, insurance proceeds in respect of physical damage shall be used to prepay the Loan.

Each Obligor will ensure compliance with the terms of the Finance Documents regarding the insurance of the Mortgaged Properties. None of them shall knowingly take any action or omit to take any action which would result in the avoidance or termination or non-renewal of any insurance policy or would reduce the amount payable on any claim thereunder or would result in the Borrower Security Trustee and its successors in title and assigns no longer being co-insured and sole loss payee on any such policy and, subject to the foregoing, shall use reasonable endeavours to ensure each policy is maintained in full force and effect.

Each Obligor shall, as soon as reasonably practicable after it becomes aware of the occurrence of any event giving rise to a claim, prepare and submit on behalf of the Borrower Security Trustee and in accordance with the terms and conditions thereof, any claim under any insurance policy and comply with any requirements of the relevant insurer.

If any Obligor becomes aware that there has been a failure to pay premia due under any insurance policy, it shall, on behalf of the Borrower Security Trustee, procure that the premia due and payable under any insurance policy are paid in order that the cover provided by such insurance policy shall not

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lapse. It shall also, upon becoming aware of the same, notify the Borrower Security Trustee of any such failure to pay premia due under an insurance policy.

If any insurance policy has already lapsed or any Mortgaged Property is otherwise not insured in accordance with the requirements of the Finance Documents, the relevant Obligor shall promptly notify the Borrower Security Trustee in writing, and shall, at its own cost, arrange such insurance in accordance with the terms of the applicable Finance Documents.

Environmental Matters

Each of the Obligors undertakes that it is, and has been, in compliance with all applicable laws or regulations concerning the protection of health and safety, the environment or any emission or substance which is capable of causing harm to any living organism or the environment (“**Environmental Law**”) and that it has obtained and complied with all authorisations thereunder. Each of the Obligors must promptly upon becoming aware notify the Borrower Security Trustee of: (a) any claim by any person against any of the Obligors in connection with a breach, or alleged breach, of an Environmental Law, any accident, fire, explosion or other event of any type involving an emission or substance which is capable of causing harm to any living organism or the environment or any other environmental contamination (an “**Environmental Claim**”) which is current, or to its knowledge, pending or threatened, (b) any circumstances reasonably likely to result in an Environmental Claim; or (c) any suspension, revocation or notification of any authorisation required under any Environmental Law, which in the case of: (a), (b) or (c), if substantiated, is reasonably likely to either have a Material Adverse Effect or result in any liability for a Finance Party.

Interest Cover Ratio

The Borrower must ensure that Interest Cover on each Loan Interest Payment Date is at least 110 per cent. (the obligation to comply with the same being, the “**Interest Cover Ratio**” or “**ICR**”).

Five Business Days prior to each Loan Interest Payment Date, the Borrower will provide to the Cash Manager calculations evidencing whether it has complied with the Interest Cover Ratio on that test date. If the Interest Cover Ratio on any Loan Interest Payment Date is less than that required, the Borrower will have remedied such breach if within five Business Days of such breach either (a) the Borrower has prepaid the Loan to ensure the ICR is complied with; or (b) the Borrower has deposited into the Deposit Account such amount as when treated as Net Rental Income will ensure compliance with the ICR requirement.

Loan to Value Ratio

The Borrower must ensure that the Loan to Value Ratio is met at all times. If there is a breach, no Loan Event of Default will occur if within five Business Days of that breach (a) the Borrower has prepaid the Loan to ensure compliance with the Loan to Value Ratio or (b) the Borrower deposits an amount into the Deposit Account so that after calculating the aggregate outstanding Loan as reduced by that amount, the Borrower would be in compliance with the Loan to Value Ratio. A valuation may be requested once in each 12 month period and, in certain other situations (for example, if the Lenders believe the Market Value of a Mortgaged Property is less than the most recent valuation) at any time. The cost of any such valuation will be borne by the Borrower.

Other Covenants

Each Obligor will, in addition, provide certain undertakings in respect of repair, alterations, development, investigation of title, title and head leases in respect of the Mortgaged Properties under the Loan Agreement.

(J) Default

Default

The Loan Agreement will contain the typical events of default for loans secured on UK commercial property (each a “**Loan Event of Default**”) including non-payment of sums due (subject to a three Business Day grace period for a non-payment caused by technical or administrative error), breach of covenant (subject, in the case of non-material breaches only, to a five Business Day cure period), misrepresentation, other financial indebtedness being declared due, insolvency of an Obligor (and related and analogous events), the Finance Documents ceasing to be lawful, changes in ownership of the Borrower any Holding Company, any or any Property Owner, repudiation, creditor process, security not being in full force and effect, material change to constitutional documents of an Obligor, ceasing to carry on a material part of an Obligor’s business, forfeiture or material damage to or destruction of any Mortgaged Property or the occurrence of an event or series of events which is reasonably likely to have a Material Adverse Effect.

The Borrower will promptly notify the Issuer, the Borrower Security Trustee and the Controlling Lender upon becoming aware of the occurrence of a Loan Event of Default.

Acceleration

If a Loan Event of Default is outstanding, the Borrower Security Trustee may (and must if so instructed by the Lenders) by notice to the Borrower declare that the Loan to be immediately due and payable.

3 The Borrower Swap Transaction and Interest Rate Cap

On or before the Closing Date, the Borrower and the Borrower Swap Provider will enter into the Borrower Swap Transaction and the Interest Rate Cap (each as described below) in order for the Borrower to protect itself against interest rate risk arising in respect of the Loan.

The Borrower will be acting as agent of Anex as regards the Anex Portion of the rights and obligations to which it is stated to be subject under the Borrower Swap Transaction and the Interest Rate Cap.

Under the terms of the Borrower Swap Transaction the Borrower will pay to the Borrower Swap Provider on each Loan Interest Payment Date an amount equal to the excess (if any) of an amount calculated by reference to a fixed rate equal to 5.65 per cent. per annum (such rate, and the rate on any replacement Borrower Swap Transaction, the “**Borrower Swap Rate**”) over an amount determined by reference to three-month sterling LIBOR and the Borrower Swap Provider will pay to the Borrower an amount equal to the excess (if any) of the amount determined by reference to such floating rate over the amount determined by reference to such fixed rate.

The Borrower Swap Transaction will partly amortise over its term.

As of the Closing Date, the notional balance under the Borrower Swap Transaction will be £209,696,914.61 and this will be amortised in accordance with the schedule set out below:

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

Period start date	Period end date	Swap notional amount (£)
Closing Date	17 January 2005	209,696,914.61
17 January 2005	15 April 2005	208,651,347.53
15 April 2005	15 July 2005	207,588,136.50
15 July 2005	17 October 2005	206,506,983.79
17 October 2005	16 January 2006	205,406,624.13
16 January 2006	18 April 2006	204,287,660.89
18 April 2006	17 July 2006	203,149,815.16
17 July 2006	16 October 2006	201,992,768.27
16 October 2006	15 January 2007	200,816,196.22
15 January 2007	16 April 2007	199,619,769.52
16 April 2007	16 July 2007	198,403,153.11
16 July 2007	15 October 2007	197,610,385.63
15 October 2007	15 January 2008	196,804,240.19
15 January 2008	15 April 2008	195,984,491.05
15 April 2008	15 July 2008	195,150,908.64
15 July 2008	15 October 2008	193,872,346.25
15 October 2008	15 January 2009	192,558,742.08
15 January 2009	15 April 2009	191,223,303.33
15 April 2009	15 July 2009	189,865,994.06

In addition, if the Borrower prepays the Loan in whole or in part prior to the Loan Redemption Date, it will be obliged to terminate the Borrower Swap Transaction in a corresponding amount. Depending on LIBOR at the relevant time, a payment may be due from the Borrower to the Borrower Swap Provider in connection with such termination (a “**Borrower Swap Termination Payment**”). Any such Borrower Swap Termination Payment will be paid in the manner described in “The Structure of the Accounts — The Borrower’s Accounts — The Rent Account” below.

The Borrower Swap Transaction is scheduled to terminate on the Loan Interest Payment Date falling in July 2009.

Subject to the following, the Borrower Swap Provider is obliged only to make payments under the Borrower Swap Transaction to the extent that the Borrower makes the corresponding payments thereunder. Furthermore, a failure by the Borrower to make timely payment of amounts due from it under the Borrower Swap Transaction will constitute a default thereunder.

The Borrower Swap Provider will be obliged to make payments under the Borrower Swap Transaction without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Borrower Swap Provider shall use reasonable efforts to transfer its rights and obligations with the consent of the Rating Agencies so that such deduction or withholding is not required. Failing this, the

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

Borrower Swap Provider will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Borrower will equal the full amount the Borrower would have received had no such withholding or deduction been required. The Borrower is similarly obliged to make payments under the Borrower Swap Transaction without any withholding or deduction of taxes unless required by law. The Borrower is not obliged to pay additional amounts in respect of such withholding or deduction.

The Borrower Swap Transaction will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Interest Rate Cap will cover the period from (but excluding) the Expected Final Maturity Date until (and including) the Legal Final Maturity Date. On each Loan Interest Payment Date during that period, if LIBOR exceeds 6.25% then the Borrower Swap Provider will pay to the Borrower an amount equal to such excess on £170 million (being the notional amount under the Interest Rate Cap) (“**Interest Rate Cap Amount**”).

In consideration of the Borrower Swap Provider providing the Interest Rate Cap, the Borrower will pay a fee to the Borrower Swap Provider which fee will be payable in equal instalments on consecutive Interest Payment Dates commencing on the Interest Payment Date in January 2005. Such payments will be made in accordance with the applicable Rent Account Priority of Payments.

In the event that the Loan is prepaid in part, the Borrower may sell its rights in the Interest Rate Cap to a third party provided it puts in place another interest rate cap agreement on substantively the same terms (but with a notional amount reduced by up to the same proportion as the Loan is reduced) and the Rating Agencies have confirmed that such action will not reduce the then current rating of the Notes.

If the short-term, unguaranteed, unsubordinated and unsecured debt obligations of the Borrower Swap Provider ceases to be rated at least A-1 and F-1 (or their equivalents) by the Rating Agencies, the Borrower Swap Provider will be obliged to (i) post acceptable collateral, (ii) transfer its rights and obligations to an acceptable swap provider, (iii) obtain an acceptable guarantee, or (iv) take such other action as may be agreed with the relevant Rating Agency.

The Borrower Swap Provider is ABN AMRO Bank N.V., acting through its London Branch, at 250 Bishopsgate, London EC2M 4AA.

ABN AMRO Holding N.V. (“**Holding**”) is incorporated under Dutch law by deed of 30 May 1990 as the holding company of ABN AMRO Bank N.V. Holding’s main purpose is to own ABN AMRO Bank N.V. and its subsidiaries. Holding owns 100 per cent. of the shares of the ABN AMRO Bank N.V. and is jointly and severally liable for all liabilities of ABN AMRO Bank N.V.. ABN AMRO Bank N.V. is registered in the Commercial Register of Amsterdam under number 33002587. The registered office of ABN AMRO Bank N.V. is at Gustav Mahlerlaan 10, 1082 PP Amsterdam, The Netherlands.

The ABN AMRO group (“**ABN AMRO**”), which consists of Holding and its subsidiaries, is a prominent international banking group offering a wide range of banking products and financial services on a global basis through its network of 3,718 offices and branches in 63 countries and territories as at year-end 2003. ABN AMRO is one of the largest banking groups in the world with total consolidated assets of EUR 632.8 billion as at 30 June 2004.

ABN AMRO has the largest presence in its three home markets. ABN AMRO is the largest banking group in The Netherlands and it has a substantial presence in the Mid Western United States, as one of the largest foreign banking groups based on total assets held in the country. In addition, it has a significant presence in Brazil through the acquisitions of Banco Real and of Banco Sudameris in 1998 and 2003 respectively.

The long-term, unsecured, unsubordinated and unguaranteed debt obligations of ABN AMRO are current rated “AA-” by S&P, “Aa3” by Moody’s and “AA-” by Fitch. The short-term, unsecured, unsubordinated and

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

unguaranteed debt obligations for ABN AMRO are currently rated “A-1+” by S&P, “P-1” by Moody’s and “F1+” by Fitch.

The information in the preceding four paragraphs has been provided solely by ABN AMRO for use in this Offering Circular and ABN AMRO is solely responsible for the accuracy of the preceding four paragraphs. Except for the foregoing four paragraphs, ABN AMRO Bank N.V., in its capacity as Borrower Swap Provider, and its affiliates have not been involved in the preparation of, and do not accept responsibility for, this Offering Circular.

4 The Obligor Security

The Loan is secured by:

- (a) a Security Deed to be dated the Closing Date between the Obligors and the Borrower Security Trustee;
- (b) Assignations of Rent to be dated the Closing Date between the relevant Obligors and the Borrower Security Trustee;
- (c) Standard Securities to be dated the Closing Date between the relevant Obligors and the Borrower Security Trustee; and
- (d) Mortgages of Shares to be dated the Closing Date between the Holding Company and the Borrower and the Borrower Security Trustee.

(A) *Creation of Security*

Security Deed

Under the Security Deed, the Obligors will grant security in favour of the Borrower Security Trustee as security for the payment of all the Obligor Secured Liabilities over their present and future assets. The Borrower Security Trustee will hold the benefit of the security as security trustee for the Obligor Secured Parties. The security granted by the Obligors will include, *inter alia*, the following:

- (a) in the case of the Property Owners, first legal mortgages over all of its estates or interests in any freehold or leasehold property now owned or subsequently owned by it including the Mortgaged Properties as specified in each Security Deed;
- (b) first fixed charges over its interest in all shares, stocks, debentures, bonds or other securities and investments owned by it or held by any nominee on its behalf;
- (c) first fixed charges over all plant and machinery owned by it and its interest in any plant or machinery in its possession;
- (d) first fixed charges over all of its rights in respect of any amount standing to the credit of Eligible Investments and any account (including the Rent Account, the Deposit Account, and the Retentions Account) it has with any person (other than the Service Charge Account) and the debt represented by it;
- (e) first fixed charges over all of its book and other debts, all other moneys due and owing to it and all related rights, securities or guarantees relating to the same;
- (f) assignments by way of first ranking security, subject to provisos for re-assignment on redemption, of all of its rights in respect of any contract or policy of insurance taken out by it or on its behalf or in which it has an interest;

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

- (g) assignments by way of first ranking security, subject to provisos for re-assignment on redemption, of all of its rights in respect of all Rental Income, any guarantee of Rental Income, each building contract, consultant appointment and collateral warranty in respect of the development of the Mortgaged Properties dated after the Closing Date and each Transaction Document to which it is a party;
- (h) first fixed charges over, *inter alia*, its goodwill, the benefit of any authorisation (statutory or otherwise) held in connection with its use of any charged asset and its uncalled capital; and
- (i) first floating charges over the Service Charge Account and all of its other assets not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, charge or assignment under the Security Deed.

Assignations of Rent

Under each Assignation of Rent, the relevant Obligors will grant security in favour of the Borrower Security Trustee as security for the payment of all the Obligor Secured Liabilities. The Borrower Security Trustee will hold the benefit of the security as security trustee for the Obligor Secured Parties. This security will include an assignment of all Rental Income from each Mortgaged Property located in Scotland.

Standard Securities

Under each Standard Security, the relevant Obligors will grant Security in favour of the Borrower Security Trustee as security for the payment of all the Obligor Secured Liabilities. The Borrower Security Trustee will hold the benefit of the security as security trustee for the Obligor Secured Parties. This security will include first legal mortgages on each Mortgaged Property located in Scotland.

Mortgages of Shares

Under the Mortgages of Shares, the Holding Company and the Borrower will each grant security in favour of the Borrower Security Trustee as security for the payment of all the Obligor Secured Liabilities. The Borrower Security Trustee will hold the benefit of the security as security trustee for the Obligor Secured Parties. This security will include first legal mortgages on all the shares in the share capital of the Borrower and each of the Property Owners owned by it or held by any nominee on its behalf.

(B) Enforceability

The security under the Security Deed, the Assignations of Rent, the Standard Securities and the Mortgages of Shares will become immediately enforceable if a Loan Event of Default occurs and is outstanding. The security will confer upon the Borrower Security Trustee (and any LPA Receiver appointed by it) a wide range of powers in connection with the sale or disposal of the property charged and its management subject to the provisions of the Obligor Security Documents. Each of the Borrower Security Trustee and any LPA Receiver will be granted powers of attorney on behalf of the chargors in connection with the enforcement of its security.

5 The Borrower-Property Owners Loan Agreement

On the Closing Date, the Property Owners will enter into the Borrower-Property Owners Loan Agreement.

The aggregate principal amount of the Borrower-Property Owners Loan will correspond to the aggregate principal amount of the Loan (less the Anex Loan and certain costs and expenses). There will be an obligation under the Borrower-Property Owners Loan Agreement for the Property Owners to pay, in a proportion fixed under the Borrower-Property Owners Loan Agreement, amounts due to the Borrower which are equal to or

SUMMARY OF THE PRINCIPAL DOCUMENTS – THE LOAN AND THE OBLIGOR SECURITY

exceed all amounts which the Borrower is due to pay under the Loan Agreement (other than amounts in respect of the Anex Loan). Amounts payable under the Borrower-Property Owners Loan which correspond to the principal amount of the Loan (other than the Anex Loan) will be repayable in the same circumstances as amounts repayable under the Loan.

6 The Tax Deed of Covenant

The Holding Company, the Borrower, each Property Owner, each Original Property Owner, the Note Trustee, the Issuer Security Trustee and, *inter alios*, the Borrower Security Trustee will enter into a deed of covenant (the “**Tax Deed of Covenant**”) on the Closing Date.

Pursuant to the Tax Deed of Covenant, each of the Holding Company, the Borrower and each Property Owner will make certain representations and covenants in relation to tax matters (including secondary tax liabilities) for the benefit of the Borrower Security Trustee and the Issuer Security Trustee.

The Tax Deed of Covenant will be governed by English Law.

7 Subordinated Funding Agreements

On the Closing Date, a third party lender (the “**Subordinated Lender**”) will lend £25,900,000 (the “**Subordinated Funding**”) to the Property Owners pursuant to the terms of an agreement to be entered into, if relevant, between the Property Owners and the Subordinated Lender (the “**Subordinated Funding Agreement**”).

Repayment of any Subordinated Funding will be subordinated to all amounts payable in respect of the Borrower-Property Owner Loan Agreement pursuant to a deed to be entered into, if relevant, between, amongst others, the Property Owners and the Subordinated Lender (the “**Subordination Deed**”).

It is anticipated that, if the Subordinated Funding is made, the Property Owners will grant to the Subordinated Lender a floating charge (which will be fully subordinated to the Obligor Security) (the “**Subordinated Floating Charge**”). The document containing the Subordinated Floating Charge is referred to herein as the “**Subordinated Floating Charge Deed**”.

8 The Post-Enforcement Call Option Agreement

The Notes will be issued subject to the Post-Enforcement Call Option in favour of OptionCo to be contained in a call option agreement dated on or about the Closing Date and made between the Issuer, OptionCo and the Note Trustee (the “**Post-Enforcement Call Option Agreement**”). This Post-Enforcement Call Option will entitle OptionCo to acquire all Relevant Notes for consideration of £0.01 per Relevant Note. The Post-Enforcement Call Option will be exercisable by OptionCo only following enforcement of the Issuer Security and distribution of the proceeds of the enforcement, and only if the Note Trustee has determined that the proceeds of such enforcement are insufficient after payment of all other claims ranking in priority to the outstanding Notes to pay any further amounts due in respect of the Notes outstanding at that time (the “**Relevant Notes**”). By virtue of condition 2(C), each Note will be subject to the terms of the Post-Enforcement Call Option.

DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

Introduction

Pursuant to the Servicing and Intercreditor Deed, each of the Lenders will appoint Lennar Partners United Kingdom Limited as the Special Servicer to be its agent to provide certain services in relation to the Loan and the Security Trust comprising the Obligor Security. In addition, while the Loan is not a Specially Serviced Loan, each of the Cash Manager, Borrower Security Trustee and Controlling Lender will pursuant to the Servicing and Intercreditor Deed provide certain services in relation to the Loan and the Security Trust comprising the Obligor Security. Each of the Special Servicer, Cash Manager, Borrower Security Trustee (except that paragraph (iv) below will not apply to the Borrower Security Trustee or the Cash Manager) and Controlling Lender has agreed that, in performing their respective obligations under the Servicing and Intercreditor Deed, it will do so in accordance with the following requirements (applying such requirements in the following order should a conflict arise):

- (i) any and all applicable laws;
- (ii) where exercising a discretion expressly conferred, in the case of the Borrower Security Trustee, by the Obligor Security Documents or issuing an instruction or direction in relation to the Loan, the provisions of the Loan Agreement;
- (iii) the express terms of the Servicing and Intercreditor Deed; and
- (iv) the “**Servicing Standard**”, being the standard of care, skill and diligence as is normal and usual in its general mortgage servicing activities and property management activities on behalf of third parties and on behalf of itself, whichever is higher, with respect to mortgage loans and properties that are comparable to those for which it is responsible in this transaction, with a view to the timely collection of all sums due in respect of the Loan or, upon the occurrence of a Loan Event of Default, the maximisation of the recovery on the Loan to the Lenders (as a collective whole but taking into account the subordination of the Controlling Lender to the Issuer) on a present value basis, the relevant discounting of anticipated collections that will be distributable to the Lenders to be performed at the stated interest rates.

Each of the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender is required to adhere to the above standards (other than paragraph (iv) as regards each of the Borrower Security Trustee and the Cash Manager) without regard to any fees or other compensation to which it is entitled, any relationship it may have with any party to the transaction or the ownership of any Note or any interest in the Loan by the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender or any affiliate thereof. Each of the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender may become the owner or otherwise hold an interest in the Notes, with the same rights as each would have if it were not performing such services under the Servicing and Intercreditor Deed. Any such interest of the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender in the Notes will not be taken into account by any person when evaluating whether actions of the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender were consistent with the above standards.

Roles of the Special Servicer, Cash Manager, Borrower Security Trustee and Controlling Lender

The Cash Manager, Borrower Security Trustee and the Controlling Lender (the “**Servicers**”) will initially be responsible for the servicing and administration of the Loan, specific roles being set out in the Servicing and Intercreditor Deed.

However, if any of the following has occurred with respect to the Loan:

- (i) failure by the Borrower to pay any amount of interest or principal due to the Lenders under the Loan where such failure to pay remains unremedied for five Business Days after such amounts have become due;
- (ii) a payment default occurring with regards to any payment due on the Loan Redemption Date;
- (iii) any of the Borrower or the Property Owners becoming subject to, entering into or consenting to any insolvency, moratorium, administration, liquidation, receivership or similar procedures or proceedings (unless the Borrower Security Trustee is satisfied that such procedures or proceedings are vexatious or frivolous or that the Borrower or the relevant Property Owner (as the case may be) is in good faith disputing such proceedings);
- (iv) the Borrower Security Trustee or the Special Servicer receiving notice of the enforcement of any of the Obligor Security;
- (v) a material default of any obligations of the Borrower or any Property Owner under the Finance Documents occurring or, in the opinion of the Borrower Security Trustee or the Special Servicer, is likely to occur, and in the Borrower Security Trustee’s or the Special Servicer’s opinion is not likely to be cured within 60 days of its occurrence;
- (vi) the Borrower or any Property Owner notifying the Special Servicer or the Borrower Security Trustee in writing of its inability to pay its debts generally as they become due, its entering into an assignment for the benefit of its creditors or its voluntary suspension of payment of its obligations;
- (vii) any other Loan Event of Default occurring that, in the good faith and reasonable judgment of the Borrower Security Trustee, materially impairs or could materially impair the use or the marketability of any Mortgaged Property or its value as security for the Loan; or
- (viii) the Cash Manager determining that the Interest Cover Ratio (save when a third party has provided a guarantee or similar security in respect of the Borrower’s obligations) has been less than 105 per cent for two consecutive interest periods under the Loan,

(each, a “**Servicing Transfer Event**”) the Borrower Security Trustee shall (if notified in writing of the occurrence of such event) serve a written notice on the Operating Adviser and the Special Servicer whereupon the Loan will become a “**Specially Serviced Loan**” and the Special Servicer will assume certain servicing functions with respect to the Loan.

The Loan will cease to be a Specially Serviced Loan, and the Special Servicer will cease to assume the servicing functions with respect to the Loan and transfer servicing back to the Servicers, if the Loan or all of its related security is sold or repaid in full or if one of the following has occurred with respect to the circumstances identified as having caused the Loan to become a Specially Serviced Loan, at which time the Loan will be a “**Corrected Loan**”:

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

- (i) with respect to the circumstances described in item (i) in the definition of Servicing Transfer Event, the Borrower has made two consecutive timely quarterly payments in full (or, with respect to item (ii), the Loan Redemption Date has been extended and the Borrower has made two consecutive timely quarterly repayments in full);
- (ii) with respect to the circumstances described in item (iii) in the definition of Servicing Transfer Event, such proceedings are terminated;
- (iii) with respect to the circumstances described in items (iv) and (v) in the definition of Servicing Transfer Event, such circumstances cease to exist in the good faith and reasonable judgment of the Special Servicer;
- (iv) with respect to the circumstances described in item (vi) in the definition of Servicing Transfer Event, the Borrower ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or
- (v) with respect to the circumstances described in items (vii) and (viii) in the definition of Servicing Transfer Event, such default is cured or event ceases to exist.

Notwithstanding the appointment of the Special Servicer, the Cash Manager will be required to continue to collect information and prepare all reports required to be collected or prepared by it under the Servicing and Intercreditor Deed and the other Transaction Documents.

Operating Adviser

The terms of the Servicing and Intercreditor Deed will provide:

- (a) The Controlling Lender will be entitled to remove and appoint a new Operating Adviser so long as a Control Valuation Event has not occurred and is not continuing. The Operating Adviser can be the Controlling Lender itself. Upon the occurrence of a Control Valuation Event, the right of appointment of the Operating Adviser by the Controlling Lender shall automatically terminate and the Borrower Security Trustee shall be entitled to appoint the Operating Adviser. The appointment of an Operating Adviser will be deemed effective upon notification to both the Borrower Security Trustee and the Special Servicer of such appointment.
- (b) The Special Servicer will be required to consult with the Operating Adviser with respect to any proposal to take any significant action with respect to the Loan or the Obligor Security and to consider alternate actions recommended by the Operating Adviser. Prior to taking any of the following actions with respect to the Loan (or approving the Borrower Security Trustee taking such action), the Special Servicer will be required to receive written approval of the Operating Adviser to any modification of, or waiver with respect to the Loan that would result in the extension or shortening of the Loan Redemption Date, a reduction in the Loan's interest rate or its quarterly payment, forgiveness of interest on or principal of the Loan, a modification or waiver of any other monetary term of any Finance Documents relating to the timing or amount of any payment of principal and interest or any other material sum due, a modification or waiver that would result in a discounted pay-off of the Loan, any material modification or waiver with respect to any rent collection process, cash management process, reserves, financial covenants (or the application thereof) or conditions for extension of the related Loan Redemption Date, any action regarding the realisation upon or comparable conversion (which may include acquisition of a Mortgaged Property) of the ownership of any collateral or any acquisition of a Mortgaged Property by surrender of title by any Obligor, any sale of a Mortgaged Property or any other collateral or any prepayment of the Loan, a release of any Obligor or guarantor

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

from liability with respect to the Loan (other than in connection with the sale of a Mortgaged Property), any determination not to enforce any provision of the Finance Documents that requires the consent or waiver of the Lenders in connection with:

- (i) the sale or other transfer of an interest in the related Mortgaged Property;
- (ii) the assumption of the Loan by an entity other than the Borrower;
- (iii) the creation of any security on a Mortgaged Property; or
- (iv) any similar provision (unless such provision is not exercisable under applicable law or such exercise is reasonably likely to result in successful legal action by the Borrower),

any waiver of any restrictions on direct or indirect transfers of interests in the Borrower, any action to bring a Mortgaged Property into compliance with environmental laws, any selection of an independent valuer in connection with a Control Valuation Event or an Appraisal Reduction Event with respect to the Loan, any mezzanine or other subordinate financing with respect to the direct or indirect equity holders of the Borrower or any consent to any of foregoing under the terms of the Finance Documents, any substitution or release of any collateral, including release of any funds from any escrow or reserve fund that are not in accordance with the terms of the Finance Documents, any consent to the Borrower's or other applicable party's execution, modification or termination of any lease with respect to a Mortgaged Property, any consent to a proposed budget presented by the Borrower for approval, any approval of a material capital expenditure, any waiver of default interest or any late payment charges, any adoption or approval of any proposals in relation to the insolvency of any Obligor, or any renewal or replacement of the then existing insurance policies or any waiver, modification or amendment of any insurance requirements under the Finance Documents (to the extent the Lenders' approval is required under the Finance Documents).

- (c) The Borrower Security Trustee and/or the Lenders may not (and, in the case of the Lenders, may not instruct the Borrower Security Trustee to) take any of the actions described in (b) above without first obtaining the consent of and direction from the Special Servicer.
- (d) The Borrower Security Trustee or the Special Servicer, as applicable, must notify the Operating Adviser in advance of any action it intends to take with regard to the matters set out in (b) above. The Operating Adviser will have 5 Business Days to respond to the Special Servicer or Borrower Security Trustee, as applicable. If the Operating Adviser does not respond within such 5 Business Days, the Special Servicer may take whatever action it reasonably considers necessary without waiting to consult with the Operating Adviser. If the Special Servicer does take any such action prior to the expiry of the 5 Business Day Period, it must notify the Operating Adviser of the action as soon as practicable and must consult with the Operating Adviser regarding any further action relating to such action that it considers should be taken in the interests of the Lenders.

