

IMPORTANT NOTICE

NOT FOR DISTRIBUTION TO ANY U.S PERSON OR TO ANY PERSON OR ADDRESS IN THE U.S.

You must read the following disclaimer before continuing.

The following applies to the Prospectus following this page (the **Prospectus**), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications thereto at any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE, REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR TO ANY U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS PROSPECTUS IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: In order to be eligible to view this Prospectus or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting the e-mail and accessing this Prospectus, you shall be deemed to have represented to us that you are not a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of the Prospectus by electronic transmission.

You are reminded that this Prospectus has been delivered to you on the basis that you are a person into whose possession this Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Prospectus to any other person.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall this Prospectus constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. Recipients of this Prospectus who intend to subscribe for or purchase the Notes are reminded that any subscription or purchase may only be made on the basis of the information contained in the final Prospectus. This Prospectus may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply to the Issuer.

This Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of Barclays Bank PLC nor any person who controls any of the same nor any director, officer, employee or agent thereof or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format and the hard copy version available to you on request from Barclays Bank PLC.

The date of this Prospectus is 10 November 2006

GEMINI (ECLIPSE 2006-3) PLC

(incorporated with limited liability in England and Wales with registration number 5960771)

£918,862,000 Commercial Mortgage Backed Floating Rate Notes due 2019

GEMINI (ECLIPSE 2006-3) PLC (the **Issuer**) will issue the £615,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class A Notes**), the £30,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class B Notes**), the £110,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class C Notes**), the £88,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class D Notes**) and the £75,862,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2019 (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**) on 14 November 2006 (or such later date as the Issuer may agree with Barclays Bank PLC (the **Arranger**) and Barclays Bank PLC (the **Lead Manager**) (the **Closing Date**)).

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

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

Anticipated Ratings

Class	Initial Principal Amount	Margin (per cent. p.a.)	Anticipated Ratings			Estimated Average Life ¹	Expected Maturity Date ¹	Final Maturity Date	Issue Price
			Fitch	Moody's	S&P				
Class A	£615,000,000	0.23	AAA	Aaa	AAA	9.7 years	July 2016	July 2019	100%
Class B	£30,000,000	0.28	AAA	Aa3	AAA	9.7 years	July 2016	July 2019	100%
Class C	£110,000,000	0.42	AA	N/R	AA	9.7 years	July 2016	July 2019	100%
Class D	£88,000,000	0.63	A	N/R	A	9.7 years	July 2016	July 2019	100%
Class E	£75,862,000	0.95	BBB	N/R	BBB	9.7 years	July 2016	July 2019	100%

¹ Based on 0 per cent. CPR and the further assumptions set out in "Estimated Average Lives of the Notes and Assumptions" at page 183, to which investors should refer.

Interest on the Notes will be payable quarterly in arrear in pounds sterling on the 25th day of January, April, July and October in each calendar year (subject to adjustment for non-Business Days as described herein) (each, an **Interest Payment Date**). The first Interest Payment Date will be the Interest Payment Date falling in January 2007. The interest rate applicable to each Class of Notes from time to time will be determined by reference to the London Interbank Offered Rate for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of 2 month and 3 month sterling deposits) (**LIBOR**), as further defined in **Condition 5.3 (Rates of Interest)** plus the relevant Margin. Each Margin will be as set out in the table above.

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

All Notes will be secured by the same security, subject to the priorities described in this Prospectus. Notes of each Class will rank *pari passu* with, and without priority among, other Notes of the same Class. Unless previously redeemed in full, the Notes of each Class will mature on the Interest Payment Date falling in July 2019 (the **Final Maturity Date**). The Notes will be subject to mandatory redemption before such date in the specific circumstances and subject to the conditions more fully set out under "Transaction Summary - Principal features of the Notes". The Principal Amount Outstanding of the then outstanding most junior class of Notes may be written down on any Interest Payment Date following an Adjusted Loan Principal Loss in accordance with **Condition 6.9 (Principal Amount Outstanding and Write-Downs)**.

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

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or any state securities laws, and are subject to U.S. tax law requirements. The Notes are being offered by the Issuer only to persons who are not U.S. Persons (as defined in Regulation S under the Securities Act (**Regulation S**)) in offshore transactions in reliance on Regulation S and in accordance with applicable laws. Subject to certain exceptions, the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

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

For further information and a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes see "Risk Factors" at page 33.

Arranger, Lead Manager and Sole Bookrunner

BARCLAYS CAPITAL

Co-Managers

Danske Bank

JPMorgan

The date of this Prospectus is 10 November 2006

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

The Issuer (as **Responsible Person** for the purposes of the Prospectus Directive) accepts responsibility for all information contained in this Prospectus. To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

No person is or has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, any Obligor (or any companies in the same group of companies as, or affiliated to, any Obligor), the Finance Parties (other than the Issuer), the Arranger, the Lead Manager, the Seller, the Master Servicer, the Special Servicer, the Trustee, the Cash Manager, the Liquidity Facility Provider, Options Holder, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Basis Swap Provider or the Account Bank or any of their respective affiliates or advisers. Neither the delivery of this Prospectus nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer, any of the Obligors (or any companies in the same group of companies as, or affiliated to, any of the Obligors) or in any of the information contained herein since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

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

Other than the approval by the IFSRA of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions.

For further information, on certain restrictions on offers and sales of the Notes and distribution of this Prospectus see "*Subscription and Sale*" at page 221.

This Prospectus does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Lead Manager or any of them to subscribe for or purchase any of the Notes.

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

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

TABLE OF CONTENTS

PRINCIPAL CHARACTERISTICS OF THE NOTES.....	5
TRANSACTION SUMMARY	6
TRANSACTION STRUCTURE DIAGRAM.....	9
BORROWER STRUCTURE DIAGRAMS	10
KEY TRANSACTION PARTIES.....	13
RELEVANT DATES AND PERIODS	16
KEY CHARACTERISTICS OF THE LOAN AND THE PORTFOLIO.....	17
PRINCIPAL FEATURES OF THE NOTES.....	24
RISK FACTORS	33
THE ISSUER.....	63
THE OPTIONS HOLDER	65
THE LOAN AND THE LOAN SECURITY	66
DESCRIPTION OF THE LOAN AND PROPERTIES	101
TRANSACTION DOCUMENTS	142
CASHFLOWS	159
SERVICING.....	165
SELLER/BASIS SWAP PROVIDER	175
LIQUIDITY FACILITY PROVIDER.....	177
ACCOUNT BANK.....	178
CASH MANAGEMENT.....	179
ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS.....	183
USE OF PROCEEDS	187
TERMS AND CONDITIONS OF THE NOTES	188
TAXATION OF THE NOTES	220
SUBSCRIPTION AND SALE	221
GENERAL INFORMATION.....	225
INDEX OF DEFINED TERMS	227

PRINCIPAL CHARACTERISTICS OF THE NOTES

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

Notes	Class A	Class B	Class C	Class D	Class E
Initial Principal Amount	£615,000,000	£30,000,000	£110,000,000	£88,000,000	£75,862,000
Issue price	100%	100%	100%	100%	100%
Interest Rate	LIBOR + 0.23 % per annum	LIBOR + 0.28 % per annum	LIBOR + 0.42 % per annum	LIBOR + 0.63% per annum	LIBOR + 0.95% per annum
Expected Maturity Date ¹	July 2016	July 2016	July 2016	July 2016	July 2016
Final Maturity Date	July 2019	July 2019	July 2019	July 2019	July 2019
Estimated average life ¹	9.7 years	9.7 years	9.7 years	9.7 years	9.7 years
Day count	Actual/365				
Business day convention/Business Days	Modified following / London, Dublin business days				
Interest Payment Dates	Quarterly on 25 th day of January, April, July and October				
Form of Notes	Bearer				
Denomination ²	£50,000 but tradable in nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof				
Clearing system	Euroclear and Clearstream, Luxembourg				
Credit enhancement (provided by other Classes of Notes subordinated to the relevant Class)	Subordination of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes	Subordination of the Class C Notes, the Class D Notes and the Class E Notes	Subordination of the Class D Notes and the Class E Notes	Subordination of the Class E Notes	No Subordination
Listing	Irish Stock Exchange				
ISIN	X50273575107	X50273576289	X50273576446	X50273576792	X50273576958
Common Code	27357610	27357628	27357644	27357679	27357695
Expected rating – Fitch	AAA	AAA	AA	A	BBB
Expected rating - Moody's	Aaa	Aa3	N/R	N/R	N/R
Expected rating - S&P	AAA	AAA	A	A	BBB

¹ Based on 0% CPR and the further assumptions set out in "Estimated Average Lives of the Notes and Assumptions" at page 183, to which investors should refer.

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

TRANSACTION SUMMARY

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

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

- (a) the Loan;
- (b) the Seller's interests as beneficiary of the security trust (the **Security Trust**) created over the various security interests granted in respect of the Loan (the **Related Security**); and
- (c) the rights of the Seller as lender under the Finance Documents, including, without limitation, the credit agreement pursuant to which the Loan was made (the **Credit Agreement**).

The Issuer will use receipts of principal, interest and certain other amounts arising in respect of the Loan, together with certain other funds available to it, to make payments of interest on and repayments of principal in respect of the Notes, as well as certain other payments.

The Propinvest Loan (the **Loan**) is made to 31 limited partnerships (each a **Limited Partnership** and together, the **Limited Partnerships**), each of which is constituted in Guernsey (each a **Borrower** and together, the **Borrowers**), acting by its general partners, Thistle Investments Limited (the **First General Partner**), Palace Investments Limited (the **Second General Partner**), and, in the case of one Borrower, Eagle GP1 Limited (the **Third General Partner**) and Eagle GP2 Limited (the **Fourth General Partner** and, together with the Third General Partner, the Second General Partner and the First General Partner, the **General Partners** and each, a **General Partner**). Each of the Borrowers under the terms of the Credit Agreement, is liable for its obligations and, by virtue of a guarantee and indemnity under the Credit Agreement, the obligations of each of the other Borrowers in respect of the Loan. As used in this Prospectus, the term "Loan" connotes the debts owed by the Borrowers under the Finance Documents.

In addition to their obligations in respect of the Loan, the Borrowers will have certain other financial obligations. These include their obligations in relation to a junior loan (the **Junior Loan**) to a junior lender (the **Junior Lender** and together with the Lender, the **Lenders**) under a credit agreement (the **Junior Credit Agreement**) and their obligations in relation to an interest rate hedging agreement in relation to the Loan (the **Senior Interest Rate Hedging Agreement**) and an interest rate hedging agreement in relation to the Junior Loan (the **Junior Interest Rate Hedging Agreement** and together with the Senior Interest Rate Hedging Agreement, the **Hedging Agreements**).

As at 2 October 2006 (the **Cut-Off Date**), the Loan had an aggregate outstanding principal balance of £918,862,500. The Credit Agreement provides for the Borrowers to pay a floating rate of interest in respect of the Loan. The Loan is denominated in sterling and constitutes a full recourse obligation of the Borrowers. The Related Security is granted by the Borrowers themselves or by one or more entities related to the Borrowers, including, without limitation, the General Partners themselves and the limited partners of each Limited Partnership (each a **Limited Partner** and together, the **Limited**

Partners) which owns the relevant secured asset (each entity granting the Related Security, a **Chargor** and, together with the Borrowers, the **Obligors** and each an **Obligor**).

As at the Cut-Off Date, there were a total of 36 commercial properties constituting security for the Loan (each a **Property** and together, the **Properties** or the **Portfolio**, as applicable), each Property being legally owned by the relevant General Partners.

The Related Security is held on trust by Barclays Capital Mortgage Servicing Limited in its capacity as Security Trustee on behalf of the Finance Parties (which, after the Closing Date, will include the Issuer, as described below). The Security Trustee will, pursuant to the terms of the Servicing Agreement, delegate its duties and discretions to the Master Servicer and the Special Servicer and accordingly, the Master Servicer or the Special Servicer, as applicable, may, upon the occurrence of a Loan Event of Default (subject to the terms of the Credit Agreement and the documents constituting the Related Security), take enforcement action in relation to the Related Security in accordance with the terms of the Servicing Agreement and the Intercreditor Agreement.

All but one of the Properties are substantially occupied by tenants (the **Tenants**), in the majority of cases under occupational leases (each an **Occupational Lease** and together, the **Occupational Leases**). Under the terms of the Occupational Leases, the Tenants are required to make periodic rental payments in respect of their occupation of the Properties. The terms of the Credit Agreement require that the Borrowers establish, among other bank accounts, a rent account (a **Rent Account** and, together with the other bank accounts of the Borrowers required under the terms of the Credit Agreement, the **Borrower Accounts** and each a **Borrower Account**) into which rental income payable by the Tenants are to be deposited, net of certain permissible deductions.

Following the acquisition of the Loan by the Issuer pursuant to the Loan Sale Documents, on or shortly after each payment date under the Credit Agreement (each a **Loan Interest Payment Date** and together, the **Loan Interest Payment Dates**), the Master Servicer will, as agent for the Issuer or the Security Trustee, transfer, to the extent funds are available for such purpose, all amounts then due to the Issuer under the Credit Agreement (such amounts, collectively, the **Collections**) from the relevant Borrower Accounts directly or indirectly, as the case may be, to a specified account with the Account Bank in the name of the Issuer (the **Transaction Account**).

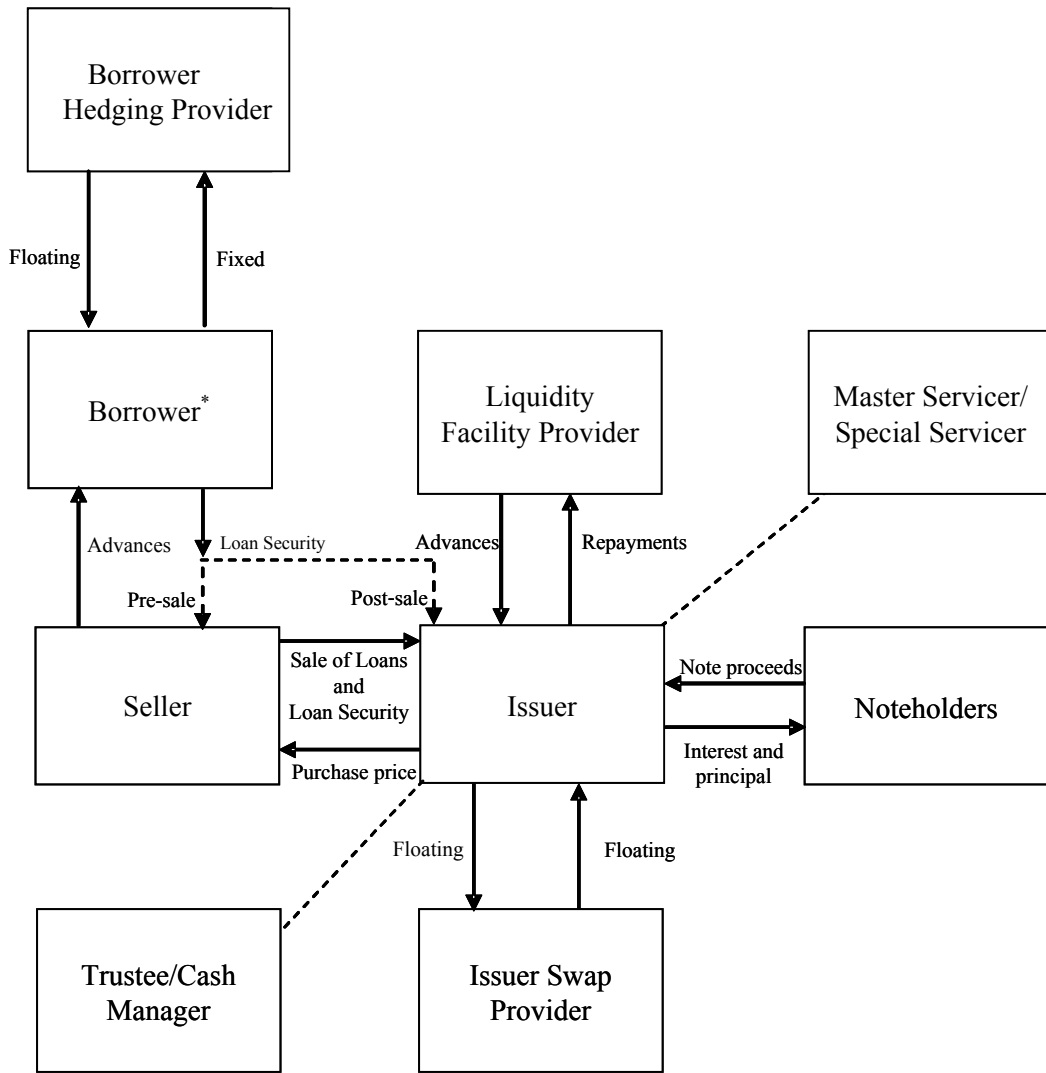
Prior to each Calculation Date, the Master Servicer will identify both the amount of Collections and the extent to which such Collections represent payments in respect of principal, payments in respect of interest, Prepayment Fees, Break Costs, costs and other amounts. The Cash Manager on behalf of the Issuer will on each Interest Payment Date, after payment of those obligations of the Issuer having a higher priority under the relevant Priority of Payments, apply the Collections (other than certain specified amounts) and other amounts that may then be available to the Issuer in payment of, among other things, interest and principal due in respect of the Notes.

The interest periods for which LIBOR is calculated in respect of the Loan are not the same as the interest periods for which LIBOR is calculated in respect of the Notes and with a view to protecting the Issuer against the consequences of any mismatch in LIBOR in respect of the relevant interest periods (the **Basis Risk**), the Issuer will enter into a basis swap transaction in respect of the Loan with the Basis Swap Provider (the **Basis Swap Transaction**). In addition, the income received by the Borrowers in respect of the Properties does not change to reflect changes in the prevailing rate of interest while their obligations to pay interest in respect of the Loan is determined on the basis of a floating rate. In order to protect the Issuer against the consequences of increases in the floating rate of interest payable by the Borrowers in respect of the Loan (the **Interest Rate Risk**), the First General Partner entered into the Senior Interest Rate Hedging Transaction pursuant to the Senior Interest Rate Hedging Agreement with the Senior Interest Rate Hedging Provider on or about the date of the Credit Agreement. The obligations of the First General Partner under the Senior Interest Rate Hedging Agreement are guaranteed, under the Credit Agreement, by each Borrower and each other General Partner.

As security for its obligations in relation to, among other things, the Notes, the Issuer will grant fixed and floating security interests over all its assets and undertaking (which comprises, primarily, its rights in respect of the Loan and the Related Security) in favour of the Trustee under the Issuer Deed of Charge and any security created by or pursuant to any Scots law governed documents in relation to the Scottish assets assigned by the Seller to the Issuer and by the Issuer to the Trustee, such security interests constituting the **Issuer Security**. The Trustee will hold the benefit of this security on trust for itself, the Noteholders and the other Issuer Secured Creditors pursuant to the Issuer Deed of Charge and the Trust Deed. The priority of the claims of the Issuer Secured Creditors will be subject to the relevant Priority of Payments, which are set out in the Cash Management Agreement.

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

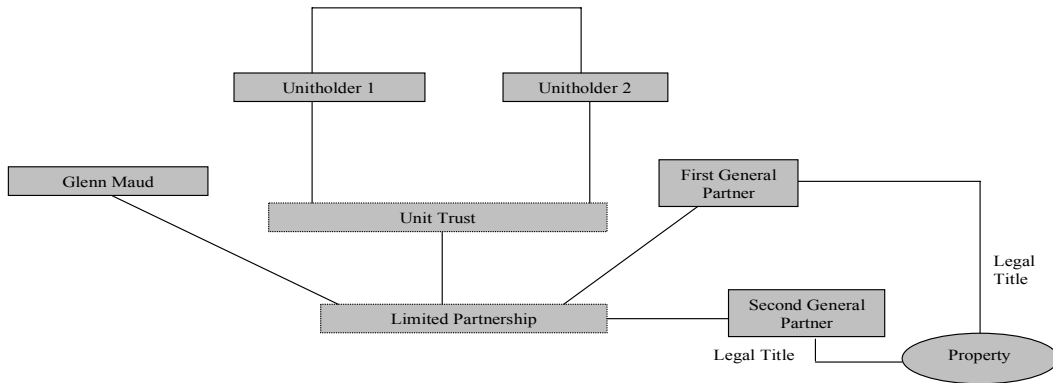
TRANSACTION STRUCTURE DIAGRAM



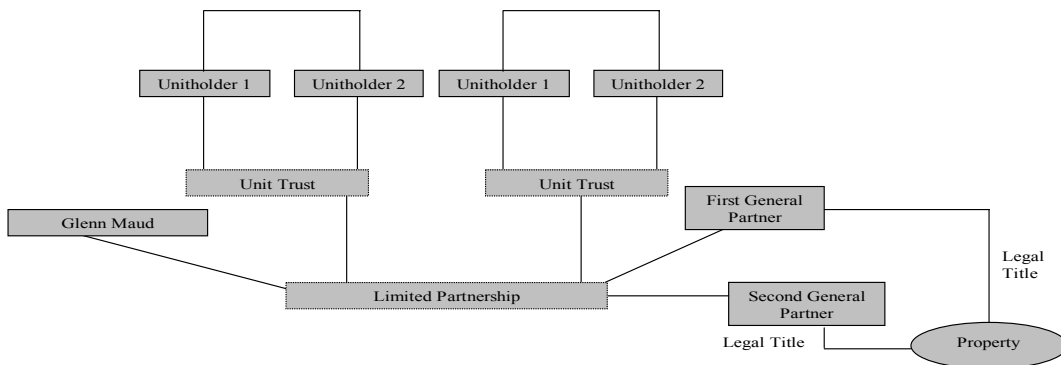
* Borrower represented by their respective General Partners. See "*Borrower Structure Diagrams*" for the different Borrower structures used.

BORROWER STRUCTURE DIAGRAMS

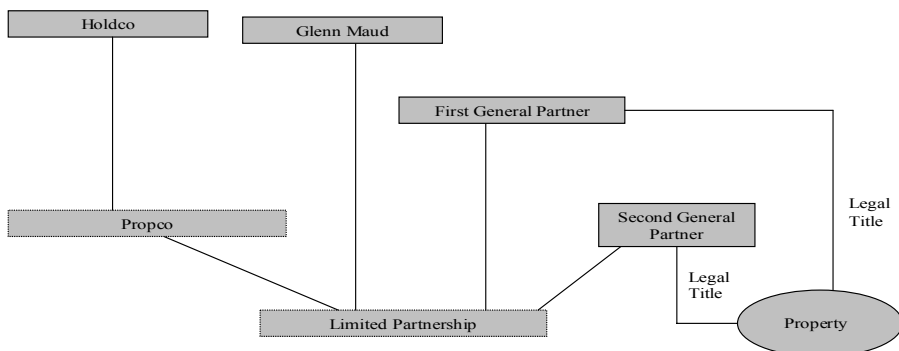
Borrower Ownership Structure A



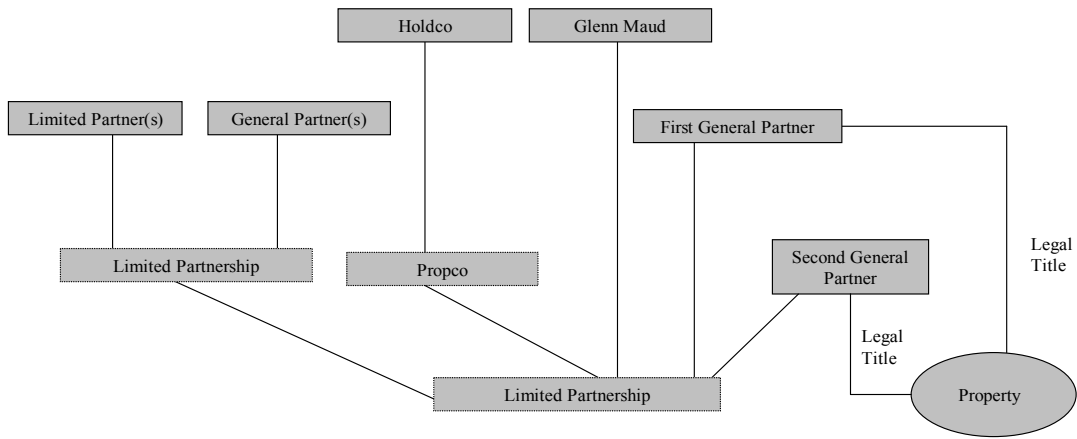
Borrower Ownership Structure B



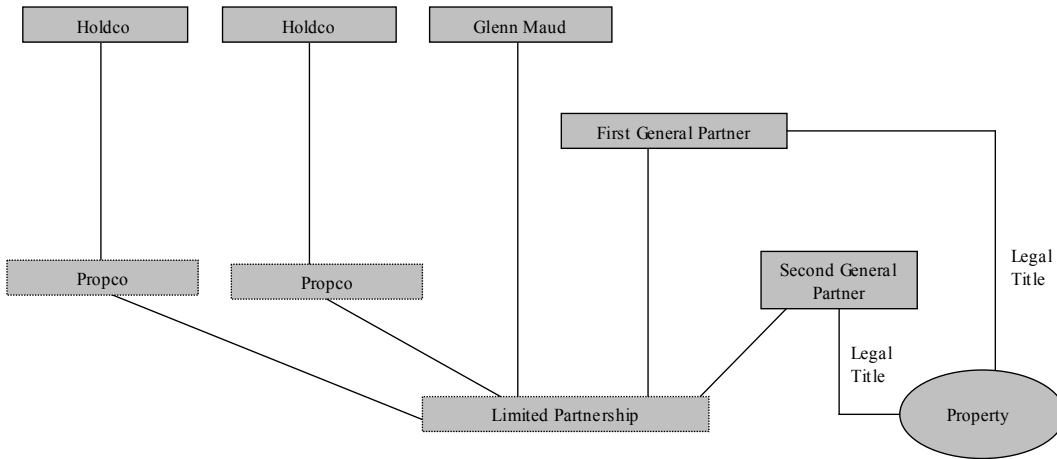
Borrower Ownership Structure C



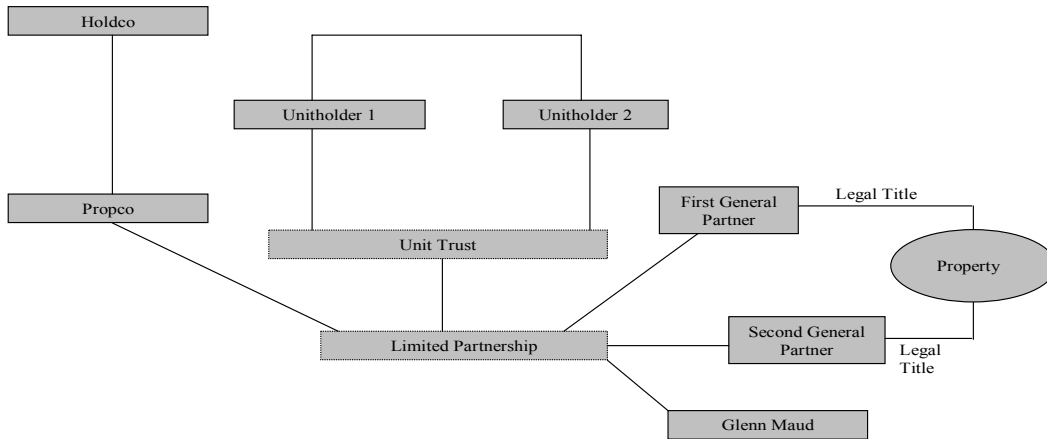
Borrower Ownership Structure D



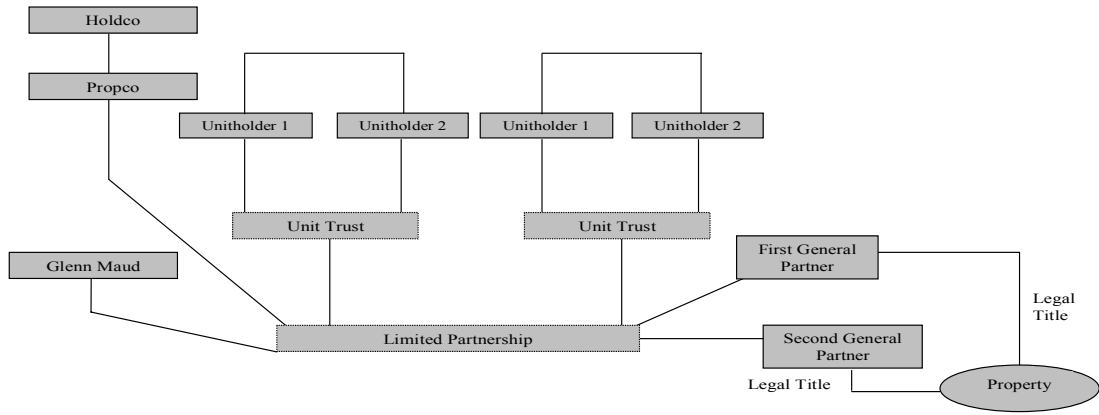
Borrower Ownership Structure E



Borrower Ownership Structure F



Borrower Ownership Structure G



KEY TRANSACTION PARTIES

Issuer: GEMINI (ECLIPSE 2006-3) plc is a public company incorporated in England and Wales with limited liability. The Issuer's company registration number is 5960771 and its registered office is at 35 Great St. Helen's, London EC3A 6AP.

The entire issued share capital of the Issuer is held by or on behalf of SFM Corporate Services Limited on trust for charitable purposes.

Seller: Barclays Bank PLC (in this capacity, the **Seller**).

The Seller is a public company incorporated in England and Wales with limited liability under registered number 1026167. Its registered office is at 1 Churchill Place, London E14 5HP.

Security Trustee and Facility Agent: Barclays Capital Mortgage Servicing Limited, as trustee under the terms of the Security Documents (in this capacity, the **Security Trustee**), holds all the Related Security granted by the Obligor in respect of the Loan on trust for, among others, the Finance Parties and the Senior Interest Rate Hedging Provider.

In addition to its obligations as Security Trustee, Barclays Capital Mortgage Servicing Limited will also act as agent to the Lenders under the terms of the Credit Agreement (in this capacity, the **Facility Agent**).

Barclays Capital Mortgage Servicing Limited is a private company incorporated in England and Wales with limited liability under registered number 5309552. Its registered office is at 1 Churchill Place, London E14 5HP.

Trustee: BNY Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL (the **Trustee**) will be appointed pursuant to a trust deed to be entered into on or about the Closing Date by the Issuer and the Trustee (the **Trust Deed**) to represent the interests of the holders of the Notes.

In addition to its obligations under the Trust Deed, the Trustee will be appointed to hold the security granted or created, as the case may be, under the deed of charge and assignment to be entered into on or about the Closing Date by, among others, the Issuer and the Trustee (the **Issuer Deed of Charge**) and any security created by or pursuant to any Scots law governed documents in relation to the Scottish assets assigned by the Seller to the Issuer (the **Scottish Trust Assignment**) and assigned by the Issuer to the Trustee (the **Scottish Trust Security**), such security constituting the Issuer Security. The Issuer Security will be held by the Trustee on behalf of itself and any receiver or other appointee of the Trustee, the Noteholders, the Master Servicer, the Special Servicer, the Seller, the Corporate Services Provider, the Account Bank, the Cash Manager, the Basis Swap Provider, the Liquidity Facility Provider, the Agent Bank, the Principal Paying Agent, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement and any other creditor

acceding to the Issuer Deed of Charge from time to time (together, the **Issuer Secured Creditors**). The Trustee will be entitled to enforce the security granted or created, as the case may be, in its favour under the Issuer Deed of Charge and in accordance with its terms for the benefit of the Issuer Secured Creditors.

Principal Paying Agent and Agent Bank: The Bank of New York, acting through its branch at One Canada Square, London E14 5AL will be appointed to act as principal paying agent and agent bank under the Agency Agreement (in these capacities, the **Principal Paying Agent** and the **Agent Bank**, respectively) dated on or about the Closing Date between, among others, the Issuer, the Principal Paying Agent and the Agent Bank.

Irish Paying Agent: AIB/BNT Fund Management Limited, acting through its branch at Guild House, Guild Street, IFSC, Dublin 1, Ireland will be appointed to act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent** and together with the Principal Paying Agent and any other paying agent or paying agents which may be appointed pursuant to the Agency Agreement, the **Paying Agents**).

Options Holder: ECLIPSE Options Limited (the **Options Holder**) is a private company with limited liability incorporated in England and Wales. The Options Holder's company registration number is 5371756 and its registered office is 35 Great St. Helen's, London EC3A 6AP.

The Options Holder will agree to act as holder of the Post-Enforcement Call Option granted in respect of the Notes under the Call Option Agreement. The entire issued share capital of the Options Holder is held by SFM Corporate Services Limited on trust for charitable purposes.

Account Bank: The Bank of New York, acting through its branch at One Canada Square, London E14 5AL will act as account bank for the Issuer under the Bank Account Agreement (in this capacity, the **Account Bank**) dated on or about the Closing Date between, among others, the Issuer, the Cash Manager and the Account Bank.

Liquidity Facility Provider: Danske Bank A/S, London Branch (the **Liquidity Facility Provider**), acting through its office at 75 King William Street, London EC4N 7DT will make the Liquidity Facility available to the Issuer under the Liquidity Facility Agreement dated on or about the Closing Date.

Corporate Services Provider: Structured Finance Management Limited (the **Corporate Services Provider**) will provide certain corporate administration and secretarial services to the Issuer under the Corporate Services Agreement dated on or about the Closing Date. The Corporate Services Provider also provides certain corporate administration and secretarial services to the Options Holder under the Options Holder Corporate Services Agreement dated 22 March 2005.

Share Trustee: SFM Corporate Services Limited (the **Share Trustee**) holds its interest in the shares of the Issuer on trust for charitable purposes under the terms of a trust deed dated 17 October 2006 (the **2006-3 Share Trust Deed**). The Share Trustee also holds its interest in the shares of the Options Holder on trust for charitable purposes under the terms of a

separate trust deed dated 23 February 2005 (the **Options Share Trust Deed**).

Master Servicer and Special Servicer:

Barclays Capital Mortgage Servicing Limited, acting through its offices at 1 Churchill Place, London E14 5HP, will be appointed pursuant to the terms of the Servicing Agreement, dated on or about the Closing Date, to carry out certain servicing and special servicing functions on behalf of the Issuer and the Security Trustee in connection with the Loan and the Related Security (in these capacities, the **Master Servicer** and the **Special Servicer** respectively, and each, as the context requires, the **Relevant Servicer**).

Operating Adviser:

The Controlling Creditor will have the right to appoint and remove an adviser (the **Operating Adviser**) with respect to the Loan. The Operating Adviser will, among other things, have the right to provide advice with respect to certain material actions relating to the Loan which the Master Servicer or Special Servicer may take under the Servicing Agreement.

Cash Manager:

The Bank of New York, acting through its office at One Canada Square, London E14 5AL (in this capacity, the **Cash Manager**) will provide certain cash management services to the Issuer under the Cash Management Agreement to be dated on or about the Closing Date and entered into between the Issuer and the Cash Manager, among others.

Basis Swap Provider:

Barclays Bank PLC (in this capacity, the **Basis Swap Provider**) will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association, Inc. (**ISDA**) 1992 Master Agreement (Multicurrency-Cross Border) to be dated on or prior to the Closing Date (the **Basis Swap Agreement**) with the Issuer. The Issuer and the Basis Swap Provider will enter into the Basis Swap Transaction pursuant to the Basis Swap Agreement.

Finance Parties:

The **Finance Parties** under the Credit Agreement include the lender from time to time under the Credit Agreement (each, a **Lender**), the Facility Agent and the Security Trustee and any other entities designated as such under the terms of the Credit Agreement. The term **Finance Parties** will, for the avoidance of doubt, include the Issuer following the sale of the Loan to the Issuer on the Closing Date.

RELEVANT DATES AND PERIODS

Cut-Off Date: The Cut-Off Date is 2 October 2006. The Cut-Off Date is the date on which much of the information relating to the Loan, the Related Security and the Properties set out in this Prospectus is presented.

Closing Date: The Notes will be issued on or about 14 November 2006 or such later date as the Issuer may agree with the Lead Manager and the Arranger (the **Closing Date**).

Loan Interest Payment Date: The Credit Agreement provides that payment of quarterly instalments of interest in respect of the Loan are due on the 17th day of January, April, July and October in each calendar year. If, however, any such day is not a London Business Day, payments will be made on the next London Business Day in that calendar month (if there is one) or the preceding London Business Day (if there is not). Each such date is a Loan Interest Payment Date.

London Business Day as used in this Prospectus means any day, other than a Saturday or Sunday, on which banks are open for general business in London.

Loan Interest Period: Interest accrues on the Loan for the period from and including a Loan Interest Payment Date up to but excluding the next following Loan Interest Payment Date (each such period, a **Loan Interest Period**).