Notwithstanding the foregoing, no advice, direction, representation or objection given or made by the Operating Adviser may require or cause the Special Servicer to violate any provision of the Servicing and Intercreditor Deed or the Loan Agreement or to service the Specially Serviced Loan other than in accordance with the Servicing Standard.

“**Control Valuation Event**” will exist with respect to the Loan for so long as:

- (a) the difference between (1) the outstanding principal balance of the B-Loan, and (2) the Valuation Reduction Amount, is less than
- (b) 25 per cent. of the outstanding principal balance of the B-Loan.

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

“**Valuation Reduction Amount**” means an amount equal to the excess of:

- (a) the outstanding principal balance of the Loan over:
- (b) the excess of: (i) 90 per cent. of the sum of the market values determined by the most recent valuation of the Mortgaged Properties (net of any prior security) plus all amounts standing to the credit of the Deposit Account and other amounts that are available to be applied against amounts outstanding under the Finance Documents over (ii) the sum of: (A) all unpaid interest on the Loan; (B) all unreimbursed out-of-pocket costs and expenses incurred by the Servicers or the Special Servicer with respect to the Loan; (C) any other unpaid fees, expenses and other amounts of any party that are payable prior to payments to the Lenders; and (D) all current due and unpaid ground rents and insurance premia and all other amounts due and unpaid with respect to the Lenders.

“**Appraisal Reduction Event**” means the earlier of:

- (a) the date 120 days after the occurrence of any non-payment with respect to the Loan if such non-payment remains uncured;
- (b) the date 90 days after an order is made or an effective resolution is passed for the winding up of the Borrower or a receiver, administrative receiver, administrator, liquidator or other similar official is appointed in relation to the Borrower, provided such order, resolution or appointment is still in effect;
- (c) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of the Loan, other than the extension of the date on which the final principal payment is due for a period of less than six months; and
- (d) the Loan Redemption Date, in the event that any amount of the Loan which is outstanding is not repaid on that date.

The Special Servicer shall obtain a Valuation by a member of the Royal Institution of Chartered Surveyors (if the outstanding principal balance of the Loan is greater than £5,000,000) or an internal Valuation (if the outstanding principal balance of the Loan is equal to or less than £5,000,000) of the Mortgaged Properties unless such a Valuation has previously been obtained within the preceding 12 months.

Upon the occurrence of an Appraisal Reduction Event, a Valuation Reduction Amount will be calculated by the Cash Manager or Special Servicer, as applicable, based upon a Valuation or an update of a Valuation as described below. Within 30 days after the Special Servicer receives notice or is otherwise aware of the Appraisal Reduction Event, the Special Servicer is required to obtain an updated Valuation if and for so long as there exists a Valuation of the relevant Mortgaged Property which is more than 12 months old as of the time of such notice. On the first Loan Interest Payment Date occurring on or after the delivery of such updated Valuation, the Special Servicer will adjust the Valuation Reduction Amount to take into account such Valuation and will promptly provide the Cash Manager, the Borrower Security Trustee, the Operating Adviser and the B-Lender with such calculations.

Notwithstanding the paragraph above, any Lender may require the Special Servicer to obtain a new Valuation of the relevant Mortgaged Property at any time. The cost of such new Valuation shall be borne solely by that Lender requesting such new Valuation. Upon receipt of such new Valuation, the Special Servicer will calculate the Valuation Reduction Amount to take into account such Valuation for the purposes of determining the existence of a Control Valuation Event. The Special Servicer will promptly provide the Cash Manager, the Borrower Security Trustee, the Operating Adviser and each Lender with such calculations.

Cure Rights

Under the terms of the Servicing and Intercreditor Deed, two days prior to each Loan Interest Payment Date, the Cash Manager will notify the Special Servicer and the Controlling Lender of the total amount in the Rent Account on such date as well as the total obligations of the Borrower that will be due on such Loan Interest Payment Date. The Controlling Lender shall have the right to make further advances to the Borrower in an amount which will ensure that sufficient sums will be available to the Borrower to:

- (i) make all payments on the Loan as they fall due (including, without limitation, all payments of interest, principal, fees, costs, expenses and other amounts then due to the Lenders under the Loan Agreement); and
- (ii) cure any other Loan Events of Default.

For as long as the Controlling Lender is exercising any cure right set out in the above paragraph:

- (i) payments received on the Loan will be allocated in the manner applicable under the Servicing and Intercreditor Deed prior to the occurrence of a Loan Event of Default;
- (ii) neither the Borrower Security Trustee nor the Special Servicer may treat such a Loan Event of Default as such for purposes of causing the Loan to be a Specially Serviced Loan or accelerating the Loan or commencing enforcement of the security for the Loan; and
- (iii) no Special Servicing Fee will accrue on the Loan.

This right may only be exercised twice in total and for only two consecutive quarterly payments and does not limit the right of the Borrower Security Trustee or Special Servicer to send default notices and seek payment from the Borrower and Property Owners under the Loan.

Purchase Rights of Controlling Lender

For so long as the Loan is a Specially Serviced Loan, but prior to the enforcement of the Obligor Security, the Controlling Lender may purchase the Issuer's portion of the Loan from the Issuer at an amount equal to the principal amount thereof along with all accrued and unpaid interest (but excluding default interest or prepayment fees) plus certain other outstanding fees, costs and expenses and other amounts.

Quarterly Reporting

The Cash Manager will agree to deliver to the Special Servicer, the Borrower Security Trustee, the Operating Adviser and the Lenders, (i) on each Loan Interest Payment Date, a written statement of amounts of principal and interest paid under the Loan on such Loan Interest Payment Date, and (ii) to the extent not otherwise provided to the Borrower Security Trustee on each Loan Interest Payment Date, the total amounts of principal and interest outstanding as of the close of business on such date (after giving effect to any interest payment to be made on such Loan Interest Payment Date). On each Loan Interest Payment Date (the "**Report Date**"), the Cash Manager will deliver to the Borrower Security Trustee, the Operating Adviser, the Special Servicer and the Lenders, in a format mutually agreed between the Borrower Security Trustee, the Cash Manager and the Special Servicer, the final quarterly report with respect to such Loan Interest Payment Date. Each final quarterly report so delivered shall, among other things, identify any prepayment fees or restructuring fees received during the related Interest Period. Within five Business Days following receipt, the Cash Manager shall provide to the Borrower Security Trustee all information supplied by the Borrower under the Loan Agreement to the extent that such information is received by the Cash Manager from the Borrower. The

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

Managing Agent shall provide to the Borrower Security Trustee a property monitoring report on a quarterly basis pursuant to the Property Management Agreement.

A summary of each such report produced (or, if more than one, the most recent reports) will be included in the quarterly investor report available to Noteholders.

Enforcement of the Loan

Upon a default by the Borrower under the Loan, servicing of the Loan may, as described under “— Role of the Special Servicer” above, be assumed by the Special Servicer who will be required to evaluate whether to enforce the Borrower’s obligations under the Loan in accordance with the procedures prescribed in the Servicing and Intercreditor Deed. Such procedures for enforcement include the giving of instructions to the Borrower Security Trustee as to how to enforce the security for the repayment of the Loan, including as to the appointment of an LPA Receiver of the Obligor Security.

The terms of appointment of any such LPA Receiver may, in certain circumstances, include an indemnity in favour of the LPA Receiver. The Special Servicer may consult with the LPA Receiver and agree upon a strategy for best preserving the Borrower Security Trustee’s and the Lenders’ rights and securing any available money from the Mortgaged Properties, which may involve the LPA Receiver managing the Mortgaged Properties (including the handling of payments of rent) for a period of time and/or seeking to sell the Mortgaged Properties to a third party.

If a mortgage is enforced and a Mortgaged Property is sold, the net proceeds of sale (after payment of the costs and expenses of the sale, including any Liquidation Fees payable in connection therewith) will, together with any amount payable to the Borrower on any related insurance contracts (to the extent such amounts may be applied in repayment to the Loan), be applied against the sums owing from the Borrower to the extent necessary to repay the Loan and the Obligor Secured Liabilities.

Modifications, Waivers, Amendments and Consents

The Borrower Security Trustee or (if, at the relevant time, the Loan is a Specially Serviced Loan) the Special Servicer may waive, verify, modify or amend any provision of the Loan Agreement provided the following conditions are satisfied or, if any such conditions are not satisfied, the Lenders have granted their prior written consent to the waiver, variation or amendment in question:

- (i) the Lenders will not be required to make a further advance;
- (ii) the effect of such variation or amendment would not be to extend the maturity date of the Loan beyond the date two years after the Loan Redemption Date;
- (iii) if the modification, amendment or waiver is to be made by the Special Servicer, the requirements relating to the approval of the Operating Adviser has been met; and
- (iv) if the modification, amendment or waiver is to be made by the Borrower Security Trustee, the requirements relating to the approval of the Special Servicer has been met.

Leases of any Mortgaged Property

Any lease of any portion of any Mortgaged Property where the annual rent payable is more than £50,000 may only be granted if the prior consent of the Special Servicer is obtained.

Insurance

Neither the Borrower Security Trustee nor the Special Servicer shall knowingly take any action or omit to take any action which would result in the avoidance or termination or non-renewal of any insurance policy or would reduce the amount payable on any claim thereunder or would result in the Lenders or the Borrower Security Trustee and their successors in title and assigns no longer being co-insured and sole loss payee on any such policy.

While the Loan is a Specially Serviced Loan, the Special Servicer shall use reasonable endeavours to procure that the Borrower and each Property Owner complies with its obligations in respect of insurance set out in the Finance Documents, subject to such variations, modifications or amendments as would be acceptable to a reasonably prudent lender acting in accordance with the Servicing Standard.

If, while the Loan is a Specially Serviced Loan, the Special Servicer becomes aware that there has been a failure to pay premiums due under any insurance policy, the Special Servicer shall, on behalf of the Lenders, procure that the premiums due and payable under any insurance policy are paid in order that the cover provided by such insurance policy shall not lapse. The Special Servicer shall, upon becoming aware of the same, notify the Borrower Security Trustee of any failure to pay premiums due under an insurance policy relating to a Specially Serviced Loan.

Delegation by the Special Servicer

The Special Servicer may, in certain circumstances, without the consent of the Lenders or the Borrower Security Trustee, sub-contract or delegate its obligations under the Servicing and Intercreditor Deed. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Servicing and Intercreditor Deed, the Special Servicer shall not be released or discharged from any liability thereunder and shall remain responsible for the performance of its obligations under the Servicing and Intercreditor Deed by any sub-contractor or delegate.

Special Servicing Fee, Liquidation Fee and Work-out Fee

Special Servicing Fee

If the Loan becomes a Specially Serviced Loan, the Issuer or the Borrower, as applicable, shall pay to the Special Servicer a fee (the “**Special Servicing Fee**”), equal to 1.00 per cent. per annum (exclusive of VAT) of the outstanding principal amount of the Loan on the first day of the interest period commencing on the Interest Payment Date following the date on which the Loan becomes a Specially Serviced Loan. The Special Servicing Fee shall accrue from day-to-day and shall be calculated on the basis of a 365 day year and the actual number of days elapsed from and including the date on which the Loan became a Specially Serviced Loan until, but excluding, the date on which the Loan ceases to be a Specially Serviced Loan and shall be payable in arrear on each Loan Interest Payment Date commencing with the Loan Interest Payment Date following the date on which the Loan becomes a Specially Serviced Loan and ending on the Loan Interest Payment Date following the date on which the Loan ceases to be a Specially Serviced Loan.

Liquidation Fee and Work-out Fee

In addition to any Special Servicing Fee payable to the Special Servicer (or other person entitled thereto), the Issuer or the Borrower, as applicable, shall pay to the Special Servicer:

- (i) a fee (the “**Liquidation Fee**”) equal to one per cent. of the liquidation proceeds (exclusive of VAT) received by or on behalf of the Lenders in respect of the Specially Serviced Loan (including the sale of the defaulted Loan or a Property, or any full or partial payoff of the Loan while it is a Specially Serviced

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

Loan, net of all costs and expenses relating to such sale), such fee to be paid on the Loan Interest Payment Date related to the interest period in which the liquidation proceeds were received; and

- (ii) a fee (the “**Work-out Fee**”) in respect of each Corrected Loan equal to one per cent. of all collections of principal and interest on the Loan (exclusive of VAT) received by or on behalf of the Lenders during the interest period ended immediately prior to such Loan Interest Payment Date, such fee to be payable on each Loan Interest Period in which the Loan was a Corrected Loan.

Payment of out-of-pocket costs and expenses

- (a) The Issuer shall reimburse the Servicers and the Special Servicer for all out-of-pocket costs, expenses and charges properly incurred by the Servicers and the Special Servicer in the performance of their respective duties under the Servicing and Intercreditor Deed, together with interest thereon from the date on which such costs, expenses or charges were incurred by the Servicers or the Special Servicer until the Loan Interest Payment Date on which they are reimbursed or, if later, the date on which payment is made.
- (b) The Issuer shall be obliged to reimburse the Servicers or the Special Servicer in respect of any value added tax incurred by the Servicers or, as the case may be, the Special Servicer on any costs and expenses referred to in the paragraph above but only to the extent that such value added tax is not recoverable by the Servicers or the Special Servicer by way of repayment credit or set-off.

Termination of Appointment of the Special Servicer

Any Lender may terminate the Special Servicer’s appointment under the Servicing and Intercreditor Deed upon the occurrence of a termination event in respect of that entity, including, *inter alia*:

- (i) a default is made by the entity in the payment on the due date of any payment due and payable by it under the Servicing and Intercreditor Deed and such default continues unremedied for a period of two Business Days after the entity had received written notice from a Lender or the Borrower Security Trustee requiring the same to be remedied;
- (ii) a default (other than a failure to pay) is made in the performance or observance of any of its other covenants and obligations under the Servicing and Intercreditor Deed, which in the opinion of the Borrower Security Trustee (or as confirmed by the Lenders in writing) is materially prejudicial to the interests of any of the Lenders and (subject to certain limited exceptions) such default continues unremedied for a period of 30 days after receipt by the entity of written notice from a Lender or the Borrower Security Trustee requiring the same to be remedied;
- (iii) except in connection with a Permitted Reorganisation, an order is made or an effective resolution passed for its winding up;
- (iv) except in connection with a Permitted Reorganisation, it ceases to carry on the whole of its business or ceases to carry on the whole or substantially the whole of its residential and commercial mortgage servicing business which would, in the reasonable opinion of the Borrower Security Trustee or the Lenders, be likely materially and adversely to affect its ability to perform the services to be provided by it under the Servicing and Intercreditor Deed;
- (v) except in connection with a Permitted Reorganisation, the entity stops payment of its debts or the entity is deemed unable to pay its debts within the meaning of section 123(1)(a) or (e) or section 123(2) of the Insolvency Act 1986 (as those sections may be amended but as if the sum of £750 referred to in section

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED

123(1)(a) was replaced by the sum of £250,000) or becomes unable to pay its debts as they fall due or otherwise becomes insolvent;

- (vi) except in connection with a Permitted Reorganisation, proceedings are initiated (and not discharged or stayed within 45 days of such initiation) against it under any applicable laws concerning liquidation, administration, insolvency, composition or reorganisation (other than a reorganisation the terms of which have been previously approved in writing by the Borrower Security Trustee and where the entity is solvent and save where such proceedings are frivolous or vexatious or are being contested in good faith by it) or any Security shall take possession of all or a substantial part of the undertaking or assets of the entity in respect of a secured debt exceeding £250,000 or more and it shall not be discharged or stayed within 45 days or a distress or execution or other process shall be levied or enforced upon or sued out against all or a substantial part of the undertaking or assets of it in respect of a judgment debt of £250,000 or more and such distress, execution or other process shall not be discharged or stayed within 45 days; or
- (vii) except in connection with a Permitted Reorganisation, an effective resolution is passed for a moratorium.

“**Permitted Reorganisation**” means an amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement on terms where a Servicer or the Special Servicer is replaced as Servicer or, as applicable, Special Servicer by its successor in business, and is bound by the terms of the Servicing and Intercreditor Deed.

In addition, the Operating Adviser may, subject to certain limitations, instruct the Borrower Security Trustee to terminate the appointment of the Special Servicer and appoint a successor special servicer and shall use reasonable endeavours to appoint a substitute Special Servicer acceptable to the Operating Adviser. No such termination shall take effect until a successor Special Servicer has been appointed in accordance with the Servicing and Intercreditor Deed, and the Special Servicer shall continue the duties and obligations of the Special Servicer in respect of the Loan until such time as a successor is so appointed.

The Special Servicer may terminate its appointment upon not less than three months’ notice to each party to the Servicing and Intercreditor Deed provided that a qualified substitute special servicer shall have been appointed and agreed to be bound by the Servicing and Intercreditor Deed, such appointment to be effective not later than the date of termination, and provided further that the Rating Agencies have provided written confirmation that the then applicable ratings of the Notes will not be downgraded, withdrawn or qualified as a result thereof unless otherwise agreed by an extraordinary resolution of separate class meetings of each class of the Noteholders.

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

Receivers

Pursuant to the Servicing and Intercreditor Deed, the Special Servicer is authorised, as necessary, to give a receiver appointed pursuant to the Security Deed, Standard Securities, Assignations of Rent or Mortgages of Shares an indemnity on behalf of the Lenders, provided that the indemnity is required by the receiver as a condition of its appointment or continued appointment, and reasonable endeavours to appoint a suitably qualified and experienced receiver without the provision of such an indemnity have been taken by the

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF SERVICING AND INTERCREDITOR DEED – DESCRIPTION OF NOTE TRUST DEED

Borrower Security Trustee (or the entity giving instructions to the Borrower Security Trustee), and provided further that the terms of any indemnity would be acceptable to a reasonably prudent lender of money and provided that the maximum amount payable in respect of such indemnity is no more than £100,000 or such higher amount as the Borrower Security Trustee and the Note Trustee may confirm is acceptable.

General

Notwithstanding the foregoing, none of the Servicers nor the Special Servicer will be liable for any obligation of the Borrower or a Property Owner under the Loan Agreement or any Obligor Security, have any liability to any third party for the obligations of the parties to the Servicing and Intercreditor Deed under any of the Finance Documents or have any liability to the Lenders, the Borrower Security Trustee or any other person for any failure by the Lenders to make any payment due by any of them under the Loan Agreement or any of the other Finance Documents unless such failure by each of the Lenders results from a failure by a Servicer or the Special Servicer to perform its obligations under the Servicing and Intercreditor Deed.

A Servicer or the Special Servicer may become the owner or otherwise hold an interest in the Notes or in the Loan with the same rights as it would have if it were not a Servicer or the Special Servicer. In assessing whether actions of a Servicer or the Special Servicer were consistent with the Servicing Standard, no account will be taken of any such interest of the relevant Servicer or the Special Servicer in the Notes or the Loan.

Special Servicer

Lennar Partners United Kingdom Limited (“**Lennar**”) is a subsidiary of LNR Property Corporation, a US company listed on the New York Stock Exchange. It has three primary business segments: (i) Real Estate Properties (U.S.\$1.355 billion, 46 per cent. of total assets) – direct investment in real estate and investing in real estate ventures; (ii) Real Estate Loans (U.S.\$467 million, 16 per cent. of total assets) – investing in high-yield real estate loans and portfolios of loans; and (iii) Real Estate Securities (U.S.\$988 million, 33 per cent. of total assets) – investing in unrated and non-investment grade rated commercial mortgaged-backed securities (“**CMBS**”). In 2003, the LNR group made purchases and commitments to purchase over U.S.\$1.7 billion in property related investments. Its gross assets as at 31 August 2004 stood at U.S.\$3.1 billion with a market capitalisation of U.S.\$1.9 billion.

Lennar Partners Europe was established in 2002 with offices in London and Paris, employing nearly 50 professionals. To date, Lennar has closed on various CMBS transactions, debt (B-note), and equity investments in Europe, including several CMBS transactions in the United Kingdom for which it serves as Special Servicer. Lennar is one of the few rated servicers in the UK, and whilst it will not be the primary servicer in this transaction, its involvement should be viewed positively by rating agencies. It carries the highest Special Servicer ratings by Fitch (CSS1) and S&P (Strong), the only rating agencies that rate special servicers.

DESCRIPTION OF NOTE TRUST DEED

The Note Trustee will be appointed pursuant to the Note 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 Note Trust Deed on trust for the Noteholders and the Issuer Security Trustee shall hold the benefit of the security created by or under the Deed of Charge and Assignment for the benefit of the Noteholders.

Among other things, the Note Trust Deed will:

SUMMARY OF THE PRINCIPAL DOCUMENTS – DESCRIPTION OF NOTE TRUST DEED

- (a) set 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) or to require the Issuer Security Trustee to enforce the security created by the Issuer under the Deed of Charge and Assignment;
- (b) contain 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) provide 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 provide 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) set out whose interests the Note Trustee should have regard to when there is a conflict between the interests of different classes of Noteholder;
- (e) provide that the determinations of the Note Trustee shall be conclusive and binding on the Noteholders;
- (f) set out the extent of the Note Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;
- (g) set out the scope of the Note Trustee's liability for any breach of duty or breach of trust, gross negligence or wilful default in connection with the exercise of its duties, including losses resulting from any disposal of any assets held by it by way of security made by it pursuant to the Deed of Charge and Assignment;
- (h) set 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 a Note Event of Default or an event which will become a Note Event of Default with the giving of notice or the passage of time shall not be treated as such;
- (i) set 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 Note Trust Deed or certain other relevant documents; and
- (j) set out the requirements for and organisation of Noteholder meetings.

The Note Trust Deed will also contain 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 (as defined in the Master Definition Schedule), may together remove the Note Trustee from office. No retirement or removal of the Note Trustee (or any successor Note Trustee) will be effective until a trust corporation has been appointed to act as successor Note Trustee.

The appointment of a successor Note Trustee shall 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.

DESCRIPTION OF LIQUIDITY FACILITY AGREEMENT

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 which will permit drawings to be made by the Issuer of up to a maximum aggregate principal amount of £13,500,000 (such amount the “**Liquidity Commitment**”).

The Cash Manager, or failing whom, the Issuer or, failing whom, the Issuer Security Trustee, will be required to make a drawing to meet any shortfall in:

- (a) the amount of funds available to the Issuer to pay the Issuer Expenses (other than those referred to in paragraphs (xi) and (xiii) of the definition thereof); and/or
- (b) the amount of funds available to the Issuer to pay any interest due under the Notes.

Liquidity Drawings will be repayable on the Interest Payment Date following the Interest Payment Date in respect of which such drawdown was made, in accordance with the order of priorities described in “Summary — Application of Payments by the Borrower and the Issuer — Payments on Notes from Collection Account”. New Liquidity Drawings may be utilised to repay existing Liquidity Drawings.

Liquidity Drawings and Stand-by Drawings shall bear interest at a per annum rate equal to the sum of LIBOR (as determined in relation to the Notes) plus 1.25 per cent. per annum plus any applicable mandatory costs.

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 (as defined in “Structure of the Accounts — The Stand-by Account”), or the Liquidity Facility Provider refuses to extend the commitment period of the Liquidity Facility, then the Issuer may require the Liquidity Facility Provider to pay into a designated bank account of the Issuer (the “**Stand-by Account**”) maintained with the Liquidity Facility Provider (provided its short-term, unsecured, unsubordinated and unguaranteed debt is rated at least the Requisite Rating, and if not, the Account Bank, unless the rating of its short-term, unsecured, unsubordinated and unguaranteed debt ceases to be at least the Requisite Rating, in which case with a bank in England which has the Requisite Rating) an amount (a “**Stand-by Drawing**”) equal to its undrawn commitment under the Liquidity Facility Agreement. In the event that the Cash Manager makes a Stand-by Drawing, the Cash Manager shall, prior to the expenditure of the proceeds of such drawing as described above, invest such funds in certain Eligible Investments.

“**Eligible Investments**” means (i) sterling denominated government securities or (ii) sterling demand or time deposits, certificates of deposit and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one business day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated “A-1+” and “F-1+” by the Rating Agencies or are otherwise acceptable to the Rating Agencies if the deposits are to be held in such account 30 days or more, and the short-term debt obligations of which have a short-term rating of not less than “A-1” from S&P or a short-term rating of not less than “F1” from Fitch if the deposits are to be held in such account for less than 30 days or such other account or accounts with respect to which each of the Rating Agencies shall have confirmed in writing that the then current rating assigned to any of the Notes that are currently being rated by such Rating Agency will not be qualified, downgraded or withdrawn by reason thereof.

“**Liquidity Drawings**” means a loan made or to be made under the Liquidity Facility pursuant to Clause 5.1 of the Liquidity Facility Agreement.

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Amounts standing to the credit of the Stand-by Account will be available to the Issuer for drawing in respect of a Liquidity Drawing as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement.

All payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of any Subordinated Liquidity Facility Amounts) will rank in point of priority ahead of payments of interest and principal on the Notes.

DESCRIPTION OF CASH MANAGEMENT AGREEMENT

Cash Manager

Pursuant to an agreement to be entered into on or prior to the Closing Date between the Issuer, the Property Owners, the Borrower, the Special Servicer, the Controlling Lender, the Note Trustee, the Issuer Security Trustee, the Borrower Security Trustee, the Cash Manager and the Account Bank (the “**Cash Management Agreement**”), each of the Issuer, the Issuer Security Trustee, the Borrower Security Trustee and the Note Trustee will appoint ABN AMRO Bank N.V. London Branch (the “**Cash Manager**”) to be its agent to provide certain cash management services (the “**Cash Management Services**”) in relation to the Issuer’s Collection Account and Stand-by Account and the Borrower’s Rent Account, Deposit Account and Retentions Account, as are more particularly described below. The Cash Manager will undertake with the Issuer, the Borrower, the Borrower Security Trustee, the Issuer Security Trustee and the Note Trustee that in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will perform such responsibilities and duties diligently and in conformity with the Issuer’s obligations with respect to the transaction and that it will comply with any directions, orders and instructions which the Issuer, the Borrower, the Borrower Security Trustee, the Issuer Security Trustee or the Note Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement.

Account Bank and Issuer’s Accounts

Pursuant to the Cash Management Agreement, ABN AMRO Bank N.V. London Branch (the “**Account Bank**”) will open and maintain (i) the Collection Account and (ii) the Stand-by Account, each in the name of the Issuer. The Account Bank has agreed to comply with any direction of the Cash Manager (as agent for the Issuer Security Trustee) or the Issuer Security Trustee to effect payments from the Collection Account or the Stand-by Account if such direction is made in accordance with the mandate governing the applicable account.

Account Bank and Borrower’s Accounts

Pursuant to the Cash Management Agreement, the Account Bank will open and maintain (i) the Rent Account, (ii) the Deposit Account and (iii) the Retentions Account, each in the name of the Borrower. The Account Bank has agreed to comply with any direction of the Cash Manager (as agent for the Borrower Security Trustee) or the Borrower Security Trustee to effect payments from the Rent Account, Deposit Account or the Retentions Account if such direction is made in accordance with the mandate governing the applicable account.

Calculation of Amounts and Payments

Under the Finance Documents, certain amounts are required to be paid out of the Rent Account, the Deposit Account and the Retentions Account. The Cash Manager shall make the appropriate calculations and apply such funds in accordance with the Finance Documents and more particularly, the Rent Account Priority of Payments (for the Rent Account) and the Deposit Account Priority of Payments (for the Deposit Account).

Additionally, under the Finance Documents, certain amounts (including interest due and prepayments of principal under the Loan and amounts required by the Issuer to satisfy its payment obligations under the Transaction Documents) are required to be paid into the Collection Account. In addition, all drawings under the Liquidity Facility will be paid into the Collection Account. Once such funds have been credited to the

SUMMARY OF PRINCIPAL DOCUMENTS – DESCRIPTION OF CASH MANAGEMENT AGREEMENT

Collection Account, the Cash Manager (as agent of the Issuer Security Trustee) is required to apply such funds in accordance with the Collection Account Priority of Payments.

On or prior to the Interest Determination Date, the Cash Manager is required to determine the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding and the Note Factor for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date and the amount of each principal payment (if any) due each class of Notes on the next following Interest Payment Date, in each case pursuant to Condition 5.

The Cash Manager will from time to time determine, on behalf of the Issuer, all payments and expenses required to be paid by the Issuer to third parties.

The Issuer Security Trustee will make all payments required to carry out a mandatory or optional redemption of Notes pursuant to Condition 5, in each case according to the provisions of that Condition. See further “Terms and Conditions of the Notes”.

In the event that the Cash Manager determines, on or prior to the Interest Determination Date, that there is a shortfall between amounts available in the Collection Account and the amount of scheduled interest due on the Notes in respect of the Loan Interest Period then ended, or if certain expenses due to third parties which fall due on a date other than an Interest Payment Date cannot be met by the application of other funds available for the purpose, the Cash Manager is required to submit a notice of drawdown under the Liquidity Facility Agreement. If the Cash Manager fails to submit a notice of drawdown when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Note Trustee may submit the relevant notice of drawdown.

Eligible Investments

The Cash Manager may, on behalf of the Issuer or the Borrower (as the case may be) invest funds standing to the credit of the Issuer Accounts and the Borrower Accounts not immediately required for the making of payments by any such company under the Transaction Documents in investments which are, when made, Eligible Investments.

Collection Account

The Cash Manager will maintain the Collection Account and the following ledgers within the Collection Account:

- (a) the Principal Ledger; and
- (b) the Revenue Ledger.

The Cash Manager (as agent of the Issuer Security Trustee) shall from time to time make payments from the Collection Account and debit the Principal Ledger or, as appropriate, the Revenue Ledger all in accordance with the provisions as to the application of amounts in the Collection Account described below under “The Structure of the Accounts – The Issuer’s Accounts – Distributions” (the “**Collection Account Priorities of Payments**”).