Calculation Date: Three London Business Days prior to each Interest Payment Date (each such day, a **Calculation Date**) the Cash Manager will, based on information relating to Collections received from the Master Servicer, perform calculations in respect of the immediately preceding Collection Period or, as applicable, the Loan Interest Period and the payments to be made to, among others, the holders of the Notes (the **Noteholders**) in accordance with the relevant Priority of Payments on the next following Interest Payment Date.

Collection Period: Amounts available for payment on the Notes on any Interest Payment Date will depend on the Collections received during the related Collection Period, the payments received with respect to the Basis Swap Agreement for the applicable Interest Period, the Loan Income Deficiency Drawings and any other Liquidity Drawings relating to such Interest Payment Date and any other amount then standing to the credit of the Transaction Account.

Each **Collection Period** will, in relation to an Interest Payment Date:

- (a) start from (and include) the second preceding Calculation Date (or in the case of the first Collection Period, the Closing Date); and
- (b) end on (but exclude) the immediately preceding Calculation Date.

KEY CHARACTERISTICS OF THE LOAN AND THE PORTFOLIO

The Loan:

The Loan constitutes a full recourse obligation of the Borrowers and is secured by, among other things, a first ranking mortgage or charge over all of the interests of the Borrowers or the Chargors, as applicable, in the Properties or, a standard security over each of the Scottish Properties and first ranking security over, among other things, the Leases, insurance policies, hedging arrangements, bank accounts and rental income arising in respect of the Properties in each case belonging to the Obligors. The Credit Agreement contains certain representations and warranties given by the Borrowers and (as applicable) the General Partners in relation to, among other things, the Loan, the Properties and the Related Security.

Properties:

The Portfolio comprises 36 Properties of which 31 are located in England, one is located in Wales and four are located in Scotland (the **Scottish Properties**). 13 Properties, representing 58.7 per cent. of the Portfolio by value are retail properties, 11 Properties, representing 20.8 per cent. of the Portfolio by value are office properties, three Properties, representing 5.5 per cent. of the Portfolio by value are industrial properties, two Properties, representing 7.0 per cent. of the Portfolio by value are warehouse properties, five Properties, representing 5.1 per cent. of the Portfolio by value are leisure properties and two Properties representing 2.8 per cent. of the Portfolio by value are mixed use properties.

The Loan was originated by Barclays Bank PLC on 4 August 2006. In connection with the origination of the Loan, Barclays Bank PLC ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making a loan secured on commercial properties of the type similar to the Properties, so as to evaluate the Borrowers' ability to service their obligations in respect of the Loan and in order to assess the overall quality of the Portfolio.

For further information, on the diligence undertaken in respect of the Loan, see "*The Loan and the Loan Security – Diligence in connection with the Loan*" at page 68.

The following is a summary of certain characteristics of the Loan as at the Cut-Off Date (the Maturity LTV assumes the valuation amount):

Cut-Off Date Principal Balance Outstanding	Cut-Off Date ICR (%)	Cut-Off Date LTV (%)	Maturity LTV (%)	Remaining Estimated Term to Maturity
£918,862,500	131	74.4	74.4	9.8

Save for certain limited exceptions, the Occupational Leases relating to the Properties, are "fully repairing and insuring leases" (**FRI Leases**) under the terms of which substantially all of the economic liabilities arising in relation to the upkeep and operation of the Properties are borne by the individual Tenant, including the costs of repairing, maintaining and insuring the relevant Property or relevant

part thereof (or where an Occupational Lease does not include the structure of the building, the Tenant pays a proportionate share of the landlords cost of repairing and maintaining the structure and common areas). However, certain of the Leases are not FRI Leases and this may limit the relevant Obligor's ability to recover certain costs from the Tenant notwithstanding a corresponding repair or maintenance obligation on its part.

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

Valuation (£) of Properties as at Date of Valuation	Net Rent (£ p.a.)	Estimated Net Rental Value (ERV) (£ p.a.)	Yield (Net Rent over Valuation) (per cent.)	Net Internal Area (sq.ft)
£1,235,435,000	£63,809,070	£65,298,728	5.16	4,180,967

As at the Drawdown Date, £19,793,413 was deposited into the Escrow Rental Account to cover fixed rental uplifts, market rent reviews and current vacancies in respect of the Portfolio for a prescribed period of at least 18 months, which is equivalent to an aggregate passing rent of approximately £10,109,064 per annum as at the Cut-Off Date. These amounts have been ascribed to certain Properties to supplement the rental income otherwise generated by such Properties (the **Escrow Rent**).

Valuation:

In relation to the Loan, as a condition precedent to making an advance to the Borrowers, the Seller obtained independent valuations in respect of the Properties (each, a **Valuation** and together, the **Valuations**). In this Prospectus, the term **Valuer** means the valuer in respect of each Valuation, as applicable. Valuations covering all the Properties were undertaken either by King Sturge or CB Richard Ellis and each Valuer has confirmed the Valuations of the Properties in respect of which it did not itself undertake the relevant Valuation. Upon completion of this process, each Valuer issued Valuations for all the Properties.

The Security Trustee may request a single valuation at the cost of the Borrower at any time within any calendar year and at any time when a Loan Event of Default is outstanding. Additional valuations in respect of the Properties may be requested by the Lender at their own cost at any time in accordance with the terms of the Credit Agreement.

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

Related Security:

In relation to the obligations owed under the Finance Documents, the Obligors have entered into various documents creating the Related Security (each a **Security Document** and together, the **Security Documents**). Pursuant to the Security Documents, the Obligors have created, among other things:

- (a) a mortgage or charge over the relevant Properties or a standard security over the Scottish Properties;
- (b) a security interest over each of the Borrower Accounts;
- (c) a security interest in the shares, units or ownership interests, as applicable in each Obligor; and
- (d) a security interest in the rights of the Borrowers under the Senior Interest Rate Hedging Agreement, the Occupational Leases (including without limitation the rights to rent), the Insurance Policies and the Management Agreement.

Save to the extent otherwise stated in this Prospectus, each of the Security Interests is first ranking and fully perfected.

In addition, the Limited Partnerships, each acting by the General Partners, have entered into an intercreditor agreement (the **Intercreditor Agreement**) pursuant to which, among other things, the rights of the Junior Lender in respect of the Junior Loan are subordinated to the rights of the Lender in respect of the Loan and a duty of care agreement (the **Duty of Care Agreement**) in relation to the management of the Properties by the Property Manager pursuant to the Management Agreement. For further information about the Intercreditor Agreement, see "*Intercreditor Agreement*" at page 97.

Interest rates:

The Loan bears a floating rate of interest in accordance with the Credit Agreement. As the income received by the Borrowers in respect of the Properties does not change to reflect changes in the prevailing rates of interest, the First General Partner entered into an interest rate hedging transaction (the **Senior Interest Rate Hedging Transaction**) with Barclays Bank PLC (in such capacity, the **Senior Interest Rate Hedging Provider**), in order to mitigate the risk of increases in the floating rate of interest and the effects that this would have on the ability of the Borrowers to continue to pay interest in respect of the Loan. The Senior Interest Rate Hedging Transaction has been entered into pursuant to the Senior Interest Rate Hedging Agreement.

Repayment:

To the extent not prepaid earlier, the principal amount outstanding in respect of the Loan is repayable in full on the final maturity date prescribed under the Credit Agreement, being 17 July 2016 (the **Loan Maturity Date**).

However, if such day is not a London Business Day, the Loan Maturity Date will instead be the preceding London Business Day.

Voluntary prepayment:

The Loan may be voluntarily prepaid by the Borrowers in whole or in part (but if in part, in a minimum amount and integral multiples of £250,000) on any Loan Interest Payment Date, upon giving a minimum of 10 London Business Days' prior notice to the Facility Agent. Amounts so prepaid may not be redrawn.

- Mandatory prepayment:** Prepayment of the Loan in whole or in part, must or (as described in paragraph (c) below) may be made in certain circumstances, including the following:
- (a) if the Lender notifies the Borrowers that it is unlawful in any jurisdiction for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the Loan;
 - (b) on the occurrence of a change of ownership of any Obligor;
 - (c) if the Borrowers are or will be required to withhold or deduct any amount in respect of tax or pay any increased costs to the Lender under the Credit Agreement; or
 - (d) on the sale or disposal of a Property or Properties except, in certain cases where the proceeds have been or are to be invested in one or more substitute properties as provided for in the Credit Agreement.

Prepayment by the Borrowers will, subject to certain exceptions, require the payment of certain fees (**Prepayment Fees**) and certain other amounts including Break Costs.

Further advances: The Issuer is not required or entitled to make any further advance of principal to any Borrower under the terms of the Credit Agreement. Additionally, neither the Master Servicer nor the Special Servicer is permitted under the Servicing Agreement to agree to an amendment of the terms of a Credit Agreement that would require the Issuer to make a further advance of principal to any Borrower without, among other things, confirmation from the Rating Agencies that the same would not have a material adverse effect on the then current ratings of the Notes.

However, the Credit Agreement permits the Lender to pay sums due from the Borrowers to third parties if the Borrowers fail to do so (**Cure Advances**). A Cure Advance may be funded on behalf of the Issuer by the Master Servicer or Special Servicer in accordance with the terms of the Servicing Agreement. The Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer will pay the proceeds of the advance to the relevant third parties as permitted under the terms of the Credit Agreement and the Servicing Agreement. In the event that a Cure Advance is made, the amounts owed by the Borrowers in respect of the Loan shall, in accordance with the terms of the Credit Agreement, be increased by that amount.

Senior Interest Rate Hedging Transaction: The First General Partner (acting as a principal) has entered into the Senior Interest Rate Hedging Agreement with the Senior Interest Rate Hedging Provider in order to mitigate the Interest Rate Risk. The Senior Interest Rate Hedging Transaction is undertaken pursuant to the Senior Interest Rate Hedging Agreement.

Insurance: The Borrowers have undertaken, under the Credit Agreement, to maintain insurance in respect of the Properties on a full reinstatement value basis, including not less than three years loss of rent on all

Occupational Leases together with insurance against acts of terrorism and to procure that the Security Trustee is named as co-insured on all Insurance Policies. The Security Trustee will hold the security interests granted in respect of the Insurance Policies for the Issuer pursuant to the Security Trust.

All insurances required under the Credit Agreement must be with an insurance company or underwriter that has a long-term unsecured debt instrument rating of at least A- by Fitch, A3 by Moodys or A- by S&P, be in an amount and form acceptable to the Facility Agent and be with an insurance company or underwriter that is acceptable to the Lender (an **Acceptable Insurance Counterparty**).

Representations and warranties:

The Loan Sale Agreement will contain certain representations and warranties given by the Seller in respect of the Loan and the Related Security (each a **Loan Warranty** and together, the **Loan Warranties**).

In the event of a Material Breach of Loan Warranty by the Seller with respect to the Loan or the Related Security, which is not capable of remedy or (if capable of remedy) is not remedied within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer or the Trustee or such longer period as may be agreed by the Trustee, the Seller will (provided no enforcement of the security interests has already been taken in respect of the Related Security) be required to repurchase the Loan, the Related Security and the beneficial interest in the Security Trust.

The consideration for such repurchase will be an amount equal to the principal balance of the Loan then outstanding or, if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date, the consideration payable will be the higher of:

- (a) the outstanding principal balance of the Loan as at such date; and
- (b) the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer in respect of the Loan,

plus in all cases any accrued but unpaid interest thereon up to and including the date of repurchase or, if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date, together with any reasonable costs and expenses incurred by the Issuer in respect of the Loan as a direct result of the Material Breach of Loan Warranty, or which have become irrecoverable as a result of it (including, without limitation, any Basis Swap Break Costs and any amounts advanced by or on behalf of the Issuer in respect of the Loan as a Cure Advance, to the extent such amounts have not been capitalised as outstanding principal of the Loan or otherwise recovered from the Borrowers).

Any repurchase of the Loan will result in the redemption of the Notes in accordance with **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 202.

Finance Documents:

As used in this Prospectus, **Finance Documents** includes:

- (a) the Credit Agreement;
- (b) each Security Document;
- (c) the Intercreditor Agreement;
- (d) the Senior Interest Rate Hedging Agreement;
- (e) a Transfer Certificate;
- (f) any Duty of Care Agreement;
- (g) any letter entered into by the Finance Parties pursuant to the Credit Agreement setting out the amount of certain fees;
- (h) any letter entered into by the Finance Parties pursuant to the Credit Agreement setting out the amount of the margin applicable to the Loan; and
- (i) any other document designated as such by the Facility Agent and the Borrowers.

Security Documents:

As used in this Prospectus, **Security Documents** includes:

- (a) each security agreement between the Borrowers or the General Partners, as the case may be, and the Security Trustee (each, a **Security Agreement**);
- (b) each assignment of Rental Income by the relevant Obligor;
- (c) each security agreement between the unitholders and the Security Trustee pursuant to which security is granted over the units in a unit trust held by the unitholders;
- (d) each security agreement pursuant to which security interests are granted by a General Partner or a Limited Partner over all of its interests in a Borrower;
- (e) each security agreement pursuant to which security interests over the shares of a Limited Partner are granted in favour of the Security Trustee;
- (f) each security agreement pursuant to which security interests are granted over the issued share capital of the General Partners in favour of the Security Trustee;
- (g) each standard security granted by an Obligor over a Scottish Property;

- (h) any other document evidencing or creating security over any asset of any Obligor to secure any obligation of the Borrowers to a Finance Party under the Finance Documents; and
- (i) any other document designated as such by the Facility Agent and the Borrowers.

For further information on the Related Security, see "*The Loan and the Loan Security*" at page 66.

PRINCIPAL FEATURES OF THE NOTES

Notes:

The Notes will comprise:

- (a) £615,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2019;
- (b) £30,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2019;
- (c) £110,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2019;
- (d) £88,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2019; and
- (e) £75,862,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2019.

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

Status and priority:

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

Notwithstanding the order of priorities, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be entitled to receive distribution of principal subject to and in accordance with **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 202.

The order in which principal received under the Loan will be applied to the Notes depends on the nature of the principal payment under the Loan. Thus:

- (a) if any amount of Collections represents release premium arising upon any disposal of a Property from the Borrowers, the amount of which is specified in the Credit Agreement (including amounts due in respect of the Junior Loan for as long as the Junior Loan is outstanding) (the **Release**

Premium), such amounts shall be applied in redemption of each Class of Notes, sequentially in accordance with their then Principal Amount Outstanding;

- (b) if any amount of Collections represents the allocated loan amount arising upon any disposal of a Property, the amount of which is specified in the Credit Agreement (excluding, for the avoidance of doubt, any amount due under the Junior Loan to the Junior Lender for as long as the Junior Loan is outstanding) (the **Senior Allocated Loan Amount**), such amounts shall be applied in redemption of each Class of Notes, *pro rata* in accordance with their then Principal Amount Outstanding;
- (c) if any amount of Collections represents the proceeds of a voluntary prepayment of principal by the Borrowers in accordance with the Credit Agreement, such amounts shall be applied in redemption of:
 - (i) **first**, the Class E Notes;
 - (ii) **second**, the Class D Notes;
 - (iii) **third**, the Class C Notes;
 - (iv) **fourth**, the Class B Notes; and
 - (v) **fifth**, the Class A Notes.

Any other principal amounts included in Collections will be applied in redemption of each Class of Notes in a sequential manner, commencing with the Class A Notes.

Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest and principal in respect of the Notes will be paid in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable, together constituting the Priority of Payments.

For further information on the distribution of principal in respect of the Notes and the Priority of Payments, see "*Cashflows*" at page 159 and **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*).

Form of the Notes:

Each Class of Notes will be issued in bearer form and will be represented by Global Notes. The Temporary Global Note and the Permanent Global Note of each Class will be held by The Bank of New York, (the **Common Depositary**), as common depositary for Euroclear and Clearstream, Luxembourg. The Notes will be issued in denominations of £50,000.

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

Ratings:

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

Class	Fitch	Moody's	S&P
Class A Notes	AAA	Aaa	AAA
Class B Notes	AAA	Aa3	AAA
Class C Notes	AA	N/R	AA
Class D Notes	A	N/R	A
Class E Notes	BBB	N/R	BBB

The ratings from the Rating Agencies address only the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal in respect of the Notes by the Final Maturity Date. The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of principal on any date prior to the Final Maturity Date.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations.

The ratings of the Notes are dependent upon, among other things, the short-term, unsecured, unsubordinated debt ratings of the Senior Interest Rate Hedging Provider, the Liquidity Facility Provider, the Basis Swap Provider and the Account Bank (all of which are required to have a minimum rating ascribed to them). A qualification, downgrade or withdrawal of any such ratings by a Rating Agency may have an adverse effect on the ratings of the Notes.

Listing:

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

Liquidity Facility:

On or before the Closing Date, the Issuer, the Trustee and the Liquidity Facility Provider, among others, will enter into an agreement (the **Liquidity Facility Agreement**) pursuant to which the Liquidity Facility Provider will make available to the Issuer a credit facility under which the Issuer can draw to fund shortfalls in amounts which are available to it to meet its obligations.

For further information on the Liquidity Facility, see "*Transaction Documents – Liquidity Facility Agreement*" at page 147.

Basis Swap Agreement:

The Basis Swap Provider will enter into the Basis Swap Agreement with the Issuer and the Trustee in order to mitigate Basis Risk. The Issuer and the Basis Swap Provider will, on the Closing Date, enter

into a swap confirmation (the **Basis Swap Confirmation**) evidencing the terms of the Basis Swap Transaction.

For further information on the Basis Swap Transaction, see "Transaction Documents – *The Basis Swap Agreement*" at page 151.

Final redemption:

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

Mandatory redemption in part:

Unless an Acceleration Notice has been served or the Notes have otherwise become due and repayable in full and to the extent that the Issuer receives principal payments in respect of the Loan (including final repayments, prepayments, proceeds of any purchase or repurchase by the Seller, the Master Servicer or the Special Servicer), the Notes will be subject to mandatory redemption in part on each Interest Payment Date in the manner described in **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds and Available Principal Recovery Funds depending on the nature of the receipt*) at page 202.

Principal receipts in respect of the Loan will be applied by the Issuer as set out in **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 202.

Redemption in whole for taxation or other reasons:

The Issuer may, subject as provided in **Condition 6.2** (*Redemption for taxation or other reasons*) at page 201, upon giving not more than 60 and not less than 30 days' notice to the Noteholders and provided that it has satisfied the Trustee that it has sufficient funds available to it for such purpose, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding, together with accrued interest and pay any other amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes, on the Interest Payment Date on or after the date on which:

- (a) the Issuer would become subject to tax on its income in more than one jurisdiction;
- (b) the Issuer or a person acting on behalf of the Issuer, would be required to make any withholding or deduction for or on account of any Taxes from any payment of principal or interest in respect of any of the Notes;
- (c) the Issuer would suffer any withholding or deduction from any payment in respect of the Loan for or on account of any Taxes;
- (d) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer to make, lend or to allow to remain outstanding all or any advances made or to be made by it under the Credit Agreement; or
- (e) a Basis Swap Tax Event occurs and:

- (i) the Issuer cannot avoid such Basis Swap Tax Event by taking reasonable measures available to it;
- (ii) the Basis Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Basis Swap Tax Event; and
- (iii) the Issuer is unable to find a replacement swap provider (the Issuer being obliged to use reasonable efforts to find a replacement swap provider to replace the Basis Swap Provider).

Redemption upon exercise of Servicer Call Option:

The Master Servicer or the Special Servicer, as applicable, may prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, subject as provided in **Condition 6.4** (*Redemption upon exercise of Servicer Call Option*) at page 206 upon:

- (a) the Master Servicer or the Special Servicer, as applicable, giving written notice to the Issuer and the Trustee; and
- (b) the Issuer giving not more than 60 and not less than 30 days' prior written notice to the Trustee and the Noteholders,

purchase the Loan on any Interest Payment Date in accordance with the terms of the Servicing Agreement and provided that the Master Servicer or the Special Servicer, as applicable, has certified to the Trustee that as a consequence of the purchase of the Loan, the Issuer will have sufficient funds available to redeem all, but not some only, of the Notes in full at their Principal Amount Outstanding together with the accrued interest on the Notes and any amounts required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank *pari passu* with, or in priority to, amounts due in respect of the Notes under the relevant Priority of Payments.

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

Pursuant to an agreement dated on or about the Closing Date (the **Call Option Agreement**) between the Trustee, the Issuer and the Options Holder, the Trustee will, on the Closing Date, grant to the Options Holder an option (the **Post-Enforcement Call Option**) to acquire all (but not some only) of the Notes for a consideration of 0.01 pence per Note outstanding following any enforcement of the Issuer Security, after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes in accordance with the Post-Acceleration Priority of Payments to pay any further amounts due in respect of the Notes.

The Noteholders will be bound by the terms of this Post-Enforcement Call Option granted to the Options Holder pursuant to the terms and conditions of the Trust Deed and by **Condition 6.5** (*Post-Enforcement Call Option*) at page 207 and the Trustee will be irrevocably authorised to enter into the Call Option Agreement with

the Options Holder for the benefit of the Noteholders.

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

Interest rates: Each Class of Notes will initially bear interest calculated as the sum of LIBOR (as defined in **Condition 5.3** (*Rates of Interest*) at page 198) plus the relevant Margin.

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

Class	Margin (% p.a.)
Class A Notes	0.23
Class B Notes	0.28
Class C Notes	0.42
Class D Notes	0.63
Class E Notes	0.95

Interest Payments: Interest will be payable on the Notes quarterly in arrear on the 25th day of January, April, July and October in each calendar year, unless the same is not a Business Day, in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (if there is not) (each, an **Interest Payment Date** and together, the **Interest Payment Dates**).

For these purposes, **Business Day** means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in London and Dublin. The Noteholders will be entitled to receive a payment of interest only in accordance with the relevant Priority of Payments.

For further information, on cashflows and payments of interest made in respect of the Notes, see "*Cashflows*" at page 159.

Deferral of Interest: Failure by the Issuer to pay interest on the Class A Notes (or the Most Senior Class of Notes which is still outstanding (as defined in the Conditions)) when due and payable (after a grace period has passed) will result in a Note Event of Default which may result in the Trustee serving an Acceleration Notice.

To the extent that funds available to the Issuer on any Interest Payment Date, after paying any interest then accrued due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Interest Payment Date but will be deferred and will only be paid, in accordance with the relevant Priority of Payments on subsequent Interest Payment Dates if and when permitted by subsequent cash flows which are available after the Issuer's higher priority liabilities pursuant to the relevant Priority of Payments have been discharged.

Any interest not paid on the Notes when due will accrue interest and will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the relevant Priority of Payments.

Interest Periods:

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

Principal Amount Outstanding and Write-Downs:

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

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

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

Issue price:

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

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

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

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

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

Withholding tax:

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

For further information on taxation in the United Kingdom see "*United Kingdom Taxation*" at page 220.

Security for the Notes:

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

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

The Issuer will grant the following security interests under or pursuant to the Issuer Deed of Charge and the Scottish Trust Security, such security constituting the Issuer Security (the **Issuer Security**):

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

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

The Issuer will assign its rights in and interests under the Scottish Trust Assignment to the Trustee (the Scottish Trust Security).

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest in respect of each Class of Notes will rank in accordance with the Pre-Acceleration Revenue Priority of Payments and payments of principal will rank in accordance with the Pre-Acceleration Principal Priority of Payments below).

If the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) shall make payments in respect of each Class of Notes in accordance with the Post-

Enforcement/Pre-Acceleration Priority of Payments. Upon the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Acceleration Priority of Payments.

For further information on the Priority of Payments, see "*Cashflows*" at page 159.

Transfer restrictions:

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

Governing law:

The Notes and the Transaction Documents (other than the documents governed by Scots law) will be governed by English law.

RISK FACTORS

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

A. Considerations relating to the Notes

Liability under the Notes

The Issuer is the only entity which has the obligation to pay any amount due in respect of the Notes.

The Notes will not be obligations or responsibilities of, nor will they be guaranteed by, any other entity, including (but not limited to) the Seller, the Finance Parties (other than the Issuer), the Arranger, the Lead Manager, the Trustee, the Share Trustee, the Options Holder, the Liquidity Facility Provider, the Basis Swap Provider, the Master Servicer, the Special Servicer, the Paying Agents, the Agent Bank, the Corporate Services Provider or the Account Bank, or by any entity affiliated to any of the foregoing. Similarly, the Borrowers and the other Obligor will have no obligation to pay any amount due in respect of the Notes.

Limited resources of the Issuer

The Notes will be full recourse obligations of the Issuer. However, the assets of the Issuer will themselves be limited to those included in the Issuer Security. The ability of the Issuer to meet its obligations in respect of the Notes will be dependent primarily upon the receipt by it of principal and interest from the Borrowers in respect of the Loan, the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement, the receipt of funds from the Basis Swap Provider under the Basis Swap Agreement and, in the event of enforcement of the Related Security, the receipt of funds under the Security Documents. Other than the foregoing and any interest earned by the Issuer in respect of amounts standing to the credit of its bank accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes.

Following an Adjusted Loan Principal Loss in relation to the Loan, the Principal Amount Outstanding of the most junior Class of Notes may, in certain circumstances, be subject to a write-down which will have effect for the purpose of determining the amounts of principal and interest which thereafter fall due for payment in accordance with the Conditions.

The Call Option Agreement

Pursuant to the terms of the Call Option Agreement, the Options Holder will have the right to purchase from Noteholders and Noteholders will be obliged to sell to the Options Holder, for the consideration of 0.01 pence per Note, all of the Notes left outstanding (plus accrued interest thereon) after the Issuer Security has been enforced by the Trustee and the Trustee has determined that the proceeds of enforcement are insufficient after payment of all other claims ranking in priority to the Notes and after the application of any such proceeds to the Notes under the Post-Acceleration Priority of Payments to pay any further principal, interest or any other amounts due in respect of the Notes.

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

Ratings of the Notes

The ratings assigned to each Class of the Notes by the Rating Agencies are based on the quality and characteristics of the Loan, the Related Security, the Portfolio and other relevant structural features of the transaction, including, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider, the Basis Swap Provider and the Account Bank. These ratings reflect only the views of the Rating Agencies.

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

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of principal on any date prior to the Final Maturity Date. There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or liquidity of the Notes of any Class.

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

Ratings confirmations

Under the Transaction Documents, the Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any Class of Noteholders, or, as the case may be, all the Noteholders, and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the other Issuer Secured Creditors. In making such a determination, the Trustee will be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Notes of the relevant Class would, or, as the case may be, would not, be adversely affected by any event, matter or thing.

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

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

Absence of secondary market; limited liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange. There is not, at present, a secondary market for the Notes. There

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

Denominations and trading

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

Availability of Liquidity Facility

Under the Liquidity Facility Agreement, the Liquidity Facility Provider will (prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) make available to the Issuer the Liquidity Facility. The Liquidity Facility committed amount will initially be £64,000,000 and will decrease to reflect decreases in the principal balance of the Loan over time but at all times will be the lower of £64,000,000 and 8 per cent. of the outstanding principal balance of the Loan at any time or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes.

The Liquidity Facility will be available to the Issuer if, amongst other things, a Borrower fails to make payments of scheduled interest under the Loan and in respect of the payment of certain costs incurred by the Issuer and certain costs incurred by the Borrowers. Liquidity Drawings under the Liquidity Facility will therefore assist the Issuer in making payments of, among other things, interest in respect of the Notes.

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

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

For further information on the Liquidity Facility, see "*Transaction Documents – the Liquidity Facility Agreement*" at page 147.

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

Payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class A Notes and payments of Deferred Consideration (if any) to the Seller or its assignee. Payments of principal and interest in respect of the Class C Notes, the Class D Notes 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 the Class E Notes will be subordinated to payments of principal and interest in respect of the Class C Notes. Payments of principal and interest in respect of the Class E Notes will be subordinated to payments of principal and interest in respect of the Class D Notes. Although payments of Deferred Consideration (if any) are made senior to payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and Class E Notes in determining the amount of Deferred Consideration payable, the Cash Manager shall first take into account amounts due to, among others, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders such that Deferred Consideration shall only be payable to the extent there remain funds available after payments due in respect of the Notes.

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds (including any funds available to be drawn for that purpose under the Liquidity Facility Agreement) to make payment in full of interest due on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes then the Issuer will be entitled (under **Condition 16** (*Subordination by Deferral*) at page 218) to defer payment of that amount (to the extent of the insufficiency) until the following Interest Payment Date. This will not constitute a Note Event of Default. If there are no Class A Notes then outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes, the Class D Notes and the Class E Notes only. If there are no Class B Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class D Notes and Class E Notes only. If there are no Class C Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class E Notes only. If there are no Class D Notes outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class E Notes.

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

Conflict of interests between Classes of Noteholders

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

Withholding or deduction under the Notes

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or is otherwise applicable in respect of amounts payable under the Notes, neither the Issuer nor any Paying Agent or any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser

amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would entitle the Issuer to redeem the Notes in accordance with **Condition 6.2** (*Redemption for taxation or other reasons*) at page 201 at their then Principal Amount Outstanding (plus accrued interest but excluding any premium) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

Yield and prepayment considerations

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

The Borrowers have the option to prepay the Loan at any time, although, if a Borrower chooses to do so before the end of the relevant period as set out in the Credit Agreement, it may be required to pay certain Prepayment Fees and Break Costs. Prepayment Fees will be paid directly to the Seller in accordance with the Loan Sale Agreement, its assignee and will not be available to make any payments in respect of the Notes and any Break Costs will be applied in accordance with the Break Costs Priority of Payments primarily to fund any termination costs due to the Basis Swap Provider as a result of such prepayment.

For further information on the cashflows, see "*Cashflows*" at page 159.

Subject as stated below, if a Borrower prepays the Loan in whole or in part, the Issuer will effect a redemption of the Notes (in accordance with **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 202).

In addition to their obligations in respect of the Loan, the Borrowers will have certain financial obligations to a Junior Lender in respect of the Junior Loan. The priority between the Loan and the Junior Loan is regulated by the Intercreditor Agreement, which subordinates payments made under the Junior Loan to payments made under the Loan, but provides to the Junior Lender certain protective rights which could result in the prepayment of the Loan. Thus, a Junior Lender may, in accordance with the terms of the Intercreditor Agreement, purchase the whole of the Loan upon a Loan Event of Default or event of default under the Junior Loan. In certain other circumstances, a Junior Lender may require the Security Trustee to take enforcement action in relation to the Security both upon the occurrence of a Loan Event of Default and a default in respect of the Junior Loan. Such Junior Lender purchase rights and enforcement rights may therefore affect the yield to maturity of the Notes as it could result in a prepayment of the Loan. For further information see "*The Intercreditor Agreement*" at page 97.

The Issuer's reliance on third parties

The Issuer is a party to contracts with a number of third parties that have agreed to perform certain services in relation to, among other things, the issuance of the Notes. For example the Basis Swap Provider has agreed to enter into the Basis Swap Agreement, the Liquidity Facility Provider has agreed to provide the Liquidity Facility, the Corporate Services Provider has agreed to provide corporate services to the Issuer and the Master Servicer, the Special Servicer, the Paying Agents and the Agent Bank have agreed to provide servicing, payment, calculation, registration and administration services in connection with the Notes and the Credit Agreement. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected. Whilst each of the Credit Agreements governing the relationship between the Issuer and third parties provide for remedies in the event of breaches by the third parties, there can be no assurance that such remedies will prevent the occurrence of such adverse affects.

Enforcement of Issuer Security

Although the Trustee will hold the benefit of the Issuer Security created under the Issuer Deed of Charge on trust for, among others, the Noteholders, the Issuer Security will also be held on trust for certain other third parties that will rank ahead of the Noteholders.

If the Issuer Security is enforced and the proceeds of such enforcement are, after payment of all other claims ranking in priority to amounts due under the Notes of each class under the Issuer Deed of Charge insufficient to pay in full all principal and interest and other amounts whatsoever due in respect of the Notes, then the assets of the Issuer may be insufficient to meet claims in respect of any such unpaid amounts. Prior to the final maturity of the Notes, enforcement of the Issuer Security is the only remedy available for the purpose of recovering amounts owed in respect of the Notes.

Limited Liquidity of the Loan

The ability of the Issuer to redeem all of the Notes in full while the Loan is still outstanding, including after the occurrence of a Note Event of Default, may depend upon whether the Loan can be sold, otherwise realised or refinanced so as to obtain an amount sufficient to redeem the Notes in full. There is not yet an active and liquid secondary market for commercial loans and related mortgages and collateral security in the United Kingdom. It may be that neither the Issuer nor the Trustee is able to sell or refinance the Loan on terms that enable redemption of the Notes in full should either of them be required to do so.

B. Considerations relating to the Loan and the Related Security

Late payment or non-payment of rent

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

Prepayment of the Loan

Borrowers may be obliged, in certain circumstances, to prepay the Loan in whole or in part prior to the Loan Maturity Date. These circumstances include on disposal of all or part of a relevant Property (where such Property has not been substituted (under circumstances where such substitution is permitted in accordance with the terms of the Credit Agreement)), on a change of ownership of the Borrowers in certain cases and where it would be unlawful for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the Loan and are more particularly set out in "*Transaction Summary – Key Characteristics of the Loan and the Related Security - Mandatory Prepayment*" at page 20 above. These events are beyond the control of the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated.

Refinancing risk

There is no scheduled amortisation contemplated under the Credit Agreement and so, absent any prepayment, the entire principal amount of the Loan will be outstanding during its term.

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

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

If the Borrowers cannot find such a lender, then the Borrowers may be forced, in circumstances which may not be advantageous, into selling some or all of the Properties in order to repay the Loan. Failure by the Borrowers to refinance the Loan or to sell the Properties on or prior to the Loan Maturity Date may result in the Borrowers defaulting under the terms of the Credit Agreement. In the event of such a default, the Noteholders, or the holders of certain Classes of Notes, may receive by way of principal repayment an amount less than the then Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest due on the Notes or if an Adjusted Loan Principal Loss has occurred, the Principal Amount Outstanding of the Notes will be written down in accordance with **Condition 6.9** (*Principal Amount Outstanding and Write-Downs*) at page 208.

Security over bank accounts

The Borrowers have, in accordance with the terms of the Credit Agreement, established a number of bank accounts into which, among other things, rental income and disposal proceeds in respect of the relevant Properties must be paid. Furthermore, the Issuer will grant security over all of its bank accounts, which security will also be expressed to be fixed security.

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

To the extent that security relates to bank accounts that are governed by Guernsey law, security has been obtained by virtue of a security interest agreement, which is governed by the Security Interests (Guernsey) Law, 1993. In order to create an effective security interest under the Security Interests (Guernsey) Law, 1993, it is necessary to demonstrate that interest in the bank account has been assigned in favour of the Security Trustee. There is no register of security interests in Guernsey. Priority between security in the same collateral is determined by the order of creation of those security interests. In each case, the relevant Borrower has warranted that no security interests have been created in priority to the security interest granted in favour of the Security Trustee. There is a risk, however, that, if such warranty is incorrect, then a third party may claim priority over such bank accounts.

Assignment of rents

The Loan requires an assignment of rents payable under the leases to which the Properties are subject. In such cases (and where no receiver has been appointed and the mortgagee is not in possession), in England and Wales, notice of the assignment is not normally given to the tenant and, the assignment will take effect as an equitable assignment only. Accordingly, the assignment will be subject to any equities or claims, such as rights of set-off between the landlord and the tenant. Where no notice has been given to the tenants, there is also a risk of the Chargors charging or assigning the rents to a third party, despite the Chargors covenant not to do so. In such case, until formal notice of such assignment is given or until the relevant mortgage is enforced in respect of the Properties, any monies previously paid to the holder of such subsequent charge or assignment may rank ahead of any assignment pursuant to the Loan or prior to notice being given to the tenant of that assignment. In Scotland it is not possible to create a security interest by way of assignation unless the assignation has been intimated and registered. The Assignations of Rents in respect of the Scottish Properties have therefore been intimated.

Limited payment history

The Loan was originated shortly prior to the Closing Date. As such, the Loan does not have a long standing payment history and there can be no assurance that required payments will be made or, if made, will be made on a timely basis.

Sufficiency of Obligor's assets

Payments in respect of the Notes are dependent on, the receipt of funds in respect of the Loan and, where necessary and applicable, the Liquidity Facility Agreement and the Basis Swap Agreement. In turn, recourse in respect of the Loan is generally limited to the Obligors, whose assets (in each case the Properties and other assets over which security has been created to secure the Loan) will be limited and whose business activities, in the case of each Borrower, are limited to owning, financing and otherwise dealing with such assets. Consequently, the ability of the Borrowers to make payments in respect of the Loan prior to its maturity date, and, therefore, the ability of the Issuer to make payments in respect of the Notes prior to the Final Maturity Date, is dependent primarily on the sufficiency of the net operating income of the Properties, represented by rental proceeds.

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

For further information on Principal Amount Outstanding and write-downs, see "**Condition 6.9 (Principal Amount Outstanding and Write-Downs)**" at page 208.