Statement to Noteholders

Pursuant to the Cash Management Agreement, the Cash Manager has agreed to deliver to the Issuer, the Note Trustee, the Issuer Security Trustee, the Borrower, the Borrower Security Trustee and the Rating Agencies a report (the “**Statement to Noteholders**”) in respect of each Interest Payment Date in which it will notify the recipients of, *inter alia*, all amounts received in the Collection Account, Rent Account, Deposit Account and Retentions Account and payments made with respect thereto.

Delegation by the Cash Manager

The Cash Manager may, in certain circumstances, without the consent of the Issuer, Issuer Security Trustee, Borrower, or the Borrower Security Trustee (as the case may be), sub-contract or delegate its obligations under the Cash Management Agreement. Following any such sub-contracting or delegation without the consent of the Issuer, Issuer Security Trustee, Borrower or the Borrower Security Trustee, as applicable, the Cash Manager will continue to be liable for its duties unless it is in relation to duties which are customarily performed by any courier, messenger or other transport system, public utilities, external telecommunication facilities and other common carriers of electronic and other messages, postal services and the provider of custody accounts and of which these sub-contractors or delegates have been appointed by the Cash Manager with reasonable care. The Cash Manager will not be liable for the duties assumed by the sub-contractor or delegate if such sub-contracting or delegation was done with the consent of the Issuer, Issuer Security Trustee, the Borrower or the Borrower Security Trustee.

Fees

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

Both before enforcement of the Notes and thereafter (subject to certain exceptions), the Issuer and the Borrower will pay the cash management fee to the Cash Manager and the account bank fee to the Account Bank and will reimburse the Cash Manager for its costs and expenses, all in priority to payments due on the Class A Notes. This order of priority has been agreed with a view to procuring the continuing performance by each of the Cash Manager and the Account Bank of its duties in relation to the Issuer, the Borrower, the Note Trustee, the Loan, the Obligor Security, the Issuer Security Trustee, the Borrower Security Trustee, the Issuer Security and the Notes.

Termination of Appointment of the Cash Manager

The appointment of ABN AMRO Bank N.V. London Branch as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer, the Note Trustee or the Borrower Security Trustee. The Issuer (acting with the prior written consent of the Issuer Security Trustee) or the Issuer Security Trustee, the Borrower (acting with the prior written consent of the Borrower Security Trustee) or the Borrower Security Trustee may terminate the Cash Manager’s appointment upon not less than three months’ written notice or immediately upon the occurrence of a termination event, including, *inter alia*, (i) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer, or the Borrower, as the case may be, or (ii) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for 10 Business Days, or (iii) a

SUMMARY OF PRINCIPAL DOCUMENTS – DESCRIPTION OF CASH MANAGEMENT AGREEMENT

petition being presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official. On the termination of the Cash Manager's appointment by the Issuer Security Trustee, or the Borrower Security Trustee, the Issuer Security Trustee and the Borrower Security Trustee shall, subject to certain conditions, appoint a successor cash manager.

The Cash Manager may resign as Cash Manager upon not less than three months' written notice of resignation to each of the Issuer, the Borrower, the Issuer Security Trustee, the Borrower Security Trustee, the Account Bank and the Note Trustee.

In each case, the Cash Manager shall continue to perform all cash management functions under the Cash Management Agreement until (i) the later of: (a) the date specified in the termination notice or resignation notice, as the case may be; and (b) such other date as is specified by the Issuer Security Trustee or the Borrower Security Trustee, or (ii) if earlier than the date specified in (a) or (b), the date upon which a successor cash manager is appointed.

Termination of Appointment of the Account Bank

The Cash Management Agreement requires that the Account Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If ABN AMRO Bank N.V. London Branch ceases to be an Authorised Entity, the Account Bank will give written notice of such event to the Issuer, the Borrower, the Issuer Security Trustee, the Borrower Security Trustee, the Cash Manager, the Controlling Lender and the Note Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Borrower, the Issuer Security Trustee, the Borrower Security Trustee and the Note Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, procure the transfer of the Collection Account and each other account held by the Issuer with the Account Bank and the Borrower Accounts to another bank which is an Authorised Entity. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts need not be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

An "**Authorised Entity**" is an entity the short-term unsecured, unguaranteed and unsubordinated debt obligations of which are rated "A-1+" by S&P and "F1+" by Fitch or, if at the relevant time there is no such entity, any entity approved in writing by the Note Trustee.

If, other than in the circumstances specified above, the Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Cash Manager shall obtain the prior written consent of the Issuer, the Borrower, the Issuer Security Trustee, the Borrower Security Trustee and the Note Trustee, and the transfer of such account shall be subject to the same directions and arrangements as are provided for above.

THE STRUCTURE OF THE ACCOUNTS

The Borrower Accounts

In accordance with the terms of the Loan Agreement, the Borrower has established four bank accounts (the “**Rent Account**”, the “**Deposit Account**”, the “**Retentions Account**” and the “**Service Charge Account**”) Each of these accounts are established in the name of the Borrower.

The Rent Account, Deposit Account and Retentions Account (together, the “**Borrower Accounts**”) will be subject to first fixed charges in favour of the Borrower Security Trustee, held by it on trust for, *inter alios*, the Lenders. The Cash Manager will be the sole signatory on each of the Borrower Accounts and will act as agent for, and on instructions received from, the Borrower Security Trustee.

The Service Charge Account will be subject to a floating charge in favour of the Borrower Security Trustee, held by it on trust for, *inter alios*, the Lenders. The Managing Agent will be the sole signatory on the Service Charge Account and will act as agent for, and on instructions received from, the Borrower. The functions of each of the Borrower Accounts and the Service Charge Account are set out below.

The Rent Account

The Managing Agent will collect all Rental Income from tenants generally on 25 December, 25 March, 24 June and 29 September (or, in respect of Argyle House, on 2 February, 15 May, 1 August and 11 November and in respect of Marathon House, Rubislaw House and Seafield House on 1 January, 1 April, 1 July and 1 October). Net Rental Income, payments under the Borrower Swap Transaction and the Interest Rate Cap, payments received from the B-Lender in respect of termination payments under the Borrower Swap Transaction, proceeds in respect of loss of rent insurance, Cure Loans, amounts transferred from the Deposit Account, interest accrued on the amount standing to credit of the Retentions Account and any other amounts received on behalf of the Borrower and the Property Owners which are not required to be credited to the Deposit Account, the Retentions Account or the Service Charge Account will be paid into the Rent Account on behalf of the Borrower and the Property Owners, as applicable. The Borrower, the Property Owners and the Holding Company have agreed to procure that the Managing Agent will collect all Rental Income and will pay Net Rental Income into the Rent Account immediately on its receipt. The Obligors will also procure that an amount representing Net Rental Income received prior to the Closing Date shall be credited to the Rent Account on the Closing Date.

Where a Loan Event of Default is outstanding, where there is no Managing Agent or where the Managing Agent is in breach of a material provision of the Property Management Agreement, the Property Owners will be obliged to ensure that all Net Rental Income is paid by the tenants directly into the Rent Account.

Payments in respect of accrued interest and fees under the Loan Agreement, as well as, *inter alia*, in respect of rent due under any Headlease, will be made from the Rent Account.

Any value added tax received in respect of the Net Rental Income will be paid to the Inland Revenue and any such value added tax recoverable from the Inland Revenue shall be released to the order of the Borrower.

No Specified Event of Default

On each Loan Interest Payment Date (or as otherwise specified below) for as long as a Specified Event of Default is not continuing, the following payments will be made from the Rent Account to the following parties in the following order of priority (the “**Rent Account Pre-Default Priority of Payments**”):

1. firstly, (i) any Interest Rate Cap Amount shall be transferred to the Revenue Ledger of the Collection Account, and (ii) pro rata according to the respective amounts thereof, (a) in or towards payment pro

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rata of the remuneration, costs, expenses of, and other amounts due to, the Borrower Security Trustee, the Account Bank, the Cash Manager (other than amounts referred to in paragraph 2 below), the Borrower Swap Provider (other than amounts referred to in paragraphs 3, 4 and 12 below), the Managing Agent (but only to the extent that amounts held in the Service Charge Account are not sufficient to pay all such amounts due to the Managing Agent), the Liquidity Facility Provider (other than amounts referred to in paragraphs 5 and 9 below) and any other party providing services in relation to the Mortgaged Properties (but only to the extent that such amounts are not due and payable from the Service Charge Account) then payable under the Transaction Documents (to the extent not paid above), and (b) in or towards payment pro rata of an amount to the Issuer sufficient to enable it to pay the remuneration, costs, expenses and other amounts due to the Note Trustee and the Issuer Security Trustee;

2. secondly, pro rata according to the respective amounts thereof, in or towards payment, *pari passu*, of; (a) an amount to the Issuer sufficient to enable it to pay remuneration, costs and expenses due to any Servicer and the Special Servicing Fee, any Work-out Fee and any Liquidation Fee, to the extent applicable to the A-Loan, then due and payable by the Issuer; and (b) an amount to the Special Servicer to the extent that the Special Servicing Fee, any Work-out Fee and any Liquidation Fee is applicable to the B-Loan;
3. thirdly, on any Business Day, in or towards any periodic payments due but unpaid in connection with the Borrower Swap Transaction and the Interest Rate Cap;
4. fourthly, on any Business Day, in or towards any swap termination payments due and unpaid in connection with the Borrower Swap Transaction other than any such swap termination payments due as a result of a default by the Borrower Swap Provider under the Borrower Swap Transaction;
5. fifthly, pro rata according to the respective amounts thereof, in and towards payment of an amount to the Issuer sufficient to enable it to: (a) pay, on any Business Day, all the Issuer Expenses (other than those paid above), and (b) pay all amounts due in respect of drawn principal (any such payment being held to reduce the amount of interest due but unpaid on the A-Loan) and interest thereon to the Liquidity Facility Provider, other than Subordinated Liquidity Facility Amounts and those expenses listed in paragraphs (xi) and (xiii) of the definition of Issuer Expenses;
6. sixthly, on any Business Day, pro rata according to the respective amounts thereof, in or towards payment of the audit fees, banking expenses, expenses arising in connection with the maintenance of its corporate existence, amounts due to the Corporate Services Provider under the Corporate Services Agreement and any corporation and other taxes of the Obligors, amounts due from a Property Owner under a Headlease and any other operating costs (to the extent not paid above and other than any amounts payable under the Subordinated Funding Agreement) to the parties to whom such amounts are owed;
7. seventhly, in or towards payment of interest due but unpaid on the A-Loan and the B-Loan (including any gross-up of interest required to be made by the Borrower pursuant to Clause 12.2 of the Loan Agreement or otherwise, but excluding default interest referred to in paragraph 13 below and any interest which is due in respect of any Cure Loan), which is to be allocated among the Lenders pro rata based upon the amount of interest due thereto;
8. eighthly, in or towards principal outstanding on the A-Loan and the B-Loan (excluding any principal attributable to any Cure Loan) which is to be allocated among the Lenders pro rata based upon the outstanding principal balances of their respective interests in the Loan but excluding, in the case of the B-Loan, any outstanding balance attributable to a Cure Loan;

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9. ninthly, in or towards payment of an amount to the Issuer sufficient to enable it to pay all Subordinated Liquidity Facility Amounts due and other amounts due by the Issuer to any other parties under the Transaction Documents (other than amounts paid above);
10. tenthly, in or towards payment on any Business Day of an amount to the Issuer to enable it to pay those expenses listed in paragraphs (xi) and (xiii) of the definition of Issuer Expenses;
11. eleventhly, in or towards reimbursement of any Cure Loans due but unpaid on the B-Loan and any interest accrued thereon;
12. twelfthly, on any Business Day, in or towards any swap termination payments due and unpaid in connection with the Borrower Swap Transaction which are due as a result of a default by the Borrower Swap Provider under the Borrower Swap Transaction;
13. thirteenthly, in or towards payment of an amount to the B-Lender equal to default interest then due and payable on the B-Loan;
14. fourteenthly, to the extent not paid above, in or towards any amounts payable under the Subordinated Funding Agreement and any other fees and other amounts due from the Obligor to any party under the Transaction Documents or, on any Business Day, any other third parties; and
15. fifteenthly, any remaining amounts shall, if the Borrower so requests in writing and if the Borrower Security Trustee is satisfied that no Loan Event of Default or Potential Loan Event of Default is continuing be transferred to or to the order of the Borrower provided that the Rent Account Retained Amount shall be retained in the Rent Account for distribution in accordance with the above provisions.

“**Rent Account Retained Amount**” means in respect of a Loan Interest Payment Date, all amounts paid into the Rent Account during the period of three Business Days prior to and ending on, and including, such Loan Interest Payment Date (such period being the “**Cash Manager Calculation Period**”).

Specified Event of Default

On each Loan Interest Payment Date (or as otherwise specified below) while a Specified Event of Default is continuing, the following payments will be made from the Rent Account to the following parties in the following order of priority (the “**Rent Account Post-Default Priority of Payments**” and, together with the Rent Account Pre-Default Priority of Payments, the “**Rent Account Priority of Payments**”):

1. firstly, on any Business Day, pro rata according to the respective amounts thereof: (a) the remuneration, costs and expenses then payable to any receiver appointed in respect of any Obligor or the Holding Company; and (b) to the Issuer an amount sufficient to enable it to meet the remuneration, costs and expenses then payable to any receiver appointed in respect of the Issuer;
2. secondly, (i) any Interest Rate Cap Amount shall be transferred to the Revenue Ledger of the Collection Account, and (ii) pro rata according to the respective amounts thereof, (a) in or towards payment of the remuneration, costs, expenses of, and other amounts due to, the Borrower Security Trustee, the Account Bank, the Cash Manager (other than the amounts referred to in paragraph 3), the Borrower Swap Provider (other than amounts referred to in paragraphs 4, 5 and 15 below) and the Managing Agent (but only to the extent that amounts held in the Service Charge Account are not sufficient to pay all such amounts due to the Managing Agent), the Liquidity Facility Provider (other than amounts referred to in paragraphs 6 and 12) and any other party providing services in relation to the Mortgaged Properties (but only to the extent that such amounts are not due and payable from the Service Charge Account) then payable under the Transaction Documents (to the extent not paid above), and (b) in or towards payment pro rata of an amount to the Issuer sufficient to enable it to pay the

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remuneration, costs, expenses and other amounts due to the Note Trustee and the Issuer Security Trustee;

3. thirdly, pro rata according to the respective amounts thereof, in or towards payment, *pari passu*: (a) of an amount to the Issuer sufficient to enable it to pay remuneration, costs and expenses due to any Servicer and the Special Servicing Fee, any Work-out Fee and any Liquidation Fee, to the extent applicable to the A-Loan, then due and payable by the Issuer; and (b) an amount to the Special Servicer to the extent that the Special Servicing Fee, any Work-out Fee and any Liquidation Fee is applicable to the B-Loan;
4. fourthly, on any Business Day, in or towards any periodic payments due but unpaid in connection with the Borrower Swap Transaction and Interest Rate Cap;
5. fifthly, on any Business Day, in or towards any swap termination payments due and unpaid in connection with the Borrower Swap Transaction or the Interest Rate Cap other than such swap termination payments due as a result of a default by the Borrower Swap Provider under the Borrower Swap Transaction or the Interest Rate Cap;
6. sixthly, pro rata according to the respective amounts thereof, in and towards payment of an amount to the Issuer sufficient to enable it to: (a) pay, on any Business Day, all Issuer Expenses (other than those paid above); and (b) pay all amounts due in respect of drawn principal (any such payment being held to reduce the amount of interest due but unpaid on the A-Loan) and interest thereon to the Liquidity Facility Provider, other than Subordinated Liquidity Facility Amounts and those expenses listed in paragraphs (xi) and (xiii) of the definition of Issuer Expenses;
7. seventhly, on any Business Day, pro rata according to the respective amounts thereof, in or towards payment of the audit fees, banking expenses, expenses arising in connection with the maintenance of its corporate existence, amounts due to the Corporate Services Provider under the Corporate Services Agreement and any corporation and other taxes of the Obligors, amounts due from a Property Owner under a Headlease and any other operating costs (to the extent not paid above and other than any amounts payable under the Subordinated Funding Agreement) to the parties to whom such amounts are owed;
8. eighthly, in or towards payment of interest due but unpaid on the A-Loan (including any gross-up of interest required to be made by the Borrower pursuant to Clause 12.2 of the Loan Agreement or otherwise);
9. ninthly, in or towards payment of an amount up to the entire outstanding principal balance of the A-Loan;
10. tenthly, in or towards payment of interest due but unpaid on the B-Loan (including any gross-up of interest required to be made by the Borrower pursuant to Clause 12.2 of the Loan Agreement or otherwise, but excluding default interest referred to in paragraph 16 below and any interest which is due in respect of any Cure Loan);
11. eleventhly, in or towards payment of an amount up to the entire outstanding principal balance of the B-Loan (excluding any principal attributable to any Cure Loan);
12. twelfthly, in or towards payment of an amount to the Issuer to enable it to pay all Subordinated Liquidity Facility Amounts due;
13. thirteenthly, in or towards payment on any Business Day, of an amount to the Issuer to enable it to pay those expenses listed in paragraphs (xi) and (xiii) of the definition of Issuer Expenses;

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14. fourteenthly, in or towards reimbursement of any Cure Loans due but unpaid on the B-Loan and any interest accrued thereon;
15. fifteenthly, on any Business Day, in or towards any swap termination payments due and unpaid in connection with the Borrower Swap Transaction or the Interest Rate Cap which are due as a result of a default by the Borrower Swap Provider under the Borrower Swap Transaction or the Interest Rate Cap;
16. sixteenthly in or towards payment of an amount to the B-Lender equal to default interest then due and payable on the B-Loan;
17. seventeenthly, in or towards payment of an amount to the Issuer sufficient to enable it to pay all amounts due by the Issuer to any other parties under the Transaction Documents (other than amounts paid above);
18. eighteenthly, to the extent not paid above, in or towards any amounts payable under the Subordinated Funding Agreement and any other fees and other amounts due from the Obligor to any party under the Transaction Documents or, on any Business Day, any other third parties; and
19. nineteenthly, any remaining amounts shall be transferred to or to the order of the Borrower provided that the Rent Account Retained Amount shall be retained in the Rent Account for distribution in accordance with the above.

The Deposit Account

The Borrower and the Property Owners are required to deposit into the Deposit Account:

- (a) insurance proceeds (subject to certain exceptions);
- (b) any compensation paid in connection with the compulsory purchase of any Mortgaged Property;
- (c) the proceeds of disposal of any Mortgaged Property;
- (d) prepayment fees from the partial or whole prepayment of the Loan; and
- (e) amounts transferred from the Retentions Account.

The Borrower is required to ensure that the ratio of the amount of the Loan to the market value of the Mortgaged Properties does not, at any time, exceed 88 per cent. If there is a breach of this obligation, the Borrower may remedy such breach by depositing into the Deposit Account an amount sufficient, if the Loan amount were reduced by such deposited amount, to ensure compliance (the “**LTV Amount**”).

In addition, if on any Loan Interest Payment Date the ICR is less than the percentage required under the Loan Agreement, the Borrower may remedy such breach by depositing into the Deposit Account such amount as is determined by the Cash Manager (acting reasonably) and as, when treated as Net Rental Income, will ensure compliance with the ICR (the “**ICR Amount**”).

The amounts standing to the credit of the Deposit Account shall be applied as follows:

- (a) in respect of item (a) above and subject to the requirements of any relevant Occupational Lease, headlease or insurance policy (i) on any Business Day as long as a Loan Event of Default is not continuing, by applying the insurance proceeds towards indemnifying the Borrower for the cost of reinstating the relevant Mortgaged Property and applying any excess on the next Loan Interest Payment Date towards the prepayment of the principal outstanding on the A-Loan and the B-Loan (excluding any principal attributable to any Cure Loan) pro rata based upon the outstanding principal balances thereof (but in the case of the B-Loan, excluding any outstanding balance attributable to a Cure Loan); and (ii) on any Business Day on which a Loan Event of Default is continuing when the

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insurance proceeds are received, (A), if the Loan Event of Default has not been remedied by the next Loan Interest Payment Date, by transferring the insurance proceeds to the Rent Account and applying it accordingly, or (B) if the Loan Event of Default has been remedied by the next Loan Interest Payment Date, by applying the insurance proceeds in accordance with (i) above;

- (b) in respect of items (b) and (c) above, (i) on any Business Day (other than a Loan Interest Payment Date) as long as a Loan Event of Default is not continuing, by applying such proceeds: (A) equal to the relevant Release Amount towards the prepayment of the principal outstanding on the A-Loan and the B-Loan (excluding any principal attributable to any Cure Loan) pro rata based upon the outstanding principal balances thereof (but in the case of the B-Loan, excluding any outstanding balance attributable to a Cure Loan); (B) towards the payment of any Borrower Swap Termination Amount due from the Borrower in respect of the termination of part or all of the Borrower Swap Transaction as a result of the related loan prepayment; (C) towards the transfer of the Loan Interest Balance Payment and the Relevant Quarterly Costs to the Collection Account and (D) any remaining amounts shall be released to or to the order of the Borrower; (ii) on any Loan Interest Payment Date as long as a Loan Event of Default is not continuing, by applying such proceeds: (A) equal to the relevant Release Amount towards the prepayment of the principal outstanding on the A-Loan and the B-Loan (excluding any principal attributable to any Cure Loan) pro rata based upon the outstanding principal balances thereof (but in the case of the B-Loan, excluding any outstanding balance attributable to a Cure Loan); (B) towards the payment of any Borrower Swap Termination Amount due from the Borrower in respect of the termination of part or all of the Borrower Swap Transaction as a result of the related loan prepayment and (C) any remaining amounts shall be released to or the order of the Borrower and (iii) on any Business Day as long as a Loan Event of Default is continuing when the disposal proceeds are received, (A) if the Loan Event of Default has not been remedied by the next Loan Interest Payment Date, by transferring the disposal proceeds to the Rent Account and applying it accordingly or (B) if the Loan Event of Default has been remedied by the next Loan Interest Payment Date, by applying the disposal proceeds in accordance with (i) or (ii) herein;
- (c) in respect of item (d) above, by allocating such fees between the B-Lender and the Issuer pro rata based upon the proportion of the B-Loan and the A-Loan prepaid, respectively (but in the case of the B-Loan, excluding any outstanding balance attributable to a Cure Loan);
- (d) in respect of the LTV Amount and the ICR Amount, (i) on each Loan Interest Payment Date following the date on which such amounts were deposited as long as a Loan Event of Default is not continuing, by returning the amounts deposited by the Borrower to the Borrower; and (ii) on each Loan Interest Payment Date following the date on which such amounts were deposited while a Loan Event of Default is continuing, by transferring all such amounts into the Rent Account; and
- (e) in respect of item (e) above, (i) subject to (ii) below, on any Loan Interest Payment Date as long as a Loan Event of Default is continuing by applying such amounts towards the prepayment of the principal outstanding on the A-Loan and the B-Loan (excluding any principal attributable to any Cure Loan) pro rata based upon the outstanding principal balances thereof (but in the case of the B-Loan, excluding any outstanding balance attributable to a Cure Loan), or (ii) on any Loan Interest Payment Date as long as a Specified Event of Default is continuing by applying such amounts in such order (A) towards the prepayment of the principal outstanding on the A-Loan, and (B) towards the prepayment of the principal outstanding on the B-Loan (excluding any principal attributable to any Cure Loan),

the above order of priority being the “**Deposit Account Priority of Payments**”.

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The Retentions Account

As of the date hereof, £3,450,000 is held in the Retentions Account.

No amount may be withdrawn from the Retentions Account except as permitted by the provisions of the Loan Agreement described below.

The Borrower may request the Cash Manager (as agent for the Borrower Security Trustee) to instruct the Account Bank to withdraw the amounts set out in paragraphs (i), (ii) or (iii) below if no Default is continuing and provided that the Controlling Lender confirms to the Cash Manager and the Borrower Security Trustee in writing that the conditions set out in those paragraphs have been satisfied:

- (i) £450,000 may be withdrawn on receipt by the Controlling Lender of a counterpart lease on terms approved by the Controlling Lender of the part first floor south-west, New City Court, London SE1 having an area of approximately 10,652 sq. ft., on full repairing and insuring terms and at market rent;
- (ii) £1,000,000 may be withdrawn on receipt by the Controlling Lender of satisfactory written evidence that the tenant under the lease between Britoil (Development) Limited and Shell UK Limited dated 15 April 1992 and 11 May 1992 at Seafield House and registered in the Books of Council and Session on 17 June 1992 has not exercised its option to break the said lease as at 28 March 2006; and
- (iii) £2,000,000 may be withdrawn on receipt by the Controlling Lender of the extract registered lease or minute of extension of lease on terms approved by the Controlling Lender between Birchleigh Limited and the tenant under both the leases between Aberdeen Construction plc and Marathon International Petroleum (GB) Limited dated 20 June 1984 and 20 July 1984 and registered in the Books of Council and Session on 29 August 1984 and the lease between Aberdeen Construction Group plc and Marathon International Petroleum (GB) Limited dated 13 May 1987 and 8 June 1987 and registered in the Books of Council and Session on 18 November 1987, both leases at Marathon House, in respect of the said tenant's option to renew the said leases for a period of 10 years from 26 March 2007, provided the said extract is received no later than 30 June 2007.

The Controlling Lender shall notify the Borrower and the Borrower Security Trustee promptly upon being so satisfied.

Any instruction to the Account Bank to withdraw such amounts as provided above shall only occur following an instruction to such effect by the Controlling Lender to the Cash Manager and the Borrower Security Trustee, and the Cash Manager and the Borrower Security Trustee shall have no liability for acting upon such instruction.

All interest which has accrued on amounts credited to the Retentions Account may be transferred to the Rent Account.

On any Loan Interest Payment Date when a Loan Event of Default is continuing amounts then standing to the credit of the Retentions Account shall be transferred to the Deposit Account.

The amounts stated in (i), (ii) and (iii) are indicative only. In the event that any amount then standing to the credit of the Retentions Account is applied towards payment of any sum due but unpaid under the Finance Documents or transferred to the Deposit Account, the amounts available for withdrawal under (i), (ii) and (iii) may be reduced.

The Service Charge Account

The Managing Agent shall promptly, in accordance with the terms of the Property Management Agreement, pay all amounts in respect of the Service Charge Proceeds immediately upon receipt into the Service Charge

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Account. Monies standing to the credit of the Service Charge Account will be utilised by the Managing Agent to make payments due in respect of the performance of services pursuant to the Occupational Leases.

“**Service Charge Proceeds**” means such amounts of Rental Income as constitutes:

- (a) any sum paid by, or receivable from, a tenant (or other occupier) of a Mortgaged Property by way of reimbursement of expenses incurred or on account of expenses to be incurred by or on behalf of any Property Owner in the management, maintenance and repair or the provision of services specified in any agreement for lease or lease in respect of that Mortgaged Property and the payment of insurance premia for that Mortgaged Property;
- (b) any sum paid by, or receivable from, a tenant of a Mortgaged Property for a breach of covenant under its lease to, or for expenses incurred by, or on behalf of, a Property Owner in remedying such breach or discharging such expenses;
- (c) any contribution to a sinking fund paid by, or receivable from, a tenant of a Mortgaged Property under its lease; and
- (d) any withholding or deduction on account of any tax or any value added tax on such Rental Income or any of the amounts referred to in paragraphs (a) to (c) above.

The Issuer’s Accounts

The Collection Account

Pursuant to the Cash Management Agreement, the Account Bank will open and maintain an account in the name of the Issuer into which will be transferred all amounts of principal and interest paid by the Borrower to the Issuer under the Loan Agreement, certain other amounts required to be transferred from the Rent Account (as described above) and all sums drawn down under the Liquidity Facility (the “**Collection Account**”).

The Collection Account will be operated by the Cash Manager (as agent for the Issuer Security Trustee) in accordance with the terms of the Cash Management Agreement. The Cash Manager will establish two ledgers within the Collection Account:

- (a) a ledger to which will be credited all amounts deposited in the Collection Account which are to be used to repay and/or prepay outstanding principal amounts of the Notes (“**Principal Ledger**”); and
- (b) a ledger to which will be credited all other amounts deposited in the Collection Account (“**Revenue Ledger**”).

Calculation of Expenses

Prior to any payments being made from the Collection Account, the Cash Manager will calculate the following, with respect to any date of calculation, fees, costs, expenses and other amounts that will be accrued and due on such date to the following persons (the “**Issuer Expenses**”):

- (a) to the Rating Agencies all fees, costs and expenses due to the Rating Agencies;
- (b) to the stock exchange where the Notes are listed, any fees, costs and expenses due to such stock exchange; and
- (c) the recurring and non-recurring fees, costs, expenses and other amounts (other than those stated in (a) and (b) above) of:
 - (i) the Note Trustee;
 - (ii) the Issuer Security Trustee;

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- (iii) any receiver appointed in respect of the Issuer;
 - (iv) the Account Bank;
 - (v) the Servicers;
 - (vi) the Principal Paying Agent and the Agent Bank;
 - (vii) other paying agents (if any);
 - (viii) the Cash Manager;
 - (ix) the Corporate Services Provider and the Issuer's directors, advisers and accountants;
 - (x) the Liquidity Facility Provider (excluding amounts due in respect of drawn principal and interest thereon);
 - (xi) the Inland Revenue in respect of the Issuer's liability for any tax out of its own activities (including corporation tax);
 - (xii) the Special Servicer, with respect to the Special Servicing Fee, the Liquidation Fee and the Work-out Fee, to the extent applicable to the A-Loan; and
 - (xiii) any other creditors of the Issuer not included above,
- to the extent (other than with regard to any receiver appointed in respect of the Issuer) such amounts are due from the Issuer.