Hedging risks

The Basis Swap Transaction

The Loan Interest Periods in respect of the Loan will not match the Interest Periods in respect of the Notes and as a result, the LIBOR applicable to each may differ. In order to hedge this Basis Risk, the Issuer will enter into the Basis Swap Transaction pursuant to the Basis Swap Agreement. There can be no assurance, however, that the Basis Swap Transaction will adequately address unforeseen hedging risks. In certain circumstances, the Basis Swap Agreement may be terminated and as a result the Issuer may be unhedged if replacement transactions of a similar nature cannot be entered into. In

particular, Noteholders may suffer a loss if, as a result of a default by a Borrower under the Credit Agreement, the Basis Swap Transaction is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Basis Swap Provider, which it is unable to recover from the Borrowers. Certain of such amounts payable on an early termination of the Basis Swap Transaction rank senior to any payments to be made to the Noteholders both before enforcement of the Issuer Security and after enforcement of the Issuer Security and so may impact upon the availability of funds available to pay Noteholders.

The Issuer may be liable to pay an amount calculated by reference to the change in the mark to market value of the Basis Swap Transaction following any adjustment on the notional amount of the Basis Swap Transaction pursuant to the terms thereof. The Basis Swap Transaction is intended to protect the Issuer in respect of a mismatch in LIBOR as a result of the interest periods for which interest is calculated in respect of the Loan being different than the interest periods for which interest is calculated on the Notes, being the Basis Risk, and is not intended to provide any form of credit support.

Senior Interest Rate Hedging Transaction

Interest is payable in respect of the Loan at a floating rate of interest in accordance with the Credit Agreement. The income of the Obligors to be applied in repayment of the Loan (comprising, primarily, rental income generated in respect of the Properties) does not vary according to prevailing interest rates therefore exposing the Borrowers to Interest Rate Risk. The First General Partner has entered into and under the terms of the Credit Agreement is required to maintain, the Senior Interest Rate Hedging Transaction in order to mitigate the Interest Rate Risk to which the Borrowers are exposed. If the First General Partner were to breach in its obligations to maintain suitable hedging arrangements, or if the Senior Interest Rate Hedging Provider were to default in its obligations under the Senior Interest Rate Hedging Agreement, then the Borrowers may have insufficient funds to make payments due at that time in respect of the Loan. In the circumstances the Issuer may have insufficient funds to make payments in full on the Notes and Noteholders could, accordingly, suffer a loss.

The Borrowers are also required under the terms of the Junior Credit Agreement to maintain suitable hedging arrangements in respect of the Junior Loan, in order to mitigate the consequences of similar risks. The Junior Interest Rate Hedging Agreement has been entered into in relation to the obligation of the Borrowers under the Junior Credit Agreement.

In addition to the periodic payments each party is required to make under the Hedging Agreements, termination payments will be required in the event of an early termination of the Hedging Agreements prior to their respective scheduled termination dates. In addition, following any prepayment of the Loan and the Junior Loan (in excess of a permitted tolerated amount and other than in accordance with its principal schedule) and any adjustment of the notional amortisation schedule of the Senior Interest Rate Hedging Transaction or the Junior Interest Rate Hedging Transaction resulting therefrom, as applicable, a mark to market valuation will be undertaken of the respective transactions and a payment made by or to the Senior Interest Rate Hedging Provider or the Junior Interest Rate Hedging Provider, as applicable, depending on the change, if any, to the mark to market value of such transaction arising thereby.

The Final Maturity Date of the Loan falls approximately 10 years after the Closing Date while the Senior Interest Rate Hedging Transaction is scheduled to remain in place for approximately 20 years from the Closing Date (though the Senior Interest Rate Hedging Provider has the option to terminate the Senior Interest Rate Hedging Transaction on the Final Maturity Date without making a termination payment). As certain sums due to the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider under the Hedging Agreements rank senior to sums payable under the Loan, there is therefore a risk that on an enforcement or prepayment of the Loan or the Junior Loan and the Related Security, the amount available to Noteholders will be reduced to the

extent that breakage or other costs are due to the Senior Interest Rate Hedging Provider or the Junior Interest Rate Hedging Provider. In addition, any breakage or other costs due to the Senior Interest Rate Hedging Provider may be greater than the breakage or other costs that would have otherwise been payable had the Senior Interest Rate Hedging Transaction been scheduled to terminate on the Final Maturity Date.

In order to mitigate the effect of having breakage or other costs due to the Senior Interest Rate Hedging Provider or Junior Interest Rate Hedging Provider ranking senior to amounts payable under the Loan, the Loan to Value Test, which is calculated on each Loan Interest Payment Date (and from time to time as required or permitted in accordance with the Credit Agreement), takes into account the aggregate of the Loan, the Junior Loan and the Mark to Market Exposure in determining the ratio (expressed as a percentage) between that aggregate amount and the aggregate value of the Properties calculated in accordance with the Valuation. As a result, any increase in the Mark to Market Exposure under the Senior Interest Rate Hedging Agreement may cause the Loan to Value Test to be breached. Such breach would, in the event that the Borrower fails to remedy the breach by prepaying the Loan or depositing an amount sufficient to remedy the breach into the Deposit Account, result in the occurrence of a Loan Event of Default that would entitle the Issuer to accelerate the Loan and enforce the Security. Such enforcement would result in the automatic termination of the Senior Interest Rate Hedging Agreement and crystallise the related Mark to Market Exposure.

Property Management

While Propinvest Asset Management LLP, as the Property Manager, is experienced in managing office, industrial, leisure and retail property and has managed the English Properties and the Scottish Properties since they were contributed or acquired by the relevant Obligors and despite payment of the fees being at competitive market rates, there can be no assurance that the Property Manager will continue to act in the future as such. The Property Manager receives a fixed management fee and a performance fee for the performance of its services. Although any successor manager of a Property appointed by the relevant Obligors is required to be experienced in managing office, industrial, leisure and retail premises, there can be no assurance that there will not be a delay in the appointment of a successor, or variation in the terms of any appointment of a successor or that the appointment of any successor manager of a Property would not have an adverse effect on the Borrower's ability to meet its obligations under the Credit Agreement and, therefore, the Issuer's ability to make payment under the Notes.

The net cash flow realised from the Properties may be affected by the management decisions. The Property Manager will be responsible for the provision of certain management and advisory services in relation to the Properties pursuant to the terms of the Property Management Agreement. Although the Property Manager is experienced in managing and advising in respect to the management of office, industrial, leisure and retail property, there can be no assurance that decisions taken by the Property Manager (and/or any other joint property advisers) in the future will not adversely affect the value or cashflow from the Properties.

C. Considerations relating to the Obligors

Special purpose entity

Special purpose entity (SPE) covenants are generally designed to limit the activities and purposes of the borrowing entity or charging entity to owning the related property, making payments on the related loan and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the loan and related property result in an insolvency of the borrowing entity or charging entity. SPEs are generally used in commercial loan transactions to satisfy requirements of institutional lenders and recognised statistical rating organisations. In order to minimise the possibility that SPEs will be the subject of insolvency proceedings, provisions are generally contained in the entities organisational documents and/or documentation relating to the

mortgage loan that, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company (thus limiting exposure to outside creditors). Additional debt increases the possibility that a borrowing entity would lack the resources to pay the loan.

The Credit Agreement contains provisions that require the Borrowers to conduct themselves in accordance with certain SPE covenants, which may include some or all of those covenants mentioned in the foregoing paragraph. However, there can be no assurance that the Borrowers will be able to comply with the SPE covenants. In addition, there can be no assurance that all or most of the restrictions customarily imposed on SPEs by institutional lenders and recognised statistical ratings organisations will be complied with by the Borrowers, and even if all or most of such restrictions have been complied with by the Borrowers, there can be no assurance that the Borrowers will not nonetheless become insolvent.

The Obligors were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding interests in the Property or Properties charged as security for the Loan, or for acquiring the entire issued share capital in other companies owning the legal and beneficial interests in such property (whether directly or indirectly).

An insolvency of the Borrowers or other Obligor would result in the occurrence of a Loan Event of Default giving rise to an acceleration of the Loan and an enforcement of the Related Security. This could result in significant delays in the receipt by the Issuer of payments under the Loan which could adversely affect its ability to make all payments due on the Notes. **Loan Event of Default** means an event of default or, as applicable, a default under the Credit Agreement.

Security granted by the Obligors - Enterprise Act 2002

By an order made by the Under-Secretary of State for Small Business and Enterprise on 8 August 2003, the provisions of the Enterprise Act 2002 (the **Enterprise Act**) amending certain corporate insolvency provisions of the Insolvency Act 1986 came into force on 15 September 2003.

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

The Enterprise Act also inserted a new section 176A into the Insolvency Act 1986 (the **Insolvency Act**) which provides that where a company has gone into liquidation or administration, or where there is a provisional liquidator or receiver, a "prescribed part" of the company's net property is to be applied in satisfaction of debts due to unsecured creditors in priority over debts secured by a floating charge. A company's "net" property for this purpose is the portion of a company's property which

would otherwise be available to satisfy the claims of creditors secured only by a floating charge. As at the date of this Prospectus, the "prescribed part" has been set at 50 per cent. of the first £10,000 of a company's or limited liability partnership's net property and 20 per cent. thereafter up to a maximum of £600,000.

While certain of the covenants given by the Borrowers under the Credit Agreement are intended to ensure that it has no creditors other than the secured creditors under the Security Agreements, it will be a matter of fact as to whether the relevant Obligor has any other creditors at any time. To the extent that the relevant Obligor's assets are subject to fixed charges pursuant to the Security Agreements, such assets will be outside its "net property". However, to the extent that the relevant Obligor's assets are subject only to a floating charge, the provisions of section 176A of the Insolvency Act would result in the prescribed part of the assets which would otherwise be available to satisfy the claims of the secured creditors under the Security Agreements being used to satisfy the claims of unsecured creditors. This could reduce the amount of money available to satisfy the Issuer's obligations to the Noteholders.

Non-resident Obligors

The Obligors are incorporated, and have their registered office, in Guernsey and Jersey (the **Foreign Obligors**).

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

- (a) third party creditors may commence insolvency proceedings against such Foreign Obligors in their respective jurisdiction of incorporation or the place of their registered office;
- (b) an English or Scottish court might decline jurisdiction if the relevant Finance Party were to seek to commence insolvency proceedings in England; and
- (c) in certain circumstances, an English or Scottish court may recognise insolvency proceedings commenced in another jurisdiction (including those referred to above) and may, for example, make an order impacting on the availability of certain types of creditor action in England and/or resulting in the application of English claw-back provisions to such Foreign Obligors (other than an Obligor established as a Guernsey limited partnership (or unit trust)), notwithstanding that there are no corresponding relevant English insolvency proceedings.

In relation to paragraph (a) above, the extent to which insolvency proceedings may be commenced in such jurisdictions would be, in each case, a matter to be determined under the laws of the relevant jurisdiction (subject, in the case of the Foreign Obligors with their "centre of main interests" in the European Union, to Council Regulation (EC) No. 1346/2000 of 29 May 2000 (the **EC Insolvency Regulation**) as discussed below). Where the EC Insolvency Regulation does not apply, it is likely to be possible to commence insolvency proceedings in a particular jurisdiction if that is where the Foreign Obligor is incorporated and, in some cases, it may be sufficient that the Foreign Obligor has a place of business or assets in the relevant jurisdiction.

In relation to paragraph (b) above, the extent to which English or Scottish law insolvency proceedings can be commenced in respect of a Foreign Obligor will be determined by the EC Insolvency Regulation and the Insolvency Act 1986, as amended. The EC Insolvency Regulation governs the opening of insolvency proceedings in respect of a company with its "centre of main interests" in an EU Member State. Accordingly, a key factor in this regard will be the location of the "centre of main interests" of each of the Foreign Obligors for the purposes of the EC Insolvency Regulation. The location of the centre of main interests will be a question of fact in each case; there is a rebuttable presumption that it is in the place of the registered office but this presumption may be rebutted where the company administers its interests on a permanent basis in a manner ascertainable by third parties in another jurisdiction. If the presumption applies and the "centre of main interests" of each of the

Foreign Obligors for these purposes is in the place of its registered office the EC Insolvency Regulation would not apply in relation to the Foreign Obligors registered in the Channel Islands and English law insolvency proceedings could only be commenced in respect of such Foreign Obligors in the limited circumstances referred to in section 426 of the Insolvency Act, as amended, which provides for cooperation between courts exercising jurisdiction in relation to insolvency.

In relation to paragraph (c) above, under the regulations which implement the UNCITRAL Model Law on Cross Border Insolvency in Great Britain (the **UNCITRAL Regulations**), in certain circumstances, a foreign insolvency officeholder appointed in respect of certain foreign insolvency proceedings may apply to the English or Scottish court for recognition of such proceedings. As the EC Insolvency Regulation prevails over the UNCITRAL Regulations, this is most likely to be relevant where a Foreign Obligor has its centre of main interests outside of the EU. The foreign insolvency proceedings will be recognised (provided certain conditions are met) if commenced in the jurisdiction where the relevant debtor company has its "centre of main interests" or an "establishment" (each of which has a meaning for the purposes of the UNCITRAL Regulations substantially similar to the definition included in the EC Insolvency Regulation). If recognition is granted, a mandatory stay will apply to certain types of creditor action (not extending to security enforcement) in England and Wales or Scotland. In certain circumstances, the English or in Scottish court may exercise its discretion to impose a wider stay extending to security enforcement (provided that the court must take into account the interests of the secured creditors). In addition, if recognition is provided, then upon application by the foreign officeholder, the English or Scottish court may make an order in respect of the relevant company applying certain avoidance (including claw-back) provisions of the Insolvency Act, as amended (notwithstanding that there are no corresponding English or Scottish administration and/or liquidation proceedings or that the English or Scottish court may not have jurisdiction to commence such proceedings).

Collection and Enforcement Procedures

Under the Servicing Agreement, the Relevant Servicer is required to recover amounts due from the Borrowers. The Relevant Servicer must ensure that its default and enforcement procedures meet the requirements of the Servicing Agreement. Such procedures may involve the deferral of formal enforcement procedures and the restructuring of the Loan by an amendment or waiver of certain provisions, subject to any restrictions in the Servicing Agreement.

For further information in relation to servicing, see "*Servicing*" at page 165.

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

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

The Law of Property Act 1925 does not apply in Scotland and therefore it is not possible to appoint an LPA Receiver in that jurisdiction with respect to the Scottish Properties. In Scotland, the Relevant Servicer would appoint a receiver pursuant to any floating charge granted in respect of assets held in Scotland, if applicable. Any receiver appointed will seek an indemnity from the Issuer or the

Relevant Servicer in addition to its general ability to recover its costs. Any costs of the receiver will be paid in advance of any amounts paid to the Noteholders.

Litigation

There may be pending or threatened legal proceedings against any of the Obligors and their affiliates. To the knowledge of the Seller, as at the Closing Date, there is no litigation pending or threatened against any Obligors in respect of the Properties. The Credit Agreement and each Security Agreement includes (subject to certain immaterial variances) an obligation by the relevant Obligor to notify the Seller or the Security Trustee of any legal proceedings which might or could reasonably be expected to have a material adverse effect on the ability of the Borrowers to make payments under the Loan and consequently the Issuer's ability to make payments under the Notes.

D. Considerations relating to the Properties

Commercial lending generally

The Loan is secured by, among other things, first legal mortgages or charges and, in the case of the Scottish Properties, standard securities over the relevant Property or Properties. Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of a loan secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the Properties is reduced (for example if leases are not obtained or renewed or if tenants default in their obligations to pay rent under the leases), the Borrowers ability to repay the Loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, which may include:

- (a) the volatility of property revenue; and
- (b) the relevant property's "operating leverage", which generally refers to:
 - (i) the percentage of total property operating expenses in relation to property revenue,
 - (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue; and
 - (iii) the level of capital expenditures required to maintain the property and retain or replace tenants.

Even when the current net operating income is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

The net operating income and value of the Properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors), local property market conditions (such as an oversupply of commercial space, including market demand), perceptions by prospective tenants, retailers and shoppers of the safety, convenience, condition, services and attractiveness of the Properties, the proximity, attractiveness and availability of competing alternatives to the Properties, the willingness and ability of the owners of the Properties to provide capable management and adequate maintenance, an increase in the capital expenditure needed to maintain a Property or make improvements to it, demographic factors, consumer confidence, unemployment rates, consumer tastes and preferences, retroactive changes to building or similar regulations, and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect the Properties' value without affecting their current net operating income, including: changes in

governmental regulations, fiscal policy and planning/zoning or tax laws, potential environmental legislation or liabilities or other legal liabilities, the availability of refinancing, and change in interest rate levels or yields required by investors in income-producing commercial properties. The age, construction quality and design of a particular Property may affect its occupancy level as well as the rents that may be charged for individual Leases over time. The adverse effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the Property. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Loan, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value and net operating income of such Properties could be reduced.

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

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

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

Borrowers' dependence on Tenants

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

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

Rental levels, the quality of the building, the amenities and facilities offered, the convenience and location of the Properties, the amount of space available, the transport infrastructure and the age of the building in comparison to the alternatives, are all factors which could influence demand for a Property. There is no guarantee that changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the areas surrounding the Properties will not adversely affect the demand for units in the Properties. 10.9 per cent. of the Portfolio by net estimated rental value is vacant as at the Cut-Off Date. As a mitigant to this, £19,793,413, being the Escrow Rent and representing, among other things, rental income in respect of the vacant space (being approximately equivalent to a passing rent of £10,109,064 per annum as at the Cut-Off Date), is being held in the Escrow Account to cover any rental income shortfall. As the Escrow Rent is only available for a finite

time, there can be no assurance that the Borrower will have managed to let the vacant space by the time the Escrow Rent has been fully utilised, which could result in a reduction of rental income.

Geographic concentration; The economies of the United Kingdom

All of the Properties are located in the United Kingdom. As at the Cut-Off Date, seven Properties, representing 30.5 per cent. of the Portfolio by value are located in the West Midlands, six Properties, representing 16.8 per cent. of the Portfolio by value are located in North West England, five properties, representing 11.9 per cent. of the Portfolio by value are located in Greater London, four properties, representing 11.2 per cent. of the Portfolio by value are located in Scotland, seven Properties, representing 10.9 per cent. of the Portfolio by value are located in South East England, one Property, representing 7.5 per cent. of the Portfolio by value is located in Yorkshire and Humberside, four Properties, representing 6.4 per cent. of the Portfolio by value are located in South West England, one Property, representing 4.1 per cent. of the Portfolio by value is located in the East Midlands and one Property, representing 0.9 per cent. of the Portfolio by value is located in Wales. Payments under the Loan and the market value of the Properties could be adversely affected by conditions in the property markets where the Properties are located, acts of nature, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Borrowers. In addition, the performance of the Properties will be dependent upon the strength of the economies of the local areas where such properties are located.

Tenant concentration

Deterioration in the financial condition of a Tenant can be particularly significant if a Property is leased to a small number of Tenants or a sole Tenant. Properties leased to a small number of Tenants, or a sole Tenant, are also more susceptible to interruptions of cash flow if a Tenant fails to renew its Lease. This is because:

- (a) the financial effect of the absence of rental income may be more severe,
- (b) more time may be required to re-lease the space, and
- (c) substantial capital costs may need to be incurred to meet the requirements of replacement Tenants.

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

Risks relating to office properties

20.8 per cent. of the Portfolio by value comprises office properties.

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

repairing or making improvements to office space to accommodate the type of business conducted by prospective tenants or a change in the type of business conducted by existing major tenants. Such refitting, repairing or improvements are often more costly for office properties than for other property types.

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

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

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

Risks relating to industrial properties

5.5 per cent. of the Portfolio by value comprises industrial properties.

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

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

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

Risks relating to the retail and leisure properties

58.7 per cent. of the Portfolio by value comprises retail properties and 5.1 per cent. of the Portfolio by value comprises leisure properties.

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

The success of a shopping centre is dependent on, among other things, achieving the correct mix of tenants so that an attractive range of retail outlets is available to potential customers. The presence or absence of an "anchor tenant" in a shopping centre can be particularly important in this, because anchors play a key role in generating customer traffic and making a centre desirable for other tenants. While there is no strict definition of an "anchor tenant", it is generally understood that a retail anchor tenant is larger in size and generally attracts customers to a retail property, whether or not it is located on the related property. An anchor tenant may cease operations at a retail property because it decides not to renew a lease, becomes insolvent or goes out of business. If any anchor store located in, or occupying space outside of, a Property securing the Loan were to close and such anchor is not replaced in a timely manner the related Property owner may suffer adverse economic consequences. If such an anchor Tenant occupies a portion of the related Property, the Property owner may also be required to expend material amounts to refurbish and customise the space.

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

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

Obligors liability to provide services

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

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

a Borrower's obligation in respect of the Loan and may consequently affect the Issuer's ability to make payments under the Notes.

Capital Improvements

In addition to an Obligor's obligations to repair and/or maintain the Property, the relevant Obligor may be required to use additional funds for improving the relevant Property. In the event that the relevant Obligor fails to pay the costs for work completed or materials delivered in connection with any capital improvements, such Obligor could be the subject of legal action by the relevant contractors to recover the costs of such capital improvements and/or materials. The existence of construction or capital improvements at a Property may disrupt the day-to-day activities of the Tenants and, accordingly, could have an adverse effect on net rental income derived from a Property. However, the Credit Agreement will generally prohibit the Obligor from undertaking any such material works without the consent of the Lender or Security Trustee.

Legal title

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

In the case of each Property which has been transferred, a land transaction certificate has been obtained in relation to stamp duty land tax and appropriate application will be made within the appropriate priority period following execution of a transfer to the Land Registry for registration of transfer of the title and the relevant mortgage or Standard Security.

In respect of each Scottish Property which has been transferred, a land transaction certificate has been obtained in relation to stamp duty land tax and appropriate application has been made to the land register of Scotland.

Terms of the Occupational Leases

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

Under the terms of the Credit Agreement, the Borrowers and the Obligors may not grant or agree to grant a new Lease except in accordance with the terms of the Credit Agreement and no existing Lease may be amended, waived, surrendered, sub-leased or assigned (unless the assignor remains bound by the terms of the Lease for the remainder of the term) except in accordance with the terms of the Credit Agreement and no downward rent review may be agreed in relation to any Lease.

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

diminution in the quality of the Tenants of the relevant Properties or the terms of their Leases over the life of the Notes.

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

Privity of contract

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

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

Some of the existing tenancies in respect of the Properties as at the Cut-Off Date were entered into before 1 January 1996 or pursuant to agreements for lease in existence before 1 January 1996. Therefore, because the Covenants Act has no retrospective effect, the original tenant under a Lease of any such Property will remain liable under that Lease notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the tenancy and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, thus creating a "chain of indemnity". If the chain of indemnity breaks down, however, the landlord remains able to seek payment from the original tenant. Although the interpretation of the Covenants Act on this point is unclear, it is arguable that the guarantor of a tenant under a new tenancy cannot be required, at the time when it enters into that guarantee, to guarantee or to commit to guarantee the obligations of that tenant under an authorised guarantee when that tenant itself assigns. Therefore, there can be no assurance, in the absence of clarifying court decisions, that any guarantor of an existing tenant can be required to guarantee an authorised guarantee given by the existing tenant on assignment. In addition, not all existing Leases require assigning Tenants to enter into authorised guarantee agreements.

Changes to an enactment of the lease code

The Code of Practice for commercial leases in England and Wales (2nd Edition) was launched in April, 2002 (the **Lease Code**). The Lease Code is a non-binding guide to best practice for landlords negotiating leases. It also contains various recommendations on key terms of commercial leases. The Office of the Deputy Prime Minister issued a consultation paper announcing a period of consultation from 1 June 2004 to 30 September 2004 and invited representations from relevant bodies in relation to options to deter or prohibit inflexible leasing practices, focusing on the use of upwards only rent review clauses. The consultation paper proposed six options ranging from doing nothing to changing the voluntary nature of the Lease Code to banning upwards only rent review clauses. In February 2005, the Office of the Deputy Prime Minister issued a report by Reading University entitled

"*Monitoring the 2002 Code of Practice for Commercial Leases*" which, among other things, concluded that although the Lease Code is having very little impact on individual lease negotiations, there are clear signs that it has played an important part in the general application of pressure for change in leasing practices and has had some long-term effect on the increasing flexibility and choice in commercial property leases.

The Government announced on 15 March 2005 it was not currently proposing to legislate against upwards only rent review but that it would continue to monitor the position. There is still a risk that legislation could be introduced to regulate all commercial leases which could adversely impact rental incomes and property values. In particular, there is a risk that the law on assignment and subletting could be amended in favour of tenants. There is, however, no current expectation that any resulting legislation would apply retrospectively to render invalid pre-existing upwards only rent review clauses or other potentially inconsistent provisions.

The lease code does not apply in Scotland, however, a similar consultation process to that carried out in England is ongoing.

Property management

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

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

Statutory rights of tenants

In certain limited circumstances, in particular relating to the renewals of tenancies, a Tenant of a Property may have legal rights to require the Borrowers to grant it a tenancy, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act or, in Scotland under the Tenancy of Shops (Scotland) Acts 1949 and 1964. Should such a right arise, the Borrowers may not have its normal freedom to negotiate the terms of the new tenancy with the Tenant, such terms being imposed by the court if the parties cannot reach agreement. Accordingly, while it is the general practice of the courts in renewals under the Landlord and Tenant Act 1954 to grant a new tenancy on similar terms to the expiring tenancy, the basic annual rent will be adjusted in line with the then market rent at the relevant time but there can be no guarantee as to the terms on which any such new tenancy will be granted. In Scotland the Court has discretion as to the terms of the tenancy but the term of renewal cannot exceed one year, although successive applications for renewal are common. A landlord may object to the grant of a new lease on a number of grounds including

- (a) if the property is required for redevelopment or for the landlord's own use or
- (b) if the tenant is in breach of covenant, but in such circumstances the court will allow a tenant time to correct the default.

Administration risk in respect of certain tenants

If a corporate Tenant were to go into administration, the Borrowers would be prohibited under the Insolvency Act 1986 (as amended, the **Insolvency Act**) from taking any action whatsoever against the occupational Tenant for recovery of sums due by means of distress or any other legal process, or by means of the exercise of a right of forfeiture or irritancy by peaceable re-entry in respect of the Lease except with the consent of the administrator or the leave of the court.

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

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

Leasing parameters

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

FRI Leases

A limited number of the Leases are not FRI Leases and accordingly the Borrowers, as the landlords, will be liable for some or all of the economic liabilities arising in relation to the upkeep and operation of the Properties, including, without limitation, the costs of repairing, maintaining and insuring the relevant Property or relevant part thereof (or where an Occupational Lease does not include the structure of the building, the Borrowers as landlords will be liable to pay a proportionate share of the landlords cost of repairing and maintaining the structure and common areas) depending on the terms of such leases. In relation to the Leases which are not FRI Leases, the Borrowers will not be able to recover any such costs, expenses or charges from the relevant Tenant. The Occupational Leases which are not FRI Leases are taken into account in respect of any Valuation.

Limitations of valuations

The aggregate valuations of the Properties as at the dates of their respective Valuations were £1,235,435,000. In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion that would be reached if a different valuer were appraising the same property. Furthermore, valuations seek to establish the amount which a typically motivated buyer would pay a

typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the Borrowers. However, there can be no assurance that the market value of the Properties will continue to equal or exceed such valuation. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Credit Agreement. If any Property is sold following an event of default under the Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Credit Agreement.

Insurance

The Credit Agreement provides that the Security Trustee is named as co-insured under, or its interest is noted on, the insurance policies maintained by the Borrowers or, in certain cases, each property owner or each tenant (each, an **Insurance Policy** and together, the **Insurance Policies**).

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

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

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

Uninsured losses

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

For further information in relation to the Loan and Related Security, see "*The Loan and the Loan Security*" at page 66.

Environmental matters

Certain existing environmental legislation imposes liability for remediation costs on the owner or occupier of land where the person who caused or knowingly permitted the pollution cannot be found.

The term "owner" for the purposes of this legislation would include anyone with a proprietary interest in a property. Even if more than one person may have been responsible for the contamination, each person covered by the relevant environmental laws may be held responsible for all or part of the remediation costs incurred.

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

If an environmental liability arises in relation to any Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell that Property or in a reduction in the price obtained for that Property resulting in a sale at a loss. In addition, third parties may sue a current or previous owner, occupier or operator of a site for damages and costs resulting from substances emanating from that site, and the presence of substances on that Property could result in personal injury or similar claims by private claimants.

Compulsory purchase

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

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

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

The position is similar in Scotland where a range of public authorities and other organisations are given compulsory purchase powers. In the event of the compulsory acquisition of a heritable interest in property, including rights of ownership or leases for more than a year, compensation is payable on the basis of open market value assessed at the date of vesting of title, possession or agreement/determination of compensation whichever is the earlier. The same risk to Noteholders

would arise that the compensation ultimately received for the acquisition of the relevant property interest may be less than the original value ascribed to the Property and the corresponding Principal Amount Outstanding of the Notes together with accrued interest.

Frustration

In exceptional circumstances, a tenancy could be frustrated under English law, with the result that the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the Credit Agreement for a party to the Credit Agreement, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of any part of a Property were to be frustrated then this could operate to have an adverse effect on the income derived from, or able to be generated by, that Property. This in turn could cause the Borrowers to have insufficient funds to make payments in full in respect of the Credit Agreement, which could lead to the occurrence of a Loan Event of Default. In Scotland the doctrine of frustration is contracted out of so that the lease still continues, generally for a period of 3 years. The landlord insures for loss of rent and the tenant receives an abatement of rent (in the case of insured risk damage).

Mortgagee or heritable creditor in possession liability

The Issuer or the Security Trustee or any other beneficiary of the security granted in respect of the Loan may be deemed to be a mortgagee or heritable creditor in possession if there is physical possession of a Property or an act of control or influence which may amount to possession by that person, such as submitting a demand or notice direct to Tenants requiring them to pay rents to the Security Trustee or the Issuer (as the case may be). In a case where it is necessary to initiate enforcement procedures against the Borrowers, the Security Trustee is likely to appoint a receiver to collect the rental income on its behalf or that of the Issuer, which should have the effect of reducing the risk that they would be deemed to be mortgagees or heritable creditors in possession.

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

Risks relating to conflicts of interest

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

The Servicing Agreement will require the Master Servicer and the Special Servicer to service the Loan in accordance with, among other things, the Servicing Standard. Certain discretions are given to the Master Servicer and the Special Servicer in determining how and in what manner to proceed in relation to the Loan. Furthermore, as the Master Servicer and the Special Servicer may each acquire Notes, either of them could, at any time, hold any or all of the most junior Class of Notes outstanding from time to time. Each of the Master Servicer and the Special Servicer will be required under the Servicing Agreement to perform its duties and to act in accordance with the Servicing Standard and

without regard to any fees or compensation to which it is entitled, its ownership or the ownership by any of its affiliates of an interest in the Notes or any relationship it, or any of its affiliates, may have with either Borrower, any Obligor or other Transaction Party.

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

Appointment of substitute Servicer

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

Restructuring Fees and Liquidation Fees

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

E. General Considerations

Reliance on warranties

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

For further information in relation to the Loan Sale Documents and Related Security, see "*Transaction Documents - The Loan Sale Documents*" at page 142.

In the event of a Material Breach of Loan Warranty (as defined under "*Transaction Documents - The Loan Sale Documents*" below) which has not been remedied within the prescribed cure period or is not capable of remedy, the sole remedy of each of the Issuer and the Trustee against the Seller shall be to require the Seller prior to the enforcement of Related Security either to repurchase the affected Loan together with any Related Security or, if the breach affects fewer than all of the Properties securing an affected Loan (as determined by the Servicer on behalf of the Issuer or the Trustee), to repurchase the Loan (provided no enforcement of the security interests has already been taken in respect of the Related Security) together with the Related Security in that portion of the affected Loan relating to the Property or Properties affected by the breach, provided that this shall not limit any

other remedies available to the Issuer and/or the Trustee if the Seller fails to repurchase all or a portion of the affected Loan and its Related Security when obliged to do so.

Forward-Looking Statements

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment, calculations in respect of, among other things, expected average lives of the Notes, DSCR and ICR (which are calculated on an annualised basis from cashflows as at the Cut-Off Date) and certain other characteristics of the Loan, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and/or the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic, environmental and regulatory changes. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Lead Manager assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

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

In relation to certain matters, including any variation of the terms of the Finance Documents and the Transaction Documents, the consent of the Master Servicer or the Special Servicer (as agent for the Issuer or the Security Trustee, as the case may be) and the Trustee (as appropriate) will be required. The Master Servicer or the Special Servicer (as agent for the Issuer or the Security Trustee, as the case may be) may be obliged to give such consent in accordance with the Servicing Agreement if certain conditions are met, such as receipt of written confirmation from the Rating Agencies that the Notes will not be downgraded below their then current ratings.

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

Introduction of International Financial Reporting Standards

The United Kingdom corporation tax position of the Issuer depends to a significant extent on the accounting treatment applicable to it. The Issuer's accounts are required to comply with either International Financial Reporting Standards (**IFRS**) or new UK Financial Reporting Standards reflecting IFRS (**new UK GAAP**). There is a concern that companies such as the Issuer might, under either IFRS or new UK GAAP, report profits or losses for accounting purposes, and accordingly for tax purposes (unless tax legislation provides otherwise), which bear little or no relationship to the company's cash position.

However, the Finance Act 2005 (as amended) requires a "securitisation company" to prepare tax computations for its periods of account beginning on or after 1 January 2005 and ending before 1 January 2008 on the basis of UK GAAP as applicable up to 31 December 2004, notwithstanding the

requirement to prepare statutory accounts under IFRS or new UK GAAP. The Issuer has been advised that it should be a "securitisation company" for these purposes.

The stated policy of HM Revenue & Customs is that the tax neutrality of securitisation companies in general should not be disrupted as a result of the transition to IFRS or new UK GAAP, and it is working with participants in the securitisation industry to establish a permanent regime that would prevent any such disruption. The Finance Act 2005 enables regulations to be made to establish such a regime. The latest draft of such regulations was published on 12 October 2006. However, if (for whatever reason) measures are not introduced to deal with the corporation tax position of such companies, the Issuer may (like other United Kingdom securitisation companies) be required to recognise profits or losses as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the transaction, and as such adversely affect the Issuer and consequently the Noteholders.

European Monetary Union

It is possible that, prior to the maturity of the Notes, the United Kingdom will become a participating Member State in Economic and Monetary Union and that therefore the euro will become the lawful currency of the United Kingdom. If so,

- (a) all amounts payable in respect of the Notes may become payable in euro,
- (b) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed and
- (c) applicable provisions of law may allow the Issuer to redenominate the Notes into euro and to take additional measures in respect of the Notes.

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

European Union Directive on the Taxation of Savings Income

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

Foreign Security Interests – Security Interest over shares in Guernsey or Jersey Companies or units in Guernsey or Jersey Unit Trusts will be governed by the Security Interests (Guernsey) Law, 1993 and the Security Interests (Jersey) Law, 1983 and require that the Security Trustee or some person on its behalf has possession of the certificates of title to such securities. To the extent that the Security Trustee is not entered on the Register of Shareholders or Unitholders (as the case may be), it may be possible for a third party to procure a transfer of title in its favour.

Security Granted by the Issuer - Enterprise Act 2002

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

It should, however, be noted that the Secretary of State may, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this Prospectus, will not be detrimental to the interests of the Noteholders.

Insolvency Acts 1986 and 2000

Under Schedule A1 to the Insolvency Act 1986 which was inserted by the Insolvency Act 2000, certain companies (small companies) are entitled to seek protection from their creditors for a period of 28 days for the purposes of putting together a company voluntary arrangement with the option for creditors to extend the moratorium for a further two months. A small company for these purposes is defined as one which satisfies two or more of the following criteria:

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

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

However, pursuant to paragraph 4 of Schedule A1 to the Insolvency Act 1986, certain companies are excluded from the optional moratorium provisions. Such exceptions include

- (i) a company which is a party to an agreement which is or forms part of a capital market arrangement (as defined in paragraph 4D of Schedule A1) under which a party has incurred, or when the Credit Agreement was entered into was expected to incur, a debt of at least £10 million and which involves the issue of a capital market investment (also defined, but generally a rated, listed or traded bond) and
- (ii) a company which has incurred a liability (including a present, future or contingent liability) of at least £10 million.

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

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

Change of law

The structure of the issue of the Notes, the ratings which are to be assigned to them and the related transactions described in this Prospectus are based on English and to the extent applicable Scots law and European laws and administrative practice in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible change to English or European law or administrative practice after the date of this Prospectus, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

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

THE ISSUER

The Issuer was incorporated in England and Wales on 9 October 2006 under registered number 5960771 as a public company with limited liability under the Companies Act 1985 (as amended). The registered office of the Issuer is at 35 Great St. Helen's, London, EC3A 6AP and its contact telephone number is +44 (0)20 7398 6300. The Issuer is organised as a special purpose vehicle and its activities are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee on trust for charitable purposes under the terms of the 2006-3 Share Trust Deed and the Seller does not own, directly or indirectly, any of the share capital of the Issuer.