Distributions

After calculating the Issuer Expenses, the Cash Manager (as agent for the Issuer Security Trustee) will be required to do the following:

1. on any Business Day (which may include an Interest Payment Date), pay from the Revenue Ledger of the Collection Account, the remuneration costs and expenses then payable to any receiver appointed in respect of the Issuer, if applicable;
2. on each Interest Payment Date make payments from the Revenue Ledger of the Collection Account in the amounts required for application in the following order of priority (in each case, to the extent not already paid and only if and to the extent that payments or provisions of a higher priority have been made in full):
 - (a) first, to pay, pro rata, the respective amounts thereof due on the Interest Payment Date in question to the following parties:
 - (i) any amounts of Issuer Expenses due to the Issuer Security Trustee or the Note Trustee together with (if applicable) interest thereon as provided in the relevant Finance Documents; and
 - (ii) all Issuer Expenses that are the costs, expenses, fees and indemnity claims payable to any LPA Receiver appointed by or on behalf of the Issuer Security Trustee or the Note Trustee in respect of the Loan or the Obligor Security;
 - (b) second, to pay any amounts of Issuer Expenses then due and payable to the Principal Paying Agent and the Agent Bank;
 - (c) third, to pay any amounts of Issuer Expenses then due and payable to the Servicers or the Special Servicer, as applicable under the Servicing and Intercreditor Deed;

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- (d) fourth, to pay any amounts of Issuer Expenses then due and payable to the Cash Manager under the Cash Management Agreement;
- (e) fifth, to pay any amounts of Issuer Expenses then due and payable to the Corporate Services Provider under the Corporate Services Agreement and to the Issuer's directors and advisers, accountants and auditors appointed by the Issuer;
- (f) sixth, to pay any amounts of Issuer Expenses then due and payable to the Account Bank under the Cash Management Agreement;
- (g) seventh, to pay any amounts of Issuer Expenses due or overdue to the Liquidity Facility Provider, and the amount of any interest and principal due on any outstanding drawings, under the Liquidity Facility Agreement (other than Subordinated Liquidity Facility Amounts); and
- (h) eighth, to pay any amounts of Issuer Expenses (other than Subordinated Liquidity Facility Amounts and other than amounts referred to in paragraphs (xi) and (xiii) of the definition of Issuer Expenses) due and payable by the Issuer to the extent not already paid above without breach by the Issuer of the Deed of Charge and Assignment or the Note Trust Deed.

“Subordinated Liquidity Facility Amounts” means any additional amounts in respect of withholding taxes, Additional Percentage (as defined in the Liquidity Facility Agreement) and increased costs payable to the Liquidity Facility Provider in excess of 0.20 per cent. per annum on the maximum aggregate amount available to be drawn under the Liquidity Facility.

3. on each Interest Payment Date, for so long as a Specified Event of Default is not continuing, after payment of the amounts specified in paragraphs 1, if relevant, and 2 above make payments from the Revenue Ledger of the Collection Account, or, in the case of item 3(ii), 3(iii) or 3(iv) below, the Principal Ledger of the Collection Account, in the following order of priority:
- (i) first, to pay all interest due or overdue and payable on each class of Notes together with any interest thereon in the following order of priority:
 - (a) interest due or overdue and payable on the Class A Notes;
 - (b) interest due or overdue and payable on the Class B Notes;
 - (c) interest due or overdue and payable on the Class C Notes;
 - (d) interest due or overdue and payable on the Class D Notes; and
 - (e) interest due or overdue and payable on the Class E Notes,in accordance with the provisions of the Conditions and the Note Trust Deed;
 - (ii) second, to the extent of the amount standing to the credit of the Principal Ledger of the Collection Account (other than the Release Premium and the Allocated Loan Amount), to repay in the following order of priority:
 - (a) up to 0.3125% of the Principal Amount Outstanding of Class A Notes outstanding;
 - (b) up to 0.3125% of the Principal Amount Outstanding of Class B Notes outstanding;
 - (c) up to 0.3125% of the Principal Amount Outstanding of Class C Notes outstanding;
 - (d) up to 0.3125% of the Principal Amount Outstanding of Class D Notes outstanding; and
 - (e) the Class E Notes outstanding;

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- (iii) third, to the extent of any Release Premium standing to the credit of the Principal Ledger of the Collection Account, to repay each class of Notes outstanding in the following order of priority:
 - (a) the Class A Notes outstanding;
 - (b) the Class B Notes outstanding;
 - (c) the Class C Notes outstanding;
 - (d) the Class D Notes outstanding; and
 - (e) the Class E Notes outstanding;
- (iv) fourth, to the extent of any Allocated Loan Amount standing to the credit of the Principal Ledger of the Collection Account, to repay, pro rata, each class of Notes outstanding;
- (v) fifth, to pay any Subordinated Liquidity Facility Amounts;
- (vi) sixth, to pay those Issuer Expenses listed in paragraphs (xi) and (xiii) of the definition thereof; and
- (vii) seventh, to pay any surplus to or to the order of the Issuer provided that the Collections Account Retained Amount shall be retained in the Rent Account for distribution in accordance with the above and, if the directors of the Issuer so resolve, and the Issuer may lawfully do so, to pay dividends to shareholders in the Issuer.

“**Allocated Loan Amount**” means the amount of the outstanding Loan which is allocable to the relevant disposed Mortgaged Property and is derived from the product of multiplying the Relevant Mortgaged Property Proportion by the amount of the Outstanding Loan.

“**Collections Account Retained Amount**” means, in respect of an Interest Payment Date, all amounts paid into the Rent Account during the period of three Business Days prior to and ending on, and including, such Interest Payment Date (such period being the “**Cash Manager Calculation Period**”).

“**Release Premium**” means the amount equal to the Release Amount minus the Allocated Loan Amount provided that such amount shall not be less than zero.

“**Specified Event of Default**” means a Loan Event of Default arising by reason of a failure by an Obligor to pay amounts due under the Finance Documents (subject to certain exceptions) or certain insolvency events occurring with regard to any member of the Group (all as more fully described in the Loan Agreement).

- 4. on each Interest Payment Date, while a Specified Event of Default is continuing, after payment of the amounts specified in paragraphs 1, if relevant, and 2 above make payments from the Principal Ledger and Revenue Ledger of the Collection Account, in the following order of priority:
 - (i) first, to pay all interest due or overdue and payable on the Class A Notes together with any interest thereon, in accordance with the provisions of the Conditions and the Note Trust Deed;
 - (ii) second, to pay all principal due and payable on the Class A Notes in accordance with the provisions of the Conditions and the Note Trust Deed;
 - (iii) third, to pay all interest due or overdue and payable on the Class B Notes together with any interest thereon, in accordance with the provisions of the Conditions and the Note Trust Deed;
 - (iv) fourth, to pay all principal due and payable on the Class B Notes, in accordance with the provisions of the Conditions and the Note Trust Deed;

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- (v) fifth, to pay all interest due or overdue and payable on the Class C Notes together with any interest thereon, in accordance with the provisions of the Conditions and the Note Trust Deed;
- (vi) sixth, to pay all principal due and payable on the Class C Notes in accordance with the provisions of the Conditions and the Note Trust Deed;
- (vii) seventh, to pay all interest due or overdue and payable on the Class D Notes together with any interest thereon, in accordance with the provisions of the Conditions and the Note Trust Deed;
- (viii) eighth, to pay all principal due and payable on the Class D Notes in accordance with the provisions of the Conditions and the Note Trust Deed;
- (ix) ninth, to pay all interest due or overdue and payable on the Class E Notes together with any interest thereon, in accordance with the provisions of the Conditions and the Note Trust Deed;
- (x) tenth, to pay all principal due and payable on the Class E Notes in accordance with the provisions of the Conditions and the Note Trust Deed;
- (xi) eleventh, to pay any Subordinated Liquidity Facility Amounts to the Liquidity Facility Provider;
- (xii) twelfth, to pay, pro rata according to the respective amounts thereof, amounts referred to in paragraphs (xi) and (xiii) of the definition of Issuer Expenses to the parties to whom such amounts are owed; and
- (xiii) thirteenth, to pay any surplus to or to the order of the Issuer provided that the Collections Account Retained Amount shall be retained in the Rent Account for distribution in accordance with the above and, if the directors of the Issuer so resolve, and the Issuer may lawfully do so, to pay dividends to shareholders in the Issuer,

the above order of priority being the “**Collection Account Priority of Payments**”.

The Stand-by Account

Any Stand-by Drawing which the Issuer may require from the Liquidity Facility Provider (see “Description of Liquidity Facility Agreement”) shall be credited to an account in the name of the Issuer (the “**Stand-by Account**”) with the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have a short-term, unsecured and unsubordinated debt obligations rating of “A-1+” by S&P and “F1+” by Fitch and a long-term, unsecured and unsubordinated debt obligations rating of “AA-” by S&P and Fitch (the “**Requisite Rating**”), the Account Bank or, if the Account Bank ceases to have the Requisite Rating, a bank which has the Requisite Rating.

Any of the foregoing entities shall cease to have the Requisite Rating if the rating of its short term, unguaranteed, unsecured and unsubordinated debt obligations falls below “A-1+” (or its equivalent) by S&P, or below “F1+” (or its equivalent) by Fitch, or below such other short-term rating as is commensurate with the rating assigned to the Notes from time to time.

ESTIMATED AVERAGE LIVES OF THE NOTES

Weighted Average Lives of the Notes

The weighted average life of a Note refers to the average amount of time that will elapse from the date of its issuance until each pound allocable to the principal of such Note is distributed to the investor. For purposes of this Offering Circular, the weighted average life of a Note is determined by (i) multiplying the amount of each principal distribution thereon by the number of years from the Closing Date to the related Interest Payment Date, (ii) summing the results and (iii) dividing the sum by the aggregate amount of the reductions in the Principal Amount Outstanding of such Note. Accordingly, the weighted average life of any such Note will be influenced by, among other things, the rate at which the principal of the Loan is paid or otherwise collected or advanced and the extent to which such payments, collections or advances of the principal are in turn applied in reduction of the Principal Amount Outstanding of the class of Notes to which such Note belongs.

Estimated Average Lives of the Notes

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

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

- (a) the Loan does not default or prepay, is not enforced and no loss arises;
- (b) the Borrower Swap Transaction will not be terminated; and
- (c) the Closing Date is 16 December 2004,

then the estimated amortisation profile for the Notes is as follows:

Payment Date of Notes	Per cent. of Initial Principal Amount				
	Class A	Class B	Class C	Class D	Class E
15 January 2005.....	0.3125%	0.3125%	0.3125%	0.3125%	15.4767%
15 April 2005.....	0.3115%	0.3115%	0.3115%	0.3115%	0.4960%
15 July 2005.....	0.3105%	0.3105%	0.3105%	0.3105%	0.2224%
15 October 2005.....	0.3096%	0.3096%	0.3096%	0.3096%	0.0524%
15 January 2006.....	0.3086%	0.3086%	0.3086%	0.3086%	0.0772%
15 April 2006.....	0.3076%	0.3076%	0.3076%	0.3076%	1.9836%
15 July 2006.....	0.3067%	0.3067%	0.3067%	0.3067%	1.6097%
15 October 2006.....	0.3057%	0.3057%	0.3057%	0.3057%	1.5605%
15 January 2007.....	0.3048%	0.3048%	0.3048%	0.3048%	1.6622%
15 April 2007.....	0.3038%	0.3038%	0.3038%	0.3038%	2.2735%
15 July 2007.....	0.3029%	0.3029%	0.3029%	0.3029%	0.3582%
15 October 2007.....	0.3019%	0.3019%	0.3019%	0.3019%	0.9055%
15 January 2008.....	0.3010%	0.3010%	0.3010%	0.3010%	0.9558%
15 April 2008.....	0.3000%	0.3000%	0.3000%	0.3000%	1.2627%
15 July 2008.....	0.2991%	0.2991%	0.2991%	0.2991%	0.8345%
15 October 2008.....	0.2982%	0.2982%	0.2982%	0.2982%	2.1920%

ESTIMATED AVERAGE LIVES OF THE NOTES

Payment Date of Notes	Per cent. of Initial Principal Amount				
	Class A	Class B	Class C	Class D	Class E
15 January 2009.....	0.2972%	0.2972%	0.2972%	0.2972%	2.3085%
15 April 2009.....	0.2963%	0.2963%	0.2963%	0.2963%	2.9457%
15 July 2009.....	94.5220%	94.5220%	94.5220%	95.5220%	62.8230%

(collectively being the “**Estimated Amortisation Profile**”)

and the approximate average lives of the Notes would be as follows:

	Expected Average Life (years)
Class A	4.45
Class B	4.45
Class C	4.45
Class D.....	4.45
Class E	3.51

(collectively being the “**Expected Average Life**”).

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

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

The Estimated Amortisation Profile and the Expected Average Life for each of Class A, Class B, Class C, Class D and Class E Notes in the table above are based upon projected base case cash flow assumptions for the Mortgaged Properties. The actual cash flow profile from the Mortgaged Properties can differ significantly from the projected base case cashflows, depending upon, *inter alia*, the following factors: tenants exercising break options (where applicable); tenants becoming insolvent; tenants deciding to renew leases upon lease expiry; the length of time for which leases are renewed; the length of the void period upon a Mortgaged Property becoming vacant; any rent free periods upon re-letting; and the rental level at which the Mortgaged Properties are re-let. Depending upon the actual cash flow profile from the Mortgaged Properties, the amortisation profile and the average life for each of the Class A, Class B, Class C, Class D and Class E Notes may differ materially from the Estimated Amortisation Profile and the Expected Average Life numbers shown in the above table.

THE MORTGAGED PROPERTIES

On the Closing Date, the Property Owners will acquire from the Original Property Owners the freehold interests in Sherborne House, Friars Bridge Court and New City Court, the feuhold interests in Argyle House, and the leasehold interests in Rubislaw House, Seafield House and Marathon House.

The Loan will be secured by seven office properties located in England and Scotland. The properties consist primarily of office space. All references herein to “UW” or “Underwritten” refer to calculations and assumptions made by the Issuer.

Portfolio Summary Information

Mortgaged Property Summary

Mortgaged Property	Location		Freehold (FH)/ Leasehold (LH)	Market Value (£) ⁽¹⁾	% of Total Market Value (£)	Vacant Possession Value (£)	Per cent. of Total Vacant Possession Value (£)
Argyle House.....	Edinburgh	Scotland	Freehold	£46,850,000	18.94%	32,400,000	18.85%
Rubislaw House.....	Aberdeen	Scotland	Leasehold	£19,800,000	8.00%	13,750,000	8.00%
Seafield House.....	Aberdeen	Scotland	Leasehold	£44,850,000	18.13%	32,500,000	18.91%
Marathon House.....	Aberdeen	Scotland	Leasehold	£19,350,000	7.82%	14,000,000	8.15%
Friars Bridge Court.....	London	England	Freehold	£51,000,000	20.62%	31,500,000	18.33%
New City Court.....	London	England	Freehold	£38,000,000	15.36%	26,700,000	15.54%
Sherborne House.....	London	England	Freehold	£27,500,000	11.12%	21,000,000	12.22%
Sub Total				<u>£247,350,000</u>	<u>100.00%</u>	<u>171,850,000</u>	<u>100.00%</u>

Notes:

(1) Based on the Valuation Report (on a subject to leases basis).

Rent Summary

Mortgaged Property	Location		Annual Passing Rent (£)	Per Cent. of Total Annual Passing Rent (£)	Annual Market Rent (£)	Per Cent. of Total Annual Market Rent (£)
Argyle House.....	Edinburgh	Scotland	£2,375,000	13.66%	3,220,000	18.95%
Rubislaw House.....	Aberdeen	Scotland	£1,558,220	8.96%	1,558,200	9.17%
Seafield House.....	Aberdeen	Scotland	£3,667,542	21.09%	3,645,000	21.45%
Marathon House	Aberdeen	Scotland	£1,677,000	9.65%	1,677,000	9.87%
Friars Bridge Court.....	London	England	£3,500,000	20.13%	2,800,000	16.47%
New City Court	London	England	£2,593,240	14.92%	2,372,900	13.96%
Sherborne House	London	England	£2,015,335	11.59%	1,722,500	10.13%
Total.....			<u>£17,386,337</u>	<u>100%</u>	<u>16,995,600</u>	<u>100.00%</u>

Note:

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificates of title to be dated the Closing Date, as applicable (the “Certificates of Title”), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

THE MORTGAGED PROPERTIES

Valuations

A valuation of each of the Mortgaged Properties was performed by the Valuer, pursuant to which the Borrower Security Trustee determined that at the time of the valuations the aggregate value of the Mortgaged Properties exceeded the principal amount of the Loan. In general, valuations represent the analysis and opinion of qualified experts and are not guarantees of present or future value. Moreover, valuations seek to establish the amount a typically motivated buyer would pay a typically motivated seller. Such amount could be significantly higher than the amount obtained from the sale of a Mortgaged Property under a distress or liquidation sale. See “Risk Factors — The Loan: The Mortgaged Properties — Limitations of Valuations” Information regarding the value of each Mortgaged Property set out in this Offering Circular is not intended to be a representation as to the past, present and future market values of the Mortgaged Properties.

Environmental Assessments (update from valuation report)

As part of the origination of the Loan, all of the Mortgaged Properties have been subject to environmental assessments. For a discussion of environmental issues identified on the Mortgaged Properties, see “Risk Factors — The Loan: The Mortgaged Properties — Environmental Risks”. There can be no assurance that all environmental conditions and risks were identified.

Building Surveys (update from valuation report)

Surveys of some of the Mortgaged Properties were conducted by chartered surveyors and appropriately qualified engineers in December 2002. Such surveys were generally commissioned to assess the structure, exterior walls, roofing, interior construction, mechanical and electrical systems and general conditions of the site, buildings and other improvements located at each of those Mortgaged Properties. The resulting reports of the inspecting engineers indicated, where appropriate, a variety of deferred maintenance items and recommended capital improvements with respect to each of those Mortgaged Properties, as well as the estimated cost of such items and improvements.

Property Management

Generally, a managing agent is responsible for, among other things, enforcement of the owner’s rights under tenant leases, maintenance and repairs to the applicable properties, and communicating with the owners concerning the operation of the properties. A managing agent is also responsible for responding to changes in the local market, planning and implementing the rental rate or operating structure, which may include establishing levels of rent payments or rates, and ensuring that maintenance and capital improvements are carried out in a timely fashion. For a discussion of the Property Management Agreement, see “Management of the Properties”.

(A) ARGYLE HOUSE, EDINBURGH

Location

Argyle House is situated in Edinburgh, the capital of Scotland and one of the six main regional centres in Great Britain. Edinburgh is generally regarded as Great Britain’s second financial centre. It is situated approximately 45 miles east of Glasgow and about 400 miles north of London. It has a population of approximately 450,000 and an estimated catchment population within 12 miles of the city centre of approximately 700,000.

The Property

The subject property occupies a substantial site in the city centre immediately to the south of Edinburgh Castle and about one-third of a mile to the south of Princes Street, which is the main retail thoroughfare in the city. Argyle House contains approximately 225,280 square feet of net internal area, of which approximately 195,725 square feet consist of office space and 29,555 square feet consist of ancillary staff restaurant and storage space. Argyle House was constructed in 1969. It is an office

THE MORTGAGED PROPERTIES

building that is arranged in three sections. Two sections are eleven storeys in height and are connected by means of a central service core. The third section is five storeys in height. There are two levels of car parking with 117 spaces within one of its three blocks and part of another block. A surface car park with 44 spaces, which is adjacent to the building, is also provided.

The property is of feuhold tenure.

Argyle House was valued, subject to the lease mentioned in the section below entitled "The Lease", at £46,850,000, and with vacant possession throughout, at £32,400,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman and dated as of 8 December 2004.

The Lease

Based on the lease dated 28 October 1970, Argyle House is let in its entirety to The Secretary of State for the Environment (as statutory successor to The Minister of Public Buildings and Works) for a term of approximately 63 years from October 1969 (thus expiring on 15 May 2033) at a current rent of £2,375,000 per annum, subject to one further upwards-only rent review on 15 May 2012.

The tenant is a central Government department and its covenant can generally be considered to be undoubted.

The rent on review in 2012 is to be calculated by reference to the fair market rent for the property as it stands at the review date but excluding any items which may be removed by the tenant at termination of the tenancy in the nature of the tenants' fixtures, fittings and partitions, the mechanical ventilation plant, acoustic tiles, ceilings, linoleum and like floor coverings, canteen equipment and built in counters or other fitments and inter-office partitions and electric light fittings. Any tenants' improvements which do not come within the list of items to be excluded at review may be taken into consideration by the Landlord during the rent review. This is subject to licences for alterations granted from 1995 onwards affecting floors C, lower C, D, E, H, J, K, mezzanine and other parts. Any effect of these alterations on rental value at review is to be disregarded. This is without prejudice to the tenants' acceptance that if the net lettable floor area of the property was diminished as a result of these works, the diminution was to be disregarded for all purposes including review. At the time of the review, the fair market rent would be assessed on a "shell" basis, which, in the opinion of Colliers Conrad Ritblat Erdman, is likely to be in the region of £3,220,000 per annum.

The tenant does not undertake full repairing liabilities, with the landlord being responsible for repairs to the structure and replacement of lifts and heating installations, if this proves necessary. Under the terms of a Facilities Management Agreement, this liability has been transferred to Axiis Limited, guaranteed by Miller Construction (UK) Limited and FES Limited. The agreement runs for a period of 15 years from 12 December 2002, subject to a right of the landlord to terminate it on giving six months notice. The agreement provides that Axiis Limited will assume all of the landlord's repairing obligations in exchange for an annual licence fee of £150,000 initially, subject to annual RPI increases. The Borrower has indicated the licence fee for the current year to be £154,200. This sum has been deducted from rental income in arriving at the valuation.

The lease does not permit the full cost of insurance to be recovered from the tenant. Historically, however, the insurance premium has been recovered in full. However, there is a risk that the tenant will realise that it does not have to pay the full amount in the future; therefore an allowance of £5,600 per annum has been made in arriving at the valuation for the subject property. This represents approximately 10% of the total insurance premium which is currently £50,521 (excluding VAT).

THE MORTGAGED PROPERTIES

Tenant	Lease Start Date	Lease End Date	Next Tenant Break Option Date	Next Rent Review Date	Annual Rent (£)	Per cent. of Total Annual Rent	NIA (sq. ft.)	Per cent. of Total NIA
Secretary of State for the Environment	7 Oct 1969	15 May 2033	None	15 May 2012	2,375,000	100.00%	225,280	100.00%

Note:

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificate of title to be dated the Closing Date, as applicable (the “**Certificates of Title**”), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Competition and Market Analysis

Edinburgh is the capital of Scotland and has firmly established itself as one of the main regional centres in the United Kingdom and there is no reason to suggest that this is likely to change in the foreseeable future.

The main competition to Edinburgh comes from Glasgow. The ease of access between the two cities, with a journey time of about fifty minutes, results in companies not requiring offices in each city and therefore having to choose between Edinburgh and Glasgow. Whilst Glasgow is larger, its economy is mainly structured towards manufacturing industries, rather than the financial and service sectors which dominate in Edinburgh.

As with most major cities, the office market in Edinburgh is divided between the historic core and various city fringe and ‘out of town’ locations. The historic core, which is known as New Town, centres around George Street, Charlotte Square and St Andrew Square, but includes several adjoining streets. Most of the office accommodation is in former Georgian town houses. Whilst there has been some redevelopment behind existing facades, rigorous planning conservation policies have been applied. As a result, much of the accommodation consists of traditional cellular space, which is difficult to adapt for large organisations and modern technology. The limitations of the New Town area have resulted in a number of large occupiers moving to buildings on the fringe of the city centre or to ‘out of town’ locations. The most significant alternative city centre location is the ‘Exchange’ area to the south-west of the city centre, on the former Princes Street station. This has been redeveloped to provide 750,000 sq ft of office accommodation. The main ‘out of town’ office location is at South Gyle which has the advantages of being close to the airport and the commencement of the M8 and M9 motorways and is only five miles to the west of the city centre. This comprises over 2 million sq ft of office accommodation, the majority of which is large headquarters buildings, with the main occupiers being The Royal Bank of Scotland, Halifax Bank of Scotland, Scottish Equitable / Aegon, BT, HSBC, John Menzies, Telewest and ICL.

The subject property is located on the southern side of the city centre which has become more established as an office location in the recent years as a result of substantial developments, including the Exchange area referred to above and close proximity to Saltire Court on Castle Terrace and a 100,000 sq ft development known as Citymark on Fountainbridge. The construction of the Scottish Parliament at Holyrood, on the south-eastern side of the city centre, is likely to further consolidate the location of the subject property. In general, the location of the subject property is very good and provides magnificent views of the Edinburgh Castle and is within walking distance of the retail facilities of Princes Street. This location would be particularly suitable for a residential development or a hotel development if the building ceased to be used for office purposes in the future. Despite its size,

THE MORTGAGED PROPERTIES

the building is quite flexible as it is broadly arranged in three blocks which are capable of separate occupation. It would also be possible to let it on a floor-by-floor basis within individual blocks in the future, if this proves necessary.

(B) HILL OF RUBISLAW, ANDERSON DRIVE, ABERDEEN

Location

Generally considered to be the 'oil capital of Europe', Aberdeen is situated on the north-east coast of Scotland, approximately 120 miles to the north of Edinburgh and 150 miles north-east of Glasgow. The property is a prominent office complex within a business park setting and is located about two miles to the west of Aberdeen city centre, adjacent to the A90 which forms the city's inner ring road. The complex comprises three self-contained office buildings – Rubislaw House, Seafield House and Marathon House with approximate aggregate net internal areas of 382,835 square feet and 1,300 car parking spaces.

The subject property is held on a ground lease, which has 983 years unexpired, at a fixed nominal rent. The head lessee has an option to purchase the feuhold interest in the year 2012 at a fixed price of £1.

Rubislaw House

The Property

This building comprises a four-storey office building that was constructed in two phases about 23 years ago. The building provides office, restaurant and ancillary accommodation in clear space, large parts of which have been partitioned by the tenant. Surface car parking for approximately 260 cars is provided on three sides of the building. Rubislaw House contains approximately 91,660 square feet of net internal area.

Rubislaw House was valued, subject to the lease mentioned in the section below entitled "The Lease", at £19,800,000, and with vacant possession throughout, at £13,750,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman dated as of 8 December 2004.

The Lease

A lease has been entered into with Conoco Philips (UK) Ltd as tenant, commencing on 1 January 1995 and expiring on 31 December 2009, for a rent of £1,558,220 per annum. The tenant has an option to extend for three further periods of five years. There is a rent review date specified for 1 January 2005. The rent review is in an upwards direction only to the open market rental value prevailing at the date of the review. Conoco Philips (UK) Ltd is embarking on works to the East and West Wings forming part of the premises which will involve a complete removal of all suspended ceilings together with lighting, removal of all carpet floor coverings, removal of all electrical power outlets and complete removal of perimeter radiators and all associated pipework.

The new works to the premises has begun and which consisted of replacement of the suspended ceiling with integrated flush lighting, making good of external walls and wallpapering, perimeter trucking incorporating power, data and voice together with carpet floor coverings throughout. A new heating/cooling system is to be incorporated within the suspended ceiling. In addition, the free standing columns within the office areas on the premises are to be extended in size to incorporate the power, data and voice wiring.

There will also be work to the Link Block forming part of the premises consisting of complete removal of the existing building and stairways and rebuilding of the ground, first, second and third floor building between the east and west wings of the premises. The new link building largely consists of

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steel frame with permanent metal shuttering and concrete floors with external finishes to the south, patent glazing and to the north blockwork construction with render finish.

The total cost of these works is expected to be in excess of £6,500,000 and the cost of these works will be paid by Conoco Phillips (UK) Ltd.

Tenant	Lease Start Date	Lease End Date	Next Tenant Break Option Date	Next Rent Review Date	Annual Rent (£)	Per cent. of Total Annual Rent	NIA (sq. ft.)	Per cent. of Total NIA
Conoco Phillips (UK) Limited	1 Jan 1995	31 Dec 2009	None	1 Jan 2005	1,558,220	100.00 %	91,660	100.00 %

Note:

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificates of title to be dated the Closing Date, as applicable (the "Certificates of Title"), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Seafield House

The Property

This building was completed in 1984 and comprises a part five storey, part three storey and part single storey office block built around a garden courtyard. The building was designed to provide accommodation in clear space, although parts have been partitioned to provide individual offices, together with restaurant and ancillary accommodation. Raised floors have been installed throughout the property, with the exception of the entrance hall and the restaurant at the ground floor level. A total of approximately 825 car parking spaces are provided at ground level on three sides of the building and at basement level. Seafield House contains approximately 197,028 square feet of net internal area.

Seafield House was valued, subject to the leases mentioned in the section below entitled "The Leases", at £44,850,000, and with vacant possession throughout, at £32,500,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman dated as of 8 Decembr 2004.

The Leases

The building has been leased in its entirety to Shell (UK) Limited, Chevron (UK) Limited and Universal Sodexho.

Shell (UK) Limited occupies part of the ground floor and the second and the third floors, representing just over three-fifths of the building's net internal area. The lease commenced on 30 March 1992 and expires on 28 March 2009, although the tenant has options to determine the lease in March 2006, March 2007 and March 2008 upon 12 months notice. The current passing rent is £2,171,567 per annum and will step up to £2,580,893 after March 2006, £2,645,147 after March 2007 and £2,711,782 after March 2008 if the tenant does not exercise its options to determine the lease.

Chevron (UK) Limited occupies the entire first floor as well as Suites A, C and D on the ground and first floors, representing in all over one-third of the building's net internal area. The lease commencement and end dates and the passing rent per annum for various units occupied by this tenant are shown in the table below. The tenant has no option to determine the leases before the relevant lease expiry dates.

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Universal Sodexho occupies a small part of the ground floor till 28 March 2006 for an annual rent of £85,436.

Save for the lease to Shell (UK) Limited, none of the above-stated leases are subject to any rent reviews.