1. Principal Activities

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

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a public limited company under the Companies Act 1985, the authorisation of the issue of the Notes and of the other documents and matters referred to or contemplated in this Prospectus, the filing of a notification under the Data Protection Act 1998 and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Conditions and will be limited to the issue of the Notes, the acquisition of the Loan, the exercise of related rights and powers and the other activities described in this Prospectus.

For further information in relation to such restrictions, see **Condition 4.1** (*Restrictions*) at page 194.

2. Directors and Secretary

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

Name	Business Address	Principal Activities
SFM Directors Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies
SFM Directors (No. 2) Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies

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

3. Capitalisation and Indebtedness

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

Share Capital

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

49,999 of the issued shares (being 49,999 shares of £1 each, 49,998 of which are paid-up as to 25p and one is fully paid-up) in the Issuer are held by the Share Trustee. The one remaining share in the Issuer, which is also fully paid-up, is held by SFM Nominees Limited (registered number 4115230) under the terms of a trust as nominee for the Share Trustee.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due July 2019	£615,000,000
Class B Commercial Mortgage Backed Floating Rate Notes due July 2019	£30,000,000
Class C Commercial Mortgage Backed Floating Rate Notes due July 2019	£110,000,000
Class D Commercial Mortgage Backed Floating Rate Notes due July 2019	£88,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due July 2019	£75,862,000

Total Loan Capital **£918,862,000**

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

4. Financial Information

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

THE OPTIONS HOLDER

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

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

1. Principal Activities

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

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

2. Directors and Secretary

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

SFM Directors Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies
SFM Directors (No. 2) Limited	35 Great St. Helen's London EC3A 6AP	Directors of special purpose companies

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

THE LOAN AND THE LOAN SECURITY

For the purposes of this section, any reference to the "Seller" should be construed as a reference to Barclays Bank PLC in relation to matters relevant for the purposes of originating the Loan.

1. Loan Characteristics

The Loan was advanced by Barclays Bank PLC to the Borrowers pursuant to a credit agreement dated 4 August, 2006 (as amended and restated on 1 September 2006) between the Lender, the Borrowers and the Security Trustee (the **Credit Agreement**). The advance was made on 4 August 2006.

The Loan consists of a single debt, secured by fixed security on 36 commercial properties located throughout the United Kingdom. The Loan has an initial aggregate balance as at the Cut-Off Date of £918,862,500.

The Loan is a floating rate mortgage loan. The Issuer will enter into the Basis Swap Agreement with the Basis Swap Provider pursuant to which the Issuer and the Basis Swap Provider will enter into the Basis Swap Transaction in respect of the Loan. Under the Basis Swap Transaction, the Issuer will, in respect of the Loan, swap an amount based on LIBOR for the Loan Interest Period for LIBOR in respect of the Interest Period. In addition, the First General Partner has entered into the Senior Interest Rate Hedging Transaction on behalf of the Borrowers pursuant to the Senior Interest Rate Hedging Agreement in order to mitigate the Interest Rate Risk and each of the Borrowers are guarantors in respect of the First General Partner's liabilities under the Senior Interest Rate Hedging Transaction.

The aggregate amount of the Loan advanced to the Borrowers pursuant to the Credit Agreement was to be used to enable the Properties to be acquired by the relevant Borrower (acting by the relevant General Partners).

The following tables set out certain information with respect to the Loan and the Properties. The statistics in the following tables were primarily derived from information provided to the Seller by the Borrowers, other than assumptions or projections used in calculating such statistics, which were determined by the Seller. The **Cut-Off Date ICR** and the **Cut-Off Date DSCR** with respect to the Loan is the annualised net cashflow of the Borrowers³ as at the Cut-Off Date divided by the annualised interest due under the Loan as at the Cut-Off Date for the Loan.

Some of the totals in the following tables may not equal the sum of the parts due to rounding of numbers.

Loan										
Loan Number	Loan Name	Cut-Off Date Loan Balance (£)	% of Total	Cut-Off Date LTV (%)	Maturity LTV (%)	Cut-Off Date ICR (%)	Cut-Off Date DSCR (%)	Loan Maturity Date	Weighted Average Remaining Lease Term to Lease Expiry (Years)	WA Remaining Lease Term to Lease First Break (Years)
1	Gemini	918,862,500	100.0%	74.4%	74.4%	131%	131%	Jul-16	11.7	11.0

³ Including Escrow Rent, as applicable.

Property Open Market Value							
Property Open Market Value	Number of Properties	Cut-Off Date OMV (£)	Percentage of Pool by Cut-Off Date OMV	Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Remaining Lease Term to Lease Expiry (Years)	Weighted Average Remaining Lease Term to First Break (Years)
Less than or equal to 5,000,000	0	-	-	-	-	-	-
5,000,000 < x <= 10,000,000	5	35,065,000	2.8%	26,079,813	2.8%	11.7	9.4
10,000,000 < x <= 15,000,000	8	97,525,000	7.9%	72,534,828	7.9%	18.8	15.8
15,000,000 < x <= 25,000,000	6	112,045,000	9.1%	83,334,169	9.1%	11.9	10.3
25,000,000 < x <= 35,000,000	7	198,115,000	16.0%	147,349,269	16.0%	10.2	9.6
35,000,000 < x <= 45,000,000	2	74,150,000	6.0%	55,149,526	6.0%	19.5	19.5
45,000,000 < x <= 55,000,000	2	100,115,000	8.1%	74,461,157	8.1%	15.6	15.6
55,000,000 < x <= 65,000,000	2	123,370,000	10.0%	91,757,208	10.0%	8.0	7.8
65,000,000 < x <= 75,000,000	1	66,400,000	5.4%	49,385,415	5.4%	9.9	8.4
75,000,000 < x <= 85,000,000	0	-	-	-	-	-	-
85,000,000 < x <= 95,000,000	1	92,100,000	7.5%	68,499,950	7.5%	9.0	8.8
Greater than 95,000,000	2	336,550,000	27.2%	250,311,165	27.2%	10.5	10.4
Total Weighted Average	36	1,235,435,000	100.0%	918,862,500	100.0%	11.7	11.0

Property Type							
Property Type	Number of Properties	Cut-Off Date OMV (£)	Percentage of Pool by Cut-Off Date OMV	Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Remaining Lease Term to Lease Expiry (Years)	Weighted Average Remaining Lease Term to First Break (Years)
Industrial - Industrial Park	3	68,000,000	5.5%	50,575,425	5.5%	4.9	4.0
Leisure - Cinema	1	10,830,000	0.9%	8,054,880	0.9%	27.6	27.6
Leisure - Gym	2	27,735,000	2.2%	20,628,080	2.2%	33.0	23.0
Leisure - Other	2	24,690,000	2.0%	18,363,342	2.0%	18.1	18.1
Logistics - Warehouse	2	86,465,000	7.0%	64,308,884	7.0%	16.0	16.0
Mixed - Mixed	2	34,950,000	2.8%	25,994,281	2.8%	14.2	11.1
Office - Business Park	3	32,060,000	2.6%	23,844,825	2.6%	10.6	10.6
Office - Out of Town Office	1	49,750,000	4.0%	37,001,873	4.0%	15.2	15.2
Office - Secondary CBD Office	7	175,490,000	14.2%	130,521,784	14.2%	10.2	9.3
Retail - High Street Shop	2	12,525,000	1.0%	9,315,547	1.0%	8.3	8.3
Retail - Retail Warehouse	3	100,540,000	8.1%	74,777,253	8.1%	16.9	16.9
Retail - Shopping Centre	8	612,400,000	49.6%	455,476,326	49.6%	9.8	9.4
Total/Weighted Average	36	1,235,435,000	100.0%	918,862,500	100.0%	11.7	11.0

Regional Distribution							
Regional Distribution	Number of Properties	Cut-Off Date OMV (£)	Percentage of Pool by Cut-Off Date OMV	Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Remaining Lease Term to Lease Expiry (Years)	Weighted Average Remaining Lease Term to First Break (Years)
East Midlands	1	50,365,000	4.1%	37,459,283	4.1%	16.0	16.0
Greater London	5	147,565,000	11.9%	109,752,391	11.9%	9.0	8.3
North West	6	207,075,000	16.8%	154,013,325	16.8%	15.5	13.7
Scotland	4	138,120,000	11.2%	102,727,613	11.2%	14.0	12.8
South East	7	134,050,000	10.9%	99,700,525	10.9%	8.7	8.2
South West	4	78,990,000	6.4%	58,749,306	6.4%	15.0	15.0
Wales	1	10,610,000	0.9%	7,891,254	0.9%	32.2	22.2
West Midlands	7	376,560,000	30.5%	280,068,853	30.5%	9.7	9.3
Yorkshire & Humberside	1	92,100,000	7.5%	68,499,950	7.5%	9.0	8.8
Total/Weighted Average	36	1,235,435,000	100.0%	918,862,500	100.0%	11.7	11.0

Property Tenure							
Property Tenure	Number of Properties	Cut-Off Date OMV (£)	Percentage of Pool by Cut-Off Date OMV	Cut-Off Date Allocated Loan Balance (£)	Percentage of Pool by Cut-Off Date Allocated Loan Balance	Weighted Average Remaining Lease Term to Lease Expiry (Years)	Weighted Average Remaining Lease Term to First Break (Years)
Freehold	28	745,760,000	60.4%	554,663,659	60.4%	12.3	11.3
Leasehold	7	381,675,000	30.9%	283,873,166	30.9%	10.9	10.4
Mixed	1	108,000,000	8.7%	80,325,675	8.7%	10.5	10.5
Total/Weighted Average	36	1,235,435,000	100.0%	918,862,500	100.0%	11.7	11.0

2. Diligence in connection with the Loan

Title and other investigation

The certificates of title (each, a **Certificate of Title** and together, the **Certificates of Title**) in relation to all of the Properties (each such Certificate of Title being substantially in the City of London Law Society's standard form and amended to take account of jurisdictional changes in respect of the Scottish Properties) or reports on title (each a **Report on Title** and together, the **Reports on Title**) were issued on or prior to the Drawdown Date by the solicitors to the Borrowers to the Security Trustee, for the benefit of, among others, the Seller.

The Certificates of Title covers the following principal matters:

- (a) confirmation as to the tenure of each Property, the quality of title, whether the relevant Property is registered or unregistered and whether there are any material title defects;
- (b) a list of rights benefiting each Property, together with any conditions applying to the exercise of such rights;
- (c) a list of rights to which each Property is subject;

- (d) details of any encumbrances affecting each Property, including any pre-existing mortgages or charges and any covenants which might bind the owner of the relevant Property (and any mortgagee) from time to time;
- (e) an analysis of the replies to preliminary enquiries (in respect of Properties situated in England only) and the results of searches made of local and other appropriate authorities relating to each Property (these will disclose matters such as disputes, outstanding statutory notices, proposals for the compulsory purchase of the Property, details of any proposals to construct new roads within the immediate vicinity of the relevant Property and any material planning irregularities); and
- (f) a report on the terms and conditions of any headlease of any property including repairing and insurance obligations, the machinery for payment and/or review of rent, the termination provisions, rights granted and reserved by the terms of any such headlease of any Property and the provisions for payment of any other sums relating to any Property.

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

The external legal advisers to the Seller reviewed the draft form of the Certificates of Title to ensure that they covered all matters that the external legal advisers would expect to be covered in a certificate of title. The external legal advisers raised requisitions in case of omissions, ambiguities or material disclosures in the draft Certificates of Title and satisfied themselves in relation to any issues that arose from the report.

On the basis of their review, the external legal advisers to the Seller prepared a summary report for Seller (also addressed to the Security Trustee, for the benefit of the Finance Parties) in relation to the Property confirming (if appropriate) approval of the form and content of the Certificate of Title and highlighting any matters contained therein which the external legal advisers considered should be drawn to the attention of the Seller and its Valuers.

Reliance on Legal Due Diligence

The summary report prepared by the external legal advisers and referred to above will be addressed to the Seller and the Security Trustee, for the benefit of the Finance Parties, of which the Issuer will be one after the Closing Date. The Issuer will also rely on the representations and warranties of the Seller contained in the Loan Sale Agreement and will assign by way of security its rights under the Loan Sale Agreement to the Trustee.

For further information in relation to the representations and warranties to be made by the Seller in the Loan Sale Agreement and the Issuer's remedies in respect of a breach thereof, see "*Transaction Documents - Loan Sale Documents*" at page 142.

Capacity of Obligors

The external legal advisers to the Seller have satisfied themselves that each of the Obligors is validly incorporated or established, as applicable, has sufficient power and capacity to enter into the transactions connected with the origination of the Loan and the grant of security in respect thereof, that they have not granted any existing mortgages, security or charges other than those granted as security for the Loan or their other obligations arising in connection with the Finance Documents, that

neither of the Obligors is the subject of any insolvency proceedings, and generally that any formalities required to enter into the relevant Finance Documents and the transactions contemplated thereby have been completed.

As part of the legal due diligence undertaken in connection with originating the Loan, the Seller has obtained the usual legal opinions relating to the Obligors.

Registration of security

Following drawdown of the Loan, the external legal advisers acting for the Seller ensured that all necessary registrations in connection with taking security were attended to within all applicable time periods and appropriate notices served (where required by the terms of the Credit Agreement). The title deeds in relation to each of the Properties are held by, or to the order of, the Security Trustee and it is expected that this will continue to be the case after the Closing Date.

Valuations

Independent valuers, namely King Sturge and CB Richard Ellis, conducted the Valuations, in order to establish the approximate value of the Properties. The Valuations are the basis for the valuation figures contained within this Prospectus.

Occupancy statements, operating statements and other data

The Seller took steps to review, to the extent available or applicable, rent rolls, Leases, and related information or statements of occupancy rates, market data, financial data, operating statements and receipts for insurance premiums. The Borrowers were generally required to furnish available historical operating statements and operating budgets for the current year and provide Leases if and to the extent such information was available. This information was used in part as the basis of the information set out in this Prospectus.

3. Borrower structure and Property ownership

Each Borrower is a Limited Partnership organised under the laws of Guernsey and each act by their respective General Partners. The General Partners are each limited liability companies, the First General Partner being incorporated in Guernsey on 10 March 2006 with registered number 44504, the Second General Partner being incorporated in Guernsey on 10 March 2006 with registered number 44501, the Third General Partner being incorporated in Guernsey on 3 August 2006 with registered number 45247 and the Fourth General Partner being incorporated in Guernsey on 3 August 2006 with registered number 45248. The registered office for all of the General Partners is at St Peter's House, Le Bordage, St Peter Port, Guernsey, GY1 6AX.

The Limited Partnerships holding each of the four Scottish Properties each act through the First General Partner and the Second General Partner.

The Limited Partners of each Limited Partnership consist of limited liability companies incorporated in England, Scotland or Guernsey and/or unit trusts established in Guernsey or Jersey. For further information about the structures of the Limited Partnerships, see the schematic representation of the seven types of ownership structures applicable to each of the Limited Partnerships set out in the "*Borrower Structure Diagram*" at pages 10 and 11.

Each Property is owned by the Limited Partnership set out in the table below.

	Property	Limited Partnership
1	The Galleries Shopping Centre, Wigan Marketgate Shopping Centre, Wigan	Propinvest Wigan Limited Partnership
2	2410 The Quadrant, Aztec West Business Park, Bristol	Propinvest Quadrant Limited Partnership
3	2420 The Quadrant, Aztec West Business Park, Bristol	Propinvest Quadrant Limited Partnership
4	Sussex Manor Business Park, Gatwick Road, Crawley	Propinvest Sussex Manor Limited Partnership
5	Units 12 and 13, Woodside Park Industrial Estate, Forester Avenue, Dunstable	Propinvest Woodside Limited Partnership
6	Briarcliff House, Kingsmead, Farnborough	Propinvest Briarcliff Limited Partnership
7	Helios Court, Bishop Square, Hatfield	Propinvest Helios Limited Partnership
8	Gloucester Building, Kensington Village, London	Propinvest Gloucester Limited Partnership
9	Charles House, Plymouth	Propinvest Charles Cross Limited Partnership
10	Nova Building, Herschel Street, Slough	Propinvest Nova Limited Partnership
11	Springfields Retail Park, Newcastle Road, Stoke-on-Trent	Propinvest Springfield Limited Partnership
12	Wednesbury Trading Estate, Wednesbury	Propinvest Wednesbury Limited Partnership
13	Martineau Place Birmingham/Union Street Birmingham	Propinvest Birmingham Limited Partnership
14	The Headrow Shopping Centre, The Headrow, Leeds	Propinvest Headrow Limited Partnership
15	The Paisley Shopping Centre, High Street, Paisley	Propinvest Paisley Limited Partnership
16	Callendar Square Shopping Centre, Falkirk, Scotland	Propinvest Callendar Limited Partnership
17	Prescott Shopping Centre, Prescott, Merseyside	Propinvest Presford Limited Partnership
18	Eddie Stobart Unit, Daventry	Propinvest Daventry Limited Partnership
19	Ashwood House, Princess Way, Camberley, Surrey	Propinvest Ashwood Limited Partnership
20	20 Farringdon Street, London	Propinvest Farringdon Limited Partnership
21	EMC Tower, Great West Road, Brentford, London	Propinvest Presford Limited Partnership
22	Regus House, Highbridge Business Park, Uxbridge, Middlesex	Propinvest RH Limited Partnership
23	Gade House, 46 The Parade, Watford, Hertfordshire	Propinvest Gade Limited Partnership
24	UGC Cinema, Kingsway Leisure Park, Kingsway West, Dundee	Propinvest Kingsway Limited Partnership
25	138/141 Friar Street, Reading	Propinvest Friar Limited Partnership
26	Units 1-3, 160 The Marlowes, Hemel Hempstead	Propinvest Marlowes Limited Partnership
27	Renfrew Retail Park, Argyll Avenue, Renfrew, West Glasgow	Propinvest Renfrew Limited Partnership

	Property	Limited Partnership
28	The Grange, Bishops Cleeve, Cheltenham, Gloucestershire	Propinvest Grange Limited Partnership
29	Sutherland House, Crawley	Propinvest Sutherland Limited Partnership
30	West Strand, Preston	Propinvest Fitness Limited Partnership
31	Stansty Road, Wrexham, Clwyd	Propinvest Fitness Limited Partnership
32	River Road, Barking	Propinvest River Road Limited Partnership
33	Waterloo Street, Bolton, Greater Manchester	Thistle Bolton Limited Partnership
34	Marcon Way, Crewe, Cheshire	Propinvest Fitness Limited Partnership
35	Makinson Arcade, Wigan, Lancashire	Propinvest Wigan Limited Partnership
36	Grosvenor Shopping Centre, Northfield, Birmingham	Propinvest Northfield Limited Partnership

4. The Credit Agreement

The Credit Agreement is governed by English law, and was entered into by, among others, the Borrowers (acting by their respective General Partners), the General Partners, the Seller (acting as Original Lender), the Facility Agent and the Security Trustee. The Credit Agreement contains the types of representations, warranties and undertakings on the part of the Borrowers that a reasonably prudent lender making a loan secured on commercial properties of the same type as the Properties would customarily require. A summary of the principal terms of the Credit Agreement is set out below.

Loan amount and drawdown and further advances

The amount advanced under the Credit Agreement was determined by the Seller with reference to, among other things, the value of the Portfolio and the rental cash flow generated or expected to be generated by it.

The Credit Agreement does not place an obligation on the Lender to make any further advances to the Borrowers. Following the sale of the Loan to the Issuer and the transfer to the Issuer of the beneficial interests in the Security Trust in respect of the Related Security, the Relevant Servicer may not (subject to the terms of the Servicing Agreement) agree to an amendment of the terms of the Credit Agreement that would require the Issuer to make any further advances of principal to the Borrowers unless confirmation has been received from the Rating Agencies (where applicable) that any further advance of principal would not have an adverse effect on the then current ratings of the Notes. Any such advances will only be made to the extent that the Issuer has sufficient funds available to it for this purpose. The Credit Agreement does, however, allow the Lender to make Cure Advances.

The Credit Agreement provides for certain retentions from amounts drawn by the Borrowers under the Credit Agreement, including without limitation:

- (a) an **Escrow Rent** in an aggregate amount equal to £19,793,413, representing an amount calculated to be the equivalent of the rental income expected to be generated by units of a Property following contractual rental uplifts, market rent reviews and, in the case of units that are not subject to an Occupational Lease, subsequent lettings and in each case to be drawn from the Escrow Rental Account, from time to time, and transferred to the Rent Account in accordance with the terms of the Credit Agreement, thus representing an additional source of cash-flow available to service the Loan;

- (b) a **Tenant Incentive Amount** in an amount of £4,817,500, being amounts which are required to be paid to Tenants for the purpose of funding improvements to the relevant Property as set out in a Deed of Works dated on or about the date 4 August, 2006 and made between Thistle Investments Limited and Palace Investments Limited, Paymaster (1836) Limited and Xafinity Limited (the **Deed of Works**); and
- (c) the **Falkirk Completion Amount** in an amount of £4,350,000, being amounts for the purchase of the heritable interest in the relevant Property, deposited by the Lender pursuant to the terms of the Credit Agreement (for further information, see the description of the Callendar Shopping Centre, Falkirk Property at page 122).

As described in further detail below, the amount of the Escrow Rent will be held in the Escrow Rental Account, the amount of the Tenant Incentive Amount will be held by Olswang, Solicitors to the Borrowers pending the application of such amounts in accordance with the Credit Agreement and subject to an undertaking in respect of the Tenant Incentive Amount from Olswang to the Finance Parties. The Falkirk Completion Amount has been utilised prior to the Closing Date.

Conditions precedent

The Seller's obligation to make the Loan was subject to the Facility Agent first having received certain documents and evidence as conditions precedent to funding, in each case, in form and substance satisfactory to it.

These documents and evidence, which were prescribed by the Credit Agreement included, among other things, constitutional documents and board minutes for the Obligors (other than the Borrowers), a Valuation in respect of each Property, evidence of appropriate insurance cover in respect of the Properties being in place, all title documents (or an appropriate undertaking in respect of all title documents) relating to the interest of the Borrowers and the General Partners in the Portfolio, copies of all land registry searches related to the Borrowers and the General Partners' interests in the Portfolio, execution of, among other things, certain security documents between the Finance Parties and the Obligors, the Intercreditor Agreement, the Hedging Agreements and information relating to the appointment of the Property Manager in respect of the relevant Properties and the execution of the duty of care agreement. The conditions precedent were of a type that are typically required by lenders making loans secured by commercial real estate assets.

Interest and amortisation payments/repayments

The Credit Agreement provides that payment of quarterly instalments of interest are due on the 17th day of each January, April, July and October in each calendar year provided that if any such day is not a London Business Day, the Loan Interest Payment Date will be the next following London Business Day in that calendar month (if there is one) or the immediately preceding London Business Day (if there is not), each such date being a Loan Interest Payment Date.

The Loan has a term of ten years and is scheduled to be repaid on 17 July 2016 (the **Loan Final Maturity Date**) or if that day is not a London Business Day, the Loan Final Maturity Date will be the immediately preceding London Business Day.

The Credit Agreement does not provide for scheduled amortisation payments to be made by the Borrowers on each Loan Interest Payment Date and the Borrowers are required to repay the outstanding principal amount of the Loan, together with all other amounts outstanding under the Finance Documents, on the Loan Final Maturity Date. Following the repayment of the Loan, the Borrowers may be required to pay Break Costs to each Finance Party.

The Credit Agreement permits the Borrowers to voluntarily prepay the Loan on any Loan Interest Payment Date in whole or in part (but, if in part, subject to a minimum prepayment amount of

£250,000) by giving a minimum of 10 London Business Days' prior written notice to the Facility Agent. In addition, the Credit Agreement provides for mandatory prepayment of the Loan in certain circumstances being upon the occurrence of, among other things, any of the following events (as more fully described in the Credit Agreement):

- (a) it becomes unlawful for the Lender to perform any of its obligations under any Finance Document;
- (b) Glenn Maud (or if deceased, his estate) ceases solely to own less than 75 per cent. (whether directly or indirectly) of any Obligor (other than any unit trust) or any shareholder or unitholder of an Obligor; or
- (c) the sale or disposal of a Property in certain circumstances as set out in the Credit Agreement.

The Credit Agreement provides that if the Borrowers prepay the Loan at any time, other than on a Loan Interest Payment Date, the Borrowers must also pay to the Lender the amount of interest that would have accrued up to and including the next following Loan Interest Payment Date had no such prepayment occurred. Prepayment of the Loan, save in certain circumstances, will be subject to payment of certain prepayment fees (**Prepayment Fees**) by the Borrowers.

In addition to any Prepayment Fees to be paid by the Borrowers, the Borrowers may be required to pay to (among others) the Lender or Senior Interest Rate Hedging Provider any Break Costs, together with any costs, losses or liabilities incurred as a result of the termination of all or any part of the Senior Interest Rate Hedging Agreement (or any other hedging arrangement) including any costs, losses or liabilities incurred as a result of the Senior Interest Rate Hedging Provider (or such other counterparty) electing to terminate the Senior Interest Rate Hedging Agreement (or any other hedging arrangement) on the Final Maturity Date and any Basis Swap Break Costs.

Break Costs mean an amount (determined by a Finance Party) required to indemnify the Finance Party against any loss or liability (but, in case of the loss of margin (as described in the Credit Agreement) only up to the Loan Interest Payment Date next following the prepayment or repayment) that it incurs as a consequence of any part of the Loan or overdue amount being prepaid or repaid.

Basis Swap Break Costs means

- (a) such amount as the Issuer is legally obliged to pay to the Basis Swap Provider on early termination of the Basis Swap Agreement; and/or
- (b) such amount as the Issuer would be obliged to pay (whether actually or notionally) to purchase any swap (or other hedging arrangement) to mitigate the Basis Risk for a period equal to the unexpired portion of the Basis Swap Agreement.

The Issuer is required to pay any amount received by it from the Basis Swap Provider under the Basis Swap Agreement (or any other hedging arrangement that achieves the purpose of such agreement) following the prepayment of the Loan (the **Break Gains**) towards prepayment of the Loan if a Loan Event of Default has occurred and is continuing and, thereafter (or, if no Loan Event of Default has occurred and is continuing), in payment to the Borrowers as they direct.

On each Loan Interest Payment Date, the Facility Agent will withdraw from and apply amounts standing to the credit of the Rent Account to pay (among other things) interest and principal due under the Loan, all as more fully set out in the Intercreditor Agreement (as more fully set out below).

Borrower Accounts

The Credit Agreement requires the Borrowers to maintain the following bank accounts:

- (a) an account designated the **Rent Account**;
- (b) an account designated the **Sale Account**;
- (c) an account designated the **Escrow Rental Account**;
- (d) an account designated the **Rental Deposit Account**;
- (e) an account designated the **Deposit Account**; and
- (f) an account designated the **General Account**,

(each, a **Borrower Account** and together, the **Borrower Accounts**).

Each of the Borrower Accounts shall be maintained with Barclays Private Clients International Limited, acting through its office at PO Box 41, Le Marchant House, Le Truchot, St. Peter Port, Guernsey, GY1 3B and shall, in accordance with the Credit Agreement, be held in the name of the First General Partner, the Second General Partner, the Third General Partner or the Fourth General Partner. Under the terms of the Credit Agreement, the Guarantors are not entitled to maintain any bank accounts (other than those described above) without the consent of the Facility Agent.

Rent Account

The Rent Account is controlled by the Security Trustee.

The Borrowers must ensure that:

- (a) all Net Rental Income;
- (b) all amounts payable to them or to a General Partner under the Senior Interest Rate Hedging Agreement;
- (c) any amounts to be transferred from the Escrow Rental Account;
- (d) any interest earned in any other Borrower Account; and
- (e) any amounts to be transferred from the Deposit Account,

in each case are paid into the Rent Account.

The Borrower may satisfy their obligations above in relation to Net Rental Income above by procuring that:

- (i) an independent Managing Agent promptly collects all Rental Income and, within 5 Business Days of receipt, pays all Net Rental Income received by it into the Rent Account; and
- (ii) pending payment into the Rent Account, the Managing Agent holds that Net Rental Income in a trust account in the name of that Managing Agent into which only moneys representing Rental Income from the Properties is paid, such trust account held with a bank which has been approved for the purposes by the Security Trustee (acting in its sole discretion),

and for the purpose of the provisions described above, the Propinvest Asset Management LLP shall be deemed to be an independent Managing Agent if at all times it:

- (A) effects and maintains professional indemnity insurance cover equivalent at all times to at least one quarter's Rental Income;

- (B) ensures that the insurance cover is in a form and with an insurance company or underwriter that is acceptable to the Security Trustee; and
- (C) ensures that the Security Trustee receives copies of that insurance policy and any information in connection with the insurance and claims under it which the Security Trustee may reasonably require.

Amounts standing to the credit of the Rent Account are to be applied in accordance with the Intercreditor Agreement. Such application of funds is subject to, among other things, no Loan Event of Default is outstanding or would occur on the making of the withdrawal from the Rent Account and the following limitations:

- (a) in respect of any payment in respect of the Junior Loan, each Interest Cover (as defined in the Junior Loan Credit Agreement at each Interest Payment Date) falling:
 - (i) prior to the second anniversary of the drawdown date in respect of the Loan (the **Drawdown Date**) being at least 105 per cent.; and
 - (ii) on and after the second anniversary of the Drawdown Date being at least 110 per cent; and
- (b) in respect of payment into the General Account in accordance with the Intercreditor Agreement in the event that the Junior Loan has been repaid in full, each Interest Cover as at the relevant Interest Payment Date being not less than 120 per cent and a report has been delivered to the Security Trustee, in form and substance satisfactory to it, in respect of that Loan Interest Payment Date.

Subject to the terms of the Intercreditor Agreement, the Security Trustee may authorise withdrawals at any time from the Rent Account to pay any amount due but unpaid under the Finance Documents.

On any day on which an amount is due under a headlease, the Facility Agent may and is irrevocably authorised by each Guarantor to:

- (a) withdraw from the Rent Account an amount necessary to meet that due amount; and
- (b) apply that amount in payment of the due amount.

Sales Account

The Sales Account is controlled by the Security Trustee and is used for the purposes of collecting the proceeds arising through the disposal of any Property. Given that the Borrowers are, subject to certain limitations prescribed under the Credit Agreement permitted to dispose of the Properties, the Sales Account may, from time to time, have significant amounts standing to its credit.

Under the terms of the Credit Agreement, amounts standing to the credit of the Sales Account must be used towards either:

- (a) to the extent permitted under the Credit Agreement, in acquisition of an additional property or properties; or
- (b) the prepayment of the Loan (in the sum of the Minimum Prepayment Amount), together with amounts payable in respect of that prepayment (including Break Costs and Basis Swap Break Costs), prepayment fees, interest on the amount to be prepaid and any break costs in respect of the termination of the Senior Interest Rate Hedging Agreement:

- (i) in a principal amount equal to the Minimum Prepayment Amount, on the next Loan Interest Payment Date following the disposal of the relevant Property if requested by the Borrowers;
 - (ii) in a principal amount equal to the Minimum Prepayment Amount, on any Interest Payment Date, if the Borrowers give ten Business Days' prior notification to the Security Trustee of such prepayment; or
 - (iii) if the Security Trustee notifies the Borrowers that the amount standing to the credit of the Sales Account has not been utilised in full to acquire an additional property in the period of nine months since the payment of that sum into the Sales Account, in a principal amount equal to the Minimum Prepayment Amount (less the amount (if any) withdrawn for the purpose of acquiring an additional property), on the Interest Payment Date immediately following the last day of that nine month period;
- (c) if as a result of the prepayment of that amount of the Loan and all other sums referred to in sub-paragraph (ii) above the Loan has been prepaid in full, prepayment of the Junior Loan together with amounts payable in respect of that prepayment in accordance with the Junior Loan Credit Agreement.

Minimum Prepayment Amount in respect of a Property is specified in or accordance with the Credit Agreement but is made up of the following components:

- (a) the **Senior Allocated Loan Amount Component**, which is, the proportion of the Loan "allocated" to a particular Property under the terms of the Credit Agreement;
- (b) the **Senior Loan Release Price Component**, which is the additional "release premium" which, pursuant to the terms of the Credit Agreement must be paid by the Borrowers on the disposal of a particular Property (other than the Headrow Property) that is equal to 10 per cent. of the Senior Allocated Loan Amount Component; and
- (c) the **Junior Loan Release Price Component**, which is the additional "release premium" which, pursuant to the terms of the Junior Credit Agreement, must be paid by the Borrowers on the disposal of a particular Property (other than the Headrow Property) that is equal to 10 per cent. of the portion of the Junior Loan "allocated" to a particular Property (the **Junior Allocated Loan Amount Component**).

The Junior Loan Release Price Component will constitute part of the Minimum Prepayment Amount for so long as any part of the Loan is outstanding and **Release Premium** means, unless the context requires otherwise, the Senior Loan Release Price Component and the Junior Loan Release Price Component collectively.

Escrow Rental Account

The Escrow Rental Account is controlled by the Security Trustee. As described above, the amount of the Escrow Rent has been paid into the Escrow Rental Account.

On each Interest Payment Date, the Security Trustee must, and is irrevocably authorised by the Guarantors to, withdraw from the Escrow Rental Account certain scheduled amounts as set out in the Credit Agreement.

On each Interest Payment Date, any interest standing to the credit of the Escrow Rental Account shall be transferred to the Rent Account where it shall form part of the Rental Income.

At any time when a Loan Event of Default is outstanding, the Security Trustee may, and is irrevocably authorised by a Borrower or a General Partners (together, the **Guarantors**, and each a **Guarantor**) to withdraw from, and apply amounts standing to the credit of, the Escrow Rental Account in or towards any purpose for which moneys in any Borrower Account may be applied.

In the event that:

- (a) a Property or parts thereof in respect of which amounts were deposited into the Escrow Rental Account is let pursuant to a Permissible Letting, the Security Trustee shall release to the General Account an amount, determined by the Security Trustee (acting reasonably) in recognition of the letting of the relevant Property or part thereof and taking into account the amount credited to the Escrow Rental Account in respect of the relevant Property and such amount, when so released, may be applied absent any Loan Event of Default without reference to any of the restrictions otherwise applicable under the Credit Agreement in respect of the General Account; and
- (b) in the event that on the Interest Payment Date following the **Escrow End Date** (being 3 February 2008 for all Properties except four in respect of which different dates apply, being 3 August 2010 and 3 August 2011 (two separate units) for Martineau Place, 3 August 2008 for Ashwood House, 3 August 2011 for Sutherland House and 24 March 2015 for Ewe House) in respect of a unit of Property there is a positive balance standing to the credit of the Escrow Rental Account greater than the amount required to satisfy the continuing obligations in connection with or related to the Escrow Rental Account as set out in the Credit Agreement and as described under the heading "*Escrow Rental Account*" above, the Security Trustee shall release such amount to the General Account and such amount, when so released, may be applied absent any Loan Event of Default without reference to any of the restrictions otherwise applicable under the Credit Agreement in respect of the General Account.

Permissible Letting means a letting in respect of which the Occupational Lease:

- (a) has a term of which is at least 12 months;
- (b) was negotiated and entered into with the tenant on arms length terms with a tenant which is not an affiliate of the relevant Borrower;
- (c) is not, at the time of determination, within a "rent free period"; and
- (d) the rent payable in respect of which is at least equal to the estimated rental value of the relevant Property or part thereof on the basis of which the amounts originally deposited into the Escrow Rental Account were calculated.

Deposit Account

The Deposit Account is controlled by the Security Trustee.

On each Interest Payment Date, the Security Trustee shall, and is irrevocably authorised by the Guarantors to, transfer to the Rent Account an amount from amounts deposited in the Deposit Account, to the extent needed to satisfy the payment obligations of any Obligor out of the Rent Account and referred to in the Intercreditor Agreement.

At any time when a Loan Event of Default is outstanding, the Security Trustee may, and is irrevocably authorised by the Guarantors to withdraw from, and apply amounts standing to the credit of, the Deposit Account in or towards any purpose for which moneys in any Borrower Account may be applied.

General Account

The First General Partner, the Second General Partner, the Third General Partner and the Fourth General Partner have signing rights in respect of the General Account. Following the occurrence of a Loan Event of Default, the Security Trustee may operate the General Account and withdraw from, and apply amounts standing to the credit of, the General Account in or towards any purpose for which moneys in any Borrower Account may be applied.

Subject to the terms of the Credit Agreement and the Intercreditor Agreement and if no Loan Event of Default is outstanding, the General Partners may withdraw any amount from the General Account for any purpose.

The Guarantors must ensure that any amount received by any of them, other than any amount specifically required under the Credit Agreement to be paid into any other Borrower Account, is paid into the General Account provided that any amounts in respect of any guarantee entered into in connection with the payment of rent or other outgoings in respect of any Property which is vacant or until the rent payable reaches a certain level and as a result of which, an amount has been placed on deposit in the Escrow Rental Account, which may be applied without reference to any of the restrictions otherwise applicable to the Credit Agreement.

Rental Deposit Account

The Security Trustee has control over the Rental Deposit Account.

Subject to the terms of the relevant Occupational Lease on which the relevant amount is held, on a Loan Interest Payment Date the Security Trustee may, and is irrevocably authorised by the Guarantors to, transfer any amount standing to the credit of the Rental Deposit Account which is referable to a tenant into the Rent Account to the extent necessary to make good any failure by that tenant to meet its obligations to pay rent under the relevant Occupational Lease.

At any time when a Loan Event of Default is outstanding, the Security Trustee may, and is irrevocably authorised by the Guarantors to withdraw from, and apply amounts standing to the credit of, the Rental Deposit Account in or towards any purpose for which moneys in any Borrower Account may be applied.

Representations and warranties

The representations and warranties given (or to be given) by the Borrowers in relation to each Obligor (unless otherwise stated) and by each General Partner in relation to itself, under the Credit Agreement as of the date of the Credit Agreement and (subject to certain exceptions), the date of the request for the Loan, the date of drawdown and on each Loan Interest Payment Date and in certain circumstances, the date of withdrawal from the Rent Account, include, among other things, the following representations (subject in each case to the specific terms, concessions and negotiations set out in or represented by the Credit Agreement):

- (a) in relation to each General Partner, it is incorporated as a limited liability company, duly incorporated or established and validly existing under the laws of the jurisdiction of its original incorporation;
- (b) in relation to each Borrower, it is a duly registered and validly existing limited partnership under the laws of Guernsey and has its principal place of business in Guernsey;
- (c) it has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Loan Transaction Documents to which it is or will be a party and the transactions contemplated by those Loan Transaction Documents;

- (d) under each limited partnership agreement the limited partners of the relevant Limited Partnership have authorised the General Partners to:
 - (i) execute deeds and other documents on behalf of the relevant Borrower including, without limitation, the Finance Documents to which that Borrower is a party; and
 - (ii) grant Security Interests on behalf of the relevant Borrower over the assets of that Borrower;
- (e) subject to general principles of law and equity, each Finance Document to which it is a party constitutes its legally binding, valid and enforceable obligations and will not conflict with any applicable law or regulation, its constitutional documents or any document binding on it or any of its assets;
- (f) no event of default is outstanding or will result from the execution or performance of any transaction contemplated by any Finance Document and no other event which constitutes an event of default under any document binding on it or any of its assets to an extent or in a manner which is reasonably likely to have a Material Adverse Effect;
- (g) subject to due registration of the relevant Security Documents, all authorisations required in connection with entry into, performance, validity and enforceability of the Finance Documents have been obtained or effected (as appropriate) and are in full force and effect;
- (h) the General Partners are the legal owners or in Scotland the owners of the Properties listed beside its name in a schedule to the Credit Agreement and the Limited Partners are the beneficial owners of the relevant Properties and each has good and marketable title to the relevant Property or Properties in each case free from security interests other than the Security Interests contemplated by the Security Documents and certain other restrictions and onerous covenants or undertakings;
- (i) the security conferred by each Security Document constitutes a first priority security interest over the assets referred to in that Security Document and the assets are not subject to any prior or *pari passu* Security Interests;
- (j) no litigation, arbitration or administrative proceedings are, to its knowledge, current or threatened which have or would be reasonably likely to have a Material Adverse Effect;
- (k) subject to certain qualifications, all written factual information supplied by it or on its behalf to any Finance Party in connection with the Finance Documents was or did, as applicable, as at its date or (if appropriate) as at the date (if any) at which it was stated to be given:
 - (A) true and accurate in all material aspects;
 - (B) not omit any information which, if disclosed, would make the information supplied untrue or misleading in any material respect;
- (l) as at the date of the Credit Agreement and at the date of drawdown of the Loan, nothing had occurred since the date the information referred to in sub-paragraph (k)(A) above which, if disclosed, would, to the best of its knowledge and belief, make that information untrue or misleading in any material respect;
- (m) all written factual information supplied by it or on its behalf to the Valuer for the purposes of each Valuation or to the relevant solicitors for the purposes of any Report on Title was true and accurate in all material respects as at its date or (if appropriate) as at the date (if any) it

was stated to be given and did not omit any information which might adversely affect the Valuation or the Report on Title (as the case may be);

- (n) its financial statements most recently delivered to the Security Trustee has been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation, consistently applied and fairly represent the financial condition as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements;
- (o) since the date of its incorporation, it has not carried on any business except for:
 - (i) in the case of the Borrowers and the General Partners, the ownership and management, letting and/or development of its interests in the Properties;
 - (ii) in the case of the General Partners, acting as general partners of the Borrowers and holding an interest in each Borrower;
 - (iii) in the case of a Limited Partner (other than Glenn Maud), the ownership of its interest in a Borrower and the ownership, management, letting and enhancement of its interests in the Properties;
- (p) other than Glenn Maud, it does not have (nor has it had) any subsidiaries (other than a subsidiary which is also an Obligor) or employees.

Material Adverse Effect means a material adverse effect on:

- (a) the business or financial condition of the Borrowers as a whole or of the Obligors as a whole;
- (b) the ability of an Obligor to perform its obligations under any Finance Document;
- (c) the validity or enforceability of any Finance Document; or
- (d) any right or remedy of a Finance Party in respect of a Finance Document.

Covenants

Each Borrower, the Guarantors and each General Partner has given various covenants under the Credit Agreement. These covenants include, among other things, the following (subject in each case to the specific terms, concessions and negotiations set out in or represented by the Credit Agreement):

- (a) in the case of the Borrowers, to provide the Finance Parties with its audited or certified accounts for each of its financial years, within a certain specified time of the end of each financial year;
- (b) to supply details of any litigation, arbitration or administrative proceedings which are current, threatened or pending and which might if adversely determined, have a Material Adverse Effect;
- (c) in the case of the Guarantors, to notify the Lender or the Security Trustee promptly of the Loan Event of Default;
- (d) in the case of the Guarantors, to supply promptly on request such information in the possession or control regarding, among other things, its financial condition and operations or any Property as the Lender may reasonably request;

- (e) in the case of the Guarantors, to ensure that its payment obligations under the Finance Documents rank at least *pari passu* with all other present and future unsecured payment obligations (except for obligations mandatorily preferred by law applying to companies generally) and not to create or allow to exist any security interest over any of its assets other than Security Interests granted under the Security Documents and certain other customary exceptions;
- (f) in the case of the Guarantors, not to dispose of all or any part of its assets, subject to certain customary exceptions, including (where applicable) where substitution of Properties is permitted under the terms of the Credit Agreement and as set out more fully below;
- (g) in the case of the Guarantors, not to enter into any amalgamation, demerger, merger or reconstruction;
- (h) in the case of the Borrower not to carry on any business other than the ownership, management, letting and enhancing of its interests in the Portfolio;
- (i) in the case of the General Partners, not to have any subsidiaries other than a subsidiary which is an Obligor;
- (j) in the case of the Guarantors, not to make any loan or provide any form of credit except as expressly provided in the Credit Agreement or to give any guarantee or indemnity to any person in respect of any obligation of any person or enter into any document under which any Guarantor assumes any liability of any other person;
- (k) in the case of the Guarantors, not to incur any indebtedness (subject to certain exceptions);
- (l) in the case of the Guarantors, not to enter into any contracts other than the Loan Transaction Documents or contracts in connection with the day to day management, operation, letting and development of the Properties or contracts otherwise permitted under the Credit Agreement;
- (m) in the case of the Guarantors, subject to certain exceptions, not to declare or pay any dividend or make any distribution in respect of its shares, not to issue any further shares or alter any rights attaching to its issued shares as at the date of the Credit Agreement and not to repay or redeem any of its share capital;
- (n) in the case of the Guarantors, not to be a member of a value added tax group;
- (o) in the case of the Guarantors, not to cause or allow its registered office or "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in or maintain an establishment in any jurisdiction other than its jurisdiction of incorporation or establishment;
- (p) in the case of the Guarantors, to comply with certain customary covenants regarding the administration of Leases and the appointment of Managing Agents in respect of the relevant Properties;
- (q) to maintain insurance or procure the maintenance of insurance on the Properties on a full reinstatement value basis and for not less than three years' loss of rent on all Leases together with third party liability insurance and insurance against acts of terrorism and to procure that the Security Trustee (as agent and trustee for the Finance Parties) is named as co-insured in respect of all Insurance Policies.

Loan Transaction Document means:

- (a) a Finance Document;
- (b) a Lease Document;
- (c) each Limited Partnership agreement and any document supplemental thereto;
- (d) any acquisition agreement in relation to the acquisition of the Properties;
- (e) the Management Agreement; or
- (f) any other document designated as such by the Security Trustee and the Borrowers.

Disposals and substitutions

The Credit Agreement regulates the disposal of Properties and the substitution of the Properties with other properties.

Subject to their being no Loan Event of Default outstanding, the satisfaction of the relevant ICR Test and certain other requirements as set out in the Credit Agreement being met, a Guarantor is entitled to dispose of a Property if the proceeds of the disposal are a certain minimum amount, being the **Required Amount**.

For these purposes, the Required Amount is the aggregate of:

- (a) the Minimum Prepayment Amount;
- (b) any Prepayment Fee arising as a result of such disposal and the resulting prepayment of the Loan and interest on the amount to be prepaid; and
- (c) any Break Costs or Basis Swap Break Costs arising as a result of such disposal and the resulting prepayment of the Loan; and
- (d) the Senior Interest Rate Hedging Provider's estimate (acting reasonably) of any costs arising in respect of the termination of the Senior Interest Rate Hedging Agreement (together, the **Estimated Break Costs**).

The Required Amount from any such disposal shall be credited to the Sales Account.

A Property may be disposed of for less than the Required Amount if a Guarantor pays or procures the payment of the difference between the disposal proceeds and the Required Amount into the Sales Account immediately prior to the sale of the Relevant Property.

The Borrowers may subject to certain requirements being met, request that the Facility Agent, following a disposal in accordance with the terms of the Credit Agreement, release the Security insofar as it relates to the relevant Property from the Security Interests and that an alternative Property be provided in its place.

The consent to the request in relation to a release and substitution of a Property will not be unreasonably withheld by the Facility Agent if, among other things:

- (a) the aggregate of the values of the Properties in respect of which release and substitution has been sought does not exceed 20 per cent. of the initial Valuation of the Portfolio;

- (b) the Borrowers supply or procure the supply of such information about the alternative property as the Facility Agent reasonably requests;
- (c) the property offered in substitution is (in the sole opinion of the Facility Agent, acting reasonably) similar in nature and quality in all material respects to the Property being released;
- (d) the Net Rental Income generated by the alternative property offered in substitution and the remaining Properties is sufficient to enable the Borrower to repay the Loan; and
- (e) the substitution will not cause the Borrower to be in breach of certain obligations under the Credit Agreement including:
 - (i) to satisfy the applicable ICR Test;
 - (ii) to satisfy the applicable Loan To Value Test;
 - (iii) to ensure that the value of any single Property accounts to not more than 20 per cent. of the aggregate value of the Portfolio calculated in accordance with the Valuation;
 - (iv) no Loan Event of Default is continuing or would occur as a result of such a consent by the Facility Agent.

In addition, the substitution must not result in any downgrade, withdrawal or qualification to the then current rating of the Notes and the Facility Agent will seek confirmation from the Rating Agencies prior to consenting to a substitution.

If the Required Amount has been deposited into the Sales Account pending the acquisition of an additional Property, the Borrowers may, on not less than 10 Business Days notice to the Finance Parties, at any time in the period of nine months from the date of the deposit (the **Nine Month Period**), request that the Required Amount (or any part of it) is applied to acquire an additional Property. The Facility Agent may (acting on the instructions of the Lenders in their absolute discretion and on such terms as the Lenders consider necessary or appropriate), consent to the acquisition of that additional Property and the release of that amount from the Sales Account for the purpose of that acquisition.

The Credit Agreement provides that certain conditions are required to be satisfied by the Facility Agent prior to consenting to the acquisition of the additional Property, including without limitation:

- (a) the Facility Agent (acting on the instructions of the Lender) confirming Minimum Prepayment Amount for the additional Property;
- (b) certain conditions precedent, as set out in the Credit Agreement, being received by the Facility Agent in form and substance satisfactory to it with regard to the additional Property;
- (c) the payment of the reasonable costs incurred by the Facility Agent in connection with the substitution.

Following the release of an amount from the Sales Account for the purpose of an acquisition of an additional Property, any amounts standing to the credit of the Sales Account in respect of the Property disposed of shall continue to be held in the Sales Account for the remainder of the Nine Month Period. At the end of the Nine Month Period, such surplus sums:

- (a) will be released to the General Account if the allocated loan amount of the additional Property is at least equal to the allocated loan amount of the Property which has been disposed of and

when so released, absent any Loan Event of Default, may be applied without any restrictions otherwise applicable under the Credit Agreement; or

- (b) will be used to repay the Loan to the extent that the allocated loan amount of the additional Property is less than the allocated loan amount of the Property which has been disposed of.

The Facility Agent will require the conditions set out above to be satisfied in respect of the acquisition of that additional Property.

In the event that a Borrower does not acquire an additional Property during the Nine Month Period, the Required Amount shall be applied following the Nine Month Period on the next following Loan Interest Payment Date in accordance the terms that govern and regulate the payments out of the Sales Account generally.

If the Required Amount in respect of a particular disposal (the **Specified Required Amount**) has been deposited into the Sales Account and is not prepaid before the next following Loan Interest Payment Date or it is retained to acquire an additional Property, the Borrowers shall, on each Loan Interest Payment Date that the Specified Required Amount remains in the Sales Account, deposit a further sum into the Sales Account equal to the positive difference, if any, between the Estimated Break Costs and the equivalent cost had the Estimated Break Costs been estimated on the relevant Loan Interest Payment Date, and in fulfilment of its obligations any amounts that would otherwise have been paid into the General Account pursuant to the priority of payments specified in the Intercreditor Agreement shall be paid into the Sales Account (but without prejudice to the obligations of the Borrowers to pay the entire difference).

On the prepayment of the Loan by the Borrowers utilising the Specified Required Amount and subject to the satisfaction of certain requirements, including:

- (a) in the event that the Estimated Break Costs are greater than the actual costs calculated on the basis that the Estimated Break Costs had been estimated on the relevant Loan Interest Payment Date (the **Reimbursement Amount**);
- (b) no Loan Event of Default is outstanding or would occur as a result of which,

the Security Trustee shall deposit the Reimbursement Amount into the General Account.

Financial Covenants

Each Borrower has given certain financial covenants under the Credit Agreement, these covenants (subject in each case to the specific terms, concessions and negotiations set out in or represented by the Credit Agreement) include the following:

The Borrowers must ensure that each Interest Cover, as at each Interest Payment Date, falling:

- (a) prior to the second anniversary of the drawdown date in respect of the Loan, is at least 115 per cent.; and
- (b) on and after the second anniversary of the drawdown date in respect of the Loan, is at least 120 per cent.,

(each, an **ICR Test**).

If the Interest Cover on any Loan Interest Payment Date is less than the applicable ICR Threshold, the Borrowers may remedy such breach if, within three London Business Days, they:

- (a) prepay the Loan in whole or in part in accordance with the terms of the Credit Agreement in an amount of not less than £250,000 so that the Borrowers comply with the applicable ICR Threshold; or
- (b) deposit into the Deposit Account such amount (as determined by the Facility Agent (acting reasonably)), so that the interest earned on that amount during any relevant Loan Interest Period is an amount that, if treated as Net Rental Income, is sufficient to ensure that the Borrowers comply with the applicable ICR Threshold; or
- (c) deposit into the Deposit Account double the amount that if treated as Net Rental Income is sufficient to ensure that the Borrowers comply with the applicable ICR Threshold provided that the Borrowers shall only be entitled to exercise this right on a maximum of six occasions during the term of the Credit Agreement.

If the Borrowers deposit an amount into the Deposit Account and the applicable ICR Test is subsequently satisfied on two consecutive Loan Interest Payment Dates without any account being taken of any amount in the Deposit Account, then the Facility Agent shall, unless a Loan Event of Default is outstanding, transfer to the General Account that amount standing to the credit of the Deposit Account paid into the Deposit Account for the purposes of satisfying the applicable ICR Test (together with interest accrued and not transferred to the Rent Account) and any amounts so transferred to the General Account may be paid therefrom to any other account stipulated by the Borrower or used for any other purpose desired by the Borrower without reference to any other restriction contained in the Credit Agreement.

In addition, the Borrowers must ensure that on each Loan Interest Payment Date and at any time following the occurrence of an Event of Default, the Senior Loan Liabilities and the Mark to Market Exposure does not exceed 80 per cent. of the aggregate value of the Properties calculated in accordance with the Valuation (the **Loan to Value Test**).

If the Loan to Value Test is not satisfied on any Loan Interest Payment Date the Borrowers may remedy such breach if, within three Business Days, they:

- (a) prepay the Loan in whole or in part in accordance with the terms of the Credit Agreement in an amount of not less than £250,000 so that the Borrowers comply with the relevant Loan to Value Test; or
- (b) deposit into the Deposit Account such amount (as determined by the Facility Agent (acting reasonably)) as is sufficient to ensure that the Borrowers comply with the relevant Loan to Value Test.

If the Borrowers deposit an amount into the Deposit Account and the applicable Loan to Value Test is subsequently satisfied on two consecutive Loan Interest Payment Dates without any account being taken of any amount in the Deposit Account, then the Facility Agent shall, unless a Loan Event of Default is outstanding, transfer to the General Account that amount standing to the credit of the Deposit Account paid into the Deposit Account for the purposes of satisfying the applicable Loan to Value Test together with any interest thereon which has accrued but which has not been transferred to the Rent Account and any amounts so transferred to the General Account may be paid therefrom to any other account stipulated by the Borrowers or used for any other purpose desired by the Borrowers without reference to any other restriction contained in the Credit Agreement.

Actual Interest Cover means, as at each Loan Interest Payment Date, quarterly rental expressed as a percentage of quarterly finance costs, in each case as at that Loan Interest Payment Date.

Interest Cover means Actual Interest Cover and Projected Interest Cover.

quarterly finance costs means the aggregate amount (other than any repayment amount) payable to the Finance Parties under the Finance Documents but taking into account any amount as at that Loan Interest Payment Date payable or receivable by the Borrowers and/or any General Partner under the Senior Interest Rate Hedging Agreement on that Loan Interest Payment Date, such that an amount payable under the Senior Interest Rate Hedging Agreement will cause quarterly finance costs to be increased and an amount receivable under the Senior Interest Rate Hedging Agreement will cause quarterly finance costs to be decreased; and

quarterly rental means the passing Net Rental Income received since the immediately preceding Loan Interest Payment Date and including certain prescribed amounts (as set out in the Credit Agreement) deposited into the Rent Account from the Escrow Rental Account but excluding:

- (a) any Rental Income attributable to any Occupational Lease granted to or vested in any Obligor or Shareholder or any Affiliate of any Obligor or Shareholder;
- (b) any amounts or shortfall an Obligor is obliged to discharge in respect of any part of the Properties available for letting being unlet;
- (c) any amounts received in respect of any guarantee entered into in connection with the payment of rent and/or outgoings in respect of a Property and as a result of which an amount has been deposited in the Escrow Rental Account (each, a **Third Party Rent Guarantee**); and
- (d) any rent or other monies payable in respect of any headlease.

Net Rental Income means Rental Income other than Tenant Contributions.

Projected Interest Cover means, as at a calculation date, projected rental expressed as a percentage of projected finance costs, in each case as at that calculation date. For the purposes of this definition:

- (a) **calculation date** means the utilisation date and each Interest Payment Date;
- (b) **projected finance costs** on any calculation date means the Lenders' estimate (acting reasonably) of the aggregate amount payable by the Borrowers to the Secured Finance Parties under the Finance Documents (other than those amounts payable pursuant to Clause 4 (Repayment) for each quarterly period ending on the four Interest Payment Dates following that calculation date **provided that** in making such estimation the Lenders shall assume that the same rate of interest applies in respect of each of the relevant quarter periods; and
- (c) **projected rental** on any calculation date means the Lenders' estimate (acting reasonably) of the aggregate Net Rental Income that will be received by the Borrowers and/or General Partners for each quarterly period ending on the four Interest Payment Dates following that calculation date; and
- (d) in determining projected finance costs the Lenders will take into account any amount payable or receivable by a Borrower and/or General Partner during the relevant period under any Senior Hedging Arrangement; and
- (e) in determining projected rental:
 - (i) the Lenders will include the amount of Escrow Rent payable from the Escrow Rental Account during the relevant period;
 - (ii) the Lenders will assume that a break clause under any Lease Document will be deemed to be exercised at the earliest date available to the relevant tenant;

- (iii) net rental income will be ignored unless payable under an unconditional and 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 under the relevant Lease Documents;
- (v) net rental income payable by a tenant that is in arrears for one quarter on its rental payments on that calculation date will be ignored;
- (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 Property to the extent that any of those items are not fully funded by the tenants under the Lease Documents; and
- (vii) any rental income attributable to any Occupational Lease granted to or vested in any Obligor or any Affiliate of any Obligor will be ignored.

Rental Income means the aggregate of all amounts paid or payable to or for the account of the Borrowers and/or General Partners in connection with the letting of any part of the Portfolio and any other income deriving from the Portfolio not covered by any lease or licence but excluding any payment under any Third Party Rent Guarantee but including each of the following amounts:

- (a) rent, licence fees and equivalent amounts paid or payable;
- (b) any sum received or receivable from any deposit held as security for performance of a tenant's obligations;
- (c) a sum equal to any apportionment of rent allowed in favour of any General Partner;
- (d) any other moneys paid or payable in respect of occupation and/or usage of a Property and any fixture and fitting on a Property including any fixture or fitting on a Property for display or advertisement, on licence or otherwise;
- (e) any sum paid or payable under any policy of insurance in respect of loss of rent or interest on rent;
- (f) if such surrender or variation is permitted under the Credit Agreement and subject to any conditions which may apply to that permission, any sum paid or payable, or the value of any consideration given, for the surrender or variation of any agreement for lease (each, a **Lease**) or Occupational Lease (or any document designated as such) (each, a **Lease Document**);
- (g) any sum paid or payable by any guarantor of any occupational tenant under any Lease Document;
- (h) any Tenant Contributions;
- (i) income collected from car parks on the relevant Property;
- (j) income deriving from concession franchise and other informal arrangements from stalls, vending machines and the like situated in common areas on the relevant Property;
- (k) any interest received or receivable from the Escrow Rental Account, the Deposit Account and the Rental Deposit Account; and
- (l) any interest paid or payable on, and any damages, compensation or settlement paid or payable in respect of, any sum referred to above less any related fees and expenses incurred (which

have not been reimbursed by another person) by any General Partner in connection with such damages, compensation or settlement.

Tenant Contributions means any amount paid or payable to a General Partner by any tenant under a Lease Document or any other occupier of a Property, by way of:

- (a) contribution to:
 - (i) insurance premia;
 - (ii) the cost of an insurance valuation;
 - (iii) a service charge in respect of a Borrower's or General Partner's costs under any repairing or similar obligation or in providing services to a tenant of, or with respect to, a Property; or
 - (iv) a sinking fund; or
- (b) value added tax or similar taxes.

Mark to Market Exposure means, with respect to a Test Date, the amount, if any, that would be payable to the Senior Interest Rate Hedging Provider and Junior Interest Rate Hedging Provider by the First General Partner (expressed as a positive number) pursuant to the Senior Interest Rate Hedging Agreement and Junior Interest Rate Hedging Agreement entered into by the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider and the First General Partner if all swap transactions thereunder were being terminated as of the relevant Test Date, on the basis that (a) that the Senior Interest Rate Hedging Provider or the Junior Interest Rate Hedging Provider is not the Affected Party (as defined in the relevant Hedging Agreement) and (b) Sterling is the Termination Currency (as defined in the relevant Swap Agreement); provided that Market Quotations (as defined in the relevant Hedging Agreement) will be determined by the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider using its estimates at mid-market of the amounts that would be paid for Replacement Transactions (as that term is defined in the definition of "Market Quotation). If in such circumstances either no amount would be so payable and/or an amount would be payable by the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider to the First General Partner, the Mark to Market Exposure shall be deemed to be zero.

Test Date means each date which falls three London Business days before each Loan Interest Payment Date.

Events of default

The Credit Agreement contains certain events of default entitling the Security Trustee (subject, in certain cases, to customary grace periods, exceptions and materiality thresholds) to accelerate the Loan and enforce the Related Security, including, among other things:

- (a) failure by the Borrowers to pay on the due date any amount due under the Finance Documents (subject to a grace period of 3 London Business Days);
- (b) breach of the covenants set out under paragraphs (f), (i) or (l) under the section headed "Covenants" above;
- (c) any representation or warranty made or repeated by any Obligor was incorrect in any material respect at the date it was given or when it was deemed to be repeated;

- (d) any Obligor is deemed for the purposes of any law to be unable to pay its debts as they fall due or is insolvent or it suspends making payments of any of its debts or announces its intention to do so or a moratorium is declared in respect of its indebtedness or a liquidator or administrative receiver is appointed in respect of any of its assets;
- (e) any Obligors ceases or, threatens to cease, to carry on business;
- (f) it is or becomes unlawful for any Obligor, or a shareholder of an Obligor to perform any of its obligations under any Finance Document;
- (g) any Finance Document, is not effective in accordance with its terms or is alleged by any Obligor, or a shareholder or an Obligor to be ineffective in accordance with its terms for any reason;
- (h) the General Partners cease to be the only general partners of the Borrowers or Glenn Maud ceases to own directly or indirectly 100 per cent. of the share capital of the Limited Partners which are limited liability companies;
- (i) an event or series of events occurs which in the determination of the Lenders (acting reasonably) has or would be reasonably likely to have a Material Adverse Effect.

If the Loan Event of Default has not been remedied within any applicable grace period, the Security Trustee may by notice to the Borrowers cancel any outstanding commitments under the Credit Agreement, declare that all or part of the Loan (or any other amounts then outstanding under the Finance Documents) becomes immediately due and payable and/or payable on demand by the Lenders.

Following the occurrence of a Loan Event of Default and acceleration of the Loan, the Relevant Servicer will (as agent of the Issuer and the Security Trustee) carry out any enforcement procedures in respect of the Loan in accordance with the terms of the Servicing Agreement. Any procedures adopted by the Relevant Servicer or the Security Trustee may involve the deferral of formal enforcement procedures, such as the appointment of an LPA Receiver or an administrator and may involve the restructuring of the Loan by the amendment or waiver of certain of its provisions. Any such restructuring would have to comply with the requirements of the Servicing Agreement.

8. The Security

General

The security (the **Security**) for the Loan and the Junior Loan secures the Senior Loan Liabilities, the Junior Loan Liabilities and the Hedging Liabilities. Each Security Document creates a security trust over the relevant Chargor's assets such that the Security Trustee holds the security created thereby on trust for the benefit of the Lender (which, after the Closing Date, will be or include the Issuer), the other Finance Parties, the Senior Interest Rate Hedging Provider and the **Junior Loan Finance Parties**, being together, a Junior Lender, Barclays Capital Mortgage Servicing Limited in its capacity as facility agent and security trustee in respect of the Junior Loan and the Junior Interest Rate Hedging Provider.

Hedging Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) from time to time due, owing or incurred by the First General Partner to the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider under the Hedging Agreements.

Senior Loan Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) from time to

time due, owing or incurred by the Obligors to any Finance Party and the Senior Interest Rate Hedging Provider under each Finance Document.

Junior Loan Liabilities means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) from time to time due, owing or incurred by the Obligors to the Junior Loan Finance Parties under each finance document designated as such in the Junior Credit Agreement.

The Security

The Security for the Loan and the Junior Loan includes (without limitation and subject in limited cases to customary exceptions) the Security Interests (as set out in more detail below) in each case granted pursuant to the Security Documents by the relevant Chargor.

In relation to each Property and other assets situated in England or Wales, each Borrower, acting by its General Partners has entered into security agreements pursuant to which the following Security Interests, among others, (the **UK Borrower Level Security**) were granted:

- (a) by way of first legal mortgage over all estates or interests in any freehold or leasehold Property owned by it and by way of first fixed charge, over all estates or interests in any freehold or leasehold property subsequently owned by it;
- (b) by way of first fixed charge over its interest in all shares, stocks, debentures, bonds or other securities and investments owned by it or held by any nominee on its behalf;
- (c) by way of first fixed charge over all plant and machinery owned by it, any amount standing to the credit of any bank account and book and other debts;
- (d) by way of assignment, over all of its rights in respect of its contracts or policies of insurance and returns of premium in respect of them;
- (e) by way of assignment assigns (subject to a proviso for re-assignment on redemption) all of its rights:
 - (i) in respect of all Rental Income;
 - (ii) in respect of any Third Party Rent Guarantee;
 - (iii) in respect of the Management Agreement;
 - (iv) in respect of the Hedging Agreements; and
 - (v) under any other agreement to which it is a party except to the extent that it is subject to any fixed security created under any Security Document;
- (f) by way of floating charge, over all its assets not otherwise effectively mortgaged, charged or assigned under the Security Documents.

In relation to each Property and other assets situated in Scotland, each Borrower acting by its General Partners has entered into Scots law governed security agreements pursuant to which the following Security Interests, among others, (the **Scottish Borrower Level Security** and, together with the UK Borrower Level Security, the **Borrower Level Security**) were granted:

- (a) by way of standard security over all and the whole of the Scottish Properties;

- (b) by way of assignment over all rights, title and interest in Rental Income and all other monies due to become due in terms of the leases entered into in respect of the Scottish Properties.

In addition, the following Security Interests have been created by the relevant Chargor in favour of the Security Trustee, in relation to various ownership interests (the **Non-Borrower Level Security**):

- (a) each shareholder of a General Partner has granted by way of first fixed charge, a security interest over its shares in the relevant General Partner;
- (b) each Limited Partner and each General Partner has granted by way of first fixed charge, a security interest over its interests in the relevant Limited Partnerships;
- (c) each shareholder of a Limited Partner, which is also a limited liability company, has granted by way of first fixed charge, a security interest over its shares in the relevant Limited Partners; and
- (d) each unit holder of a Limited Partner, which is also a unit trust, has granted by way of first fixed charge, a security interest over its units in the relevant Limited Partners.

If a Loan Event of Default is outstanding, the security granted under the Security Documents may become enforceable subject to any relevant notice periods. If an event of default under the Junior Loan is outstanding, the Non-Borrower Level Security may become enforceable subject to any relevant notice periods. All rights or remedies provided for by the Security Agreement or available at law or in equity will be exercisable at such time by the Security Trustee. For further information about the enforcement of the Security granted under the Security Documents, see "*Intercreditor Agreement*" at page 97.

Each Security Document relating to Properties and other assets located in England and Wales, is governed by English law. Each fixed Security Document relating to the Scottish Properties is governed by Scots law. Each Security Document relating to the assets located in Guernsey is governed by Guernsey law.

Enforceability

The Security will only be enforceable if a Loan Event of Default is outstanding. The Security Documents confer upon the Security Trustee, and any receiver appointed by it, a wide range of powers in connection with the sale or disposal of the Properties and other assets and the enforcement of any part of the Security and each of them has been granted a power of attorney on behalf of the Chargor in connection with the enforcement of the Security.

The allocation of enforcement rights between the Lender and a Junior Lender are governed by the terms of the Intercreditor Agreement.

Representations and warranties

The representations and warranties given and to be given by each Chargor in connection with the Security, as of the date of the relevant Security Document and, among others, on Loan Interest Payment Date, include and will include statements (as appropriate) to the effect that, among other things, and subject in limited cases to customary exceptions and qualifications:

- (a) the Security Document creates the security interests it purports to create and, other than in certain cases, is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor or otherwise; and

- (b) the Chargor (and in some cases, to the best of its knowledge having made all reasonable enquiries each Tenant under any Lease Document) has obtained all consents, licences and authorisations required by it in connection with its ownership or use (as applicable) of each Property and all such consents, licences and authorisations remain in full force and effect.

Undertakings

Each Chargor has undertaken, among other things, and subject in limited cases to customary exceptions pursuant to the relevant Security Document:

- (a) not to create or permit any security interest over the assets of the Chargor secured by any Security Document (other than any security interest created in connection with the Security);
- (b) not to sell, transfer, license, lease or otherwise dispose of any asset secured under the Security Documents (save as otherwise permitted in accordance with the Credit Agreement);
- (c) to comply with all provisions of any applicable laws, including environmental laws where failure to do so has or is reasonably likely to have a material adverse effect or materially impair the Chargor's ability to perform its obligations under the Finance Documents; and
- (d) to procure and keep each of the Properties in good and substantial repair.

9. Insurance

The Borrowers undertake in the Credit Agreement to effect or procure (where available) that the insurance cover is in an amount and form acceptable to the Facility Agent and that the Insurance Policies are entered into with an Acceptable Insurance Counterparty.

Each Insurance Policy must cover against loss or damage of the Portfolio and the plant and machinery on each Property (including fixtures and improvements but excluding tenant's fixtures and fittings) are insured on a full reinstatement basis, such insurance to include:

- (a) cover against all normally insurable risks of loss or damage;
- (b) cover for site clearance, professional fees and value added tax together with adequate allowance for inflation;
- (c) loss of rent insurance (in respect of a period of not less than three years or, if longer, the minimum period required under the relevant Lease) including provision for increases in rent during the period of insurance; and
- (d) cover against acts of sabotage and terrorism, including any third party liability arising from any such acts;
- (e) property owners insurance including public liability and products liability insurance is in force; and
- (f) such other insurances as a prudent company in the same business as the Borrowers would effect are in force.

The Borrowers must procure that:

- (a) the Security Trustee (as agent and trustee for the Finance Parties) is named as co-insured on each of the Insurance Policies; and
- (b) that each Insurance Policies contain:

- (i) a standard mortgagee clause under which the insurance will not be vitiated or avoided as against the Facility Agent as a result of any misrepresentation, act or neglect or failure to disclose, or breach of any policy term or condition, on the part of any insured party or any circumstances beyond the control of an insured party; and
- (ii) terms providing that it will not, so far as any Finance Party is concerned, be invalidated for failure to pay any premium due without the insurer first giving to the Facility Agent not less than 14 days' notice in writing and an opportunity to rectify the non-payment within the notice period,

provided that if and for so long as the Eagle Lease remains vested in Eagle Star Insurance Company Limited (**Eagle**) and Eagle complies with the provisions of the Eagle Lease requiring it to obtain insurance in respect of risks contemplated in the Eagle Lease, the Guarantors shall:

- (A) not be required to comply with sub-paragraphs (a) and (b) above in relation to the Property to which the Eagle Lease relates if instead the Security Trustee is noted as loss payee on each such insurance policy; and
- (B) provide copies of each such insurance policy and any information in connection with the insurance and claims which the Facility Agent may reasonably require.

Eagle Lease means, in respect of the Property located at The Grange, Bishops Cleeve, Cheltenham, Gloucestershire listed in Part A of Schedule 1 (Portfolio), the lease dated 19 December 2001 made between Sun Alliance and London Assurance Company Limited and Eagle.

10. The Junior Credit Agreement

The Junior Credit Agreement was also entered into on 4 August 2006 and was amended and restated on 1 September 2006. The amount advanced under the Junior Credit Agreement at the time of drawdown was £122,515,000. The Junior Credit Agreement was based upon, and its terms are substantially similar to, the Credit Agreement.

The Junior Credit Agreement contemplates the payment of interest on each payment date as defined in the Junior Loan Agreement, (each a **Junior Loan Interest Payment Date**). Like the Loan, such interest is based upon a floating rate. However, the Junior Credit Agreement also contemplates that on each Junior Loan Interest Payment Date, all amounts standing to the credit of the Rent Account after payments with a senior priority under the Intercreditor Agreement have been paid, an amount represented by "D" in the following formula will be used to repay the principal amount outstanding under the Junior Credit Agreement:

$$\frac{A}{B+C+D} = 1.05 x$$

Where:

- A is the Net Rental Income (as defined in the Junior Credit Agreement) used for the purposes of calculating the Interest Cover (as defined in the Junior Credit Agreement) on that Junior Loan Interest Payment Date;
- B is the interest payable in respect of the Loan (taking into account the Senior Interest Rate Hedging Agreement on that Junior Loan Interest Payment Date); and
- C is the interest payable in respect of the Junior Loan (taking into account the Junior Interest Rate Hedging Agreement on that Junior Loan Interest Payment Date).

Thus, subject to the availability of funds and the order of priorities in the Intercreditor Agreement unlike the Loan the Junior Loan will amortise over its term.

In addition, any amounts outstanding under the Junior Credit Agreement must be repaid in full on the 17 July 2016.

Mandatory prepayment of the Junior Loan is required under the same circumstances as mandatory prepayment in respect of the Loan is required. In addition, the Junior Credit Agreement provides that the Borrowers may, by giving not less than 10 business days notice, prepay the Junior Loan without there being any obligation on the Borrowers to repay the Loan. Thus, there may be circumstances where the Junior Loan may be voluntarily prepaid while the Loan is not prepaid, and this fact, together with the scheduled amortisation payable under the Junior Credit Agreement distinguishes it from the terms of the Loan.