The landlord is responsible for the repair and maintenance of the structure and exterior of the building, and is able to recover the costs from the tenants via a service charge. However, the leases with Shell (UK) Limited and Universal Sodexho do not provide for these costs to be recovered. Although historically all costs in respect of these two leases have been recovered from the tenants, there is a potential for shortfall in the future and as such an allowance of £25,000 per annum has been made in this regard in arriving at the valuation for the said property.

Tenants	Lease Start Date	Lease End Date	Next Tenant Break Option	Next Rent Review Date	Annual Rent (£)	Per cent. of Annual Rent (%)	NIA (sq.ft.)	Per cent. of Total NIA (%)
Shell UK Ltd.....	30 Mar 1992	28 Mar 2009	28 Mar 2006	n/a	2,171,567	59.21	118,990	60.39
Chevron UK Ltd.....	24 Nov 2000	23 Nov 2010	n/a	n/a	1,217,507	33.20	63,866	32.42
	1 Mar 2003	28 Feb 2005	n/a	n/a	121,928	3.32	5,419	2.75
	8 Dec 2003	28 Feb 2005	n/a	n/a	71,104	1.94	3,232	1.64
Universal Sodexho	1 May 2000	28 Mar 2006	n/a	n/a	85,436	2.33	5,521	2.80
Total.....					3,667,542	100	197,028	100

Note:

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificates of title to be dated the Closing Date, as applicable (the "Certificates of Title"), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Marathon House

The Property

This building comprises a part three-storey, part four-storey and part five-storey office building which was constructed about 22 years ago. The building provides office accommodation that was designed in clear space, but is arranged in a combination of open plan areas and individual rooms that have been formed by partitioning installed by the tenants. Car parking for approximately 215 cars is provided at ground level on two sides of the building and also within a basement car park. Marathon House contains approximately 95,000 square feet of net internal area.

Marathon House was valued, subject to the lease referred to in the section below entitled "The Lease", at £19,350,000, and with vacant possession throughout, at £14,000,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman dated as of 8 December 2004.

The Lease

A lease has been entered into with Marathon International Petroleum (GB) Ltd as tenant, commencing on 26 March 1982 and expiring on 25 March 2007, for a rent of £1,677,000 per annum. This includes the lease of 80 additional car parking spaces on the deck for a passing rent of £96,000 per annum. The tenant has the option to extend for two further periods of 10 years, subject to five-yearly rent reviews.

Rent review as at 25 March 2002 is still outstanding and has been referred to arbitration.

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Tenants	Lease Start Date	Lease End Date	Next Tenant Break Option	Next Rent Review Date	Annual Rent (£)	Total Annual Rent (%)	NIA (sq.ft.)	Per cent. of Total Square Feet (%)
Marathon International			n/a	n/a				
Petroleum (GB) Limited.....	26 Mar 1982	25 Mar 2007			1,581,000	94.28	95,270	100
	15 July 2002	25 Mar 2007	n/a	n/a	96,000 ^(a)	5.72	(a)	
Total.....			n/a	n/a	1,677,000	100	95,270	100

Note:

(a) Rent for 80 additional car parking spaces on the deck

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificates of title to be dated the Closing Date, as applicable (the "Certificates of Title"), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Competition and Market Analysis

Aberdeen's economy was founded on agriculture and food processing, fishing, engineering and papermaking. Adjuncts to these were shipbuilding and international trade, particularly with Northern Europe. The decline of some of these activities coincided with the discovery of North Sea oil in the late 1960s, and the establishment of the UK oil and gas industry in the early 1970s. Aberdeen quickly became the 'oil capital of Europe'. Its proximity to the oilfields in both the British and Norwegian sectors of the oil-bearing regions of the North Sea, its excellent harbour facilities, coupled with its large population which provides a labour supply have underpinned the city's attractions for the international oil companies and the many service industries which support them.

It is now 30 years since the exploitation of the North Sea's oil and gas reserves commenced, and the province is now regarded as mature. Although the UK sector is estimated to hold just over 5 billion barrels of proven oil reserves (current daily production runs at c.2m barrels per day), much of this is in smaller, less accessible and less profitable fields, or in older fields where the cost of extracting the remaining 30% or 40% of reserves make them unattractive to the major operators. This has prompted BP, Shell and others to dispose of some of their less profitable acreage to smaller and 'leaner' operators such as Talisman, CNR, Apache and Venture, who have a lower cost base and can generate profits from these assets. These new players are expected to sustain and prolong the life of the industry, and drive down production costs to below \$10 per barrel. Currently, most operators can achieve profitability at \$15 per barrel; the prevailing significantly higher market oil prices is generating significant profits which are likely to be reinvested in new exploration and production activity, in a climate where the stability of the UK will be an added attraction. New methods of production and higher oil prices seem to indicate that oil exploration and production from the North Sea is likely to continue for another 25-30 years.

Another trend that has been witnessed in recent years is that Aberdeen has become established as a 'centre of excellence' within the oil industry. As a result of its skilled labour base and political stability, Aberdeen has proved popular as an international base for many companies. With growing instability and security concerns in the Middle East, this would appear to be a trend that is likely to continue. Projects in Africa, Russia, Azerbaijan and the Far East are controlled by teams based in Aberdeen. In addition, oilfield technology spin-offs may cushion any downward trend in the industry. There are more than 800 technology companies in the area, many of which are adapting leading-edge oil

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technology for use in other industries, and the city is attempting to position itself as a centre for the development of renewable energy sources.

The Hill of Rubislaw complex has a significant locational advantage within Aberdeen. As a result of rapid expansion of the number of oil industry tenants in the late 1970s and the early 1980s and the limited availability of sites within the city centre to provide major office premises, most of the major companies in Aberdeen chose to locate in office buildings either on the fringe of the city centre or in suburban locations. Of these locations, Hill of Rubislaw is generally regarded as the best “out of town” office location in Aberdeen, as it is easily accessible from the city centre and lies in pleasant surroundings, whereas most of the other “out of town” offices are on industrial estates.

(C) FRIARS BRIDGE COURT, SOUTH LONDON

Location

Friars Bridge Court is located in Southwark, the London Borough of Southwark, which is a mixed residential and commercial area situated to the south of the City of London and the River Thames, and bordering the boroughs of Lambeth to the west and Lewisham to the east. Southwark is a dominant commercial district and the borough has a population of approximately 105,000. Fifty-five per cent of people employed within Southwark work in the banking, finance, insurance and public sectors. It is estimated that 6,000 businesses employing 125,000 people are based in Southwark, across a wide spectrum of industries with notable employers including Sainsbury's, American Express and United News and Media. The transportation network is good, with the borough served by many of the main roads providing access into the City of London and West End, and containing London Underground stations which serve three different lines and three mainline railway stations.

The Property

The building comprises a detached 10-storey office that was built in c. 1991. It provides office accommodation on ground to eighth floor levels and ancillary storage and plant accommodation at basement level. The building is of concrete framed construction. To the rear of the ground floor is a car park, which provides spaces for a total of 11 cars. To the south of the car park is a small office that is currently used as a management suite. Friars Bridge Court contains approximately 96,137 square feet of net internal area.

The subject property is of freehold tenure.

Friars Bridge Court was valued, subject to the lease to BRB (Residuary) Limited, at £51,000,000, and with vacant possession throughout, at £31,500,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman dated as of 8 December 2004.

The Lease

Friars Bridge Court is let in its entirety to BRB (Residuary) Ltd on a lease for a term of 20 years from 25 March 1991 (thus having under seven years unexpired) at a current rent of £3,500,000 per annum, subject to one further rent review to market rental value on 25 March 2006. The rent on review is to be the market rental value, which is defined as being the rent at which the demised premises might reasonably be expected to let in the open market, by a willing landlord to a willing tenant, as a whole, with vacant possession on a lease for a term equal to the unexpired term or ten years, whichever is the longer.

The lease is drawn on a full repairing and insuring basis. Friars Bridge Court is underlet to a number of train operating companies, including Network Rail, South-West Trains, South-East Trains and Thameslink.

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BRB (Residuary) Limited is a wholly owned subsidiary of the Strategic Rail Authority which came into existence on 1st February 2001 and took over the responsibilities of the British Railways Board, which was wound up in 2002. The company is responsible for discharging a variety of functions including obligations in respect of liabilities acquired as a major employer over the last fifty years and as a direct result of the privatisation process. The Strategic Rail Authority is a Government funded body and their covenant status is similar to that of a Government department and, as such, undoubted. Pursuant to a recent decision by the Government, the Government has decided to assume direct control over the activities of the Strategic Rail Authority.

Tenant	Lease Start Date	Lease End Date	Next Tenant Break Optional Date	Next rent review date	Annual Rent (£)	Per cent. of Total Annual Rent	NIA (sq. ft.)	Per cent. of Total NIA
BRB (Residuary) Limited	25 Mar 1991	24 Mar 2011	n/a	1 Mar 2006	3,500,000	100.00%	96,137	100.00%

Note:

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificates of title to be dated the Closing Date, as applicable (the "Certificates of Title"), prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Competition and Market Analysis

The subject property occupies a prominent location on the western side of Blackfriars Road just to the south of the River Thames. It is also only about 50 yards north of Southwark (Jubilee Line) London Underground station communications to the City and West End are excellent.

Having traditionally been the 'poor relation' to the more prosperous commercial centres to the north of the Thames, the South Bank of the River experienced a period of regeneration in the second half of the 1990s. Alongside substantial commercial development, particularly new offices in the area between Southwark and London Bridges, the South Bank has become a cultural and tourist centre with the addition of attractions such as the Tate Modern, the London Eye and the London Aquarium.

Southwark, once described as the 'Larder of London', has seen massive change over the past fifty years with a vast reduction in Dockland enterprises and related industries. There was a decrease in manual professions from 90% in 1951 to only 30% by 1991, with service industries now dominating the local economy. This has been mainly due to the expansion of central London and Southwark's proximity to the City, with employers looking to benefit from the lower rental levels south of the river.

Whilst Southwark is now very much an office market in its own right its success does nevertheless relate closely to the state of the central City market and it is therefore appropriate to also outline details of that market. The office market in the City has experienced a somewhat torrid time over the last five years with a variety of factors combining to create an imbalance in the supply and demand equation.

In the first instance there has been a total of about 14 million sq ft of new office space constructed in Docklands since 1991. This has of course increased the availability of space within London substantially and corresponds almost directly with the vacant space in the city core. There have been a number of high profile relocations from the City to Docklands over recent years, including HSBC Bank, Clifford Chance and Credit Suisse First Boston. The attack on the World Trade Centre in New York on 11 September 2001 had a significant effect on the world's financial markets and there was a

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substantial reduction in activity. Before any recovery was possible the uncertainty of the situation in Iraq and subsequent declaration of war cast a further shadow over the markets.

As a result of the foregoing, availability has risen and now stands at just under 28m sq ft, more than five times that of its lowest point at the end of 2000. However, there are signs that the Central London market is starting to 'bottom out'. For example, construction activity has fallen steadily over the last two years and now stands at 7.7m sq ft, around half that of a year ago. Nearly 60% of this is pre-let, leaving only 3m sq ft of speculative space due to come on stream in the short term. A further positive indicator is that there is an increase in the number of large space requirements across all the Central London markets. At present, the West End has been the main beneficiary of this and prime rents in the West End have already risen to £70 per sq ft, whereas prime rents in the City stand at around £47 per sq ft.

(D) NEW CITY COURT, SOUTH LONDON

Location

New City Court is located in Southwark, in the London Borough of Southwark, which is a mixed residential and commercial suburb situated to the south of the City of London and the River Thames, and bordering the boroughs of Lambeth to the west and Lewisham to the east. Southwark is a dominant commercial district and the borough has a population of approximately 105,000. Fifty-five per cent of people employed within Southwark work in the banking, finance, insurance and public sectors. It is estimated that 6,000 businesses employing 125,000 people are based in Southwark, across a wide spectrum of industries with notable employers including Sainsbury's, American Express and United News and Media. The transportation network is good, with the borough served by many of the main roads providing access into the City of London and West End, and containing London Underground stations which serve three different lines and three mainline railway stations.

The Property

The property comprises an office building that is arranged in three sections. Two sections comprise period buildings, a Georgian terrace and a Keats House. The modern section of the building was constructed in the mid-1980s when the period buildings were renovated or substantially reconstructed and incorporated into the present building. It provides mainly office accommodation. The modern section is part six storey and part five storey. The building is of reinforced concrete framed construction with external elevations of curtain walling comprised of metal panels and aluminium framed fixed double glazed windows. The Georgian section is of traditional brick construction. The Keats House has a facade of traditional brick construction with ornamental stone window bays and surrounds and is estimated to have been built c. 1900. However, the accommodation behind the facade has been completely rebuilt to modern standards. There is a basement parking area with a total of 14 car parking spaces. New City Court contains approximately 95,425 square feet of NIA.

The property is of freehold tenure.

New City Court was valued, subject to the leases set out in the section entitled "The Leases" below and on the assumption that a tenant has still to be found for the vacant offices, at £38,000,000, and with vacant possession throughout, at £26,700,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman and dated as of 8 December 2004.

The Leases

New City Court is subject to seven leases of the offices and licences for six of the parking spaces. Under the leases, the tenants undertake to repair the interior of the property and the landlord is responsible for the repair and maintenance of the structure and the exterior. The landlord's outgoings in

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respect of upkeep of the property are recoverable through a service charge which the tenants covenant to pay.

Rents are subject to a five-yearly upwards-only rent review to the market rental value.

Tenants	Lease Start Date	Next Tenant Break Option Date	Lease End Date	Next Rent Review Date	Annual Rent (£)	Per cent. of Total Annual Rent (%)	NIA (sq. ft.)	Per cent. of Total NIA (%)
Tindall Riley								
Marine Ltd	29 Sep 1986	n/a	28 Sep 2011	29 Sep 2006	270,000	10.41	8,082	8.47
	24 Jun 1986	n/a	24 Jun 2011	24 Jun 2006	595,000	22.94	18,823	19.73
British Airways plc	24 Jun 1986	n/a	28 Sep 2011	29 Sep 2006	655,000	25.26	20,318	21.29
Pitney Bowes Leasing Limited.....	25 Mar 1989	n/a	24 Mar 2011	25 Mar 2006	619,000	23.87	22,561	23.64
Grantrail Ltd	17 Oct 2002	17 Oct 2007	28 Sep 2011	17 Oct 2007	186,856	7.21	5,894	6.18
Mako Global Derivatives Ltd	25 Sep 2001	25 Sept 2005	24 Sep 2011	29 Sep 2006	153,984	5.94	4,604	4.82
Borough Chambers Ltd ..	27 Nov 2003	n/a	22 June 2013	23 June 2008	107,000	4.13	4,873	5.11
Vacant.....	n/a	n/a	n/a	n/a	n/a	n/a	9,475	9.93
Building Managers Office ¹	25 Mar 2004	n/a	25 Mar 2029	n/a	6,400	0.25	795	0.83
Total.....					2,593,240	100	95,425	100

Note:

¹ Not a tenant but included for the purpose of calculating floor area.

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificate of title to be dated the Closing Date, as applicable, (the “Certificates of Title”) prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

Competition and Market Analysis

Being in the same location, the subject property faces similar market and competitive forces as New City Court described in (C) above. As demonstrated by the number of lettings, the building is quite flexible as it is basically arranged in three blocks which are capable of separate occupation and has been let on a floor-by-floor basis within individual blocks. The location would be particularly suitable for a residential development if the building ceased to be used for office purposes in the future.

(E) *SHERBORNE HOUSE, CITY OF LONDON*

Location

Sherborne House is situated on the northern side of Cannon Street within the City of London and within the administrative area of the Corporation of London. This district is located in the heart of central London. Cannon Street is dominated by office users, primarily within the banking and financial services, insurance and professional sectors. Cannon Street also provides one of the primary retailing thoroughfares within the City of London.

THE MORTGAGED PROPERTIES

The Property

It comprises an office building dating from 1984 and of framed construction. The building has a predominantly Portland stone facade to the Cannon Street frontage, although there is a retained period facade at the eastern end, which is of decorative stonework. It is arranged on basement, lower ground, ground and six upper floors. The majority of the building is within office use, although there are retail units to part of the ground and lower ground floor levels. The office accommodation has been let in an open-plan arrangement although the tenants can partition the space. Internally, the property has been finished to include raised floors and air-conditioning. Sherborne House contains approximately 59,000 square feet of net internal area.

The property is of freehold tenure.

Sherborne House was valued, subject to the leases set out in the section entitled “The Leases” below, at £27,500,000, and with vacant possession throughout, at £21,000,000, as of 8 December 2004 in a valuation report prepared by Colliers Conrad Ritblat Erdman and dated as of 8 December 2004.

The Leases

Based on the Certificate of Title made available to the Valuers, Sherborne House is the subject of six leases, three of office units, two of retail units and one providing public utility telephone services to the occupants of the Mortgaged Property. Under the leases, the tenants undertake to repair the interior of the property and the landlord is responsible for the repair and maintenance of the structure and the exterior (save for the lease to Optika Limited and to MCI Worldcom Limited where the leases are silent as to responsibility for repair and maintenance of the structure and exterior), although reimbursed via the payment of a service charge. Rents are subject to upwards-only rent review to the open market rental value on the dates specified in the tenancies (save for the lease to MCI Worldcom Limited where there is no rent review).

Tenants	Lease Start Date	Lease End Date	Next Tenant Break Option Date	Next Rent Review Date	Annual Rent (£)	Per cent. of Total Annual Rent	NIA (sq. ft.)	Per cent. of Total NIA
MCI Worldcom Limited	20 Jul 2004	19 Jul 2009	n/a	n/a	3,500	0.17	350	0.59
A Jones & Sons Limited	19 Apr 2000	29 Sep 2009	n/a	19 Apr 2005	206,155	10.23	3,450	5.81
Optika Limited.....	24 Jun 2002	2 Oct 2009	n/a	n/a	55,000	2.73	680	1.15
Intercapital Plc.....	25 Dec 1984	25 Dec 2009	n/a	n/a	443,783	22.02	8,543	14.39
	29 Sep 1984	28 Sep 2009	n/a	n/a	1,216,687	60.37	23,040	38.82
Intercapital Plc.....	25 Mar 1985	24 Dec 2009	n/a	25 Mar 2005	90,210	4.48	1,836	3.09
Vacant.....	n/a	n/a	n/a	n/a	n/a	n/a	20,180	34.00
Reception ¹	n/a	n/a	n/a	n/a	n/a	n/a	1,276	2.15
Total.....					2,015,335	100	59,355	100

Note:

¹ Not a tenant but included for the purpose of calculating floor area.

Data is based on the tenant schedule (rent rolls) as set forth in the drafts of the certificate of title to be dated the Closing Date, as applicable, (the “Certificates of Title”) prepared in connection with the acquisition of the Mortgaged Properties, the Valuations and information provided to the Lenders by the Managing Agent.

THE MORTGAGED PROPERTIES

Competition and Market Analysis

Being located within the City of London, the subject property faces broadly similar market and competitive forces as outlined under (C) above.

Cannon Street is one of the busiest thoroughfares in the City of London. It lies in relatively close proximity to a number of major City institutions together with good quality retail and leisure facilities. The main attraction of Cannon Street to potential office occupiers is likely to be its public transport links. Cannon Street mainline railway station, and the London Underground stations at Cannon Street, Bank, Mansion House and Monument are all within a few minutes walk. The DLR can also be accessed at Bank, which links the area with Canary Wharf. In addition, because it is a major thoroughfare, numerous buses pass directly in front the subject property. Proximity to public transport links is of considerable importance to the majority of tenants within central London.

As a location, whilst falling within the City of London, Cannon Street is not seen as a particularly prestigious address and indeed, many occupiers would prefer to locate further to the north and east, in areas which are dominated by financial institutions and insurance companies. However, Cannon Street is not solely linked to a specific sub-sector of the office market, and is therefore likely to appeal to a wide range of occupiers.

With the growing popularity of shopping as a national leisure activity, there has been an increase in both the demand and supply of retail accommodation in the City over recent years. The majority of this has been centred on Cheapside, Gracechurch Street and more recently, the Royal Exchange, which has been redeveloped to provide a high class shopping complex. These facilities prove popular with city workers who utilise them both for convenience and recreational purposes.

Whilst Cannon Street would not be considered a 'destination' retail location, the majority of ground floor frontages provide retail uses, due to the strong pedestrian footfall in this area. In particular, convenience shops, sandwich bars and coffee shops are all attracted to this area.

The subject property has a relatively attractive external appearance, with the main elevation to Cannon Street of Portland Stone. The arrangement of the building is such that the office accommodation can either be let in its entirety, in whole floors or in parts of floors. This flexibility is primarily due to the fact that there are two service cores within the building, one of which is close to the southern end and the other to the north-western corner.

MANAGEMENT OF THE MORTGAGED PROPERTIES

Management Duties

The Property Owners will enter into a property management agreement (the “**Property Management Agreement**”) with Mayfield Services Limited (the “**Managing Agent**”) and the Security Trustee pursuant to which the Property Owners have appointed the Managing Agent to act as their respective manager and agent for the purposes of leasing, managing, promoting and administering the relevant Mortgaged Property and the collection of rent. The Managing Agent actively manages a property portfolio worth approximately £800,000,000.

The duties of the Managing Agent will include the collection of rent and general management of the Mortgaged Properties, as well as procuring compliance by the Property Owners with any headleases and insurance obligations. The Managing Agent will also carry out the day-to-day role of asset manager of the Mortgaged Properties and will negotiate on behalf of the Property Owners disposals, surrenders and new lettings together with lease renewals and rent reviews. The Managing Agent is obliged to pay the Net Rental Income received in respect of a Mortgaged Property into the Rent Account immediately after its receipt thereof.

Throughout the term of the Property Management Agreement, the Managing Agent will provide written reports and statements concerning the operation of the Mortgaged Properties during each quarter or as otherwise agreed.

Scope of Authority

The Managing Agent will seek the prior written approval of the appropriate Property Owner regarding certain major decisions. Broadly these comprise:

- (a) settlement of rent reviews;
- (b) completion of new lettings and surrenders and variations of existing lettings (other than minor consents and licences);
- (c) non-recurring items of one-off capital expenditure in respect of any Mortgaged Property;
- (d) material changes to insurance arrangements or insurers;
- (e) disposal of all or any part of the Mortgaged Properties;
- (f) dilapidations claims in excess of £50,000 per annum per claim;
- (g) the commencement or settlement of any claim in excess of £50,000;
- (h) changes to the Loan Agreement and ancillary documents and/or any refinancing of the Mortgaged Properties;
- (i) expenditure of sums in respect of the Mortgaged Properties exceeding £100,000 per annum; and
- (j) such other matters as the Property Owners may specify from time to time.

Appointment

The appointment of the Managing Agent will take effect from the Closing Date and will continue until terminated in accordance with the terms of the Property Management Agreement, as described below.

Remuneration

The Managing Agent is entitled to receive an annual management fee equivalent to 10 per cent. (plus VAT) of the total Gross Service Charge actually received. All of the fees of the Managing Agent are paid prior to any

MANAGEMENT OF THE MORTGAGED PROPERTIES

payment of principal and interest on the Loan and hence the Notes. Such fee will be paid quarterly in advance.

The level of fees to be paid by the Property Owners is currently set out in the Property Management Agreement, and this may not be changed without the prior written consent of the Borrower Security Trustee.

“**Gross Service Charge**” means any amount paid or payable to the Property Owners by any tenant under a lease document or by any other occupier of the Mortgaged Properties (excluding payment of the fees due under the Property Management Agreement) by way of contribution to:

- (a) insurance premia;
- (b) the cost of an insurance valuation;
- (c) a service charge in respect of the Property Owners’ costs under any repairing or similar obligation; or
- (d) value added tax or similar taxes.

Termination

The Property Management Agreement may be terminated:

- (a) at the option of the Managing Agent upon 30 days’ prior notice to the Borrower Security Trustee and the Property Owners;
- (b) by the Borrower Security Trustee, if it determines that the Managing Agent is in breach of its obligations under the Property Management Agreement; and
- (c) in relation to any Mortgaged Property on its disposal.

On termination of the Property Management Agreement, the Managing Agent will facilitate the handover of management, documents and the balance standing to the credit of the Service Charge Account to the Borrower Security Trustee or any replacement managing agent. The Property Management Agreement is expressed to be non-assignable by the parties but the Property Owner can charge its interest to the Borrower Security Trustee.

THE ISSUER

The Issuer, Quick Star Plc, was incorporated in England and Wales on 9 November 2004 (registered number 5280837) as a public company limited by shares under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The authorised share capital of the Issuer is £100,000, divided into 100,000 ordinary shares of £1 each, 50,000 of which are fully paid up and held by Quick Star Holdings Limited and its nominees. The Issuer has no subsidiaries.

Principal Activities

The principal objects of the Issuer are set out in Clause D of its memorandum of association and are, *inter alia*, to purchase, take transfer of, invest in and acquire loans and any security given or provided by any person in connection with such loans, to hold and manage and deal with, sell or alienate such loans and related security, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

Since the date of its incorporation, the Issuer has not commenced operations and no accounts have been made up as at the date of this Offering Circular. The only activities in which the Issuer has engaged are 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 matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party 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 3(A) of the Notes, the Deed of Charge and Assignment and the Note Trust Deed. In addition, the Issuer will covenant in the Note Trust Deed to provide written confirmation to the Note Trustee, on an annual basis, that no Event of Default (or other matter which is required to be brought to the Note Trustee's attention) has occurred in respect of the Notes.

Directors and Secretary

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

<u>Name</u>	<u>Principal Activities</u>
SFM Directors Limited	Director of special purpose vehicles
SFM Directors (No. 2) Limited	Director of special purpose vehicles

The business address for each of the foregoing directors is Blackwell House, Guildhall Yard, London EC2V 5AE. The company secretary of the Issuer is SFM Corporate Services Limited, whose principal address is Blackwell House, Guildhall Yard, London EC2V 5AE.

The Issuer has no employees.

The directors of SFM Directors Limited, SFM Directors (No. 2) Limited and SFM Corporate Services Limited are Robert Berry, Jonathan Keighley and James Macdonald. The alternate directors of SFM Directors Limited, SFM Directors (No. 2) Limited and SFM Corporate Services Limited are Annika Goodwille, Petra Lohmeier, Claudia Wallace and Helena Whitaker. The business address of each of Robert Berry, Jonathan

THE ISSUER

Keighley, James Macdonald, Petra Lohmeier and Claudia Wallace is Blackwell House, Guildhall Yard, London EC2V 5AE. The business address of Annika Goodwille and Helena Whitaker is St. James House, 13 Kinsington Square, London W8 5HD. The principal activities of SFM Directors Limited and SFM Directors (No. 2) Limited are to act as corporate directors of special purpose vehicles.

The Corporate Services Provider will, under the terms of a corporate services agreement (the “**Corporate Services Agreement**”) to be entered into on or about the Closing Date between the Issuer, OptionCo and the Corporate Services Provider, provide certain corporate services to the Issuer and OptionCo. The Corporate Services Agreement may be terminated by either the Issuer or the Corporate Services Provider upon 30 days’ written notice. Such termination shall not take effect until a replacement corporate services provider has been appointed.

Capitalisation and Indebtedness Statement

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

Share Capital

Authorised and issued	£
100,000 ordinary shares of £1 each, 50,000 of which have been issued and fully paid up	50,000

Loan Capital

	£
Class A Commercial Mortgage Backed Floating Rate Notes due 2009 ⁽¹⁾	118,000,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2009 ⁽¹⁾	19,000,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2009 ⁽¹⁾	19,000,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2009 ⁽¹⁾	24,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2009 ⁽¹⁾	13,650,000
	£
Total capitalisation and indebtedness	193,700,000

Note:

(1) This is the Expected Final Maturity Date. The Legal Final Maturity Date is in 2011.

Save as described above, as at the date hereof, the Issuer has no loan capital, borrowings, indebtedness or contingent liabilities nor has the Issuer created any mortgages or charges or given any guarantees.

Since the date of incorporation of the Issuer, the Issuer has not traded, no profits or losses have been made or incurred and no dividends have been paid.

The entire issued share capital of the Issuer is fully paid up and held by OptionCo and its nominees. OptionCo was incorporated in England and Wales on 26 November 2004 (registered number 5297273) and has its registered office at Blackwell House, Guildhall Yard, London EC2V 5AE.

The entire issued share capital of OptionCo (being two ordinary shares of one Sterling each, each of which is fully paid up) is held by SFM Corporate Services Limited as trustee pursuant to the terms of a charitable trust established pursuant to a declaration of trust (the “**Share Declaration of Trust**”) dated on or about the Closing Date.

Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from KPMG Audit Plc, who have been appointed as auditors and reporting accountants to the Issuer. KPMG Audit Plc 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 30 November and the first statutory accounts are expected to be drawn up to 30 November 2005.

THE ISSUER

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc (the "Company")
Blackwell House
Guildhall Yard
London EC2V 5AE

8 December 2004

Dear Sirs

Quick Star Plc (the "Company"): £118,000,000 Class A Notes due July 2011, £19,000,000 Class B Notes due July 2011, £19,000,000 Class C Notes due July 2011, £24,000,000 Class D Notes due July 2011, and £13,650,000 Class E Notes due July 2011 (together, the "Notes") £193,650,000 Commercial Mortgage Backed Floating Rate Notes

We report on the financial information set out below. This financial information has been prepared for inclusion in the offering circular dated 8 December 2004 (the "Offering Circular") of the Company.

Basis of Preparation

The financial information set out in paragraphs 1 to 2 below is based on the financial statements of the Issuer from incorporation to 8 December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial statements are the responsibility of the directors of the Company.

The Company is responsible for the contents of the Offering Circular dated 8 December 2004 in which this report is included.

It is our responsibility to compile the financial information set out in our 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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company at 8 December 2004.

Yours faithfully

KPMG Audit Plc

1 Balance Sheet as at 8 December 2004

	£
<i>Current assets</i>	
Cash at bank and in hand	50,000
<i>Capital and reserves</i>	
Called up equity share capital	50,000

2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

The Issuer was incorporated on 9 November 2004 in England and Wales. The Company has not yet commenced business, no audited financial statements have been prepared and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

The Company was incorporated and registered as a public limited company on 9 November 2004, with the name of Quick Star Plc.

On incorporation, the authorised share capital of the Company was divided into 100,000 ordinary shares of £1 each.

On 9 November 2004, one ordinary share was transferred by the Company to SLC Corporate Services Limited for cash consideration of £1 and one ordinary share was transferred by the Company to SLC Registrars Limited for cash consideration of £1. These were subsequently transferred to SFM Nominees Limited and Quick Star Holdings Limited on 6 December 2004.

The two subscriber shares are fully paid up.

On 6 December 2004, 49,998 ordinary shares were issued by the Company to Quick Star Holdings Limited and were fully paid up.

2.4 Auditors

KPMG Audit Plc was appointed as auditor on 7 December 2004.

THE BORROWER

The Borrower, Claywood Holdings Limited, was incorporated in Gibraltar on 1 October 2004 (incorporation number 92942) as a private company limited by shares under the Companies Ordinance of the Laws of Gibraltar. The registered office of the Borrower is at Suites 7B & 8B, 50 Town Range, Gibraltar. Kelstow Investments Limited is the 100 per cent. owner of the Borrower. The authorised share capital of the Borrower is £1,000 divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued and are fully paid up.

Principal Activities

The principal objects of the Borrower are set out in Clause 3 of its memorandum of association and are, *inter alia*, to borrow money and to secure by mortgage, charge or lien upon the whole of its property or assets, the discharge of its obligations and liabilities and to lend money or give credit to such persons and on such terms as may seem expedient.

Since the date of its incorporation, the only activities in which the Borrower has engaged are those incidental to its incorporation and registration as a private company limited by shares under the Companies Ordinance of the Laws of Gibraltar, the acquisition of shares in the Property Owners, the matters referred to or contemplated in this Offering Circular and the authorisation, execution, delivery and performance of the other documents referred to in this document to which it is a party and matters which are incidental or ancillary to the foregoing. Since the date of its incorporation, the Borrower has made up no accounts as at the date of this Offering Circular.

The Borrower has covenanted to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The company secretary of the Borrower is Finsbury Secretaries Limited, whose principal address is Suites 7B & 8B, 50 Town Range, Gibraltar.

The Borrower has no employees.

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar. Finsbury Corporate Services Limited is licensed with the Financial Services Commission in Gibraltar to carry out activities as company manager of Gibraltar companies providing administration services.

Capitalisation and Indebtedness Statement

The capitalisation of the Borrower as at the date of this document, adjusted for the Loan to be drawn on the Closing Date, is as follows:

THE BORROWER

Share capital

Authorised and issued	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000

Loan capital

A-Loan	193,650,000
B-Loan	22,000,000
Total capitalisation and indebtedness	<u>215,651,000</u>

All loan capital referred to above will be secured over the assets of the Borrower as described herein.

The obligations of the Borrower in respect of the Loan are guaranteed by each Property Owner.

Save for the foregoing, at the date of this document, the Borrower has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on the Borrower

The following is the text of a report received by the directors of the Borrower from Harold Everett Wreford, the registered auditors of the Borrower. The balance sheet contained therein does not comprise the Borrower's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. The Borrower's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

THE BORROWER

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA/FOR.10

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Claywood Holdings Limited (the "Borrower")

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the "Issuer") (the "Offering Circular").

Basis of Preparation

The financial information set out below has been extracted from the financial records of the Borrower from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of the Borrower.

The directors of the Borrower are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE BORROWER

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Borrower as at 8th December 2004.

1 Balance Sheet

	£
Balance Sheet	
Balance sheet as at 8 th December 2004	
Fixed Assets	
Investments in subsidiaries	6,001
Current Assets	
Cash at Bank and in hand	1,000
Current Liabilities (due within one year)	<u>(6,001)</u>
Other creditors	<u>(5,001)</u>
Current Assets less current liabilities	
Net Assets	<u>1,000</u>
Capital and reserves	
Called up equity share capital called and full paid	<u>1,000</u>

2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

The Borrower has not yet commenced business (other than as referred to in 2.6 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Investments in Subsidiaries

These represent the Borrower's investments in the seven Property owners, details of which are set out in the Offering Circular.

2.4 Share Capital

The Borrower was incorporated and registered as a private limited company on 1st October 2004, with the name Claywood Holdings Limited.

On incorporation the authorised share capital of the Borrower was divided into 1000 shares of £1 each.

On 22 October 2004 one thousand ordinary shares were issued by the Borrower to Kelstow Investments Limited.

THE BORROWER

2.5 Auditors

Messrs Harold Everett Wreford were appointed auditors to the Borrower on 26th November 2004.

2.6 Material Contracts

On 7th December 2004 the Borrower authorised and/or approved the Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, inter-alia, the borrowing of the Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

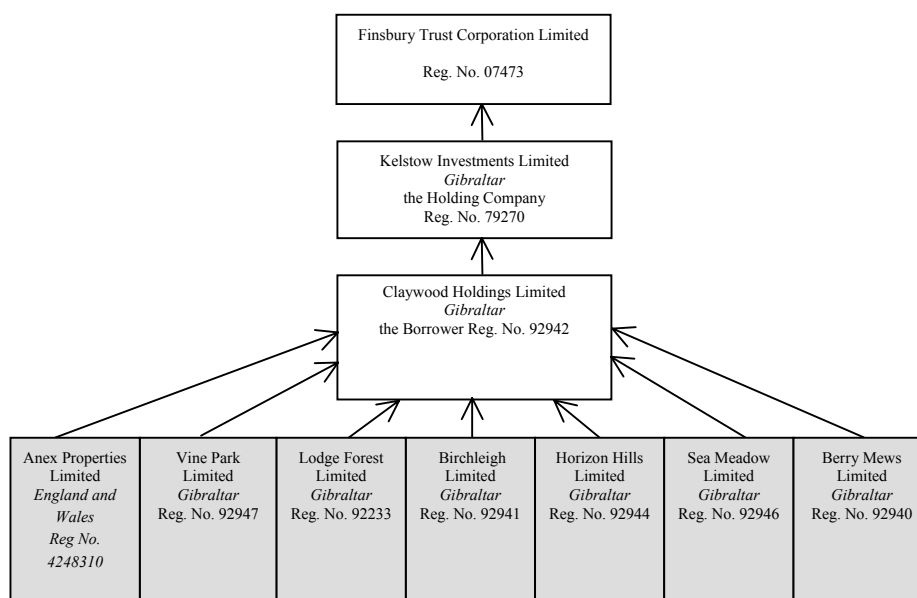
THE PROPERTY OWNERS AND RELATED COMPANIES

Birchleigh Limited (registration no. 92941), Horizon Hills Limited (registration no. 92944), Sea Meadow Limited (registration no. 92946), Berry Mews Limited (registration no. 92940), Vine Park Limited (registration no. 92947) and Lodge Forest Limited (registration no. 92233) are companies limited by shares incorporated in Gibraltar and Anex Properties Limited (registration no. 5258310) is a company limited by shares incorporated in England and Wales (each a “**Property Owner**” and together the “**Property Owners**”).

The entire issued share capital of each of the Property Owners is held by the Borrower.

The entire issued share capital of the Borrower is held by Kelstow Investments Limited (registration no. 79270) (the “**Holding Company**”). The Holding Company is a private company incorporated in Gibraltar and its entire issued share capital is held by Finsbury Trust Corporation Limited (registration no. 07473), a private company incorporated in Gibraltar.

Ownership Structure (all shareholdings 100%)



Key:

Property Owners:



The following table shows the Property Owners and the Mortgaged Property each one holds:

Property Owner

Mortgaged Property

Berry Mews Limited	Argyle House, Edinburgh
Horizon Hills Limited	Rubislaw House, Hill of Rubislaw, Aberdeen
Sea Meadow Limited	Seafield House, Hill of Rubislaw, Aberdeen
Birchleigh Limited	Marathon House, Hill of Rubislaw, Aberdeen
Lodge Forest Limited	Friars Bridge Court, London SE1
Anex Properties Limited	New City Court, London SE1
Vine Park Limited	Sherborne House, London EC4

1 Birchleigh Limited (“Birchleigh”)

Introduction

Birchleigh was incorporated in Gibraltar (registered no. 92941) as a private company with limited liability under the Companies Ordinance of the Laws of Gibraltar on 1 October 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Birchleigh are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Birchleigh will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Other Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Birchleigh has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Birchleigh as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

THE PROPERTY OWNERS AND RELATED COMPANIES

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000
Loan capital	
Borrower-Property Owners Loan.....	18,531,343
Subordinated Funding.....	3,500,000
Total capitalisation and indebtedness.....	22,032,343

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Birchleigh as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Birchleigh has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Birchleigh

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Birchleigh. The balance sheet contained therein does not comprise Birchleigh's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Birchleigh's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.12

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Birchleigh Limited (“Birchleigh”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Birchleigh from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Birchleigh.

The directors of Birchleigh are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Birchleigh as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
--------------------------	-------

Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Birchleigh has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Birchleigh was incorporated and registered as a private limited company on 1st October 2004, with the name of Birchleigh Limited.

On incorporation the authorised share capital of Birchleigh was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Birchleigh to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Birchleigh on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Birchleigh authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

2 Horizon Hills Limited (“Horizon”)

Introduction

Horizon was incorporated in Gibraltar (registered no. 92944) as a private company with limited liability under the Companies Ordinance of the laws of Gibraltar on 1 October 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Horizon are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Horizon will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Other Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Horizon has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Horizon as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

THE PROPERTY OWNERS AND RELATED COMPANIES

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000
Loan capital	
Borrower-Property Owners Loan.....	18,921,245
Subordinated Funding.....	2,350,000
Total capitalisation and indebtedness.....	<u>21,272,245</u>

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Horizon as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Horizon has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Horizon

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Horizon. The balance sheet contained therein does not comprise Horizon's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Horizon's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.13

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Horizon Hills Limited (“Horizon”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “**Issuer**”) (the “**Offering Circular**”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Horizon from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Horizon.

The directors of Horizon are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Horizon as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
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Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Horizon has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Horizon was incorporated and registered as a private limited company on 1st October 2004, with the name of Horizon Hills Limited.

On incorporation the authorised share capital of Horizon was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Horizon to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Horizon on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Horizon authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter-alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

3 Sea Meadow Limited (“Sea”)

Introduction

Sea was incorporated in Gibraltar (registered no. 92946) as a private company with limited liability under the Companies Ordinance of the Laws of Gibraltar on 1 October 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Sea are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Sea will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Other Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Sea has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Sea as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

THE PROPERTY OWNERS AND RELATED COMPANIES

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000
Loan capital	
Borrower-Property Owners Loan.....	40,625,822
Subordinated Funding	9,500,000
Total capitalisation and indebtedness	50,126,822

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Sea as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Sea has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Sea

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Sea. The balance sheet contained therein does not comprise Sea's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Sea's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.15

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Sea Meadow Limited (“Sea”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Sea from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Sea.

The directors of Sea are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Sea as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
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Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Sea has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Sea was incorporated and registered as a private limited company on 1st October 2004, with the name of Sea Meadow Limited.

On incorporation the authorised share capital of Sea was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Sea to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Sea on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Sea authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

4 Berry Mews Limited (“Berry”)

Introduction

Berry was incorporated in Gibraltar (registered no. 92940) as a private company with limited liability under the Companies Ordinance of the Laws of Gibraltar on 1 October 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Berry are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Berry will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Other Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Berry has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Berry as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

THE PROPERTY OWNERS AND RELATED COMPANIES

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000
Loan capital	
Borrower-Property Owners Loan.....	30,000,000
Subordinated Funding.....	1,800,000
Total capitalisation and indebtedness.....	<u>31,801,000</u>

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Berry as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Berry has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Berry

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Berry. The balance sheet contained therein does not comprise Berry's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Berry's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.11

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Berry Mews Limited (“Berry”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Berry from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Berry.

The directors of Berry are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Berry as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
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Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Berry has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Berry was incorporated and registered as a private limited company on 1st October 2004, with the name of Berry Mews Limited.

On incorporation the authorised share capital of Berry was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Berry to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Berry on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Berry authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

5 Vine Park Limited (“Vine”)

Introduction

Vine was incorporated in Gibraltar (registered no. 92947) as a private company with limited liability under the Companies Ordinance of the Laws of Gibraltar on 1 October 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Vine are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Vine will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Principal Activities
Finsbury Corporate Services Limited	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Vine has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Vine as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

THE PROPERTY OWNERS AND RELATED COMPANIES

Share capital

Authorised and issued

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000

Loan capital

Borrower-Property Owners Loan.....	26,459,362
Subordinated Funding.....	2,100,000
Total capitalisation and indebtedness.....	<u>28,560,362</u>

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Vine as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Vine has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Vine

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Vine. The balance sheet contained therein does not comprise Vine's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Vine's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.16

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Vine Park Limited (“Vine”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Vine from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Vine.

The directors of Vine are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Vine as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
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Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Vine has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Vine was incorporated and registered as a private limited company on 1st October 2004, with the name of Vine Park Limited.

On incorporation the authorised share capital of Vine was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Vine to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Vine on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Vine authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

6 Lodge Forest Limited (“Lodge”)

Introduction

Lodge was incorporated in Gibraltar (registered no. 92233) as a private company with limited liability under the Companies Ordinance of the Laws of Gibraltar on 15 July 2004. Its registered office is at Suites 7B & 8B, 50 Town Range, Gibraltar. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which 1,000 have been issued, are fully paid and are held by the Borrower.

Principal Activities

The principal objects of Lodge are set out in Clause 3 of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Ordinance of the Laws of Gibraltar, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Lodge will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Directors and Secretary

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

Name	Business Address	Principal Activities
Finsbury Corporate Services Limited.....	Suites 7B & 8B, 50 Town Range, Gibraltar	Director

The directors of Finsbury Corporate Services Limited are James Hassan, David Cuby, Maurice Perera and Amanda Marsh. The business address of each of James Hassan, David Cuby, Maurice Perera and Amanda Marsh is Suites 7B & 8B, 50 Town Range, Gibraltar.

The company secretary is Finsbury Secretaries Limited, whose business address is Suites 7B & 8B, 50 Town Range, Gibraltar.

Lodge has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Lodge as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

THE PROPERTY OWNERS AND RELATED COMPANIES

	£
1,000 ordinary shares of £1 each, of which 1,000 shares have been issued and are fully paid up.....	1,000
Loan capital	
Borrower-Property Owners Loan.....	44,221,590
Subordinated Funding.....	4,400,000
Total capitalisation and indebtedness.....	<u>48,622,590</u>

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Lodge as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Lodge has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Lodge

The following is the text of a report received by the directors from Harold Everett Wreford, the registered auditors of Lodge. The balance sheet contained therein does not comprise Lodge's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in Gibraltar since incorporation. Lodge's accounting reference date is 31 March with the first statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.14

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Lodge Forest Limited (“Lodge”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Lodge from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Lodge.

The directors of Lodge are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Lodge as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
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Capital and reserves

Called up equity share capital called and full paid	1,000
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2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Lodge has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Lodge was incorporated and registered as a private limited company on 1st October 2004, with the name of Lodge Forest Limited.

On incorporation the authorised share capital of Lodge was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Lodge to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Lodge on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Lodge authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

7 Anex Properties Limited (“Anex”)

Introduction

Anex was incorporated in England and Wales (registered no. 5258310) as a private company with limited liability under the Companies Act 1985 on 13 October 2004. Its registered office is at Fordgate House, 1 Allsop Place, London NW1 5LF. The authorised share capital is £1,000, divided into 1,000 ordinary shares of £1 each, of which one has been issued, is fully paid and is held by the Borrower.

Principal Activities

The principal objects of Anex are set out in Clause C of its Memorandum of Association and are, *inter alia*, to purchase or acquire any property (real or personal) or assets, to lease its property, to borrow and raise money and to grant security over its assets for such purposes and to guarantee or provide security over its assets for the performance of any obligations of any company including a holding company.

It has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Act 1985, the acquisition, ownership and financing of the relevant Mortgaged Properties, the undertaking of any obligation or activity relating to the financing of the Mortgaged Properties or in connection with the management of the relevant Mortgaged Properties, the authorisation of the Borrower-Property Owners Loan Agreement and the other documents and matters referred to or contemplated in this document to which it is or will be a party, the receipt and disbursement of certain payments under the Borrower-Property Owners Loan Agreement and other documents referred to or contemplated in this document to which it is or will be a party and matters which are incidental or ancillary to the foregoing.

Anex will covenant to observe certain restrictions on its activities which are detailed in “The Loan and the Obligor Security”.

Director and Secretary

The director of Anex and his business address and other principal activities are:

Name	Business Address	Other Principal Activities
Michael Wechsler	48 Brook Road London WN11 9HE	Director

The company secretary is Simon Jacobs, whose business address is 76 Edgwarebury Lane, Edgware, Middlesex HA8 8LY.

Anex has no employees.

Capitalisation and Indebtedness Statement

The capitalisation of Anex as at the date of this document, adjusted for the intercompany loan to be drawn and subordinated funding, if relevant, to be provided to it, on the Closing Date, is as follows:

Share capital

Authorised and issued

	£
1,000 ordinary shares of £1 each, of which one share has been issued and is fully paid up	1

THE PROPERTY OWNERS AND RELATED COMPANIES

Loan capital

Borrower-Property Owners Loan.....	34,690,638
Subordinated Funding.....	<u>2,250,000</u>
Total capitalisation and indebtedness.....	<u>36,941,638</u>

All loan capital referred to above (other than, if relevant, the subordinated funding) will be secured over the assets of Anex as described herein.

None of the loan capital referred to above is guaranteed.

Save for the foregoing, at the date of this document, Anex has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unissued), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities.

Accountants' Report on Anex

The following is the text of a report received by the director from Harold Everett Wreford, the registered auditors of Anex. The balance sheet contained therein does not comprise Horizon's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar at Companies in Gibraltar since incorporation. Anex's accounting reference date is 31 March with the next statutory accounts to be drawn up to March 2005.

ACCOUNTANTS' REPORT

The Directors
Quick Star Plc
Blackwell House
Guildhall Yard
London EC2V 5AE

Our Ref: MI/LJB/AA.FOR.17

Date: 8 December 2004

The Directors
Claywood Holdings Limited
Suites 7B & 8B
50 Town Range
Gibraltar

The Directors
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

The Directors
ABN AMRO Bank N.V., London Branch
250 Bishopsgate
London EC2M 4AA

Dear Sirs

Anex Properties Limited (“Anex”)

We report on the financial information set out below. This financial information has been prepared for the inclusion in the offering circular dated 8th December 2004 of Quick Star Plc (the “Issuer”) (the “Offering Circular”).

Basis of Preparation

The financial information set out below has been extracted from the financial records of Anex from incorporation to 8th December 2004 prepared on the basis described in note 2.1.

Responsibility

Such financial records are the responsibility of the directors of Anex.

The directors of Anex are responsible for the financial records and the directors of the Issuer are 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 our report from the financial records, 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. 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 judgments 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.

THE PROPERTY OWNERS AND RELATED COMPANIES

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 gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of Anex as at 8th December 2004.

£

1 Balance Sheet

Balance sheet as at 8th December 2004

Current Assets

Cash at Bank and in hand	1,000
--------------------------	-------

Capital and reserves

Called up equity share capital called and full paid	1,000
---	-------

2 Notes

2.1 Accounting Policies

The financial information has been prepared under the historical cost convention and in accordance with the accounting standards currently applicable in the United Kingdom.

2.2 Trading Activity

Anex has not yet commenced business (other than as referred to in 2.5 below), no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

2.3 Share Capital

Anex was incorporated and registered as a private limited company on 1st October 2004, with the name of Freshname No.332 Limited.

On incorporation the authorised share capital of Anex was divided into 1000 shares of £1 each.

On 22nd October 2004, one thousand ordinary shares were issued by Anex to Claywood Holdings Limited.

2.4 Auditors

Messrs Harold Everett Wreford were appointed auditors to Anex on 26th November 2004.

2.5 Material Contracts

On 7th December 2004 Anex authorised and/or approved the Borrower-Property Owners Loan Agreement (as defined in the Offering Circular) and the other documents and matters referred to or contemplated in the Offering Circular to which it is or will be a party including, *inter alia*, the borrowing of the Intercompany Loan (as defined in the Offering Circular) and the giving of security in respect of its repayment.

Yours faithfully

Harold Everett Wreford

Chartered Accountants

Registered Auditors

USE OF PROCEEDS

The gross proceeds from the issue of the Notes will be £193,650,000. On the Closing Date, the Issuer will apply an amount equal to the gross proceeds of the Notes in connection with the issue of the Notes to make, subject to and in accordance with the Loan Agreement, the Loan of £193,650,000 to the Borrower. The amount payable by the Issuer will be netted against a fee, payable to the Issuer by the Borrower, which will be equal to the Issuer's expenses incurred on the Closing Date in connection with the issue of the Notes. The Borrower will, in turn, advance such amounts and the B-Loan (less the Anex Loan) to the Property Owners which amounts will be netted against a fee payable by the Property Owners to the Borrower which will be equal to the fee payable by the Borrower to the Issuer under the Loan Agreement. The Property Owners will utilise such advances along with the Anex Loan and the Subordinated Funding to purchase the Mortgaged Properties from the Original Property Owners. The Original Property Owners will apply the majority of the purchase price in repaying existing indebtedness and any surplus in meeting expenses incurred in the ordinary course of business. The fees and expenses relating to the issue of the Notes are estimated not to exceed £1,500,000 and will be met on the Closing Date by the Issuer from the fee payable to it by the Borrower.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

Each Temporary Global Note and Permanent Global Note incorporates provisions which apply to the Notes while they are in global form, some of which modify the effect of the terms and conditions of the Notes set out in this document. The following is a summary of certain of those provisions:

Exchange

Each class of Temporary Global Note is exchangeable in whole or in part for interests in a Permanent Global Note of the relevant class on or after a date which is expected to be 26 January 2005 upon certification as to non-U.S. beneficial ownership in the form set out in the relevant Temporary Global Note. Each class of Permanent Global Note is exchangeable in whole but not, except as provided in the next paragraph, in part (free of charge to the holder) for the Definitive Notes described below (i) if the relevant Permanent Global Note is held on behalf of a clearing system and such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so or (ii) if the Issuer would suffer a material disadvantage in respect of the Note as a result of a change in the laws or regulations (taxation or otherwise) of any jurisdiction which would not be suffered were the Note in definitive form and a certificate to such effect signed by two directors of the Issuer is delivered to the Principal Paying Agent for display to Noteholders, by such holder giving notice to the Principal Paying Agent, or (unless a default notice has been given as referred to in "Default" below) by the Issuer giving notice. Thereupon the holder may give notice to the Principal Paying Agent of its intention to exchange the Permanent Global Note for Definitive Notes on or after the Permanent Global Note Exchange Date specified in the notice.

If principal in respect of any Notes is not paid when due and payable, the holder of the relevant class of Permanent Global Note may, by notice to the Principal Paying Agent, require the exchange of a specified principal amount of the Permanent Global Note (which may be equal to or (provided that, if the Permanent Global Note is held by or on behalf of a clearing system, that clearing system agrees) less than the outstanding principal amount of Notes represented thereby) for Definitive Notes on or after the Permanent Global Note Exchange Date specified in such notice.

In the case of the exchange of a Permanent Global Note as referred to above, on or after the Permanent Global Note Exchange Date the holder of a Permanent Global Note may surrender such Permanent Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Principal Paying Agent. In exchange for a Permanent Global Note, or the part thereof to be exchanged, the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of duly executed and authenticated Definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in Schedule 3 to the Note Trust Deed. On exchange in full of the Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with any relevant Definitive Notes.

"Permanent Global Note Exchange Date" means a day falling not less than 60 days, or in the case of exchange pursuant to (ii) above 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (i) above, in the cities in which the relevant clearing system is located.

Payments

No payment will be made on the Temporary Global Note representing any class of Notes unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal, premium and interest in respect of Notes represented by the Global Note representing a class of Notes will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of the Global Notes to or to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed in the appropriate schedule to the Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes.

Notices

So long as the Notes are represented by the Global Notes and the Global Notes are held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions except that so long as the Notes are admitted to the Official List of the UK Listing Authority and admitted to trade on the London Stock Exchange and the rules of the UK Listing Authority and that Exchange so require, notices shall also be published in a leading newspaper having general circulation in the United Kingdom (which is expected to be the *Financial Times*).

Prescription

Claims against the Issuer in respect of principal, premium and interest on the Notes while the Notes are represented by the Global Notes will become void unless they are presented for payment within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate relevant date (as defined in Condition 8).

Meetings

The holder of the Global Notes will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of £1.00 in principal amount of Notes for which the Global Notes may be exchanged.

Purchase and Cancellation

Cancellation of any Note required by the Conditions to be cancelled following its purchase will be effected by reduction in the principal amount of the Global Note representing the class of Notes of which such Note forms part.

Default

The Global Notes provide that the holder may request the Note Trustee to cause the Global Note representing a class of Notes or a portion of the relevant Global Note to become due and payable in the circumstances described in Condition 9 by stating in the notice to the Note Trustee the principal amount of Notes which is being declared due and payable.

Note Trustee's Powers

In considering the interests of Noteholders while the Global Notes are held on behalf of a clearing system, the Note Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Notes and may consider such interests as if such accountholders were the holder of the Global Notes.

TERMS AND CONDITIONS OF THE NOTES

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

The £118,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class A Notes**”), the £19,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class B Notes**”), the £19,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class C Notes**”), the £24,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class D Notes**”) and the £13,650,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2011 (the “**Class E Notes**”) and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the “**Notes**” (as more fully defined below)) of Quick Star Plc (the “**Issuer**”) are constituted by a trust deed dated on or about 16 December 2004 (the “**Note 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 ABN AMRO Trustees Limited (the “**Note Trustee**”, which expression includes its successors or any further or other trustee under the Note Trust Deed) as trustee for the holders for the time being of the Notes.

The holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes (each, a “**Noteholder**” and, collectively, the “**Noteholders**”) are referred to, from time to time, in these terms and conditions as the “**Class A Noteholders**”, the “**Class B Noteholders**”, the “**Class C Noteholders**”, the “**Class D Noteholders**” and the “**Class E Noteholders**” respectively.

Any reference to a “**class**” of Notes or Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes or any or all of their respective holders, as the case may be.

The security for the Notes is created pursuant to, and on terms set out in, a deed of charge and assignment dated on or about 16 December 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 respective provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made in either case between, *inter alios*, the Issuer and the Issuer Security Trustee. By an agency agreement dated on or about 16 December 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, *inter alios*, the Issuer, the Issuer Security Trustee, ABN AMRO Bank N.V. London Branch, in its separate capacities under the same agreement as principal paying agent (the “**Principal Paying Agent**” and together with any further or other paying agents for the time being appointed in respect of the Notes, the “**Paying Agents**”) and Agent Bank (the “**Agent Bank**”, which expression shall include any other agent bank appointed in respect of the Notes), provision is made for, *inter alia*, the payment of principal and interest in respect of the Notes.

The provisions of 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 Note Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Cash Management Agreement, the Post-Enforcement Call Option Agreement and the Master Definitions Schedule. Copies of the Note Trust Deed, the Agency Agreement, the Deed of Charge and Assignment, the Post-Enforcement Call Option Agreement and the Master Definitions Schedule are available for inspection by the Noteholders at the principal office for the time being of the Note Trustee, being at the date hereof at 82 Bishopsgate, London

TERMS AND CONDITIONS OF THE NOTES

EC2N 4BN and at the specified office of the Principal Paying Agent. The Note Trustee is also entitled but not obliged to make available Part I of the Obligor Quarterly Report to the Noteholders, provided that a Noteholder first produces evidence satisfactory to the Trustee as to its holding of the Notes and its identity. 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 Note Trust Deed, the Agency Agreement, the Deed of Charge and Assignment and a master definitions schedule dated on or about 16 December 2004 (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. Words and expressions defined in the Master Definitions Schedule but not herein shall have the same meaning herein.

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 7 December 2004.

1. **Form, Denomination and Title**

(a) *Form and denomination*

Each class of Notes is serially numbered and in bearer form in the denomination of £50,000 each with interest coupons (severally or together “**Coupons**”, which expression includes the Talons referred to below, except where the context otherwise requires) and talons (“**Talons**”) attached on issue.

(b) *Title*

Title to the Notes, Coupons and Talons passes by delivery. The holder of any Note, Coupon or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

2. **Status, Security and Priority**

(A) *Status and relationship among the Notes*

(a) The Notes and the Coupons and Talons 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 themselves.

(b) As among the classes of the Notes, while a Specified Event of Default is continuing the Class A Notes will rank in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, the Class B Notes will rank in priority to the Class C Notes, the Class D Notes and the Class E Notes, the Class C Notes will rank in priority to the Class D Notes and the Class E Notes and the Class D Notes will rank in priority to the Class E Notes. Save as described in Condition 5, while a Specified Event of Default is not continuing payments of interest on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will rank *pari passu* without preference or priority and payments of principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will rank as set out in Condition 5.