The following is a summary of certain characteristics of the Junior Loan as at the Cut-Off Date (the Estimated Maturity LTV is calculated assuming that the Cut-Off Date contracted and escrow rental cashflows are maintained for the duration of the Junior Loan);

Cut-Off Date Principal Balance Outstanding	Cut-Off Date ICR	Cut-Off Date LTV (%)	Estimated Maturity LTV (%)	Remaining Estimated Term to Maturity
£122,515,000	112	84.3	80.2	9.8

11. Senior Interest Rate Hedging Agreement

The Senior Interest Rate Hedging Agreement was entered into on 2 August 2006 between the First General Partner and the Senior Interest Rate Hedging Provider, in accordance with the obligations of the First General Partner under the Credit Agreement. The Senior Interest Rate Hedging Agreement is documented pursuant to a 1992 ISDA Master Agreement (multi-currency-cross border), a schedule and a confirmation.

The Senior Interest Rate Hedging Agreement is entered into in order to mitigate the consequences of Interest Rate Risk and under the terms of the confirmation, the First General Partner is required to pay a fixed rate of interest and the Senior Interest Rate Hedging Provider is required to pay a floating rate applied, in each case, to the notional amount of the Senior Interest Rate Hedging Transaction. The notional amount is, at the date the Senior Interest Rate Hedging Agreement was entered into, equivalent to the amount of the Loan, though such amount may decrease to reflect prepayments or repayments of the Loan.

The Senior Interest Rate Hedging Agreement can terminate under certain circumstances. These include:

- (a) the acceleration of the Loan or enforcement action being taken in respect of the Loan;
- (b) a downgrade in rating of the Senior Interest Rate Hedging Provider below certain specified thresholds, from Fitch, Moody's and S&P; and
- (c) the imposition of a deduction or withholding for tax on payments to be made by either party.

In addition to the periodic payments each party is required to make under the Senior Interest Rate Hedging Agreement, termination payments will be required in the event of an early termination of the Senior Interest Rate Hedging Transaction. In addition, following any prepayment of the Loan in excess of a permitted tolerated amount and any adjustment of the notional amount of the Senior

Interest Rate Hedging Agreement resulting therefrom a mark to market valuation will be undertaken of the Senior Interest Rate Hedging Transaction and a payment made by or to the Senior Interest Rate Hedging Provider depending on the change, if any, to the mark to market value of the Senior Interest Rate Hedging Transaction arising thereby. Thus, significant payments, beyond periodic payments, may be required under the terms of the Senior Interest Rate Hedging Agreement. As described further below, under the terms of the Intercreditor Agreement such amounts must be paid in priority to the Loan. For further information on risks related to the Senior Interest Rate Hedging Transaction, see "*Hedging Risks*" at page 41.

12. Junior Interest Rate Hedging Agreement

A junior interest rate hedging arrangement (the **Junior Interest Rate Hedging Agreement**) was entered into on 2 August, 2006 between the First General Partner and Barclays Bank PLC (the **Junior Interest Rate Hedging Provider**) in accordance with the obligations of the First General Partner under the Junior Credit Agreement. The Junior Interest Rate Hedging Agreement is documented pursuant to a 1992 ISDA Master Agreement (multi-currency-cross border), a schedule and a confirmation.

Payment obligations under the derivative transaction entered into as part of the Junior Interest Rate Hedging Agreement (the **Junior Interest Rate Hedging Transaction**) are calculated by reference to an amortising notional amount and a floating rate reset at the start of each calculation period for that transaction. If, for any calculation period, the floating rate exceeds 4.65 per cent. the Junior Interest Rate Hedging Provider is required to pay an amount calculated by applying a rate equal to such excess to the notional amount of the Junior Interest Rate Hedging Transaction. If, for any calculation period, the floating rate falls to or below 4.25 per cent. the First General Partner is required to pay an amount calculated by applying a rate equal to the difference between 4.65 per cent. and such floating rate to the notional amount of the Junior Interest Rate Hedging Transaction. Pursuant to the Junior Interest Rate Hedging Transaction the First General Partner also made a single fixed payment on 4 August 2006 to the Junior Interest Rate Hedging Provider.

The notional amount of the Junior Interest Rate Hedging Transaction was initially £122,515,000 and will decrease in accordance with a notional amortisation schedule intended to match the expected principal schedule of the Junior Loan.

The Junior Interest Rate Hedging Agreement can terminate under certain circumstances. These include:

- (a) the acceleration of the Junior Loan or enforcement action being taken in respect of the Junior Loan;
- (b) a downgrade in rating of the Junior Interest Rate Hedging Provider below certain specified thresholds, from Fitch, Moody's and S&P; and
- (c) the imposition of a deduction or withholding for tax on payments to be made by either party.

In addition to the periodic payments each party is required to make under the Junior Interest Hedging Agreement, termination payments will be required in the event of an early termination of the Junior Interest Rate Hedging Agreement. In addition, following any prepayment of the Junior Loan (in excess of a permitted tolerated amount and other than in accordance with its principal schedule) and any adjustment of the notional amortisation schedule of the Junior Interest Rate Hedging Transaction resulting therefrom a mark to market valuation will be undertaken of the Junior Interest Rate Hedging Transaction and a payment made by or to the Junior Interest Rate Hedging Provider depending on the change, if any, to the mark to market value of such transaction arising thereby. Thus, significant payments, beyond periodic payments, may be required under the terms of the Junior Interest Rate Hedging Agreement.

As is the case with the Senior Interest Rate Hedging Agreement, the payment obligation to the Junior Interest Rate Hedging Provider rank senior to the obligations owed to in respect of the Loan. For further information on the related risks, see "*Hedging Risks*" on Page 40.

13. Intercreditor Agreement

The Intercreditor Agreement (as amended from time to time) was originally entered into on 4 August 2006 between, among others, the Lender, a Junior Lender, the Senior Interest Rate Hedging Provider, Barclays Capital Mortgage Servicing Limited in various capacities and the Borrowers. In the event that there is a conflict of interest between the Intercreditor Agreement and any other Finance Document, the Intercreditor Agreement will prevail.

The defined terms used in this section have the following meanings:

Control Valuation Event means a determination by the Security Trustee, acting reasonably, that the then most recent valuation of the Properties (save for where the Majority Senior Lenders or the Majority Junior Lenders so require, the Security Agent shall call for a new valuation for the purposes of this definition and that new valuation will be used for the purpose of determining the market value of the Property) (less any taxes, costs and expenses payable in relation to any sale of the Properties) is less than 115 per cent. of the aggregate of (a) the then outstanding Loan; and (b) any liabilities ranking in priority to the Loan.

NBLs Enforcement Action means (until a Control Valuation Event occurs) any action to enforce, or require the Security Trustee to enforce any Non-Borrower Level Security.

BLS Instructing Group, being the being $66\frac{2}{3}$ majority of the lenders of the Loan (the **Majority Senior Lenders**) and after the Loan has been discharged in full, $66\frac{2}{3}$ majority of the lenders of the Junior Loan, subject to such other arrangements as the Junior Lenders may determine amongst themselves (the **Majority Junior Lenders**).

Instructing Group means:

- (a) the BLS Instructing Group; and/or
- (b) the NBLs Instructing Group

as the context so admits.

Junior Lender Enforcement Limitation means any of the following:

- (a) a Control Valuation Event;
- (b) a Loan Event of Default; and
- (c) the date the Junior Loan is fully discharged.

NBLs Instructing Group means:

- (a) prior to the occurrence of a Junior Lender Enforcement Limitation, the Majority Junior Lenders; or
- (b) after the occurrence of a Junior Lender Enforcement Limitation, the BLS Instructing Group.

Purpose of the Intercreditor Agreement

The purpose of the Intercreditor Agreement is, among other things, to regulate the priority of payments between the various creditors of the Borrowers.

The Intercreditor Agreement provides that monies standing to the credit of the Rent Account (and following the occurrence of a Loan Event of Default any other monies that the Security Trustee shall have control over) shall be applied in the following order of priorities:

- (a) first, all reasonable costs and expenses incurred by the Security Trustee in performing its obligations, including costs and expenses incurred in protecting, realising or enforcing the security interests created under the Security Documents;
- (b) secondly, all amounts, whether of a periodic or non-periodic nature (save for certain subordinated amounts) due and payable to the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider.
- (c) thirdly, monies due but unpaid by any Obligor in relation to a headlease or other costs incurred in respect of the Properties;
- (d) fourthly, all amounts, whether of principal, interest or otherwise, due and payable to the Lender in respect of the Loan;
- (e) fifthly, all amounts necessary to repay to a Junior Lender any Cure Payments made by them but only to the extent such amounts have been recovered from the Borrower in full;
- (f) sixthly, all amounts (other than principal) due and payable to a Junior Lender in respect of the Junior Loan, subject to the proviso described below;
- (g) seventhly, all amounts of principal due and payable in respect of the Junior Loan;
- (h) eighthly, certain subordinated amounts due and payable to the Senior Interest Rate Hedging Provider and the Junior Interest Rate Hedging Provider in respect of the Hedging Agreements;
- (i) ninthly, any balance to be paid to the Borrowers or other persons entitled to it.

In relation to the payment of interest of the Junior Loan, such payment is, according to the terms of the Junior Credit Agreement, only to be made if:

- (a) each Interest Cover (as defined in the Junior Credit Agreement), tested on each Loan Interest Payment Date prior to the second anniversary of the drawdown date is 105 per cent; and
- (b) on and after the second anniversary of the drawdown date, each Interest Cover (as defined in the Junior Credit Agreement) is 110 per cent.

Restrictions on enforcement

The Intercreditor Agreement contains the following restrictions on enforcement actions:

- (a) Neither the Senior Interest Rate Hedging Provider nor the Junior Interest Rate Hedging Provider may take, or require the Security Trustee to take, any enforcement action with regard to the liabilities due to them unless previously or simultaneously enforcement action has been or is being taken in respect of the Loan and/or the Junior Loan; and

- (b) except as described below, no Junior Lender may take, or require the Security Trustee to take, any enforcement action with respect to the Junior Loan.

Junior Lender restrictions on enforcement

Save in certain circumstances, no Junior Lender may take, or require the Security Trustee to take, any enforcement action with respect to the Junior Loan, provided that:

- (a) if a Loan Event of Default has occurred and is continuing, payment of the Loan has been accelerated under the Credit Agreement and the Security has been enforced; and
- (b) the BLS Instructing Group determine, at their absolute discretion (acting reasonably) that, on a realisation of assets the subject of the Security, the realisation proceeds will be sufficient to discharge the Loan and any liabilities ranking in priority to the Loan in full in accordance with the Intercreditor Agreement,

the Majority Junior Lenders may (by written notice to the Security Trustee) require that the Security Trustee seek to realise, or seek to procure the realisation of, those assets.

In addition, the Majority Junior Lenders may require the Instructing Group to instruct the Security Trustee to take enforcement action otherwise prohibited by the terms of the Intercreditor Agreement if:

- (a) a material Loan Event of Default has occurred and is still outstanding at the end of its **Standstill Period** (being a period of 90 days in respect of non-payment, 120 days in respect of a breach of the ICR Test or Loan to Value Test or 150 days for any other Loan Event of Default); or
- (b) payment of the Loan has been accelerated under the Credit Agreement and the Security has been enforced; and
- (c) in relation to both (a) and (b), as applicable, no Control Valuation Event has taken place.

Restrictions on enforcement of Borrower Level Security

In accordance with the Intercreditor Agreement, save as described above, the Security Trustee may refrain from taking any enforcement action in relation to the Borrower Level Security unless it is instructed to do so by the BLS Instructing Group, which is empowered to give or refrain from giving enforcement instructions.

Restrictions on enforcement of Non-Borrower Level Security

In accordance with the Intercreditor Agreement, the Security Trustee may refrain from enforcing the Non-Borrower Level Security unless instructed otherwise by the NBLIS Instructing Group, which is empowered to give or refrain from giving enforcement instructions. If an NBLIS Enforcement Action takes place, the Security Trustee must transfer the interests in the Non-Borrower Level Security or any rights acquired pursuant to the exercise of Non-Borrower Level Security to a Junior Lender. Junior Lenders shall be prohibited from transferring its interest in the Non-Borrower Level Security or any rights acquired pursuant to the exercise of the Non-Borrower Level Security to any third party until the Loan is fully discharged and shall hold such rights on trust for themselves and the senior creditors or, after the occurrence of a Junior Lender Enforcement Limitation, the senior creditors only.

In the event that the Security Trustee has taken NBLIS Enforcement Action and has transferred the relevant interests or rights acquired pursuant thereto to a Junior Lender and a Loan Event of Default, or a Control Valuation Event or the discharge of the Junior Loan occurs, such Junior Lender shall

transfer the relevant Non-Borrower Level Security back to the Security Trustee, to hold for the benefit of the Lenders.

A NBLS Enforcement Action will not, initially, constitute or give rise to a Loan Event of Default in respect of the Loan.

Junior Lender cure rights

After the occurrence of a **Remediable Default** (being, the occurrence of any non-payment or certain other Loan Events of Default, as set out in the Intercreditor Agreement, in so far as it relates to a failure to comply with the ICR Test and/or the Loan to Value Test, which is capable of remedy within a specified period as set out in the Credit Agreement and in respect of which a Junior Lender has served notice on the Security Trustee), a Junior Lender shall have the right, but not the obligation, to cure such Remediable Default within five days of receiving notice of such a Remediable Default.

A Junior Lender may, subject to certain conditions as set out in the Intercreditor Agreement, make a **Cure Deposit** (being, the placement of cash on deposit in an amount which, if applied by the Borrowers in prepayment of the Senior Debt on the commencement of the relevant Loan Interest Period, would have meant that a breach of the ICR Test or the Loan to Value Test would not have occurred) and/or any other cure payment so as to remedy or cure any Remediable Default. In addition, following any failure by the First General Partner to make any payment due from it to the Senior Interest Rate Hedging Provider pursuant to the Senior Interest Rate Hedging Agreement the Lender may, but shall be under no obligation to, make such payment to the Senior Interest Rate Hedging Provider on behalf of the First General Partner. A Cure Deposit will, in accordance with the terms of the Intercreditor Agreement, be held on terms which will allow the Lenders to appropriate the same upon the occurrence of a Loan Event of Default.

A Junior Lender shall have the right to exercise its rights to remedy a Remediable Default only twice in any one six month period and on not more than six occasions during the term of the Loan.

Junior Lender rights to purchase

Upon the occurrence of a Loan Event of Default which has resulted in acceleration of payment under the Credit Agreement which is continuing or a material event of default under the Junior Loan has occurred, a Junior Lender may elect, by notice to the Security Trustee, to purchase, or arrange for another person (other than a Borrower or an affiliate of the Borrower or anyone directly or indirectly controlled by a Borrower or an affiliate of a Borrower) to purchase, all of the debt owing to the Lender under the Credit Agreement.

The purchase price in respect of the debt owing to the Lender under the Credit Agreement will be equal to an amount determined by the Security Trustee (acting reasonably) to be equal to the Loan amount then outstanding under the Credit Agreement.

Selection of Special Servicer

At any time after the Loan has become a Specially Serviced Loan and unless a Control Valuation Event has occurred, the Majority Junior Lenders may require that the appointment of the initial Special Servicer (being Barclays Capital Mortgage Servicing Limited) be terminated and may require that another entity be appointed in such capacity. Such a substitution of the Special Servicer requires the fulfilment of certain conditions including, among other things, that the Rating Agencies have confirmed that its appointment will not result in a downgrade, withdrawal or qualification in the then current rating of the Notes.

DESCRIPTION OF THE LOAN AND PROPERTIES

THE LOAN

Loan Information	
Cut-Off Date Securitised Principal Balance:	£918,862,500
Loan Interest Payment Dates:	17 October, January, April and July of each year
Loan Purpose:	Refinance of existing properties and acquisition of 6 new properties
Maturity Date:	17 July 2016
Borrower:	Thistle Investments Limited, Palace Investments Limited, Eagle GP1 Limited and Eagle GP2 Limited and 31 additional limited partnerships
Interest Calculation:	Actual/365
Amortisation:	None
Up-Front Reserves:	£19,793,413
Cut-Off Date LTV:	74.4%
Maturity LTV:	74.4%
Cut-Off Date ICR:	131%
ICR Covenant:	115%, increasing to 120% on and after the second anniversary
ICR Dividend Trap:	120%

Property Information	
Number of Properties:	36
Property Type:	Retail - Shopping Centre (8), Secondary Office (7), Industrial - Industrial Park (3), Office - Business Park (3), Retail - Retail Warehouse, Leisure Gym (2), Leisure – Other (2), Logistics – Warehouse (2), Mixed – Mixed (2), Retail - High Street Shop (2), Leisure – Cinema (1), Office - Out of Town Office (1)
Location:	England (31), Scotland and Wales
Freehold or Leasehold:	Freehold (28), leasehold (7) and mixed (1)
Property Management:	Propinvest Asset Management
Net Rental Income:	£63,809, 070
Appraised Value:	£1,235,435,000
Appraised Vacant Possession Value	£1,002,620,000
Appraisal Date:	4 August 2006
Appraisal Firm:	CBRE and King Sturge

The Borrowers

The Borrowers under the Loan are each special purpose Limited Partnerships, each established or organised under the laws of Guernsey on 31 July 2006, save for Propinvest Presford Limited Partnership and Propinvest Grange Limited Partnership which were established on 2 August 2006, and each acting by their respective General Partners. The First General Partner was incorporated on 10 March 2006, with registered number 44501, the registered office of the First General Partner is St. Peter's House, Le Bordage, St. Peter Port, Guernsey GY1 6AX and its contact telephone number is +44 (0)1481 707 800, the Second General Partner was incorporated on 10 March 2006, with registered number, 44504, the registered office of the Second General Partner is St Peter's House, Le Bordage, St Peter Port, Guernsey, GY1 6AX and its contact number is 01481 707 800, the Third

General Partner was incorporated on 3 August 2006, with registered number 45247, the registered office of the Third General Partner is St Peter's House, Le Bordage, St Peter Port, Guernsey, GY1 6AX and its contact telephone number is +44 (0)1481 707 800 and the Fourth General Partner was incorporated on 3 August 2006, with registered number, 45248, the registered office of the Fourth General Partner is St Peter's House, Le Bordage, St Peter Port, Guernsey, GY1 6AX and its contact number is +44 (0)1481 707 800.

The Limited Partnerships holding each of the four Scottish Properties each act through the First General Partner and the Second General Partner.

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

The principal officers of the General Partners are as follows:

Name	Address	Function
Valerie Browning	Fornells Limited and Lizard Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HY Channel Islands	Director
Matthew Butterfield	Fornells Limited and Lizard Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HY Channel Islands	Director
Peter Roberts	Fornells Limited and Lizard Limited, 1 Le Marchant Street, St Peter Port, Guernsey GY1 4HY Channel Islands	Director

The Seller is not aware of any conflicts between the duties of the principal officers to the First General Partner or the Second General Partner, as the case may be, and any of their respective private interests. Neither of the General Partners is or has been involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which each of the General Partners is aware) which may have, or have had, since their respective dates of incorporation, a significant effect on the financial position of the relevant General Partner.

Property management

The Properties are managed by Propinvest Asset Management LLP (the **Property Manager**) on behalf of the General Partners pursuant to a management agreement dated 4 August 2006 (**Management Agreement**).

The Property Manager is established in Guernsey and is owned by Propinvest Limited which is owned by Glenn Maud. The Property Manager has over 25 employees in the UK, across asset management, finance, investment and administration functions.

The Property Manager is the investment adviser to Propinvest Holdings Limited, which owns in excess of £1.25 billion of property assets in the United Kingdom and €350 million of property assets in Europe and Scandinavia.

The Property Manager performs the asset manager role for the UK property portfolio of Propinvest Holdings Limited. The Property Manager is RICS registered and has professional indemnity cover of £16.5 million.

The Property Manager is headed by Gabriel McLaughlin who was previously head of asset management at Phoenix Beard Consultant Surveyors from April 1999 to February 2004. He joined Savills as head of asset and property management working across all sectors of commercial property. Whilst at Savills, Gabriel McLaughlin ran the specialist shopping centre management team providing expertise in high street retail and shopping centres.

Under the terms of the Loan, no Guarantor may appoint any property manager without the prior consent of and on terms approved by the Facility Agent. In addition, if the Property Manager is in material default of its obligations under the Management Agreement and as a consequence the Guarantors are entitled to terminate the Management Agreement, the Facility Agent can require the Guarantors to use all reasonable endeavours to terminate the Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the Facility Agent (acting on the instructions of the Lender).

The Properties

Industry concentration of Properties

The Portfolio comprises 36 Properties of which 31 are located in England, four are located in Scotland and one is located in Wales. 13 Properties, representing 58.7 per cent. of the Portfolio by value are retail properties, 11 Properties, representing 20.8 per cent. of the Portfolio by value are office properties, two Properties, representing 7.0 per cent. of the Portfolio by value are warehouse properties, three Properties, representing 5.5 per cent. of the Portfolio by value are industrial properties, five Properties, representing 5.1 per cent. of the Portfolio by value are leisure properties and two properties representing 2.8 per cent. of the Portfolio by value are mixed properties.

Geographic concentration of Properties

All of the Properties are located in the United Kingdom. As at the Cut-Off Date, seven Properties, representing 30.5 per cent. of the Portfolio by value are located in the West Midlands, six Properties, representing 16.8 per cent. of the Portfolio by value are located in North West England, five Properties, representing 11.9 per cent. of the Portfolio by value are located in Greater London, four properties, representing 11.2 per cent. of the Portfolio by value are located in Scotland, seven Properties, representing 10.9 per cent. of the Portfolio by value are located in South East England, one Property, representing 7.5 per cent. of the Portfolio by value is located in Yorkshire and Humberside, four Properties, representing 6.4 per cent. of the Portfolio by value are located in South West England, one Property, representing 4.1 per cent. of the Portfolio by value is located in the East Midlands and one Property, representing 0.9 per cent. of the Portfolio by value is located in Wales.

Industry concentration of Tenants

As at the Cut-Off Date, there were 386 distinct Tenants in total. Of the actual Tenants, 287 Tenants, representing 73.6 per cent. of the Tenants by value are in the retail industry, 17 Tenants, representing 4.2 per cent. of the Tenants by value (including the two largest Tenants by value, being EMC Europe Ltd. and Eddie Stobart Ltd., respectively) are in the business services industry, nine Tenants, representing 2.3 per cent. of the Tenants by value are in the finance industry, 18 Tenants, representing 4.6 per cent. of the Tenants by value are in the leisure and entertainment industry, nine Tenants

representing 2.1 per cent. of the Tenants by value are in the Government and military industry, 18 Tenants representing 4.6 per cent. of the Tenants by value are in the telecommunications industry and 32 Tenants representing 8.4 per cent. of the Tenants by value are in the industries other than those specified above.

The information contained in this section is believed to be accurate and correct as of the Cut-Off Date. However, in the case of larger Properties subject to a number of individual lettings or licences, the figures shown for the number of Tenants and rental income receivable are liable to change at short notice, and consequently these details should be regarded as approximate and indicative rather than definitive.

1. Martineau Place and 1-13 Union Street and 63-70 High Street, Birmingham

Property Details	
City	Birmingham
Region	West Midlands
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£10,177,595
<i>per sq ft</i>	£37.7
Net ERV ⁽²⁾	£11,124,115
<i>per sq ft</i>	£41.2
Net Yield (Total Net Rent/OMV)	4.45%
Net Reversionary Yield (Net ERV/OMV)	4.87%
Number Of Tenants	45
Occupancy % (by area)	92%
OMV	£228,550,000
VPV	£187,500,000

General Description

The Property forms two distinct but adjoining properties. Martineau Place comprises a retail and office complex. The retail accommodation is arranged over two levels around the base of an office tower. The office building is arranged over twelve floors. The retail units have frontages to Union Street, Corporation Street and Bull Street. Martineau Way forms a pedestrian thoroughfare to the retail units. The office building at Martineau Place was constructed in approximately 1965 and the retail accommodation constructed in the 1950s and early 1960s. 1-13 Union Street and 63- 70 High Street comprises a block of retail premises arranged over a basement, ground and two upper floors with roof-top car parking. The Union Street premises were constructed as a co-operative society store which was subsequently refurbished, adapted and sub-divided to accommodate multiple occupancy.

Tenure

Martineau Place is held pursuant to a lease for 250 years from the 17 October 2002 expiring on 16 October 2252. The rent payable is one peppercorn for an initial period which expires at the latest on the 10 December 2007 and subsequently a turnover rent is payable which is calculated at 1 per cent. of net rental income.

1-13 Union Street and 63-70 High Street is also held on the terms of a headlease for a period of 150 years (less four days) from 29 March 1996 expiring on 25 March 2146. The annual rent payable is £50,000.

Tenants

Martineau Place is let by the terms of 38 distinct retail, restaurant or office occupational tenancies. 1-13 Union Street and 63-70 High Street is let by the terms of six retail tenancies and is also subject to

licences relating to 27 car parking spaces. There is an electricity substation in the basement of 1-13 Union Street which is let to the Midlands Electricity Board.

Most of the leases of individual units contain terms providing for the relevant tenant to contribute towards service charge and insurance costs. Some of the tenancies of retail units in Martineau Place are let on terms whereby a turnover rent is payable. Tenants include GPS (Great Britain) Limited, Pizza Hut (UK) Limited, Starbuck Coffee Company (UK) Limited, Sainsbury's Supermarkets Limited, Thomas Cook Retail Limited, Bon Marche Limited, Claire's Accessories UK Limited, The Greeting Card Group Limited, Yorkshire Building Society, Boots the Chemist Limited, Argos Limited, DSG Retail Limited, Nero Holdings Limited, H&M Hennes Limited. CGU International Insurance Plc, The Outdoor Group Limited.

The top ten occupational tenants (in terms of rental income paid (excluding any rental escrows)) as of the Cut-Off Date are as follows:

Occupational

Top 10 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Boots the Chemist Limited	£1,302,348	15.3%	Apr-2018
GPS (Great Britain)	£1,003,225	11.8%	Jun-2016
The Outdoor Group Limited	£752,419	8.9%	Sep-2021
H&M Hennes Ltd	£639,310	7.5%	Sep-2016
Sainsbury's Supermarkets Ltd	£620,622	7.3%	Sep-2026
DSG Retail Ltd	£563,085	6.6%	Oct-2012
River Island Clothing Co Limited	£525,218	6.2%	Jan-2013
CGU International Insurance plc	£381,127	4.5%	Dec-2008
Argos Limited	£230,742	2.7%	Sep-2022
Caspian Food Services Ltd	£221,300	2.6%	Jun-2026
Total	£6,239,395	73.5%	

1. Total Net Rent includes Escrow Rent of £1,691,400 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of the gross rent and 1.3 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

2. The Galleries and Marketgate Shopping Centres, Wigan, Lancashire

Property Details	
City	Wigan
Region	North West
Property Type	Retail - Shopping Centre
Total Net Rent ^{(1) (2)}	£5,359,833
<i>per sq ft</i>	£24.3
Net ERV ⁽²⁾	£6,269,235
<i>per sq ft</i>	£28.5
Net Yield (Total Net Rent/OMV)	4.96%
Net Reversionary Yield (Net ERV/OMV)	5.80%
Number Of Tenants	93
Occupancy % (by area)	91%
OMV	£108,000,000
VPV	£94,000,000

General Description

The Property forms two distinct but adjoining schemes being The Galleries and the Marketgate Shopping Centres, Wigan, Lancashire (another property included within the property portfolio, Makinson Arcade, also adjoins this property but is excluded for the purposes of this summary). The Marketgate Shopping Centre was constructed in the early 1970s although was refurbished in the 1990s and comprises ground and first floor retail units. The Galleries was constructed between the late 1980s and 1990 and is again constructed on two storeys.

Tenure

The Galleries is held freehold and Marketgate pursuant to a lease for 999 years from 23 March 2001 at a peppercorn rent. There is an option in the lease for the lessee to purchase the freehold for the sum of £1, although this has not yet been exercised.

Tenant

There are 101 occupational tenant leases of individual units, most upon terms providing for the relevant tenant to contribute towards service charge and insurance costs. Tenants include The Link Stores Limited, Blane Leisure Limited, (JJB Sports), C & J Clark International Limited, WM Morrisons Supermarkets Limited, Boots Properties Limited, Argos Limited, River Island Clothing Company Limited and New Look Retailers Limited.

The top ten occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Occupational

Top 10 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
River Island Clothing Company	£ 220,316	5.0%	Mar-2015
New Look Retailers Ltd	£201,629	4.5%	Mar-2015
Argos Ltd	£177,040	4.0%	Jun-2015
Evans Retail Properties Limited	£159,336	3.6%	Mar-2015
Bodycare (Health & Beauty) Limited	£131,796	3.0%	Dec-2015
Blane Leisure Ltd	£127,862	2.9%	Oct- 2006
Signet Group Plc	£126,878	2.9%	Jun 2015
Next Plc	£106,529	2.4%	Dec-2013

Clinton Cards (Essex) Limited	£96,487	2.2%	Oct-2019
Internacionale Ltd	£93,438	2.1%	Jun-2013
Total	£1,441,310	32.4%	

1. Total Net Rent includes Escrow Rent of £915,853 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of the gross rent and 1.2 per cent. of the gross ERV, as applicable.
3. Net Rent Excludes Escrow Rent.

3. The Headrow Shopping Centre, Leeds, West Yorkshire

Property Details	
City	Leeds
Region	Yorkshire & Humberside
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£4,746,671
<i>per sq ft</i>	£33.3
Net ERV ⁽²⁾	£4,706,153
<i>per sq ft</i>	£33.1
Net Yield (Total Net Rent/OMV)	5.15%
Net Reversionary Yield (Net ERV/OMV)	5.11%
Number Of Tenants	33
Occupancy % (by area)	84%
OMV	£92,100,000
VPV	£77,200,000

General Description

The Property comprises a purpose built fully enclosed shopping centre, multi-storey car park and four storey office block known as King Charles House. The Headrow Centre was part of a redevelopment constructed in 1989 and the multi-storey car park and King Charles House were constructed during the 1960s. The Headrow Centre comprises three levels with ancillary storage space at basement level and some currently unused retail space on level 4. There are approximately 44 retail units spread over the four floors.

Tenure

The Headrow Centre is held freehold by the Propinvest Headrow Limited Partnership.

Occupational Tenant

There are 36 occupational tenant leases of individual units, most upon terms providing for the relevant tenant to contribute towards service charge and insurance costs. Tenants include Northern Goldsmiths Limited, Republic Retail Limited, Game (Stores) Limited, O2 (UK) Limited, Clinton Cards (Essex) Limited, First Sports Limited, The Carphone Warehouse UK Limited, Vision Express UK Limited, The Toy World Group plc, New Look Retailers Limited, Shelly's Shoes Limited, Sports World International Limited and HMV UK Limited.

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Sportsworld International Limited	£639,310	15.7%	Dec-2018
HMV UK Limited	£496,695	12.2%	Jun-2014
New Look Retailers Limited	£270,477	6.6%	Oct-2018
Shellys Shoes Limited	£222,283	5.5%	Feb-2014
The Toy World Group Plc	£206,546	5.1%	Oct-2018
Total	£1,835,311	45.0%	

1. Total Net Rent includes Escrow Rent of £669,357 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of the gross rent and 1.4 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

4. The Paisley Shopping Centre, Paisley

Property Details	
City	Paisley
Region	Scotland
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£3,468,970
<i>per sq ft</i>	£48.3
Net ERV ⁽²⁾	£3,742,040
<i>per sq ft</i>	£52.1
Net Yield (Total Net Rent/OMV)	5.22%
Net Reversionary Yield (Total Net ERV/OMV)	5.64%
Number Of Tenants	48
Occupancy % (by area)	88%
OMV	£66,400,000
VPV	£57,600,000

General Description

The property comprises of an enclosed shopping centre constructed in 1992 and arranged over four levels. It is currently laid out to provide 54 separate units and a number of kiosk units. The property also has a separate multi-storey car park.

Tenure

The property is held by way of heritable ownership. The car park is held by way of a 150 year ground lease from March 1996 at a rent of £1 per annum without review.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Boots the Chemist Ltd	£191,301	6.4%	May-2017
Clinton Cards (Essex) Ltd	£161,991	5.4%	Jun-2015
In-Shops Centres Plc	£154,221	5.1%	Jan-2017
Superdrug Stores Plc	£142,615	4.8%	Mar-2017
First Sports Limited	£132,411	4.4%	Mar-2017
Total	£782,540	26.1%	

1. Total Net Rent includes Escrow Rent of £472,690 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of the gross rent and 1.3 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

5. EMC Tower, Great West Road, Brentwood

Property Details	
City	Brentford
Region	Greater London
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾⁽²⁾	£3,606,658
<i>per sq ft</i>	£28.6
Net ERV ⁽²⁾	£2,719,675
<i>per sq ft</i>	£21.5
Net Yield (Total Net Rent/OMV)	5.74%
Net Reversionary Yield (Net ERV/OMV)	4.33%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£62,870,000
VPV	£41,700,000

General Description

The property is a headquarter office property constructed in 1990 and refurbished in the last 12 months. It comprises a basement, ground and six upper floors, totalling 126,309 square foot office space on a 4.32 acre site.

Tenure

The Property is held freehold by the Propinvest Presford Limited Partnership in 2005.

Occupational Tenant

The property is wholly let to the EMC Europe Limited as their European Corporate Headquarters from 25 March 1990 to 24 March 2015 with 2 per cent. annual uplifts.

The rental income paid by the occupational tenant (excluding any rental escrows) as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
EMC Europe Limited	£3,009,675	100.0%	Mar-2015

1. Total Net Rent includes Escrow Rent of £596,983 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of the gross rent and 1.8 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

6. The Grosvenor Shopping Centre, Northfields, Birmingham

Property Details	
City	Northfields, Birmingham
Region	West Midlands
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£3,184,070
<i>per sq ft</i>	£23.8
Net ERV ⁽²⁾	£3,527,699
<i>per sq ft</i>	£26.4
Net Yield (Total Net Rent/OMV)	5.26%
Net Reversionary Yield (Net ERV/OMV)	5.83%
Number Of Tenants	53
Occupancy % (by area)	89%
OMV	£60,500,000
VPV	£49,400,000

General Description

The property is a 133,718 square foot covered suburban shopping centre located in Northfield, Birmingham and comprises of 62 retail units and office suites. There is also a 420 space car park which is located above the retail accommodation. There are five vacant units (being two office suites and three retail units). The three vacant units have been recently refurbished and one unit is under offer. There are 18 month cash back rental guarantees are in place to cover the vacant units.

The property was extended to provide space for the Sainsbury's Supermarket and in 2002 was redeveloped to create six new units. It has been refurbished recently.

Tenure

The Property is held freehold by the Propinvest Northfield Limited Partnership.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid (excluding any rental escrows)) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Wilkinsons Hardware Ltd	£196,711	6.8%	Jun-2023
Dorsman Estates Ltd	£177,040	6.1%	Jun-2018
Iceland Foods Ltd	£149,992	5.2%	Mar-2009
Superdrug Stores Plc	£113,355	3.9%	Jun-2009
Poundland Ltd	£98,355	3.4%	May-2019
Total	£735,452	25.4%	

1. Total Net Rent includes Escrow Rent of £291,220 p.a.

2. After deduction of an assumed cost of 1.5 per cent. of the gross rent and 1.4 per cent. of the gross ERV, as applicable.

3. Net Rent excludes Escrow Rent.

7. Plot 6, DIRFT, Daventry, Eddie Stobart Unit

Property Details	
City	Eddie Stobart Unit, Daventry
Region	East Midlands
Property Type	Logistics - Warehouse
Total Net Rent ⁽¹⁾⁽²⁾	£2,259,713
<i>per sq ft</i>	£5.0
Net ERV ⁽²⁾	£2,213,178
<i>per sq ft</i>	£4.9
Net Yield (total Net Rent/OMV)	4.49%
Net Reversionary Yield (Net ERV/OMV)	4.39%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£50,365,000
VPV	£40,500,000

General Description

The property is a distribution and logistics park and comprises three separate industrial units and an ancillary small office building at the Daventry International Rail Freight Terminal (DIRFT) Logistics Park in Daventry. The site covers a total of 450,194 square feet.

Tenure

The property is held by the Propinvest Daventry Limited Partnership on a 999 yr lease at a rent of £2 per annum from 8 May 1997.

Propinvest Daventry Limited Partnership has an option to buy the freehold for £1 on the 25th year of ownership.

Occupational Tenant

The property is wholly let to Eddie Stobart Ltd for 25 years from Sept 1997 on an FRI lease. Two of the units have been sub-let to the Malcolm Group and Excel Logistics (Staples).

The lease contains fixed uplifts, the next uplift being to £2,670,000 in 2007.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾⁽²⁾	% of Net Rent ⁽¹⁾	WA Expiry
Eddie Stobart Ltd	£2,259,715	100.0%	Sep-2022

1. No Escrow Rent but there is a £2 p.a. Head lease which makes up the difference between Tenant Net Rent and Total Net Rent.
2. After deduction of an assumed cost of 1.6 per cent. of the gross rent and 1.7 per cent. of the gross ERV, as applicable.

8. The Grange, Bishops Cleeve, Cheltenham, Gloucestershire

Property Details	
City	Bishops Cleeve, Cheltenham
Region	South West
Property Type	Office - Out of Town Office
Total Net Rent ⁽¹⁾⁽²⁾	£2,730,483
<i>per sq ft</i>	£15.3
Net ERV ⁽²⁾	£2,461,865
<i>per sq ft</i>	£13.8
Net Yield (Total Net Rent/OMV)	5.49%
Net Reversionary Yield (Net ERV/OMV)	4.95%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£49,750,000
VPV	£33,500,000

General Description

The property comprises a modern, headquarter complex of The Grange, The Old Grange and The Coach House. The complex is 178,469 square feet in size on a 14.75 acre site. The Grange was constructed in 1991, the Old Grange and the Coach House were substantially refurbished in the same year. There is also a car park comprising 1,014 external and internal car spaces.

Tenure

The property is held freehold by the Propinvest Grange Limited Partnership.

Occupational Tenant

The property is wholly let to Eagle Star Insurance Company Ltd on a 20 year lease from December 2001. Eagle Star Insurance Company Ltd is ultimately owned by Zurich Financial Services Group. The property is insured by the occupational tenant.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Eagle Star Insurance Co Ltd	£2,194,899	100.0%	Dec-2021

1. Total Net Rent includes Escrow Rent of £535,584 p.a.
2. After deductions of an assumed cost of 1.3 per cent. of the gross rent and 1.5 per cent. of the gross ERV, as applicable.
3. Net Rent excludes the Escrow Rent.

9. B&Q Warehouse, Bolton

Property Details	
City	Bolton
Region	North West
Property Type	Retail - Retail Warehouse
Total Net Rent ⁽¹⁾	£1,684,041
<i>per sq ft</i>	£13.6
Net ERV ⁽¹⁾	£1,921,841
<i>per sq ft</i>	£15.5
Net Yield (Total Net Rent/OMV)	4.43%
Net Reversionary Yield (Net ERV/OMV)	5.05%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£38,050,000
VPV	£32,000,000

General Description

The property comprises a 123,841 square foot retail unit built in 2001. It is located in the Bolton Gate Retail Park.

Tenure

The property is held freehold by the Thistle Bolton Limited Partnership.

Occupational Tenant

The site is wholly let to B&Q plc on a 25 year FRI lease from 2001.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
B&Q plc	£1,684,041	100.0%	Mar-2026

1. No Escrow Rent so Total Net Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of the gross rent and 1.4 per cent. of the gross ERV, as applicable.

10. River Road, Barking

Property Details	
City	River Road, Barking
Region	Greater London
Property Type	Logistics - Warehouse
Total Net Rent ⁽¹⁾	£2,317,908
<i>per sq ft</i>	£8.5
Net ERV	£2,180,000
<i>per sq ft</i>	£8.0
Net Yield (Total Net Rent/OMV)	6.42%
Net Reversionary Yield (Net ERV/OMV)	6.04%
Number Of Tenants	0
Occupancy % (by area)	0%
OMV	£36,100,000
VPV	£31,800,000

1. The property benefits from a two year rental guarantee from ProLogis, of which the first 18 months have been cash backed.

General Description

The property comprises a 271,826 square foot distribution warehouse recently constructed by ProLogis. There is also a car park made up of 250 car parking spaces. The property is established on a 13.26 acre site.

Tenure

The property is held freehold by Propinvest River Road Limited Partnership.

Occupational Tenant

The site is currently vacant but is subject to a two year rental guarantee from ProLogis, of which the first 18 months have been cash-backed in the Escrow Rental Account to an amount of £3,476,861, being equivalent to a rent of £2,317,908 per annum.

11. Renfrew Retail Park, Renfrew, Scotland

Property Details	
City	Renfrew
Region	Scotland
Property Type	Retail - Retail Warehouse
Total Net Rent ⁽¹⁾⁽²⁾	£1,805,355
<i>per sq ft</i>	£13.7
Net ERV ⁽²⁾	£1,803,201
<i>per sq ft</i>	£13.7
Net Yield (Total Net Rent/OMV)	5.16%
Net Reversionary Yield (Net ERV/OMV)	5.15%
Number Of Tenants	8
Occupancy % (by area)	87%
OMV	£34,990,000
VPV	£29,500,000

General Description

The property is the Renfrew Retail Park in Renfrew, Scotland (near to Glasgow). It comprises a modern 124,550 square foot retail warehouse development built in 1999 with a small 7,492 square foot industrial unit. The retail warehouse terrace has been constructed in an 'L' shaped design and provides 10 individual units.

Tenure

The property is held by the Propinvest Renfrew Limited Partnership under Scottish heritable title.

Occupational Tenant

The property is let to eight tenants on 20 and 25 year FRI leases.

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
MFI Properties Ltd	£265,560	16.3%	Nov-2023
Matalan Retail Ltd	£261,171	16.0%	Nov-2023
Internacionale Ltd	£221,300	13.6%	Apr-2023
JJB Sports	£218,054	13.4%	Nov-2023
Harveys Furnishing Group Ltd	£191,783	11.7%	Nov-2023
Total	£1,157,867	70.9%	

1. Total Net Rent includes Escrow Rent of £172,740 p.a.
2. After deductions of an assumed cost of 1.5 per cent. of gross rent and 1.5 per cent. of gross ERV, as applicable.
3. Net rent excludes Escrow Rent.

12. Sutherland House, Crawley

Property Details	
City	Russell Way, Crawley
Region	South East
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾⁽²⁾	£1,805,998
<i>per sq ft</i>	£12.5
Net ERV ⁽²⁾	£1,805,998
<i>per sq ft</i>	£12.5
Net Yield (Total Net Rent/OMV)	6.02%
Net Reversionary Yield (Net ERV/OMV)	6.02%
Number Of Tenants	6
Occupancy % (by area)	100%
OMV	£30,000,000
VPV	£19,400,000

General Description

Sutherland House is an 144,243 square foot headquarters office building set out over ground and four upper floors in a two wing configuration. There is also a two storey car park on the site providing 292 parking spaces. The building was built during the 1970s and was previously occupied by the Paymaster General Office.

Tenure

The property is held freehold by the Propinvest Sunderland Limited Partnership.

Occupational Tenant

The largest occupational tenant is Paymaster (1836) Ltd who has a 15 year lease with fixed uplifts every five years from May 2006.

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Paymaster (1836) Ltd	£1,298,291	97.9%	Aug-2021
T-Mobile (UK) Limited	£7,286	0.5%	May-2009
Hutchison 3G UK Limited	£6,412	0.5%	Jan-2013
Telecom Securicor Cellular Radio Ltd	£4,933	0.4%	Sep-2009
Vodafone Ltd	£4,896	0.4%	Nov-2007
Total	£1,321,818	99.7%	

1. Total Net Rent includes Escrow Rent of £480,000 p.a.
2. After deduction of an assumed cost of 1.2 per cent. of the gross rent and 1.2 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

13. Springfields Retail Park, Stoke-on-Trent

Property Details	
City	Newcastle Road, Stoke-on-Trent, Staffordshire
Region	West Midlands
Property Type	Retail - Retail Warehouse
Total Net Rent ⁽¹⁾⁽²⁾	1,367,542
<i>per sq ft</i>	£19.5
Net ERV ⁽²⁾	1,296,891
<i>per sq ft</i>	£18.5
Net Yield (Total Net Rent/OMV)	4.97%
Net Reversionary Yield (Net ERV/OMV)	4.72%
Number Of Tenants ⁽³⁾	6
Occupancy % (by area)	100%
OMV	£27,500,000
VPV	£23,100,000

General Description

The property is Springfields Retail Park, which was built in 1993. It comprises a 69,955 square foot terrace of five retail warehousing units, a detached fast food outlet and a garden centre. There are 313 car parking spaces on site with a secure service yard to the rear of the property.

Tenure

The property is held freehold by the Propinvest Springfield Limited Partnership.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽⁴⁾	% of Net Rent ⁽⁴⁾	WA Expiry
Focus (DIY) Ltd	£396,613	43.9%	Jun-2018
Carpetright Plc	£162,221	18.0%	Jun-2018
Comet Group Plc	£137,698	15.2%	Sep-2018
Pet City Ltd	£110,158	12.2%	Jun-2018
Hatfords Ltd	£96,880	10.7%	Jun-2018
Total	£903,570	100.0%	

1. Total Net Rent includes Escrow Rent of £463,972 p.a.
2. After deduction of an assumed cost of 1.1 per cent. of the gross rent and 1.2 per cent. of the gross ERV, as applicable.
3. Includes one tenant on long lease for no rental income.
4. Net Rent excludes Escrow Rent.

14. 20 Farringdon Street, London

Property Details	
City	20 Farringdon Street, London EC4
Region	Greater London
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾	£1,622,864
<i>per sq ft</i>	£35.0
Net ERV ⁽¹⁾	£1,314,169
<i>per sq ft</i>	£28.3
Net Yield (Total Net Rent/OMV)	5.96%
Net Reversionary Yield (Net ERV/OMV)	4.83%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£27,225,000
VPV	£19,400,000

General Description

The property was built in 1986 and comprises an eight storey office building with a public house located on the basement and ground floors. It also comprises seven car parking spaces.

Tenure

The property is held freehold by the Propinvest Farringdon Limited Partnership.

Occupational Tenant

The property is wholly let to the partners of KPMG on a 25 year FRI lease from 1986. The public house is sublet at a peppercorn rent until 2038.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
KPMG LLP	£1,622,864	100.0%	Dec-2011

1. There is no Escrow Rent so Total Net Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of the gross rent and 2.0 per cent. of the gross ERV, as applicable.

15. Wednesbury Trading Estate, Wednesbury

Property Details	
City	Wednesbury
Region	West Midlands
Property Type	Industrial - Industrial Park
Total Net Rent ⁽¹⁾⁽²⁾	£1,423,481
Per sq ft	£3.2
Net ERV ⁽²⁾	£1,568,483
Per sq ft	£3.5
Net Yield (Total Net Rent/OMV)	5.41%
Net Reversionary Yield (Net ERV/OMV)	5.96%
Number Of Tenants	33
Occupancy % (by area)	96%
OMV	£26,300,000
VPV	£22,400,000

General Description

The property is an industrial estate comprising approximately 38 units and two substations. It was built in the 1970s. The estate extends to a total gross internal area of 442,712 square feet

Tenure

The property is held by the Propinvest Wednesday Limited Partnership on a long lease for a term of 99 years from 25 December 1996 at a peppercorn rent.

Occupational Tenant

The estate is multi-let to a mix of national and local occupiers. The main occupational tenants of the unit are: The Carphone Warehouse Limited, BTC Activewear Limited, and Yoko International Limited.

The top five occupational tenants (in terms of rental income paid (excluding any rental escrows)) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
The Carphone Warehouse Limited	£353,344	26.4%	Sep-2013
BTC Activewear Limited	£129,829	9.7%	Dec-2008
Yoko International Limited	£109,547	8.2%	Mar-2011
Seconique Plc	£74,426	5.6%	Feb-2008
Specialist Induction Refractories Ltd	£66,390	5.0%	Apr-2009
Total	£733,535	54.7%	

1. Total Net Rent includes Escrow Rent of £ 83,436 p.a.
2. After deduction of an assumed cost of 1.5 per cent. of the gross rent and 1.4 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

16. Woodside Industrial Park, Dunstable

Property Details	
City	Dunstable
Region	South East
Property Type	Industrial - Industrial Park
Total Net Rent ⁽¹⁾⁽²⁾	£1,572,073
<i>per sq ft</i>	£6.0
Net ERV ⁽²⁾	£1,713,292
<i>per sq ft</i>	£6.6
Net Yield (Total Net Rent/OMV)	6.00%
Net Reversionary Yield (Net ERV/OMV)	6.54%
Number Of Tenants ⁽³⁾	7
Occupancy % (by area)	81%
OMV	£26,200,000
VPV	£23,000,000

General Description

The property is the Woodside Industrial Park in Dunstable. The industrial estate was built in the late 1980s and comprises of 6 units with an electricity substation. The estate has one office and five industrial units, totalling 261,238 square feet. The industrial units range in size between 13,307 and 81,689 square feet.

Tenure

The property is held on a long lease by the Propinvest Woodside Limited Partnership for a term of 999 years from 20 June 1997 expiring on 19 June 2996 at a rent of £2 per annum for the remainder of the term.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽⁴⁾	% of Net Rent ⁽⁴⁾	WA Expiry
Henkel Loctite Adhesives Limited	£437,681	35.3%	Jun-2011
Tenby Industries Limited	£242,938	19.6%	Jul-2013
UCB Pharma Limited	£229,660	18.5%	Sep-2012
Thamas & Betts Limited	£190,318	15.4%	Nov-2010
Compuware Ltd	£137,698	11.1%	Jun-2015
Total	£1,238,294	100.0%	

1. Total Net Rent includes Escrow Rent of £333,781 p.a.
2. After deduction of an assumed cost of 1.3 per cent. of the gross rent and 1.2 per cent. of the gross ERV, as applicable.
3. Includes two tenants on long leases for no rental income.
4. Net Rent excludes Escrow Rent.

17. Callendar Square Shopping Centre, Falkirk

Property Details	
City	Falkirk
Region	Scotland
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£1,472,511
<i>per sq ft</i>	£12.1
Net ERV ⁽²⁾	£1,486,304
<i>per sq ft</i>	£12.2
Net Yield (Total Net Rent/OMV)	5.69%
Net Reversionary Yield (Net ERV/OMV)	5.74%
Number Of Tenants	20
Occupancy % (by area)	80%
OMV	£25,900,000
VPV	£21,200,000

General Description

The property is the Callendar Square Shopping Centre. It was completed in 1992 and provides 122,200 square feet of retail accommodation arranged over a split level site.

Tenure

The property is currently held on a 150 years lease from 30 April 1992 by the Propinvest Callendar Limited Partnership and no rent is currently payable. Propinvest has acquired the heritable interest from the local council.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
BHS Plc	£196,711	19.4%	Jul-2022
NBC Apparel Ltd	£196,711	19.4%	Feb-2018
Falkirk Council	£120,830	11.9%	Jan-2016
Iceland Frozen Foods plc.	£78,684	7.8%	Nov-2018
Northworld Ltd	£73,767	7.3%	Nov-2018
Total	£666,702	65.7%	

1. Total Net Rent includes Escrow Rent of £457,880 p.a.
2. After deduction of an assumed cost of 1.1 per cent. of the gross rent and 1.1 per cent. of the gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

18. Briarcliff House, Kingsmead, Farnborough

Property Details	
City	Farnborough
Region	South East
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾	£1,229,442
<i>per sq ft</i>	£15.2
Net ERV ⁽¹⁾	£1,294,673
<i>per sq ft</i>	£16.0
Net Yield (Total Net Rent/OMV)	5.56%
Net Reversionary Yield (Net ERV/OMV)	5.86%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£22,100,000
VPV	£17,400,000

General Description

The property is Briarcliff House and comprises a four storey property that was constructed in 1983. The building comprises seven retail units and 18 car parking spaces on the ground floor with three upper floors of offices.

Tenure

The Property is held freehold by the Propinvest Briarcliff Limited Partnership.

Occupational Tenant

The main occupational tenant is AON Consulting who occupy on an FRI lease expiring in February 2018.

The net rental income paid by the occupational tenants as of the Cut-Off Date is as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
AON Consulting Ltd	£1,229,442	100.0%	Feb-2018
Southern Electricity Board	£0	0.0%	Mar-2078
Total	£1,229,442	100.0%	

1. No Escrow Rent so Total Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of the gross rent and 1.6 per cent. of the gross ERV.

19. Ashwood House, Camberly

Property Details	
City	Camberly
Region	South East
Property Type	Mixed- Mixed
Total Net Rent ^{(1) (2)}	£1,249,536
<i>per sq ft</i>	£14.8
Net ERV ⁽²⁾	£1,230,600
<i>per sq ft</i>	£14.6
Net Yield (Total Net Rent/OMV)	5.68%
Net Reversionary Yield (Net ERV/OMV)	5.59%
Number Of Tenants	5
Occupancy % (by area)	96%
OMV	£22,000,000
VPV	£18,300,000

General Description

The property comprises a substantial mixed use development of four storeys and was originally built in the 1980s. There are two levels of offices which are accessed via the ground floor office reception from Pembroke Broadway.

Tenure

The property is held freehold by the Propinvest Ashwood Limited Partnership

Occupational Tenant

The property is the subject of three main occupational leases, all are on an FRI basis, and three long leasehold that are not income producing.

The rental income paid by the tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Nokia UK Limited	£696,651	63.6%	Mar-2011
BHS Limited	£285,231	26.0%	Sep-2018
Halfords Limited	£113,355	10.3%	Sep-2009
The Mayor and Burgesses of the Borough of Surrey Heath	£0	0.0%	Dec-2108
Southern Electricity Board	£0	0.0%	Mar-2083
Total	£1,095,236	100.0%	

1. Total Net Rent includes Escrow Rent of £154,300 p.a.
2. After deduction of an assumed cost of 1.4 per cent. of gross rent and 1.5 per cent. of gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

20. Prescot Shopping Centre, Prescot

Property Details	
City	Prescot
Region	North West
Property Type	Retail-Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£950,594
<i>per sq ft</i>	£14.5
Net ERV ⁽²⁾	£1,010,359
<i>per sq ft</i>	£15.4
Net Yield (Total Net Rent/OMV)	5.19%
Net Reversionary Yield (Net ERV/OMV)	5.52%
Number Of Tenants	26
Occupancy % (by area)	98%
OMV	£18,300,000
VPV	£15,950,000

General Description

The property comprises a self contained covered shopping centre opened in 1988 with 28 retail units (the main retail outlet being Somerfield Property Company Limited) and 9 kiosks on two separate levels together with civic accommodation occupied by Knowsley Metropolitan Borough Council. There is multilevel surface car park forming part of the subject property, with parking in marked bays.

Tenure

The property is held freehold by the Propinvest Presford Limited Partnership.

Occupational Tenant

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Somerfield Property Company Limited	£191,793	22.1%	Feb-2025
TJ Morris Ltd	£68,849	7.9%	Dec-2014
Mackays Stores Ltd	£54,095	6.2%	Dec-2014
Superdrug Stores Plc	£40,817	4.7%	Dec-2014
Bon Marche Ltd.	£39,342	4.5%	Dec-2014
Total	£394,897	45.4%	

1. Total Net Rent includes Escrow Rent of £81,500 p.a.
2. After deduction of an assumed cost of 1.5 per cent. of gross rent and 1.4 per cent. of gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

21. West Strand, Preston

Property Details	
City	Preston
Region	North West
Property Type	Leisure-Gym
Total Net Rent ⁽¹⁾	£845,999
<i>per sq ft</i>	£10.3
Net ERV ⁽¹⁾	£851,716
<i>per sq ft</i>	£10.3
Net Yield (Total Net Rent/OMV)	4.94%
Net Reversionary Yield (Net ERV/OMV)	4.97%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£17,125,000
VPV	£13,000,000

General Description

The property is a modern detached building with a steel frame and with a pitched profile steel roof. The building comprises a ground and first floor totalling 82,463 square feet in size.

Tenure

The property is held freehold by the Propinvest Fitness Limited Partnership.

Occupational Tenant

The property is occupied by Total Fitness and is used as a gym.

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Total Fitness UK Limited	£845,998	100.0%	Mar-2030
United Utilities Electricity Plc	£1	0.0%	Sep-2065
Total	£845,999	100.0%	

1. No Escrow Rent so Total Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.6 per cent. of gross ERV.

22. Helios Court, Hatfield

Property Details	
City	Hatfield
Region	West Midlands
Property Type	Office - Business Park
Total Net Rent ⁽¹⁾	£998,799
<i>per sq ft</i>	£24.6
Net ERV ⁽¹⁾	£794,299
<i>per sq ft</i>	£19.6
Net Yield (Total Net Rent/OMV)	5.87%
Net Reversionary Yield (Net ERV/OMV)	4.67%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£17,020,000
VPV	£14,000,000

General Description

The property is called Helios Court and is situated in the Hatfield Business Park. It is one of three office buildings at Bishop Square, a campus style scheme built in the early 1990s which covers an area of approximately 15.8 acres.

Tenure

The property is held freehold by the Propinvest Helios Limited Partnership.

Occupational Tenant

The property is let to BAE Systems plc.

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
BAE Systems Plc	£998,799	100.0%	Nov-2016
EDF Energy Networks (EPN) Plc	£0	0.0%	Jun-2090
Total	£998,799	100.0%	

1. No Escrow Rent so Total Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 2.1 per cent. of gross ERV, as applicable.

23. Sussex Manor Business Park, Crawley

Property Details	
City	Crawley
Region	South East
Property Type	Industrial - Industrial Park
Total Net Rent ⁽¹⁾	£926,016
<i>per sq ft</i>	£6.6
Net ERV ⁽¹⁾	£956,516
<i>per sq ft</i>	£6.8
Net Yield (Total Net Rent/OMV)	5.97%
Net Reversionary Yield (Net ERV/OMV)	6.17%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£15,500,000
VPV	£13,300,000

General Description

The property comprises three separate units totalling 140,356 square feet of accommodation at the rear of Sussex Manor Business Park, an industrial estate constructed in the 1980s.

Tenure

The property is held freehold by the Propinvest Sussex Manor Limited Partnership.

Occupational Tenant

All three units were originally let to Store International Plc. Two of the units are now occupied by Engineering Limited and one building is occupied by Sugg Lighting Limited by way of assignment.

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Redland Engineering Limited	£773,565	83.5%	Mar-2009
Sugg Lighting Limited	£152,451	16.5%	Apr-2009
Total	£926,016	100.0%	

1. No Escrow Rent, so Total Rent = Net Rent, which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.2 per cent. of gross ERV, as applicable.

24. Charles House, Plymouth

Property Details	
City	Plymouth
Region	South West
Property Type	Leisure - Other
Total Net Rent ⁽¹⁾	£668,921
<i>per sq ft</i>	£9.9
Net ERV ⁽¹⁾	£892,971
<i>per sq ft</i>	£13.3
Net Yield (Total Net Rent/OMV)	4.71%
Net Reversionary Yield (Net ERV/OMV)	6.29%
Number Of Tenants	4
Occupancy % (by area)	100%
OMV	£14,200,000
VPV	£11,400,000

General Description

The property comprises a four storey mixed use retail and leisure development. The development is arranged as four units including two retail units, a restaurant and a bingo hall. The building was redeveloped in 2001 from a former vehicle repair, sales garage and petrol filling station. The property is 67,334 square feet in size and it includes car parking for 171 vehicles arranged over two levels below the retail units.

Tenure

The property is held freehold by the Propinvest Charles Cross Limited Partnership.

Occupational Tenant

The rental income paid by the four occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Gala Leisure Limited	£305,006	45.6%	Mar-2026
Staples (Europe) Limited	£275,395	41.2%	Mar-2026
Hein Gericke (UK) Limited	£51,637	7.7%	Nov-2018
Enamul Haque Laskar	£36,883	5.5%	Apr-2028
Total	£668,921	100.0%	

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.2 per cent. of gross ERV as applicable.

25. Gloucester Building, London

Property Details	
City	London
Region	Greater London
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾	£720,854
<i>per sq ft</i>	£32.0
Net ERV ⁽¹⁾	£720,854
<i>per sq ft</i>	£32.0
Net Yield (Total Net Rent/OMV)	5.20%
Net Reversionary Yield (Net ERV/OMV)	5.20%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£13,870,000
VPV	£11,400,000

General Description

The property is a self contained office building constructed in the late 1990s, and is situated within Kensington Village, an office campus developed in two phases. The property forms part of the second phase and is situated around and above a central car park and landscaped area.

Tenure

The property is held by the Propinvest Gloucestershire Limited Partnership under a long leasehold for a term of 999 years from 21 July 2000 at a peppercorn rent.

Occupational Tenant

The property is let to Marylebone Warwick Balfour Group Plc on an FRI lease until 2021. The entire property is sub-let to RDF Media Limited.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Marylebone Warwick Balfour Group plc	£720,854	100.0%	Jul-2021

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.6 per cent. of gross ERV, as applicable.

26. Macon Way, Crewe

Property Details	
City	Crewe
Region	North West
Property Type	Mixed - Mixed
Total Net Rent ⁽¹⁾	£639,605
<i>per sq ft</i>	£8.9
Net ERV ⁽¹⁾	£687,926
<i>per sq ft</i>	£9.6
Net Yield (Total Net Rent/OMV)	4.94%
Net Reversionary Yield (Net ERV/OMV)	5.31%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£12,950,000
VPV	£10,750,000

General Description

The property is a fitness complex that was constructed in 2003 and has gym areas, fitness rooms, squash courts, a 25 metre main swimming pool with additional smaller pools, a small café area, staff offices and franchised units situated in the lobby area of the building. Apart from normal gym facilities the centre also offers, a crèche, a recognized physiotherapy Sports Rehabilitation clinic.

Tenure

The property is held freehold by the Propinvest Fitness Partnership Limited.

Occupational Tenant

Macon Way comprises a self contained fitness complex let to Total Fitness on a long FRI lease and a separate office property let to Network Rail until 2009.

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Total Fitness UK Limited	£543,217	84.9%	Nov-2038
Network Rail Infrastructure Limited	£96,388	15.1%	Sep-2009
Total	£639,605	100.0%	

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.5 per cent. of gross ERV, as applicable.

27. Makinson Arcade, Wigan

Property Details	
City	Wigan
Region	North West
Property Type	Retail - Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£558,840
<i>per sq ft</i>	£19.3
Net ERV ⁽²⁾	£776,899
<i>per sq ft</i>	£26.9
Net Yield (Total Net Rent/OMV)	4.42%
Net Reversionary Yield (Net ERV/OMV)	6.14%
Number Of Tenants	23
Occupancy % (by area)	97%
OMV	£12,650,000
VPV	£10,800,000

General Description

The property comprises a covered ground floor shopping arcade which forms part of the Marketgate and Galleries centre in the centre of Wigan. The arcade dates back to the Victorian era and has been refurbished to a high specification. The arcade has a total of 24 small retail units (kiosks) on the ground floor, the majority of which have small basement, first floor storage, and a small office suite on the first floor. The total net internal area currently extends to approximately 28,923 square feet in size.

Tenure

The property is held freehold by the Propinvest Wigan Limited Partnership.

Occupational Tenant

The top five occupational tenants (in terms of rental income paid) as of the Cut-Off Date are as follows:

Top 5 Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Conlon & Sons Ltd	£45,243	8.4%	Jun-2013
Clothes for the Discerning Man Limited	£36,391	6.7%	Oct-2013
Tessuti Woman Limited	£36,391	6.7%	Nov-2013
Orange Retail Ltd	£35,408	6.6%	Nov-2011
Julian Graves Ltd	£31,892	5.9%	Sep-2009
Total	£185,326	34.3%	

1. Total Net Rent includes Escrow Rent of £18,461 p.a.
2. After deduction of an assumed cost of 1.6 per cent. of gross rent and 1.1 per cent. of gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

28. Nova Building, Slough

Property Details	
City	Slough
Region	South East
Property Type	Office - Secondary CBD Office
Total Net Rent ⁽¹⁾	£765,697
<i>per sq ft</i>	£24.0
Net ERV ⁽¹⁾	£674,197
<i>per sq ft</i>	£21.1
Net Yield (Total Net Rent/OMV)	6.42%
Net Reversionary Yield (Net ERV/OMV)	5.65%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£11,925,000
VPV	£9,600,000

General Description

The office building was constructed in 1989 and comprises ground and three upper floors. The building has 24 hour secure access and an element of underground car parking.

Tenure

The property is held freehold by the Propinvest Nova Limited Partnership.

Occupational Tenant

The property is wholly let to Regus (UK) Limited and is used as a serviced office.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Regus (UK) Limited	£765,697	100.0%	Dec-2016

- No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.9 per cent. of gross ERV, as applicable.

29. UGC Cinema, Dundee

Property Details	
City	Dundee
Region	Scotland
Property Type	Leisure - Cinema
Total Net Rent ⁽¹⁾	£564,426
<i>per sq ft</i>	£10.8
Net ERV ⁽¹⁾	£592,062
<i>per sq ft</i>	£11.3
Net Yield (Total Net Rent/OMV)	5.21%
Net Reversionary Yield (Net ERV/OMV)	5.47%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£10,830,000
VPV	£9,100,000

General Description

The property comprises a detached modern, nine screen cinema complex, constructed in 1999.

Tenure

The property is held freehold by the Propinvest Kingsway Limited Partnership.

Occupational Tenant

The occupational tenant is Cineworld Cinemas Ltd.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Cineworld Cinemas Ltd	£564,426	100.0%	May-2034

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.6 per cent. of gross ERV, as applicable.

30. Stansty Road, Wrexham

Property Details	
City	Wrexham
Region	Wales
Property Type	Leisure - Gym
Total Net Rent ⁽¹⁾	£496,655
<i>per sq ft</i>	£7.8
Net ERV ⁽¹⁾	£561,695
<i>per sq ft</i>	£8.9
Net Yield (Total Net Rent/OMV)	4.68%
Net Reversionary Yield (Net ERV/OMV)	5.29%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£10,610,000
VPV	£8,500,000

General Description

The property is a fitness centre. The accommodation comprises a main entrance leading through to a barrier controlled reception desk. Adjacent to the main reception is a membership office, beauty spa, retail unit and crèche.

Tenure

The property is held freehold by the Propinvest Fitness Limited Partnership.

Occupational Tenant

The property is a gym let to Total Fitness on an FRI lease until November 2038, with a tenant break option in November 2028.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Total Fitness UK Limited	£496,655	100.0%	Nov-2028

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.5 per cent. of gross ERV, as applicable.

31. Gade House, Watford

Property Details	
City	Watford
Region	West Midlands
Property Type	Leisure - Other
Total Net Rent ⁽¹⁾⁽²⁾	£677,679
<i>per sq ft</i>	£10.4
Net ERV ⁽²⁾	£686,555
<i>per sq ft</i>	£10.6
Net Yield (Total Net Rent/OMV)	6.46%
Net Reversionary Yield (Net ERV/OMV)	6.54%
Number Of Tenants	3
Occupancy % (by area)	63%
OMV	£10,490,000
VPV	£9,220,000

General Description

The property is a leisure complex. It was constructed in the 1970s and the accommodation is arranged over basement, ground and two upper floors. The property was formerly occupied as a supermarket on basement and ground floors but there is now a night club in the basement and two bars at ground floor level.

Tenure

The property is held by the Propinvest Gade Limited Partnership on a 99 years lease commencing on 31 March 1961, thus expiring in 54 years at a current ground rent of £5,732 per annum exclusive, which is not subject to review.

Occupational Tenant

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
Sportz Academy Gade House Ltd	£228,042	59.2%	Sep-2025
Luminar Leisure	£157,369	40.8%	Sep-2019
Eastern Electricity Board	£1	0.0%	Mar-2060
Total	£385,411	100.0%	

1. Total Net Rent includes Escrow Rent of £298,000 p.a.
2. After deduction of an assumed cost of 0.9 per cent. of gross rent and 0.9 per cent. of gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

32. 2420 The Quadrant, Bristol

Property Details	
City	Bristol
Region	South West
Property Type	Office - Business Park
Total Net Rent ⁽¹⁾	£473,822
<i>per sq ft</i>	£22.6
Net ERV ⁽¹⁾	£369,537
<i>per sq ft</i>	£17.6
Net Yield (Total Net Rent/OMV)	5.98%
Net Reversionary Yield (Net ERV/OMV)	4.67%
Number Of Tenants	2
Occupancy % (by area)	100%
OMV	£7,920,000
VPV	£5,700,000

General Description

The property is a detached, "V" shaped two storey office building constructed in 1992 by Arlington as part of the Aztec West development. The property comprises part of the "Quadrant", located at the front of Aztec West Business Park.

Tenure

The property is held freehold by the Propinvest Quadrant Limited Partnership, although it is subject to a restrictive covenant prohibiting use as an hotel.

Occupational Tenant

The occupational tenants are Logica CMB UK Limited, BAE System Properties Limited.

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Logica CMB UK Limited	£371,252	78.4%	Sep-2017
BAE Systems Properties Limited	£102,570	21.6%	Sep-2017
Total	£473,822	100.0%	

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 2.1 per cent. of gross ERV, as applicable.

33. Regus House, Building B, Uxbridge

Property Details	
City	Uxbridge
Region	Greater London
Property Type	Office- Secondary CBD Office
Total Net Rent ⁽¹⁾	£427,980
<i>per sq ft</i>	£23.8
Net ERV ⁽¹⁾	£427,980
<i>per sq ft</i>	£23.8
Net Yield (Total Net Rent/OMV)	5.71%
Net Reversionary Yield (Net ERV/OMV)	5.71%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£7,500,000
VPV	£6,000,000

General Description

The property is Regus House and comprises a modern detached "L" shaped purpose-built office building developed in 1998 providing office accommodation over ground and two upper floors. It is located in the Highbridge Estate business park.

Tenure

The property is held freehold by the Propinvest RH Limited Partnership.

Occupational Tenant

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Regus (UK) Limited	£427,980	100.0%	Dec-2013

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.6 per cent. of gross ERV, as applicable.

34. 2410 The Quadrant, Bristol

Property Details	
City	Bristol
Region	South West
Property Type	Office- Business Park
Total Net Rent ⁽¹⁾	£389,059
<i>per sq ft</i>	£17.7
Net ERV ⁽¹⁾	£389,044
<i>per sq ft</i>	£17.7
Net Yield (Total Net Rent/OMV)	5.46%
Net Reversionary Yield (Net ERV/OMV)	5.46%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£7,120,000
VPV	£6,000,000

General Description

The property is a detached two storey rectangular office building arranged around a central lightwell. The property provides predominantly open plan office accommodation. It comprises part of the Quadrant, located at the front of Aztec West Business Park.

Tenure

The property is held freehold by the Propinvest Quadrant Limited Partnership, although it is subject to a restrictive covenant prohibiting use as an hotel.

Occupational Tenant

The tenant, Royal Mail Group Plc, is not in occupation of the property having recently sub-let the ground floor and having the first floor on the market for sub-letting.

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Royal Mail Group Plc	£389,059	100.0%	Mar-2018

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 1.6 per cent. of gross ERV, as applicable.

35. 138, 140 and 141 Friar Street, Reading

Property Details	
City	Reading
Region	South East
Property Type	Retail - High Street Shopping Centre
Total Net Rent ⁽¹⁾⁽²⁾	£297,267
<i>per sq ft</i>	£149.5
Net ERV ⁽¹⁾⁽²⁾	£297,267
<i>per sq ft</i>	£149.5
Net Yield (Total Net Rent/OMV)	4.70%
Net Reversionary Yield (Net ERV/OMV)	4.70%
Number Of Tenants	1
Occupancy % (by area)	100%
OMV	£6,325,000
VPV	£5,000,000

General Description

The property comprises a retail unit constructed in 1989 and arranged over basement ground and first floors with a galleried second floor.

Tenure

The property is held freehold by the Propinvest Friar Limited Partnership.

Occupational Tenant

The rental income paid by the occupational tenant as of the Cut-Off Date is as follows:

Tenant	Net Rent ⁽³⁾	% of Net Rent ⁽³⁾	WA Expiry
HMV UK Limited	£223,267	100.0%	Mar-2015

1. Total Net Rent includes Escrow Rent of £74,000 p.a.
2. After deduction of an assumed cost of 1.2 per cent. of gross rent and 1.2 per cent. of gross ERV, as applicable.
3. Net Rent excludes Escrow Rent.

36. Units 1-3, 160 The Marlowes, Hemel Hempstead

Property Details	
City	Hemel Hempstead
Region	West Midlands
Property Type	Retail -High Street Shopping Centre
Total Net Rent ⁽¹⁾	£322,114
<i>per sq ft</i>	£27.2
Net ERV ⁽¹⁾	£229,439
<i>per sq ft</i>	£19.4
Net Yield (Total Net Rent/OMV)	5.20%
Net Reversionary Yield (Net ERV/OMV)	3.70%
Number Of Tenants	3
Occupancy % (by area)	100%
OMV	£6,200,000
VPV	£4,000,000

General Description

The property was constructed in the 1990s and comprises three two storey mid-terrace units with retail accommodation on the ground floors and ancillary accommodation at first floor level.

Tenure

The property is held freehold by the Propinvest Marlowes Limited Partnership.