TERMS AND CONDITIONS OF THE NOTES

- (c) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the holders of Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes equally as regards all powers, trusts, authorities, duties and discretions of the Note Trustee (except where expressly provided otherwise), provided that:
- (i) if, in the Note Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class A Noteholders (for so long as any of the Class A Notes is outstanding); and
 - (B) the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders,then the Note Trustee shall have regard only to the interests of the Class A Noteholders;
 - (ii) if, in the Note Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class B Noteholders (for so long as any of the Class B Notes is outstanding); and
 - (B) the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders,then the Note Trustee shall, subject to (i) above, have regard only to the interests of the Class B Noteholders;
 - (iii) if, in the Note Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class C Noteholders (for so long as any of the Class C Notes is outstanding); and
 - (B) the Class D Noteholders and/or the Class E Noteholders,then the Note Trustee shall, subject to (i) and (ii) above, have regard only to the interests of the Class C Noteholders;
 - (iv) if in the Note Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class D Noteholders (for so long as any of the Class D Note is outstanding); and
 - (B) the Class E Noteholders,then the Note Trustee shall, subject to (i), (ii) and (iii) above, have regard only to the interests of the Class D 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 Note Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, *inter alia*, to request or direct the Note Trustee to take any action or to pass an Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, (ii) the Class C Noteholders, *inter alia*, to request or direct the Note Trustee to take any action or to pass an Extraordinary Resolution according to the effect

TERMS AND CONDITIONS OF THE NOTES

thereof on the interests of the Class A Noteholders or the Class B Noteholders, (iii) the Class D Noteholders, *inter alia*, to request or direct the Note Trustee to take any action or to pass an Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders and (iv) the Class E Noteholders, *inter alia*, to request or direct the Note Trustee to take any action or pass an Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders. Except in certain circumstances, the Note Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders, irrespective of the effect thereof on their interests. Except in certain circumstances, the exercise of their powers by (i) the Class B Noteholders will be binding on the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of the effect thereof on their interests, (ii) the Class C Noteholders will be binding on the Class D Noteholders and the Class E Noteholders, irrespective of the effect thereof on their interests, and (iii) the Class D Noteholders will be binding on the Class E Noteholders, irrespective of the effect thereof on their interests.

(B) Security and Priority of Payments

The security interests granted in respect of the Notes are set out in the Deed of Charge and Assignment.

Under the Deed of Charge and Assignment, the Issuer will create, *inter alia*, the following security (the “**Issuer Security**”) for its obligations to the Issuer Secured Parties:

- (i) an assignment by way of security of all of the Issuer’s rights, title, interests and benefits in the Loan;
- (ii) an assignment by way of security of all of the Issuer’s rights, title, interests and benefits in the Security Deed, the Mortgages of Shares, the Standard Securities and the Assignations of Rent and the Issuer’s beneficial interests in the security trusts created over the Obligor Security;
- (iii) an assignment by way of security of all of the Issuer’s rights, title, interests and benefits under, *inter alia*, the Loan Agreement, the Servicing and Intercreditor Deed, the Cash Management Agreement, the Agency Agreement and the Liquidity Facility Agreement;
- (iv) an assignment by way of security of all of the Issuer’s rights, title, interests and benefits in the Collection 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
- (v) a floating charge governed by English law over the whole of the undertaking, property, rights and assets of the Issuer (other than any property or assets of the Issuer subject to an effective fixed security referred to in the preceding sub-paragraphs).

The Cash Management Agreement and the Deed of Charge and Assignment also contains provisions regulating the priority of application of available funds among the persons entitled thereto prior to the service of a Note Enforcement Notice (as defined in Condition 9(a)), and the priority of application among the persons entitled thereto of available funds and the proceeds of

TERMS AND CONDITIONS OF THE NOTES

enforcement or realisation of the Issuer Security by the Note Trustee after service of a Note Enforcement Notice.

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

(C) *Post-Enforcement Call Option*

All of the Noteholders will, at the request of OptionCo, sell all (but not some only) of their holdings of the Notes to OptionCo pursuant to the Post-Enforcement Call Option granted to it by the Note Trustee (on behalf of the Noteholders but without any personal liability on the part of the Note Trustee for so acting) to acquire all (but not some only) of the Notes (plus accrued interest thereon), for the consideration of £0.01 per Note outstanding in the event that the Issuer Security is enforced, at any time after the date on which the Note Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes under the Deed of Charge and Assignment, to pay any principal and interest and any other amounts due in respect of the Notes. Furthermore, each of the Noteholders acknowledges that the Note Trustee has the authority and the power to bind the Noteholders in accordance with the terms and conditions set out in the Post-Enforcement Call Option Agreement and each Noteholder, by subscribing for or purchasing the relevant Note(s), agrees to be so bound.

3. Covenants

(A) *Restrictions*

Save with the prior written consent of the Note Trustee or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) *Negative Pledge*

create or permit to subsist any mortgage, sub-mortgage, assignment, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital) or sell or otherwise dispose of the whole or any part of its assets

TERMS AND CONDITIONS OF THE NOTES

(including any uncalled capital) or its undertaking, present or future or the Issuer Security;

(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; or
- (iii) amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents;

(c) Disposal of Assets

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

(d) Dividends or Distributions

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

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, the Servicing and Intercreditor Deed or the Liquidity Facility Agreement or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

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

(g) Variation

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

(h) Bank accounts

have an interest in any bank account other than the Collection Account and the Stand-by Account, unless such account or interest therein is charged to the Issuer Security Trustee on terms acceptable to it;

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(i) *Assets*

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

(j) *VAT*

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

(k) *Surrender of group relief*

offer or consent to surrender to any company any amounts which are available:

- (i) for surrender by way of group relief within Chapter IV of Part X of the Income and Corporation Taxes Act 1988, except on arm's-length terms (including terms for full payment at the current applicable rate of corporation tax applied to the surrendered amount); or
- (ii) to be treated pursuant to Section 102 of the Finance Act 1989 as amounts of corporation tax or interest paid by another company;

(l) *Tax residence*

do any act or thing, the effect of which would be to make the Issuer resident in any jurisdiction other than the United Kingdom as a result of which any withholding or similar tax or deduction would be imposed on payments by the Borrower (acting on its own behalf and, as regards the Anex Loan, as agent for Anex) to the Issuer under the Loan Agreement;

(m) *Group Payment Arrangements*

enter into arrangements with other companies and/or the Inland Revenue providing for the discharge of any other company's corporation tax liability by it; and

(n) *Notional transfer of capital gains disposals*

enter into any election or other arrangements with any company and/or the Inland Revenue for the purposes of corporation tax on chargeable gains:

- (i) for the deemed transfer to it and/or deemed disposal by it of any asset; or
- (ii) for the reallocation to it of a gain accruing to another company under Section 179 of the Taxation of Chargeable Gains Act 1992.

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

(B) *Cash Manager and Special Servicer*

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager, and a special servicer in respect of the monies from time to time standing to the credit of the Collection Account and any other account of the Issuer from time to time. Neither the Cash Manager nor the Special Servicer will be permitted to terminate its appointment unless a replacement cash manager, or special servicer, as the case may be, acceptable to the Issuer and the Note Trustee has been appointed. The appointment of the Cash Manager or the Special Servicer may be terminated by the Note Trustee if, *inter alia*, the Cash Manager defaults in any material respect (in the case of the Servicing and Intercreditor Deed) or in any respect (in the case of the Cash Management Agreement) in the observance and performance of any obligation imposed on it under the Cash Management Agreement or the Servicing and Intercreditor Deed, as applicable, which default is not remedied (i) within 10 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 Note Trustee, or (ii) within 30 Business Days, in the case of the Servicing and Intercreditor Deed, after written notice of such default shall have been served on the Special Servicer by the Issuer or the Note Trustee; except that, in the case of a failure by the Cash Manager to make when due any payment required to be made by the Cash Manager on behalf of the Issuer, the appointment of the Cash Manager may be terminated immediately.

4. Interest

(a) *Period of Accrual*

Each Note shall bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 14 or individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) *Interest Payment Dates and Interest Periods*

Interest on the Notes is payable quarterly in arrear on the 15th day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day) (each an “**Interest Payment Date**”) in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in January 2005.

In these Conditions, “**Interest Period**” shall mean the period from (and including) an Interest Payment Date (or, in respect of the payment of the first Interest Amount (as defined in Condition 4(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 on 15 January 2005) and “**Business Day**” shall in these Conditions (other than Conditions 5 and 6) mean a day (other than a Saturday or a Sunday) which is both a day on

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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.

(c) *Rate of Interest*

The rates of interest payable from time to time in respect of each class of Notes (each a “**Rate of Interest**”) will be determined by the Agent Bank as soon as practicable after 11:00 a.m. (London time) on the first Business Day of each Interest Period (each an “**Interest Determination Date**”).

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) LIBOR, where “**LIBOR**” means either:
 - (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 in the London inter-bank market which appear on Telerate Screen Page No. 3750 (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 (the “**Screen Rate**”); 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 4(h) below) as the rate at which three month sterling deposits in an amount of £10,000,000 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 shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Note Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Note Trustee suitable for such purpose) and the rate for the Interest Period in question shall 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 shall be the Screen Rate in effect for the last preceding Interest Period to

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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, 0.20 per cent. per annum;
- (B) in respect of the Class B Notes, 0.34 per cent. per annum;
- (C) in respect of the Class C Notes, 0.55 per cent. per annum;
- (D) in respect of the Class D Notes, 0.90 per cent. per annum; and
- (E) in respect of the Class E Notes, 1.75 per cent. per annum.

(d) *Determination of Rates of Interest and Calculation of Interest Amounts for Notes*

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Note Trustee, the Cash Manager and the Principal Paying Agent in writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date or, as applicable, the Closing Date, in respect of the Notes of each class and (ii) the sterling amount (the “**Interest Amount**”) payable in respect of such Interest Period in respect of the Notes of each class. Each Interest Amount in respect of the Notes of each class shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes of each class multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 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 will 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 the London Stock Exchange (the “**London Stock Exchange**”) (for so long as the Notes are listed on the London Stock Exchange) and will cause notice thereof to be given to the Noteholders in accordance with Condition 14. The Interest Amounts, Interest Payment Date and other determinations 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 the Notes and/or make any other necessary calculations in accordance with the foregoing Conditions, the Note Trustee shall (i) determine the Rate of Interest at such rate as is, 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 the Notes in the manner specified in Condition 4(d) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(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

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Reference Banks (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of wilful default, bad faith or gross negligence) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Issuer Security Trustee, the Special Servicer, the Cash Manager, the Principal Paying Agent and all Noteholders and (in the absence of wilful default, bad faith or gross negligence) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall, at all times, be 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 Agent Bank shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Note Trustee has been appointed.

5. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling on 15 July 2009 (the “**Expected Final Maturity Date**”). If the Notes have not been redeemed in full on or by the Expected Final Maturity Date for any reason, the Notes remaining outstanding will continue to be outstanding and the Conditions of the Notes will continue to apply thereto and such Notes shall be redeemed in full at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling on 15 July 2011 (the “**Legal Final Maturity Date**”).

The Issuer may not redeem the Notes in whole or in part prior to the Legal Final Maturity Date except as provided in this Condition but without prejudice to Condition 9.

(b) Mandatory Redemption from Issuer Principal Payment Amounts

Subject as provided or set out below and as provided in Conditions 5(c) and 5(d), prior to the service of a Note Enforcement Notice the Notes then outstanding shall be subject to mandatory pro rata redemption in part on each Interest Payment Date if on the day prior to the relevant Interest Payment Date there are any Issuer Principal Payment Amounts (as defined below), after paying any and all amounts payable out of such funds in priority to payments on such class of Notes as specified below, and if the amount of such Issuer Principal Payment Amounts, after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, is not less than £1.

The Issuer Principal Payment Amount shall be applied, on each such Interest Payment Date, among the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes either:

- (i) (other than the Release Premium and the Allocated Loan Amount) for so long as a Specified Event of Default is not continuing in the payment of principal amounts outstanding on the Notes in the following order of priority:

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- (a) first, up to 0.3125 per cent. of the Principal Amount Outstanding of the Class A Notes;
- (b) secondly, up to 0.3125 per cent. of the Principal Amount Outstanding of the Class B Notes;
- (c) thirdly, up to 0.3125 per cent. of the Principal Amount Outstanding of the Class C Notes;
- (d) fourthly, up to 0.3125 per cent. of the Principal Amount Outstanding of the Class D Notes and;
- (e) fifthly, the Class E Notes, or

(ii) while a Specified Event of Default is continuing in the payment of principal amounts outstanding on the Notes in the following order of priority:

- (a) first, the Class A Notes;
- (b) secondly, the Class B Notes;
- (c) thirdly, the Class C Notes;
- (d) fourthly, the Class D Notes; and
- (e) fifthly, the Class E Notes.

Release Premium standing to the credit of the Principal Ledger of the Collection Account shall be applied, on each Interest Payment Date for so long as a Specified Event of Default is not continuing in the payment of principal amounts outstanding on the Notes in the following order of priority:

- (a) first, the Class A Notes;
- (b) secondly, the Class B Notes;
- (c) thirdly, the Class C Notes;
- (d) fourthly, the Class D Notes; and
- (e) fifthly, the Class E Notes.

Allocated Loan Amount standing to the credit of the Principal Ledger of the Collection Account shall be applied, on each Interest Payment Date, for so long as a Specified Event of Default is not continuing, in the repayment, pro rata, of each class of Notes outstanding.

For the purposes of this Condition, “**Issuer Principal Payment Amount**” means the amount which has actually been allocated to the Principal Ledger of the Collection Account by the Cash Manager pursuant to the Cash Management Agreement.

(c) *Optional Redemption for Tax or Other Reasons*

If the Issuer at any time satisfies the Note Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that which is in effect on the Closing Date, on the next Interest Payment Date the Issuer or the Principal Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes) (other than in respect of default interest) or the Borrower would be required to deduct or withhold from any

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payment of principal or interest in respect of the Loan Agreement, or the Property Owners would be required to deduct or withhold from any payment of principal of interest in respect of the Borrower-Property Owners Loan Agreement 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 Borrower in relation to the Loan 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 such cannot be avoided by the Issuer or the Borrower, as the case may be, taking reasonable measures available to it and, in either case, the Issuer has, prior to giving the notice referred to below, delivered to the Note Trustee a certificate signed by two directors of the Issuer stating that the obligations referred to in (i) or (ii) above, cannot be avoided by the Issuer or the Borrower, as the case may be, taking reasonable measures available to it and the Note Trustee shall be entitled to accept such certificates as sufficient evidence of the satisfaction of the condition precedent set out in (i) or (ii) above in which event it shall be conclusive and binding on the Noteholders and the Couponholders. The Issuer is entitled to effect such redemption and set forth a statement of facts showing that the condition precedent to the right of the Issuer to redeem has occurred and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change. Additionally, the Issuer shall also state in the same certificate that it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 5(c) and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that on the Interest Payment Date on which such notice expires, no Note Enforcement Notice has been served, then the Issuer may, but shall not be obliged to, 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 Principal Paying Agent and to the Noteholders in accordance with Condition 14, redeem:

- (i) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
 - (ii) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
 - (iii) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and
 - (iv) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and
 - (v) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.
- (d) *Optional Redemption in Full*

Upon giving not more than 60 nor less than 30 days' written notice to the Note Trustee and to the Noteholders in accordance with Condition 14 and provided that on the date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served, and

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further provided that the Issuer (or its assigns) has, prior to giving such notice, certified to the Note Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(d) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank prior to, or *pari passu* with, the Notes, which certificate shall be conclusive and binding, and further provided that the then aggregate Principal Amount Outstanding of all of the Notes would be less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date, the Issuer (or its assigns) may redeem on such Interest Payment Date:

- (i) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
 - (ii) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
 - (iii) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and
 - (iv) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and
 - (v) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.
- (e) *Principal Amount Outstanding and Note Factor*

Three Business Days before each Interest Payment Date, the Cash Manager shall determine (i) the amount of any principal payment of the Notes of any Class on the next following Interest Payment Date, (ii) the Principal Amount Outstanding of each Note on the next following Interest Payment Date (after deducting any principal payment to be paid on such Note on that Interest Payment Date) and (iii) the separate amounts expressed as a decimal to the sixth point (each, a “**Note Factor**”) equal to the Principal Amount Outstanding of each Note (referred to in (ii) above) divided by 50,000. Each determination by the Cash Manager of the Principal Amount Outstanding of a Note and the Note Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

The “**Principal Amount Outstanding**” of a Note of any class on any date shall be the face amount thereof on the date of issuance thereof less the aggregate amount of all repayments in respect of such Note that have been made since the Closing Date and on or prior to such date (whether or not paid). Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect to 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.

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Principal Amount Outstanding and the Note Factor to be notified in writing forthwith to the Note Trustee, the Principal Paying Agent, the Rating Agencies, the Agent Bank and (for so long as the Notes are admitted to the Official List of the UK Listing Authority and admitted to trade on the London Stock Exchange) the London Stock Exchange and will cause notice of each determination of a Principal Amount Outstanding and the Note Factor to be given to the Noteholders in accordance with Condition 14 as soon as reasonably practicable.

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If the Issuer or the Cash Manager on behalf of the Issuer does not at any time for any reason determine a Principal Amount Outstanding or the Note Factor in accordance with the preceding provisions of this Condition 5(e), such Principal Amount Outstanding and the Note Factor may be determined by the Note Trustee, in accordance with this Condition 5(e), and each such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Cash Manager, as the case may be.

(f) *Notice of Redemption*

Any such notice as is referred to in Conditions 5(c) and (d) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions. In addition, the Note Trustee shall give to Noteholders not less than two days' prior notice of any early redemption of Notes made in accordance with Condition 5(b), (c) or (d), such notice to be given in the manner set out in Condition 14.

(g) *Cancellation*

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled forthwith and may not be resold or re-issued.

6. Payments

(a) *Method of Payment*

Payments of principal and interest in respect of any Note will be made only against presentation and (in the case of final redemption of a Note or in circumstances where 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)) surrender of such Note or the appropriate Coupons (as the case may be) at the specified office of the Principal Paying Agent (subject to paragraph (b) below) by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with a bank in London. A record of each payment so made, distinguishing 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 Note by or on behalf of the relevant Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made.

(b) *Paying Agent outside the U.S.*

No payment with respect to any Note will be made at an office of any Paying Agent in the United States or by mail to an address in the United States or by transfer to an account in the United States.

(c) *Laws and Regulations*

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) *Overdue Principal Payments*

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 4(a) will be paid against presentation of such Note at the specified office of the Principal Paying Agent.

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(e) *Change of Agents*

The Principal Paying Agent is ABN AMRO Bank N.V. London Branch at its offices at 82 Bishopsgate, London EC2M 4BN. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent and the Agent Bank and to appoint additional or other paying agents or agent banks, provided that for so long as the Notes are outstanding it will maintain at least a paying agent having a specified office in the United Kingdom. The Issuer will cause at least 30 days' notice of any change in or addition to the Principal Paying Agent or its specified offices to be given to the Noteholders in accordance with Condition 14.

(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 a sterling account in London as referred to in Condition 6(a) above) in London, payment shall 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 shall be due in respect of such Note. No further payments of additional amounts by way of interest, principal or otherwise shall be payable in respect of the late arrival of any cheque posted to a Noteholder in accordance with the provisions of Condition 6(a). For the purposes of Condition 5 and this Condition 6, "**business day**" shall mean, 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 6(a)), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 14, provided that such interest and interest thereon are, in fact, paid.

(h) *Redenomination in Euro*

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling shall be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions shall 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 shall 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 shall be amended in the manner agreed by the Issuer and the Note Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Note Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising

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in connection with such change in currency). All amendments made pursuant to this Condition 6(h) will be binding upon holders of such Notes.

- (iii) Notification of the amendments made to Notes pursuant to this Condition 6(h) will be made to the Noteholders in accordance with Condition 14 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or the Principal Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or the Principal Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. **Neither the Issuer nor the Principal Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.**

8. Prescription

Claims for principal in respect of Global Notes shall become void unless the relevant Global Notes are presented for payment within 10 years of the appropriate relevant date. Claims for interest in respect of Global Notes shall 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 shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 8, the “**relevant date**” means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received in London by the Principal Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 14.

9. Events of Default

(a) *Eligible Noteholders*

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below shall occur (each such event being a “**Note Event of Default**”) the Note Trustee at its absolute discretion may, and if so requested in writing by the “**Eligible Noteholders**”, being:

- (1) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or
- (2) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or
- (3) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or
- (4) if there are no Class A Notes, Class B Notes and Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

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- (5) if there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class E Notes then outstanding,

or if so directed by or pursuant to an Extraordinary Resolution of the most senior class of Noteholders, shall, and in any case aforesaid, subject in each case to the Note Trustee being indemnified and/or secured to its satisfaction, give notice (a “**Note Enforcement Notice**”) to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

- (i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest on, any Class A Note; or, if there are no Class A Notes outstanding, any Class B Note; or, if there are no Class A Notes or Class B Notes outstanding, any Class C Note; or, if there are no Class A Notes, Class B Notes or Class C Notes outstanding, any Class D Note; or, if there are no Class A Notes, Class B Notes, Class C Notes or Class D Notes outstanding, any Class E Note; in each case when and as the same becomes due and payable in accordance with these Conditions; or
- (ii) default is made by the Issuer in the performance or observance of any other obligation binding upon it under any of the Notes of any class, the Note 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 and is not in the opinion of the Note Trustee remedied for a period of 14 days following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(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 (in the opinion of the Note Trustee) a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Note Trustee in writing or by an Extraordinary Resolution of the Eligible Noteholders; or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order) and such proceedings are not, in the opinion of the Note Trustee, being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or an administrative receiver, examiner or other receiver, liquidator or other similar official shall be appointed in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take possession of all or any part of the undertaking, property or assets of the Issuer, or a distress or execution or other process shall be 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

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under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally,

provided that in the case of each of the events described in Condition 9(a)(ii), the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the most senior class of Notes then outstanding.

(b) Effect of Declaration by Note Trustee

Upon any declaration being made by the Note Trustee in accordance with Condition 9(a) above, all classes of the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer Security shall become enforceable.

10. Enforcement

Subject to the provisions of Condition 15, the Note Trustee may at its discretion and without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes and the Transaction Documents and may, at any time after the Issuer Security has become enforceable, at its discretion and without notice, take such steps or require that the Issuer Security Trustee take such steps as it may think fit to enforce the Issuer Security, but it shall not be bound to take any such proceedings or steps unless:

- (a)* subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as applicable, then outstanding; and
- (b)* each of the Issuer Security Trustee and the Note Trustee shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing, provided that:
 - (i)* the 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 also 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;
 - (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 also 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;
 - (iii)* the Note Trustee shall not be bound to act at the direction of the Class D Noteholders unless to do so would not in the opinion of the Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders, or the Note Trustee has also been directed to take such action by

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Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes and the Class C Notes then outstanding; and

- (iv) the Note Trustee shall not be bound to act at the direction of the Class E Noteholders unless to do so would not in the opinion of the Note Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, or the Note Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of each of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes then outstanding.

Enforcement of the Issuer Security shall be the only remedy available to the Note Trustee, the Issuer Security Trustee and the Noteholders for the repayment of the Notes and any interest on the Notes. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Note Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing provided that: (i) no Class B Noteholder, no Class C Noteholder, no Class D Noteholder and no Class E Noteholder for so long as any Class A Notes are outstanding; (ii) no Class C Noteholder, no Class D Noteholder and no Class E Noteholder for so long as any Class A Notes or any Class B Notes are outstanding; (iii) no Class D Noteholder and no Class E Noteholder for so long as any Class A Notes, any Class B Notes or any Class C Notes are outstanding and (iv) no Class E Noteholder for so long as any Class A Notes, any Class B Notes, any Class C Notes or any Class D Notes are outstanding shall be entitled to take proceedings for the winding up, examination or administration of the Issuer. The Note Trustee cannot, while any of the Notes are outstanding, be required to direct the Issuer Security Trustee to enforce the Issuer Security at the request of any other Issuer Secured Party under the Deed of Charge and Assignment.

11. Meetings of Noteholders, Modification and Waiver

- (a) The Note 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, *inter alia*, 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 shall be binding on all Class B Noteholders, Class C Noteholders, Class D Noteholders and Class E Noteholders, irrespective of the effect upon them, except an Extraordinary Resolution to sanction a Basic Terms Modification (as defined in Condition 11(g)), which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.
- (c) An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than as referred to in Condition 11(b)) shall not be effective for any purpose unless either:
 - (i) the Note Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders;

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(ii) it is sanctioned by an Extraordinary Resolution of the Class A Noteholders; or

(iii) none of the Class A Notes remain outstanding; provided further that,

no Extraordinary Resolution to sanction a Basic Terms Modification, passed at any meeting of the Class B Noteholders shall be binding unless an Extraordinary Resolution shall have been sanctioned by each of the Class C Noteholders, the Class D Noteholders and the Class E Noteholders.

(d) An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than as referred to in Condition 11(b) or 11(c)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders;

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders; or

(iii) none of the Class A Notes and the Class B Notes remains outstanding; provided further that,

no Extraordinary Resolution to sanction a Basic Terms Modification, passed at any meeting of the Class C Noteholders shall be binding unless an Extraordinary Resolution shall have been sanctioned by each of the Class D Noteholders and the Class E Noteholders.

(e) An Extraordinary Resolution passed at any meeting of the Class D Noteholders (other than as referred to in Condition 11(b), 11(c) or 11(d)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders;

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders; or

(iii) none of the Class A Notes, Class B Notes or Class C Notes remains outstanding; provided further that,

no Extraordinary Resolution to sanction a Basic Terms Modification passed at any meeting of the Class D Noteholders shall be unless an Extraordinary Resolution shall have been sanctioned by the Class E Noteholders.

(f) An Extraordinary Resolution passed at any meeting of the Class E Noteholders (other than as referred to in Condition 11(b), 11(c) or 11(d) or 11(e)) shall not be effective for any purpose unless either:

(i) the Note Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders;

(ii) it is sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders; or

(iii) none of the Class A Notes, Class B Notes, Class C Notes or Class D Notes remains outstanding.

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- (g) Subject as provided below, the quorum at any meeting of the Noteholders of any class or persons present holding voting certificates or being proxies, for passing an Extraordinary Resolution shall be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes (whether being Definitive Notes or represented by a Global Note) of a class are held by one person, such person shall constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of (i) sanctioning of a modification of the date of maturity of the Notes; (ii) postponing the payment of interest on the Notes; (iii) reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes; (iv) altering the currency of payment on the Notes (subject to Condition 6(h)); (v) modifying the definition of “Basic Terms Modification”; (vi) discharging or exonerating the Note Trustee from all liability in respect of any act or omission for which the Note Trustee may have become responsible under the Note Trust Deed or under the Notes; (vii) authorising the Note Trustee to concur in and execute and do all such deeds, instruments, acts and things as may be necessary to carry out and give effect to any Extraordinary Resolution; (viii) sanctioning any compromise, abrogation, variation or arrangement between the Noteholders, the Issuer and/or the Note Trustee; and (ix) appointing any persons as a committee to represent the rights of the Noteholders, in each case, as more particularly described in the Note Trust Deed (each a “**Basic Terms Modification**”) shall be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, 33 $\frac{1}{3}$ per cent. of the Notes of such class for the time being outstanding. Additionally, written notice of such modifications shall be provided by the Issuer to the London Stock Exchange.

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.

- (h) The Note Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the 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, determine that a Note Event of Default shall not, or shall not, subject to specified conditions, be treated as such; provided always that the Note Trustee shall not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by an Extraordinary Resolution of the holders of the most senior class of Notes then outstanding or a request by the Eligible Noteholders (provided that no such direction or request shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees

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otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

- (i) Where the Note 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 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 shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (j) The Note Trustee shall be entitled to assume without further enquiry, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders or any class of Noteholders if the Rating Agencies have provided written confirmation that the then current ratings of the Notes or, as the case may be, the Notes of such class will not be downgraded, withdrawn or qualified as a result by such exercise.

12. Indemnification and Exoneration of the Note Trustee

The Note Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Note Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified to its satisfaction. The Note 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 Note Trustee.

The Note Trust Deed contains provisions pursuant to which the Note Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Note Trust Deed also relieves the Note Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. Neither the Note Trustee, the Issuer Security Trustee nor the Borrower Security Trustee has any responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security or the Obligor Security. The Note Trustee will not be obliged to take any action which might result in its incurring personal

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liabilities unless indemnified to its satisfaction or to supervise the performance by the Issuer Security Trustee, the Borrower Security Trustee, the Principal Paying Agent, the Account Bank, the Agent Bank, the Special Servicer, the Cash Manager, the Liquidity Facility Provider, or any other person of their obligations under the Transaction Documents and the Note Trustee shall 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.

ABN Amro Trustees Limited (the “**Initial Trustee**”) is acting as Note Trustee under the Note Trust Deed, as Issuer Security Trustee under the Deed of Charge and Assignment and as Borrower Security Trustee under the Security Deed (and while doing so the Initial Trustee and any successor which acts in all such capacities are referred to in this Condition 12 as the “**Trustee**”). No entity may act as a trustee in any such capacity unless it is also the Trustee or unless the Trustee agrees otherwise or unless the Trustee resigns its office as trustee in one or more such capacities. In its capacity as Trustee, the Trustee will not be liable to any Noteholder for any loss which he may suffer by reason of any conflict which may arise between the interests of the Noteholders and any other person to whom the Trustee owes duties as a result of the Trustee acting in all such capacities.

13. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of the Principal Paying Agent subject to all applicable laws and stock exchange or other relevant authority requirements upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer, the Principal Paying Agent or the Note Trustee may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. Notices to Noteholders

- (a) All notices, other than notices given in accordance with the following paragraphs of this Condition 14, to Noteholders shall be deemed to have been validly given if published in a leading daily newspaper printed in the English language and with general circulation in London (which is expected to be *The Financial Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Note Trustee shall approve having a general circulation in London 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. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.
- (b) Any notice specifying a Interest Payment Date, a Rate of Interest, an Interest Amount or a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee and notified to the Noteholders pursuant to Condition 14(a). Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 14(a).
- (c) A copy of each notice given in accordance with this Condition 14 shall be provided to (for so long as the Notes of any class are admitted to the Official List of the UK Listing Authority and

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admitted to trade on the London Stock Exchange) the London Stock Exchange, to Standard & Poor's Ratings Services (a division of The McGraw-Hill Companies, Inc.) ("**S&P**"), and Fitch Ratings Ltd. ("**Fitch**", together with S&P the "**Rating Agencies**") to 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). For the avoidance of doubt, and unless the context otherwise requires, all references to "**rating**" and "**ratings**" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

- (d) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require.

15. Subordination

- (a) Interest

While any interest on Class A Notes is still outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes respectively; while any interest on Class B Notes is still outstanding, the Class C Noteholders, the Class D Noteholders, and the Class E Noteholders shall not be entitled to any repayment of interest in respect of the Class C Notes, the Class D Notes and the Class E Notes respectively; while any interest on Class C Notes is still outstanding, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of interest in respect of the Class D Notes and the Class E Notes respectively; and while any interest on Class D Notes is still outstanding, the Class E Noteholders shall not be entitled to any repayment of interest in respect of the Class E Notes.

- (b) Principal

Subject to Conditions 5(b), 5(c), 5(d), 5(e), 9 and 10, if a Specified Event of Default has occurred and is continuing, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, respectively. Subject to Conditions 5(b) and 5(c), if a Specified Event of Default has occurred and is continuing: (i) while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders will not be entitled to any repayment of principal in respect of the Class C Notes, the Class D Notes and the Class E Notes, respectively; (ii) while any Class C Notes are outstanding, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class D Notes or the Class E Notes, respectively; and (iii) while any Class D Notes are outstanding, the Class E Noteholders shall not be entitled to any repayment of principal in respect of the Class E Notes.

16. Privity of Contract

The Notes do not confer any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Note Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law, other than the Standard Securities and the Assignations of Rent which are governed by, and construed in accordance with Scottish law and the Mortgages of Shares and the Subordinated Funding Agreement which are governed by, and construed in accordance with Gibraltar Law.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and 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 and so should be treated with appropriate caution. It does not necessarily apply where the income is deemed for tax purposes to be the income of another person. 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 a tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest

While the Notes continue to be listed on a recognised stock exchange within the meaning of section 841 Income and Corporation Taxes Act 1988, payments of interest may be made without withholding or deduction for or on account of income tax. The London Stock Exchange is a recognised Stock Exchange for these purposes. Under an Inland Revenue published practice, securities will be treated as listed on the London Stock Exchange if they are admitted to the Official List by the United Kingdom Listing Authority and are admitted to trading on the London Stock Exchange.

Persons in the United Kingdom paying interest to or receiving interest on behalf of another person who is an individual may be required to provide certain information to the United Kingdom Inland Revenue regarding the identity of the payee or person entitled to the interest and, in certain circumstances, such information may be exchanged with tax authorities in other countries.

If the Notes cease to be listed interest will generally be paid under deduction of income tax at the lower rate (currently 20 per cent) 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 any applicable double taxation treaty.

The interest has a United Kingdom source and accordingly may be chargeable to United Kingdom tax by direct assessment. Where the interest is paid without withholding or deduction, the interest will not be assessed to United Kingdom tax in the hands of holders of the Notes who are not resident in the United Kingdom, except where the holder carries on a trade, profession or vocation through a branch or agency, or in the case of a corporate holder, a permanent establishment in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the United Kingdom branch or agency or permanent establishment.

If interest were paid under deduction of United Kingdom income tax (for example, if the Notes lost their listing), 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 in an applicable double taxation treaty.

Accrued Income Scheme

For the purposes of provisions known as the “**Accrued Income Scheme**”, a transfer of a Note by a Noteholder resident or ordinarily resident in the United Kingdom or a Noteholder who carries on a trade in the United Kingdom through a branch or agency to which the Note is attributable, may give rise to a charge to United Kingdom tax on income in respect of an amount treated, under the Accrued Income Scheme, as

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representing interest accrued on the Note at the time of transfer. For further information in this regard, Noteholders should seek their own professional advice.

Taxation of Capital Gains

The Notes are “qualifying corporate bonds” with the result that on the disposal of the Notes neither chargeable gains nor allowable losses will arise for the purpose of the taxation of capital gains.

United Kingdom Corporation Tax Payers

Noteholders within the charge to United Kingdom corporation tax (including non-resident Noteholders whose Notes are used, held or acquired for the purposes of a trade, profession or vocation carried on in the United Kingdom through a permanent establishment) will be subject to tax as income on all profits and gains from the Notes (including foreign exchange gains and losses) broadly in accordance with their statutory accounting treatment. Such Noteholders will generally be charged in each accounting period by reference to interest and any profit or loss which is applicable to that period provided that, for accounting periods beginning before 1 January 2005, such Noteholders account for the Notes in accordance with an authorised accounting method and, for accounting periods beginning on or after 1 January 2005, such Noteholders’ accounts are prepared in accordance with generally accepted accounting practice (whether UK Generally Accepted Accounting Practice or International Financial Reporting Standards).

Stamp Duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on transfer by delivery of the Notes.

EU Savings Directive

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 member states of the European Union will be required from a date not earlier than 1 July 2005 to provide to the tax authorities of another member state of the European Union details of payments of interest or other similar income paid by a person to or for the benefit of an individual in that other member state of the European Union, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period in relation to such payments unless during such period they elect otherwise.

SUBSCRIPTION AND SALE

ABN AMRO Bank N.V. London Branch (the “**Manager**”), pursuant to a subscription agreement dated 8 December 2004 (the “**Subscription Agreement**”), between the Manager and the Issuer, agreed subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of their principal amount, the Class B Notes at 100 per cent. of their principal amount, the Class C Notes at 100 per cent. of their principal amount, the Class D Notes at 100 per cent. of their principal amount and the Class E Notes at 100 per cent. of their principal amount.

The Issuer has agreed to reimburse the Manager for certain of its 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 Manager in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Manager against certain liabilities in connection with the offer and sale of the Notes.

United States of America

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act (“**Regulation S**”).

The Notes 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 this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

The Manager has agreed that, except as permitted by the Subscription Agreement it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer 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.

In addition, until 40 days after the commencement of the offering of the Notes, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Manager has further represented, warranted and agreed that:

- (a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of the Notes to listing in accordance with Part VI of the Financial Services and Markets Act 2000 (the “**FSMA**”), 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 businesses 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 or the FSMA;
- (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

SUBSCRIPTION AND SALE

Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Except for admission of the Notes to the Official List of the UK Listing Authority and admission to trade on the London Stock Exchange, and delivery of this document to the Registrar of Companies in London, 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.

The Manager has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

Attention is drawn to the information set out under “Important Notice”.

GENERAL INFORMATION

- (1) The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 7 December 2004.
- (2) It is expected that admission of the Notes to the Official List of the UK Listing Authority and the admission to trade on the London Stock Exchange will be granted on or about the Closing Date, 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. Prior to the official listing, however, dealings in the Notes will be permitted by the London Stock Exchange in accordance with its rules.
- (3) The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A.....	020745576	XS0207455766
Class B.....	020745720	XS0207457200
Class C.....	020745789	XS0207457895
Class D.....	020745886	XS0207458869
Class E.....	020745908	XS0207459081

- (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 London Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Principal Paying Agent in London. 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. No member of the Group is, nor has it been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Group is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Group'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) Save as disclosed herein, since 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. Save as disclosed herein, since the date of its incorporation, there has been: (i) no material adverse change in the financial position or prospects of any member of the Group and (ii) no significant change in the trading or financial position of any member of the Group.
- (8) Copies of the following documents may be inspected during usual business hours on any weekday (excluding Saturdays, Sundays, and public holidays) at the specified offices of the Principal Paying Agent at 82 Bishopsgate, London EC2N 4BN and at the registered office of the Issuer during the period of 14 days from the date of this document:
 - (a) the memorandum and articles of association of the Issuer and each member of the Group;

GENERAL INFORMATION

- (b) the balance sheet of the Issuer as at 8 December 2004 and the auditors reports thereon;
 - (c) accountants report on each member of the Group;
 - (d) the Subscription Agreement referred to in paragraph 6 above;
 - (e) drafts (subject to modification) of the following documents:
 - (i) the Note Trust Deed;
 - (ii) the Deed of Charge and Assignment;
 - (iii) the Security Deed;
 - (iv) Mortgages of Shares;
 - (v) Standard Securities;
 - (vi) Assignations of Rent;
 - (vii) the Servicing and Intercreditor Deed;
 - (viii) the Subordination Deed;
 - (ix) the Subordinated Funding Arrangement;
 - (x) the Subordinated Floating Charge Deed;
 - (xi) the Loan Agreement;
 - (xii) the Cash Management Agreement;
 - (xiii) the Corporate Services Agreement;
 - (xiv) the Liquidity Facility Agreement;
 - (xv) the Borrower Swap Transaction;
 - (xvi) the Interest Rate Cap;
 - (xvii) the Post-Enforcement Call Option Agreement;
 - (xviii) the Agency Agreement; and
 - (xix) the Master Definitions Schedule; and
 - (f) the valuation report provided by Colliers Conrad Ritblat Erdman and referred to in the section of this Offering Circular entitled “The Mortgaged Properties”.
- (9) KPMG Audit Plc, accountants of the Issuer, have given and not withdrawn their written consent to the issue of this Offering Circular with the inclusion of their report and references to their name in the form and context in which they are included and have authorised the contents of that part of this Offering Circular for the purposes of Regulations 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.
- (10) Harold Everett Wreford, accountants of the Borrower and the Property Owners, have given and not withdrawn their written consent to the issue of this Offering Circular with the inclusion of their reports and references to their name in the form and context in which they are included and have authorised the contents of that part of this Offering Circular for the purposes of Regulations 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.

GENERAL INFORMATION

- (11) Colliers Conrad Ritblat Erdman, the Valuers, have given and not withdrawn their written consent to the issue of this Offering Circular with the inclusion of their report and certain information supplied by them and references to their views, opinions and names in the form and context in which they are included and have authorised the content of that part of this Offering Circular, in each case for the purposes of Regulation 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.
- (12) Mayfield Services Limited, the Managing Agent, have given and not withdrawn their consent to the issue of the Offering Circular with the inclusion of references to their names in the form and context in which they are included and have authorised the content of those parts of the Offering Circular, in each case for the purpose of Regulation 6(1)(e) of the Financial Services and Markets Act 2000 (Official Listing of Securities) Regulations 2001.

**APPENDIX 1
VALUATION REPORT**

Your ref

Our Ref WV0004110.doc

Date 8 December 2004

ABN AMRO Bank N.V. London Branch
250 Bishopsgate
LONDON
EC2M 4AA

ABN AMRO Trustees Limited
250 Bishopsgate
LONDON
EC2M 4AA

Quick Star PLC

Lennar Partners United Kingdom
Claywood Holdings Limited

Berry Mews Limited
Horizon Hills Limited
Sea Meadow Limited
Birchleigh Limited
Lodge Forest Limited
Anex Properties Limited
Vine Park Limited

Kelstow Investments Limited

Direct Line 020 7344 6791
Direct Fax 020 7344 6539
Mobile 07721 892947
asargent@collierscre.co.uk

Dear Sirs

**ABERDEEN – RUBISLAW, MARATHON AND SEAFIELD HOUSES, HILL OF RUBISLAW,
ANDERSON DRIVE
EDINBURGH – ARGYLE HOUSE, LADY LAWSON STREET
LONDON EC4 – SHERBORNE HOUSE, 119-121 CANNON STREET
LONDON SE1 – FRIARS BRIDGE COURT, BLACKFRIARS ROAD
LONDON SE1 – NEW CITY COURT, 20 ST THOMAS STREET**

In accordance with your instructions, we have inspected the above seven properties and have made such enquiries as we deem necessary and relevant in order to provide you with our opinion of the current Market Value of the properties for the purposes of inclusion in an Offering Circular (the ‘**Offering Circular**’) to be published in connection with an issue of bonds by the Issuer and the making of a secured loan by the Issuer to the Borrower.

The effective date of the valuation (the ‘**Valuation Date**’) is 8 December 2004.

This valuation report has been prepared in accordance with the current edition of the Appraisal and Valuation Standards issued by the Royal Institution of Chartered Surveyors (the ‘**RICS**’).

We confirm that we are Independent Valuers and that the valuation has been undertaken by suitably qualified persons in accordance with the requirements of the RICS Appraisal and Valuation Standards.

BASIS OF VALUATION

The valuation has been carried out on the basis of Market Value, which is defined in the RICS Appraisal and Valuation Standards as:

APPENDIX 1 - VALUATION REPORT

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

The rental valuations have been carried out on the basis of Market Rent, which is defined as follows:

“The estimated amount for which a property, or space within a property, should lease (let) on the date of valuation between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction after proper marketing wherein the parties had acted knowledgeably, prudently and without compulsion”.

DESCRIPTION

The properties comprise seven office properties which are held as investments. Further details in respect of each of the properties are set out in the attached appendices.

The floor areas have been arrived at in accordance with the current edition of the Code of Measuring Practice issued by the RICS.

INSPECTIONS

We have carried out detailed internal inspections of the properties. The inspections took place on 25th and 26th May 2004.

ASSUMPTIONS AND SOURCES OF INFORMATION

Title

We have been provided with copies of Certificates of Title which have been prepared by Fladgate Fielder in the case of the properties in England and Leslie Wolfson & Co in the case of the properties in Scotland.

We understand that all of the properties are of freehold or feuhold (the Scottish equivalent of freehold) tenure with the exception of the three properties in Aberdeen, which are each held on a ground lease, the terms of which are set out in the attached schedule.

We have not inspected the title deeds, but we have examined copies of the head-leases relating to the properties in Aberdeen. With the exception of matters disclosed to us in the Certificates of Title, we have assumed that there are no unusual, onerous or restrictive covenants in the titles which are likely to affect the values. We have not made any formal searches or enquiries in respect of the properties and are, therefore, unable to accept responsibility in this connection.

Tenancies and Outgoings

The properties are subject to a number of occupational leases. We have been provided with copies of sample leases in respect of each property, but we have primarily relied upon the lease summary reports contained within the Certificates of Title. We note that the leases are generally in a form which would be regarded as being institutionally acceptable. In particular, the rents are to be reviewed on an upwards only basis and the tenants undertake full repairing liabilities, either directly or by means of a service charge, with the exception of three leases referred to in the attached appendices.

The net annual rents receivable for each property are set out in the attached appendices.

APPENDIX 1 - VALUATION REPORT

Planning

We have been provided with copies of the relevant planning permissions in respect of the properties and have made appropriate verbal enquiries of the relevant local planning authorities.

Licences and Consents

We have assumed that all consents, licences and permissions including, inter alia, fire certificates, enabling the properties to be put to their current uses have been obtained and that there are no outstanding works or conditions required by lessors or statutory, local or other competent authorities.

Condition and Deleterious Materials

We have not carried out building surveys, or tested any of the drainage or service installations, as this was outside the scope of our instructions. However, we have been provided with copies of building surveys that were prepared by other firms at the time of acquisition in December 2002 and we have had regard to these reports and the general condition of the properties evident from our inspections. We have assumed that no materials have been used in the construction or subsequent alteration of the properties which are deleterious, hazardous or likely to cause structural defects.

Our valuation does not take account of any rights, obligations or liabilities, whether prospective or accrued, under the Defective Premises Act 1972 and assumes that the properties comply with current Health & Safety and Disability legislation.

Environmental Matters

We have not carried out environmental audits, neither have we carried out any soil, geological or other tests or surveys in order to ascertain the site conditions or other environmental conditions of the properties. We have, however, been provided with copies of site investigation reports which were prepared by specialist firms at the time of acquisition in December 2002. With the exception of matters disclosed to us, we have assumed that there are no unusual ground conditions, contamination, pollutants or other substances which may be environmentally harmful.

Costs of Realisation

In arriving at our valuation, no allowance has been made for any costs that would be incurred on a sale of the properties, any liability for tax which may arise in the event of disposal, or for the existence of any mortgage or similar financial encumbrance over the properties. We have, however, deducted purchaser's costs, as is normal for investment properties.

VALUATION

We are of the opinion that the aggregate Market Value of the properties, as at the Valuation Date, subject to the existing lettings is £247,350,000 (two hundred and forty-seven million, three hundred and fifty thousand pounds). The individual property valuations are set out in the attached appendices.

The apportionment according to tenure is as follows:

Freehold/feuhold properties	£163,350,000
Long leasehold properties	<u>£ 84,000,000</u>
	<u>£247,350,000</u>

APPENDIX 1 - VALUATION REPORT

VALUATION ASSUMING VACANT POSSESSION

We are of the opinion that the aggregate Market Value of the properties, as at the Valuation Date, subject to the special assumption of vacant possession throughout, is £171,850,000 (one hundred and seventy-one million, eight hundred and fifty thousand pounds). The individual valuations are set out in the attached appendices.

DISCLOSURE

Colliers Conrad Ritblat Erdman has not carried out valuations for ABN AMRO Bank N.V. or Fordgate Group previously. The total fee income received from ABN AMRO Bank N.V. or Fordgate Group is substantially less than 5% of the total fee income of Colliers Conrad Ritblat Erdman.

Neither the whole nor any part of this Valuation Report or any reference thereto may be included in any published document, circular or statement nor be published in any way without our previous written approval of the form and context in which it may appear.

Yours faithfully

**A N Sargent BSc (Hons) FRICS
Director
for Colliers Conrad Ritblat Erdman
9 Marylebone Lane
London W1U 1HL**

APPENDIX 1 - VALUATION REPORT

RUBISLAW, HOUSE, HILL OF RUBISLAW, ANDERSON DRIVE, ABERDEEN

SITUATION

The property is located about two miles to the west of Aberdeen city centre, adjacent to the A90, which forms the city's inner ring road. It lies within a business park setting and is surrounded by high class residential areas. Hill of Rubislaw is generally regarded as the best 'out of town' office location in Aberdeen.

DESCRIPTION

The property comprises a self-contained office building with 91,660 sq ft (8,515 sq m) of accommodation. The building was constructed about 25 years ago, but has been subject to recent refurbishments to Grade A standard. The tenant is currently carrying out a further refurbishment and extension of the building. The building is set in landscaped grounds that include 260 car parking spaces.

TENURE

Leasehold - held on a ground lease which expires in 2987 at a fixed rent of £1 per annum. The head-lessee has an option to purchase the feuhold interest in 2012 at a cost of £1.

LETTINGS

The entire property is let on a full repairing and insuring lease to Conoco Philips (UK) Ltd until 31st December 2009. There is one remaining rent review on 1st January 2005.

NET CURRENT INCOME

£1,558,220 per annum (one million, five hundred and fifty-eight thousand, two hundred and twenty pounds).

MARKET RENT

£1,558,220 per annum (one million, five hundred and fifth-eight thousand, two hundred and twenty pounds)

MARKET VALUE

£19,800,000 (nineteen million, eight hundred thousand pounds)

MARKET VALUE WITH VACANT POSSESSION

£13,750,000 (thirteen million, seven hundred and fifty thousand pounds)

APPENDIX 1 - VALUATION REPORT

SEAFIELD HOUSE, HILL OF RUBISLAW ANDERSON DRIVE, ABERDEEN

SITUATION

The property is located about two miles to the west of Aberdeen city centre, adjacent to the A90, which forms the city's inner ring road. It lies within a business park setting and is surrounded by high class residential areas. Hill of Rubislaw is generally regarded as the best "out of town" office location in Aberdeen.

DESCRIPTION

The property comprises a self-contained office building with 197,028 sq ft (18,305 sq m) of accommodation. The building was constructed about 20 years ago, but has been subject to recent refurbishments to Grade A standard. The building is set in landscaped grounds that include 825 car parking spaces.

TENURE

Leasehold - held on a ground lease which expires in 2987 at a fixed rent of £1 per annum. The head-lessee has an option to purchase the feuhold interest in 2012 at cost of £1.

LETTINGS

The property is fully let with four leases and a licence. Two of the leases are effectively on a full repairing and insuring basis, and the other two leases provide that the landlord is responsible for external repairs. However, we understand that, in practice, there is full recovery of the landlord's costs. The leases expire or are subject to tenant's options to determine between February 2005 and November 2010.

NET CURRENT INCOME

£3,667,542 per annum (three million, six hundred and sixty-seven thousand, five hundred and forty-two pounds).

MARKET RENT

£3,645,000 per annum (three million, six hundred and forty-five thousand pounds).

MARKET VALUE

£44,850,000 (forty-four million, eight hundred and fifty thousand pounds).

MARKET VALUE WITH VACANT POSSESSION

£32,500,000 (thirty-two million, five hundred thousand pounds).

APPENDIX 1 - VALUATION REPORT

MARATHON HOUSE, HILL OF RUBISLAW, ANDERSON DRIVE, ABERDEEN

SITUATION

The property is located about two miles to the west of Aberdeen city centre, adjacent to the A90, which forms the city's inner ring road. It lies within a business park setting and is surrounded by high class residential areas. Hill of Rubislaw is generally regarded as the best "out of town" office location in Aberdeen.

DESCRIPTION

The property comprises a self-contained office building with 95,916 sq ft (8,911 sq m) of accommodation which was constructed about 22 years ago. The building is set in landscaped grounds that include 215 car parking spaces.

TENURE

Leasehold - held on a ground lease which expires in 2987 at a fixed rent of £1 per annum. The head-lessee has an option to purchase the freehold interest in 2012 at a cost of £1.

LETTINGS

The entire property is let on two full repairing and insuring leases to Marathon International Petroleum (GB) Ltd (guaranteed by Marathon Oil Company) until 25th March 2007. There is an outstanding rent review, as at 25th March 2002, which has been referred to arbitration.

NET CURRENT INCOME

£1,677,000 per annum (one million, six hundred and seventy-seven thousand pounds).

MARKET RENT

£1,677,000 per annum (one million, six hundred and seventy-seven thousand pounds).

MARKET VALUE

£19,350,000 (nineteen million, three hundred and fifty thousand pounds).

MARKET VALUE WITH VACANT POSSESSION

£14,000,000 (fourteen million pounds).

ARGYLE HOUSE, LADY LAWSON STREET, EDINBURGH, SCOTLAND

SITUATION

The property is located in Edinburgh city centre, immediately to the south of Edinburgh Castle and one third of a mile south of Princes Street. The property lies in a mixed use area which has become more established as an office location in recent years, but would also be suitable for a residential or hotel development if the building ceased to be used for office purposes.

DESCRIPTION

The property comprises an office building which is partly five storeys and partly 11 storeys in height, comprising 225,280 sq ft (20,929 sq m) of accommodation, together with 170 car parking spaces. The building was constructed in 1969, but has been refurbished at various times by the tenant. The building is constructed to a good specification, including central heating, double glazing, raised floors (to most areas) and suspended ceilings. It has good car parking facilities for a city centre office building.

TENURE

Feuhold (Scottish equivalent of freehold).

LETTING

The entire property is let to the Government until May 2033. There is one remaining rent review in May 2012 to 75% of the increase in rental value, having regard to tenant's improvements. The landlord is liable for some structural repairs and replacement of plant and machinery, but has entered into a Facilities Management Agreement with a third party to undertake these obligations at a cost of £154,200 per annum (RPI linked).

NET CURRENT INCOME

£2,220,800 per annum (two million, two hundred and twenty thousand, eight hundred pounds).

MARKET RENT

£3,220,000 per annum (three million, two hundred and twenty thousand pounds).

MARKET VALUE

£46,850,000 (forty-six million, eight hundred and fifty thousand pounds).

MARKET VALUE WITH VACANT POSSESSION

£32,400,000 (thirty-two million, four hundred thousand pounds).

APPENDIX 1 - VALUATION REPORT

SHERBORNE HOUSE, 119 – 121 CANNON STREET, LONDON, EC4

SITUATION

The property is located in the City of London, 60 yards to the east of Cannon Street station and 200 yards south of Bank London Underground station. It lies within a predominantly office area, with retail frontages at ground floor level.

DESCRIPTION

The property comprises an office building of approximately 54,870 sq ft (5,098 sq m) of office accommodation, together with two shops. It was constructed about 20 years ago and the offices are finished to a good specification, including air conditioning and raised floors.

TENURE

Freehold

LETTINGS

The property is currently let on six leases, all of which expire in 2009. The leases are effectively on a full repairing and insuring basis, by means of a service charge. The basement, lower ground, ground and first floors of the office section were vacated on 28th September 2004.

NET CURRENT INCOME

£2,015,335 per annum (two million, fifteen thousand, three hundred and thirty-five pounds).

MARKET RENT

£1,722,500 per annum (one million, seven hundred and twenty-two thousand, five hundred pounds).

MARKET VALUE

£27,500,000 (twenty-seven million, five hundred thousand pounds).

MARKET VALUE WITH VACANT POSSESSION

£21,000,000 (twenty-one million pounds).

FRIARS BRIDGE COURT, BLACKFRIARS ROAD, LONDON SE1

SITUATION

The property is located in Southwark, about 200 yards south of Blackfriars Bridge and 50 yards to the north of Southwark London Underground station. The property lies in a mixed commercial and residential area, which has continued to improve as an office location and the area is subject to several significant proposed developments.

The property lies within an area which is currently exempt from Stamp Duty Land Tax.

DESCRIPTION

The property comprises an office building of approximately 96,100 sq ft (8,928 sq m) of accommodation and 11 car parking spaces. It was constructed about 13 years ago and is of a good specification, including air conditioning and raised floors.

TENURE

Freehold

LETTINGS

The entire property is let on a full repairing and insuring lease to BRB (Residuary) Ltd until March 2011. There is one further rent review in March 2006.

There are a number of sub-leases, with occupiers including Network Rail, South-West Trains, South-East Trains, Thameslink and British Transport Police.

NET CURRENT INCOME

£3,500,000 per annum (three million, five hundred thousand pounds).

MARKET RENT

£2,800,000 per annum (two million, eight hundred thousand pounds).

MARKET VALUE

£51,000,000 (fifty-one million pounds).

MARKET VALUE WITH VACANT POSSESSION

£31,500,000 (thirty-one million, five hundred thousand pounds).

NEW CITY COURT, 20 ST THOMAS STREET, LONDON SE1

SITUATION

The property is located in Southwark, about 200 yards south of London Bridge station and 500 yards south of the City of London. It lies in a mixed commercial and residential area, which has continued to improve as an office location and is subject to several significant proposed developments, including London Bridge Tower, which is proposed to be Europe's tallest building.

The property lies within an area which is currently exempt from Stamp Duty Land Tax.

DESCRIPTION

The property comprises an office building of 95,425 sq ft (8,865 sq m) of accommodation and 14 car parking spaces. The majority of the building was constructed about 20 years ago, although it incorporates a Georgian section. The building is generally finished to a good specification, although only the first and second floors have raised floors.

TENURE

Freehold

LETTINGS

The property is fully let, with the exception of part of the first floor, with eight leases. The leases are effectively on a full repairing and insuring basis, by means of a service charge. The vacant section of the first floor is 'under offer'. The majority (82.5%) of the income expires in 2011, with 13.4% expiring within the next four years.

NET CURRENT INCOME

£2,593,240 per annum (two million, five hundred and ninety-three thousand, two hundred and forty pounds).

MARKET RENT

£2,372,900 per annum (two million, three hundred and seventy-two thousand, nine hundred pounds).

MARKET VALUE

£38,000,000 (thirty-eight million pounds).

MARKET VALUE WITH VACANT POSSESSION

£26,700,000 (twenty-six million, seven hundred thousand pounds).

APPENDIX 2
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REGISTERED AND HEAD OFFICE OF THE ISSUER

QUICK STAR PLC

42-46 High Street
Esher
Surrey KT10 9QY

NOTE TRUSTEE, BORROWER SECURITY TRUSTEE AND ISSUER SECURITY TRUSTEE

ABN AMRO Trustees Limited

82 Bishopsgate
London EC2N 4BN

SPECIAL SERVICER AND OPERATING ADVISER

Lennar Partners United Kingdom Limited

40 Marsh Wall,
Canary Wharf
London E14 9TP

LEGAL ADVISERS

To the Manager, the Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee and the Cash Manager as to English law

Linklaters
One Silk Street
London EC2Y 8HQ

To the Manager, the Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee and the Cash Manager as to Gibraltar Law

Isola and Isola
Suite 23, Portland House
Glacis Road
Gibraltar

To the Manager, the Note Trustee, the Borrower Security Trustee, the Issuer Security Trustee and the Cash Manager as to Scottish Law

Maclay Murray & Spens
3 Glenfinlas Street
Edinburgh EH3 6AU
Scotland

To the Issuer, the Borrower and the Property Owners as to English Law

Fladgate Fielder Solicitors
25 North Row
London W1K 6DJ

To the Issuer, the Borrower and the Property Owners as to Gibraltar Law

Hassans
57/63 Line Wall Road
PO Box 199
Gibraltar

To the Issuer, the Borrower and the Property Owners as to Scottish Law

Leslie Wolfson Solicitors
Waterloo Chambers
19 Waterloo Street
Glasgow G2 6BQ

To the Controlling Lender and the Special Servicer as to English Law:

Cadwalader, Wickersham & Taft LLP
265 Strand
London WC2R 1BH

PRINCIPAL PAYING AGENT AND AGENT BANK

ABN AMRO Bank N.V. London Branch

250 Bishopsgate
London EC2M 4AA

ACCOUNTANTS TO THE ISSUER

KPMG Audit Plc
1 Canada Square
London E14 5AG

VALUERS

Colliers Conrad Ritblat Erdman
9 Marylebone Lane
London W1U 1HL

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QUICK STAR PLC

**£118,000,000 Class A Commercial Mortgage
Backed Floating Rate Notes due July 2011**

**£19,000,000 Class B Commercial Mortgage
Backed Floating Rate Notes due July 2011**

**£19,000,000 Class C Commercial Mortgage
Backed Floating Rate Notes due July 2011**

**£24,000,000 Class D Commercial Mortgage
Backed Floating Rate Notes due July 2011**

**£13,650,000 Class E Commercial Mortgage
Backed Floating Rate Notes due July 2011**

OFFERING CIRCULAR

ABN AMRO

Linklaters Business Services
One Silk Street
London EC2Y 8HQ

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