Occupational Tenant

The rental income paid by the occupational tenants as of the Cut-Off Date are as follows:

Tenants	Net Rent ⁽¹⁾	% of Net Rent ⁽¹⁾	WA Expiry
Abbey National Plc	£127,862	39.7%	Dec-2014
City Centre Restaurants (UK) Ltd	£108,191	33.6%	Dec-2014
Boots Properties Ltd	£86,061	26.7%	Jun-2014
Total	£322,114	100.0%	

1. No Escrow Rent so Total Net Rent = Net Rent which includes a deduction of an assumed cost of 1.6 per cent. of gross rent and 2.3 per cent. of gross ERV, as applicable.

TRANSACTION DOCUMENTS

1. Loan Sale Documents

Consideration

Pursuant to the terms of the loan sale agreement to be entered into by the Issuer, the Seller and the Trustee (the **Loan Sale Agreement**), the Seller will sell and the Issuer will purchase the Loan and the whole right, title, interest and benefit, present and future of the Seller in its capacity as Lender under the Finance Documents (other than the Security Trust). The Seller will additionally assign and transfer to the Issuer its beneficial interests in the Security Trust created over the Related Security on the Closing Date. Consequently, on and from the Closing Date, the Issuer will be a Lender under the Credit Agreement.

The initial purchase consideration payable on the Closing Date by the Issuer to the Seller pursuant to the Loan Sale Agreement will be approximately £918,862,000.

On each Interest Payment Date prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and on any Business Day after the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Issuer will pay to the Seller or its assignee, to the extent that the Issuer has funds and subject to the relevant priority of payments, an amount by way of deferred consideration for the purchase of the Loan and the Related Security (the **Deferred Consideration**).

The Deferred Consideration may be assigned, in whole or in part, by the Seller to a third party. The Deferred Consideration will be comprised of the amounts described below.

On any Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, an amount equal to the Adjusted Available Issuer Income after deducting amounts required to meet items (a) to (o) (excluding amounts payable as Deferred Consideration in item (h)(ii) under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable, will be paid out as Deferred Consideration to the Seller or its assignee, such amount to be paid out *pari passu* and *pro rata* with amounts due on the Class A Notes as item (h)(ii) under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full an amount equal to the available revenue receipts after deducting amounts required to meet items (a) to (m) (excluding amounts payable as Deferred Consideration in item (g)(ii) under the Post-Acceleration Priority of Payment will be paid out as Deferred Consideration to the Seller or its assignee, such amount to be paid out *pari passu* and *pro rata* with amounts due on the Class A Notes as item (g)(ii) under the Post-Acceleration Priority of Payment.

Amounts received by the Issuer by way of Prepayment Fees will not be applied in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments and the Post-Acceleration Priority of Payments but will be dealt with in accordance with the Loan Sale Agreement for the benefit of or as determined by the Seller, which may allow for the inclusion of such amounts in respect of Deferred Consideration.

Finally, Deferred Consideration may also include certain amounts in respect of Break Costs and Basis Swap Breakage Receipts available in accordance with the Loan Sale Agreement.

For further information on the cashflows, see "*Cashflows*" at page 159.

Registration and Legal Title

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

Representations and Warranties

Neither the Issuer nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the purchase of the Loan or the Related Security. In addition, neither the Issuer nor the Trustee has made (or will make) any enquiry, search or investigation at any time in relation to compliance by any party with respect to the provisions of the Loan Sale Agreement, the Credit Agreement or any other Finance Document or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loan or the Related Security.

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

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

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

- (e) Each Property was, as at the date of the relevant Security Agreement or at the date the relevant Property became subject to the security in the relevant Security Agreement, held by the relevant Chargor free (save for any Related Security) from:
- (i) financial encumbrances (save for pre-existing charges released on the utilisation date in respect of the Loan) which would rank prior to the Related Security, save as disclosed in the relevant Certificate of Title and/or Report on Title; and
 - (ii) any encumbrances which would individually or in the aggregate materially or adversely affect the Chargor's title or the value of that Property for mortgage purposes set out in the Valuation (including any encumbrance contained in any Lease Documents relevant to such Properties), save as disclosed in the relevant Certificate of Title and/or Report on Title.
- (f) The Security Trustee is the sole legal owner (and in Scotland the sole owner) and the Seller is a beneficiary of the Security Trusts (in each case subject to the interests of the Finance Parties and any necessary registrations) of each legal mortgage, or charge or standard security granted under the Security Agreements, free and clear of all encumbrances, overriding interests (other than those to which each Property is subject), claims and equities and, save as disclosed in the relevant Certificate of Title and/or Report on Title, at the time of completion of the relevant mortgage or charge or standard security, there were no adverse entries of encumbrances or applications for adverse entries of encumbrances against any title at the Land Registry or the Land Register of Scotland in respect of Properties located in Scotland to any relevant Property which would rank prior to the Security Trustee's or the Seller's interests in the relevant mortgage, or charge or standard security.
- (g) The Seller is entitled to transfer and assign its interests in the Loan and the Related Security and its other rights as Lender under the Finance Documents to the Issuer, both pursuant to the Loan Sale Documents and also at law.
- (h) Prior to the utilisation date in relation to the Loan:
- (i) the Seller commissioned a due diligence procedure which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of the Loan on the terms of the Credit Agreement;
 - (ii) the Seller (having made all enquiries that would be made by a reasonably prudent lender of money secured on commercial property) was not aware of any matter or item affecting the title of the relevant Chargor to any part of the Related Security which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of the Loan on the terms of the Credit Agreement;
 - (iii) the Seller made available a draft certificate of title and/or a draft report on title substantially in the form of the relevant Certificates of Title and the Reports on Title to the Valuers; and
 - (iv) the Seller obtained the Certificates of Title or Reports on Title, none of which showed any adverse entries, or, if any such report did reveal any adverse entry, such entry would not cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of the Loan on the terms of the Credit Agreement.

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

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

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

Remedy for Material Breach of Loan Warranty

In the event of a Material Breach of Loan Warranty, the Seller will be required, within 90 days (subject to any applicable extension as described below) of receipt of written notice of the relevant Material Breach of Loan Warranty from or on behalf of the Issuer or the Trustee, to remedy the matter giving rise to such breach of representation or warranty to the Trustee's satisfaction, if such matter is capable of remedy. In certain circumstances, the Seller may have an additional period, of up to 90 days, to cure the breach if the Seller has taken action to cure the breach or nonconformity acceptable in the reasonable opinion of the Relevant Servicer (as agent of the Issuer) and the Trustee, prior to the expiry of the initial 90 day period.

In this context, **Material Breach of Loan Warranty** means a breach of the Loan Warranty in any material respect where the facts and circumstances giving rise to that breach have, in the sole opinion of the Trustee, a material adverse effect on the value of the Loan and/or the Related Security or the

interests of the Noteholders. The Relevant Servicer will be required pursuant to the Servicing Agreement to notify the Issuer, the Trustee and the Seller if it knows or otherwise becomes aware of a breach of Loan Warranty.

If a Material Breach of Loan Warranty is not capable of remedy or is not remedied within the specified period, the Seller will be required (provided no enforcement of the security interests has already taken place in respect of the Related Security) to repurchase all of the Loan, the Related Security and the beneficial interest in the Security Trust. The consideration payable in these circumstances will be an amount equal to the principal balance of the Loan then outstanding (or if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date the consideration payable will be:

- (a) the principal balance of the Loan then outstanding; or
- (b) if the Material Breach of Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date, the higher of the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer in respect of the Loan) and the principal balance of the Loan then outstanding as at such date

plus in all cases any accrued but unpaid interest thereon up to and including the date of repurchase or, if such date is not an Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full, the immediately following Interest Payment Date together with any additional costs and expenses incurred by the Issuer in respect of the Loan as a direct result of the Material Breach of Loan Warranty, or which have become irrecoverable as a result of it (including any swap termination payments due to the Basis Swap Provider arising as a result of the repurchase), and any amounts advanced by or on behalf of the Issuer in respect of the Loan as a Cure Advance to the extent such amounts have not been capitalised as outstanding principal of the Loan or recovered from the Borrowers.

Governing law

The Loan Sale Agreement will be governed by English law.

2. Liquidity Facility Agreement

General

On or before the Closing Date, the Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with the Liquidity Facility Provider, the Cash Manager and the Trustee pursuant to which the Liquidity Facility Provider will provide a renewable 364-day committed liquidity facility (the **Liquidity Facility**) to the Issuer. The Liquidity Facility will, subject to certain conditions, be available to be drawn by or on behalf of the Issuer where a Borrower fails to make a payment of scheduled interest in respect of the Loan. The Liquidity Facility will also, subject to certain conditions, be available to be drawn by or on behalf of the Issuer to make Cure Advances and payments in respect of Revenue Priority Amounts and to make payments to the Issuer equal to the shortfall in any amounts to be paid to the Issuer Secured Creditors (other than Noteholders). The Liquidity Facility committed amount will be for an initial amount of £64,000,000, and will decrease to reflect decreases in the principal balance of the Loan over time but at all times will be an amount equal to the lower of £64,000,000 and 8 per cent. of the outstanding principal balance of the Loan, or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes.

Loan Income Deficiency Drawings

The Borrowers are required to pay scheduled amounts of interest under the terms of the Credit Agreement. In the event that there is a shortfall in the amount of scheduled interest paid by the Borrowers on a Loan Interest Payment Date, the Master Servicer will notify the Cash Manager of such shortfall and upon receipt of such notice, the Issuer or the Cash Manager on its behalf must prior to a Liquidity Facility Event of Default make a drawing under the Liquidity Facility Agreement on behalf of the Issuer in an amount equal to such shortfall in respect of scheduled interest in respect of the Loan (each such drawing, a **Loan Income Deficiency Drawing**). The proceeds of the Loan Income Deficiency Drawing will be credited to the Transaction Account and will form part of the Adjusted Available Issuer Income. The Issuer will not be permitted to make a drawing under the Liquidity Facility in respect of a failure by a Borrower to make any scheduled payments of principal under the Loan.

Available Issuer Income will comprise:

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

Available Issuer Principal means, in respect of any Calculation Date, the aggregate of:

- (a) Available Pro Rata Principal;
- (b) Available Sequential Principal; and
- (c) Available Voluntary Prepayment Amounts.

Loan Protection Drawing

The Credit Agreement permits the Lender to make any third party payments on behalf of the Borrowers by way of a Cure Advance. If the Master Servicer or the Special Servicer, as the case may be, determines in accordance with the Servicing Agreement and the Credit Agreement, that the Issuer, as Lender, should make a Cure Advance (after the Relevant Servicer has (as agent of the Issuer and the Security Trustee and to the extent permitted by the Credit Agreement) utilised any amounts standing to the credit of the Rent Account and has determined that there are insufficient amounts for such purpose standing to the credit of the Rent Account), the Master Servicer or the Special Servicer, as the case may be, shall so notify the Cash Manager and the Cash Manager will, prior to a Liquidity Facility Event of Default, request on behalf of the Issuer a drawing under the Liquidity Facility in an amount equal to the Cure Advance (each such drawing, a **Loan Protection Drawing**). The proceeds of the Loan Protection Drawing will be credited to the Transaction Account or otherwise paid directly to any third parties in respect of which the Cure Advance is to be made and in each case applied by the Cash Manager at the direction of the Master Servicer or the Special Servicer, as applicable, on behalf of the Issuer in making the Cure Advance in accordance with the Servicing Agreement and the

Credit Agreement. If insufficient funds are available under the Liquidity Facility Agreement to make the Loan Protection Drawing then the Cure Advance may be funded by the Relevant Servicer from its own resources (in its sole discretion) or, if the Cure Advance is to be made on an Interest Payment Date, from Adjusted Available Issuer Income, in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

Revenue Priority Amounts

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

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

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

Expenses Drawings

In the event that there is a shortfall in the amount available to the Issuer on any Calculation date to pay amounts due to the Issuer Secured Creditors (other than Noteholders) on the next following Interest Payment Date, the Issuer or the Cash Manager on its behalf must prior to a Liquidity Facility Event of Default make a drawing under the Liquidity Facility Agreement on behalf of the Issuer in an amount equal to such shortfall (each such drawing, an **Expenses Drawing**). The proceeds of the Expenses Drawing will be credited to the Transaction Account.

Liquidity Stand-by Drawings

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

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

then the Issuer may find an alternative liquidity facility provider or may require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a **Liquidity Stand-by Drawing**) into an account solely for that purpose maintained with the Account Bank (such account, the **Liquidity Stand-by Account**). If the Liquidity Facility Provider is required to advance a Liquidity Stand-by Drawing to the Issuer, if it is so requested by or on behalf of the Issuer or if it so chooses, the Liquidity Facility Provider shall, at its own expense, transfer the facility to, or replace it with, a new liquidity facility provider. In the event that the Cash Manager, on behalf of the Issuer, makes a Liquidity Stand-by Drawing, the Cash Manager will be required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and

repayable in full for the purposes of making deemed Loan Protection Drawings, Loan Income Deficiency Drawings, Expenses Drawings and Revenue Priority Amount Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following:

- (a) the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full;
- (b) the rating of the Liquidity Facility Provider ceasing to be below the Liquidity Requisite Ratings; or
- (c) certain events of default under the Liquidity Facility Agreement,

principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing, together with accrued interest, will be returned to the Liquidity Facility Provider and will not be applied in accordance with the Post-Acceleration Priority of Payments. If and to the extent that there is a reduction in the Liquidity Facility committed amount, there will be a pro rata repayment of amounts standing to the credit of the Liquidity Stand-by Account.

For these purposes:

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

Eligible Investments means

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

Repayment of drawings

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

- (a) increased costs, mandatory costs and tax gross up amounts payable to the Liquidity Facility Provider to the extent that such amounts exceed 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement and
- (b) if there is any Liquidity Stand-by Drawing then outstanding, the excess of the interest then payable in respect thereof over the aggregate of
 - (i) an amount equal to the commitment fee which would otherwise then be payable (but for the Liquidity Stand-by Drawing) under the Liquidity Facility Agreement and

- (ii) an amount equal to the amount of interest earned in the relevant period in respect of the Liquidity Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

The Issuer will repay any Loan Protection Drawing, Expenses Drawing and Revenue Priority Amount Drawing under the Liquidity Facility on the Interest Payment Date immediately following the date on which such drawing was made, or if earlier on the Liquidity Facility Term Date (being earlier of (and subject to any extension granted pursuant to the Liquidity Facility Agreement) the date falling 364 days after the date of the Liquidity Facility Agreement or, as applicable, the date of renewal and the Final Maturity Date) or the Final Maturity Date. The Issuer must repay any Loan Income Deficiency Drawing on the earlier of:

- (a) the Interest Payment Date immediately following the date on which the Issuer receives amounts representing overdue amounts of scheduled interest on the Loan, as applicable after having first accounted for any scheduled interest due on that day under the Credit Agreement;
- (b) the receipt of proceeds of any enforcement in respect of the Loan and/or sale of a Property, where there has not been any substitution in respect of such Property; and
- (c) the Liquidity Facility Term Date or the Final Maturity Date.

Any repayments of amounts drawn after a Liquidity Stand-by Drawing has been made, shall be paid into the Liquidity Stand-by Account.

In the event that such **Liquidity Drawings**, being, as the context requires, a Revenue Priority Amount Drawing, a Loan Income Deficiency Drawing, a Loan Protection Drawing, an Expenses Drawing and/or a Liquidity Stand-by Drawing are not repaid on the relevant due date the amount outstanding under the Liquidity Facility will be deemed to be repaid (but only for the purposes of the Liquidity Facility) and redrawn on the relevant day in an amount equal to the amount outstanding subject to no events of default under the Liquidity Facility Agreement being outstanding or resulting from the redrawing. The procedure will be repeated on each Interest Payment Date or other due date thereafter, as applicable, up to the amount of the Liquidity Facility Commitment until all amounts outstanding under the Liquidity Facility are paid and/or repaid.

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

Governing law

The Liquidity Facility Agreement will be governed by English law.

3. The Basis Swap Agreement

On or before the Closing Date, the Issuer will enter into the Basis Swap Agreement with the Basis Swap Provider and the Trustee and the Basis Swap Transaction will be undertaken pursuant thereto (each as described below) in order to protect itself against Basis Risk.

The Loan Interest Periods will not match the Interest Periods in respect of the Notes and as a result, the LIBOR applicable to each may differ. In order to hedge against such exposure, the Issuer and the Basis Swap Provider will enter into Basis Swap Transaction in respect of the Loan. The initial aggregate notional amount of the Basis Swap Transaction will be equal to the initial aggregate Principal Amount Outstanding of the Notes. It will change over time in line with the aggregate reduction in the Principal Amount Outstanding of the Notes. If the Issuer redeems the Notes in whole or in part prior to their respective scheduled redemption dates, it will be obliged to terminate the Basis Swap Transaction in a corresponding amount. A payment may be due from the Issuer to the Basis Swap Provider or from the Basis Swap Provider to the Issuer in connection with such termination, depending on the circumstances then prevailing.

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

Subject to the following, the Basis Swap Provider is obliged to make payments under the Basis Swap Transaction only to the extent that the Issuer makes the corresponding payments under the Basis Swap Transaction, though the Issuer may meet such payments by drawing down funds under the Liquidity Facility Agreement. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Basis Swap Transaction will constitute a default in respect of the payment due under the Basis Swap Transaction thereunder and entitle the Basis Swap Provider to terminate the Basis Swap Transaction.

The Basis Swap Provider will be obliged to make payments under the Basis Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Basis Swap Provider will be required to pay such additional amount as is necessary to ensure that the amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required. If the Issuer receives any tax credit, allowance, set-off or repayment from the tax authorities of any jurisdiction resulting from the payment of any withholding tax by the Basis Swap Provider, the Issuer shall pay the cash benefit of such credit, allowance, set-off or repayment to the Basis Swap Provider.

The Basis Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law since the Closing Date the Basis Swap Provider will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Basis Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a **Basis Swap Tax Event**), the Basis Swap Provider will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the Basis Swap Tax Event. If no such transfer can be effected, the Basis Swap Agreement and the Basis Swap Transaction may be terminated. The Basis Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Basis Swap Provider will, on or prior to the Closing Date, have a rating assigned to its long-term unguaranteed, unsubordinated and unsecured debt obligations of "AA" by S&P, "AA+" by Fitch and "Aa1" by Moody's and its short-term unguaranteed, unsubordinated and unsecured debt obligations of "A-1+" by S&P, "F1+" by Fitch and "P-1" by Moody's. If the short-term, unsecured and unsubordinated debt obligations of the Basis Swap Provider cease to be rated as high as "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch or the long-term unsubordinated and unsecured debt obligations of the Basis Swap Provider cease to be rated as high as "A1" by Moody's or "A" by Fitch (the **Minimum Swap Provider Ratings**), the Basis Swap Provider, must within 30 days either

- (a) post acceptable collateral with the Issuer (which in certain circumstances is subject to independent third party verification),

- (b) transfer its rights and obligations to an acceptable replacement swap provider with the Minimum Swap Provider Ratings,
- (c) find a co-obligor with the Minimum Swap Provider Ratings or obtain an acceptable guarantee from a guarantor with the Minimum Swap Provider Ratings or
- (d) take such other actions as may be agreed with the Rating Agencies.

If the Basis Swap Provider does not perform (a), (b), (c) or (d) above (or, if having posted collateral pursuant to (a) above, such ratings fall below a further ratings trigger and the Basis Swap Provider fails to take any of the measures described in (b), (c) or (d) above within the then applicable time limit) then the Issuer will be entitled to terminate the Basis Swap Transactions and enter into replacement Basis Swap Transactions with another appropriately rated entity provided that the Rating Agencies confirm that no downgrade to the then current ratings of the Notes or the cessation of any such ratings would occur as a result. If the Basis Swap Provider defaults in its obligations under the Basis Swap Agreement resulting in the termination thereof, the Issuer will be obliged to procure replacement Basis Swap Transactions within 30 days of such default unless the Rating Agencies confirm that no downgrade to the then current ratings of the Notes would occur as a result of the Basis Swap Agreement being terminated. The Master Servicer will be required, under the terms of the Servicing Agreement, to take all reasonable steps to procure such replacement Basis Swap Agreement on behalf of the Issuer and the Trustee.

Governing law

The Basis Swap Agreement will be governed by English law.

4. Trust Deed

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

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders equally (except where expressly provided otherwise), but where there is, in the Trustee's opinion, a conflict between the interests of

- (a) the Class A Noteholders and
- (b) any other Class of Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class A Noteholders only, provided there are Class A Notes outstanding.

If, in the Trustee's opinion, there is a conflict between the interests of

- (a) the Class B Noteholders and
- (b) the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class B Noteholders only, provided there are Class B Notes outstanding.

If, in the Trustee's opinion, there is a conflict between the interests of

- (a) the Class C Noteholders and

- (b) the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class C Noteholders only, provided there are Class C Notes outstanding.

If, in the Trustee's opinion, there is a conflict between the interests of

- (a) the Class D Noteholders and
- (b) the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class D Noteholders only, provided there are Class D Notes outstanding.

Governing law

The Trust Deed will be governed by English law.

5. Issuer Deed of Charge

General

On or before the Closing Date, the Issuer will enter into a deed of charge (the **Issuer Deed of Charge**) with each of the Trustee, the Liquidity Facility Provider, the Basis Swap Provider, the Cash Manager, the Agent Bank, the Paying Agents, the Account Bank, the Corporate Services Provider, the Master Servicer, the Special Servicer and the Seller (together with the Noteholders and any receiver or other appointee of the Trustee, the **Issuer Secured Creditors**) pursuant to which the Issuer will grant security in respect of its obligations, including the Notes. The Issuer expects that the appointment of an administrative receiver by the Trustee under the Issuer Deed of Charge would not be prohibited by Section 72A of the Insolvency Act 1986 as the appointment will fall within the exception set out under Section 72B of the Insolvency Act 1986 (First exception: capital market).

Security

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

- (a) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under the Loan and Related Security and the Issuer's beneficial interest in the Security Trusts created over the Related Security;
- (b) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under:
 - (i) the Loan Sale Documents;
 - (ii) the Servicing Agreement;
 - (iii) the Cash Management Agreement;
 - (iv) the Subscription Agreement;
 - (v) the Liquidity Facility Agreement;
 - (vi) the Basis Swap Agreement;
 - (vii) the Trust Deed;

- (viii) the Agency Agreement;
 - (ix) the Corporate Services Agreement;
 - (x) the Options Holder Corporate Services Agreement;
 - (xi) the Bank Account Agreement;
 - (xii) the Master Definitions Schedule; and
 - (xiii) the Issuer Deed of Charge;
- (c) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, under each Finance Document;
 - (d) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to the amounts from time to time standing to the credit of each Issuer Account (other than the Issuer Share Capital Account);
 - (e) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all Eligible Investments (permitted to be made by or on behalf of the Issuer); and
 - (f) a first floating charge over all of the property, assets and undertaking of the Issuer not already subject to fixed security,

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

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

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

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

Non-petition

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

Enforcement

The Issuer Security will become enforceable on the occurrence of a Note Event of Default pursuant to **Condition 10** (Events of Default) (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). In respect of a Note Event of Default, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless:

- (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes; or
- (b) the Trustee is of the opinion, which shall be binding on the Noteholders and the other Issuer Second Creditors, reached after considering at any time and from time to time the advice, upon whom the Trustee shall be entitled to rely of any financial adviser (or such other professional advisers selected by the Trustee for the purpose of giving advice), that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement or the Issuer Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Security; or
- (c) the Trustee determines that not to effect such disposal or realisation would or would be likely to place the Issuer Security in jeopardy,

and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Governing law

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

6. Bank Account Agreement

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

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

will be opened by the Issuer with the Account Bank when a Liquidity Stand-by Drawing is made and into which the Liquidity Stand-by Drawing will be deposited.

The Relevant Servicer (acting as agent for the Issuer and the Security Trustee, as applicable) will be responsible, pursuant to the terms of the Servicing Agreement, for ensuring that the amounts received in connection with the Loan or the Related Security are paid into the Transaction Account. Payments out of the Transaction Account will be made in accordance with the provisions of the Cash Management Agreement and the relevant Priority of Payments contained therein as described under "*Cashflows*" at page 159.

If the Account Bank ceases to be an **Eligible Bank** (being a UK bank or a UK branch of a bank the short-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "F1" by Fitch, "P-1" by Moody's and "A-1+" by S&P and the long-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "A" by Fitch, "A1" by Moody's and "AA-" by S&P, or is otherwise acceptable to the Rating Agencies), the Issuer will be required to arrange for the transfer (within 30 days) of the Issuer Accounts to an Eligible Bank on terms acceptable to the Trustee.

Governing law

The Bank Account Agreement will be governed by English law.

7. Corporate Services Agreement and Options Holder Corporate Services Agreement

Corporate Services Agreement

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

The Corporate Services Agreement will be governed by English law.

Options Holder Corporate Services Agreement

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

Governing law

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

8. Call Option Agreement

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

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

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

The Class A Noteholders, Class B Noteholders, Class C Noteholders, Class D Noteholders and the Class E Noteholders will be paid a nominal amount only for such transfer.

Governing law

The Call Option Agreement will be governed by English law.

9. Agency Agreement

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

Governing law

The Agency Agreement will be governed by English law.

10. Master Definitions Schedule

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

CASHFLOWS

The pre-enforcement payment priorities in respect of the Transaction Account will be set out in the Cash Management Agreement. Prior to the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will be responsible for making any payments of principal on the Notes from the Principal Ledger on the Transaction Account (in accordance with the Pre-Acceleration Principal Priority of Payments) and for making payments of, among other things, interest on the Notes from amounts credited to the Revenue Ledger on the Transaction Account (in accordance with the Pre-Acceleration Revenue Priority of Payments).

From and including the time at which the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Acceleration Priority of Payments.

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

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager (on behalf of the Issuer) will, on any Business Day, (including an Interest Payment Date) pay out of the Adjusted Available Issuer Income standing to the credit of the Transaction Account and credited to the Revenue Ledger,

- (a) (prior to the Trustee taking any steps to enforce the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation; and
- (b) any periodic payments due pursuant to the Basis Swap Agreement (together the **Revenue Priority Amounts**),

provided that on any Interest Payment Date, such payment shall be made in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

Pre-Acceleration Revenue Priority of Payments

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

- (a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and pro rata, the Trustee and any person appointed by it under the Trust Deed, the Issuer Deed of Charge or any other Transaction Document to which it is a party;
- (b) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to, *pari passu* and pro rata, the Paying Agents and the Agent Bank under the Agency Agreement and the Account Bank under the Bank Account Agreement;

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

- (m) in or towards payment of any Liquidity Subordinated Amounts payable by the Issuer on such Interest Payment Date to the Liquidity Facility Provider;
- (n) in or towards payment of any Subordinated Basis Swap Amounts payable by the Issuer on such Interest Payment Date to the Basis Swap Provider;
- (o) to retain in a separate ledger in the Transaction Account (the **Tax Reserve Ledger**) an amount equal to 0.01 per cent. of Available Issuer Income in respect of such Interest Payment Date; and
- (p) any surplus to the Issuer.

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

- (a) Loan Protection Drawings (other than those amounts already paid directly to third parties);
- (b) Loan Income Deficiency Drawings;
- (c) Revenue Priority Amount Drawings; and
- (d) Expenses Drawings.

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

- (a) the occurrence of a Basis Swap Termination Event in respect of the Basis Swap Provider (including, for the avoidance of doubt, where the Basis Swap Provider is the Defaulting Party (as defined in the Basis Swap Agreement)); or
- (b) the failure by the Basis Swap Provider to comply with the requirements under the Basis Swap Agreement in relation to loss of Minimum Swap Provider Ratings (as defined above in the section entitled "*Transaction Documents – the Basis Swap Agreement*") at page 151.

Pre-Acceleration Principal Priority of Payments

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will, on each Interest Payment Date, apply Available Issuer Principal credited to the Principal Ledger in the order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full) set out in the relevant paragraph of **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 202.

Post-Enforcement/Pre-Acceleration Priority of Payments

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

- (a) Adjusted Available Issuer Income credited to the Revenue Ledger and available for distribution, in or towards satisfaction of the liabilities set out in, and in the same order of

priority as, the Pre-Acceleration Revenue Priority of Payments, disregarding items (d)(ii) and (p) and in respect of any Revenue Priority Amounts payable, disregarding amounts payable under limb (a) of the definition of Revenue Priority Amounts for this purpose; and

- (b) Available Issuer Principal credited to the Principal Ledger and available for distribution in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Principal Priority of Payments, disregarding the items set out at **Condition 6.3(b)(vii)**,

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

Post-Acceleration Priority of Payments

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be required to apply all funds received or recovered by it (other than any amount in respect of Prepayment Fees, Break Costs, Basis Swap Breakage Receipts subject to the Basis Swap Breakage Receipts Priority of Payments and any principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing) in accordance with the following order of priority (the **Post-Acceleration Priority of Payments** and together with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, the **Priority of Payments**) (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Cash Management Agreement:

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

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

Application of Prepayment Fees

All amounts received or recovered by the Issuer in respect of any Prepayment Fees will not be applied in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments and the Post-Acceleration Priority of Payments but will be dealt with in accordance with the Loan Sale Agreement for the benefit of or as determined by the Seller.

Break Costs Priority of Payments

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

- (a) in or towards payment of any amount due and payable by the Issuer on that Interest Payment Date or other relevant date to the Basis Swap Provider under and in accordance with the Basis Swap Agreement, arising as a result of the termination of all or part of any Basis Swap Transaction due to the prepayment by such Borrower of all or part of the Loan; and
- (b) thereafter, and to the extent of any surplus, in or towards payment to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

Basis Swap Breakage Receipts Priority of Payments

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

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

Post Write-off Recovery Funds

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

SERVICING

The Master Servicer

Each of the Issuer and the Trustee will appoint Barclays Capital Mortgage Servicing Limited (**BCMSL**) under the terms of a servicing agreement dated on or before the Closing Date (the **Servicing Agreement**) as the initial Master Servicer and Special Servicer of the Loan and to exercise the rights, duties, powers and discretions of the Issuer as Lender under the Finance Documents including, without limitation, the Intercreditor Agreement. The Master Servicer will perform the day-to-day servicing of the Loan and will exercise the rights of the Issuer as Lender under the Finance Documents. Following the occurrence of a Special Servicing Event, the Special Servicer will commence servicing the Specially Serviced Loan. The Master Servicer will continue to service other commercial mortgage loans in addition to the Loan.

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

Servicing of the Loan

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

- (a) all applicable legal and regulatory requirements;
- (b) the terms of the applicable Finance Documents in respect of the Loan;
- (c) any covenants or restrictions contained in the Servicing Agreement;
- (d) the directions of the Trustee (if any) which can only be given after the Issuer Security has become enforceable;
- (e) the **Servicing Standard** being the maximisation of recovery of funds taking into account:
 - (i) the likelihood of recovery of amounts due in respect of the Loan;
 - (ii) the timing of recovery;
 - (iii) the costs of recovery, and
 - (iv) the interests of the Issuer,

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

Appointment of the Special Servicer

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

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

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

Upon the Loan becoming a Specially Serviced Loan, actions in respect of the Loan and the Related Security will generally be undertaken by the Special Servicer but certain actions in respect of the Loan and the Related Security will continue to be undertaken by the Master Servicer. In particular, the Master Servicer will remain responsible for the collection of amounts from the Borrower Accounts and will (in its capacity as agent of the Security Trustee) maintain signing authority on the Borrower Accounts.

Collection and Enforcement procedures

The Master Servicer will as permitted by and in accordance with the Credit Agreement (as agent for the Issuer and the Security Trustee) collect all payments due under or in connection with the Loan.

The Master Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Loan. On the occurrence of an event of default under the Credit

Agreement, the Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer (each as agent for the Issuer and the Security Trustee) will implement enforcement procedures which meet the requirements of the Servicing Standard and the Servicing Agreement. These procedures may involve the deferral of formal enforcement procedures such as the appointment of an LPA Receiver or an administrator and may involve the restructuring of the Loan by the amendment or waiver of certain of the provisions. Any such restructuring will have to comply with the provisions of the Servicing Agreement.

Amendments to the Finance Documents

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

- (a) no Acceleration Notice has been given by the Trustee which remains in effect and the Issuer Security has not otherwise become enforceable at the date on which the relevant waiver, variation or amendment is agreed;
- (b) the Issuer will not be required to make a further advance of principal and/or defer any interest because of the relevant waiver, variation or amendment other than to the extent permitted by the terms of the Credit Agreement;
- (c) the effect of such waiver, variation or amendment would not be to extend the final maturity date of the Loan to a date falling less than three years from the Final Maturity Date;
- (d) following such waiver, variation or amendment, the Related Security will continue to include a full first ranking legal mortgage or charge or equivalent over the legal and/or beneficial interest (as applicable) in all of the Properties or other security satisfactory to the Master Servicer or the Special Servicer has been obtained; and
- (e) if BCMSL is not the Special Servicer, prior notice of any such amendment, waiver or variation is given to the Special Servicer,

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

Cure Advances

The terms of the Credit Agreement require the Borrowers to comply with their obligation to make certain payments to third parties such as insurers, landlords and swap providers and other third parties in connection with operating expenses, insurance premia, ground rent and other payments. Failure by the Borrowers to make such payments when due could result in the arrangements with the third party being terminated, which could jeopardise the interests of the Issuer. The Credit Agreement permits the Lender to make any such third party payments on the behalf of the Borrowers and requires the Borrowers to reimburse the Lender for any payments so made and the Relevant Servicer determines that it would be in the interests of the Issuer to make the payment, the Relevant Servicer may arrange for the payment, directly or indirectly to the third party, of the amount due.

If the Relevant Servicer determines that a third party payment should be made it will first use any amounts standing to the credit of the relevant Rent Account, in accordance with the terms of the

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

For further information in relation to the Liquidity Facility, see "*Transaction Documents - Liquidity Facility Agreement*" at page 147.

In determining whether or not the Issuer or the Relevant Servicer should make a Cure Advance, the Relevant Servicer will be required to determine whether the Loan will generate sufficient income and/or has a sufficiently high value to repay all amounts due under the Loan and any amounts in respect of the Cure Advance (a **Recoverability Determination**). In making a Recoverability Determination the Relevant Servicer must have regard to, among other things, the valuations in respect of the Property or Properties, the amount of any proposed Cure Advance, the amount of any costs if the Cure Advance was not made (including, without limitation, swap termination amounts) and the cost and timing of any refinancing or potential refinancing of the Loan. The Recoverability Determination will not necessarily be the determining factor in whether a Cure Advance is to be made. The Relevant Servicer shall (in accordance with the Servicing Standard, but subject to the Relevant Servicer determining in its sole discretion if its own funds are to be used) exercise its discretion in respect of whether to make a Cure Advance having weighed up the Recoverability Determination against the potential cost or loss to the Issuer of not making such an advance.

Loan Income Deficiency Drawings

Under the terms of the Servicing Agreement, the Master Servicer or the Special Servicer, as applicable, to the extent that the Borrowers fails to pay any amount (in whole or in part) in respect of any amount of scheduled interest due under the Credit Agreement, shall notify the Cash Manager of the amount of such shortfall and, upon receipt of such notice, the Cash Manager must make a Loan Income Deficiency Drawing on the immediately following Business Day, subject to the terms of the Liquidity Facility Agreement.

Servicer quarterly report and quarterly financial report

Pursuant to the Servicing Agreement, the Master Servicer (where applicable acting on information provided by the Special Servicer) will agree to deliver to the Issuer, the Trustee, the Cash Manager, the Special Servicer (where applicable) and the Rating Agencies as soon as is reasonably practical after each Loan Interest Payment Date and after the Trustee has taken steps to enforce the Issuer Security, as soon as reasonably practicable after receipt of a written request from the Trustee, a servicing report including information relating to the performance of the Loan and the Collections and containing information in respect of the Properties (to the extent such information is provided by the

Borrowers) during the related Collection Period and to the Cash Manager on or prior to each Calculation Date a financial report in respect of, among other things, the Collections. The Master Servicer will endeavour to comply with current market reporting standards in respect of commercial mortgages which have been securitised in the United Kingdom.

The Cash Manager will, on each Calculation Date, provide or make available through its website (which is located at www.jpmorganaccess.com⁴) to the Trustee, for the benefit of, among others, each Noteholder, a statement to Noteholders. The statement to Noteholders shall be based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

Insurance

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

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

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

Upon receipt of notice or otherwise becoming aware that any Insurance Policy has lapsed or that any of the Properties is otherwise not insured against fire and other perils (including subsidence) under a comprehensive buildings Insurance Policy or similar policy in accordance with the terms of the Credit Agreement, the Relevant Servicer, as agent of the Issuer and the Security Trustee, will arrange such insurance in accordance with the terms of that Credit Agreement.

For further information in relation to insurance related risk factors, see "*Risk Factors - Considerations Relating to the Properties - Insurance*" at page 55.

Fees

On each Interest payment Date, the Master Servicer will be entitled to receive a fee for servicing the Loan of 0.03 per cent. per annum, plus value added tax, if applicable, of the principal balance outstanding of the Loan on the first day of the Interest Period to which the relevant Interest Payment Date relates and a fee for reporting in respect of the Loan equal to 0.02 per cent. per annum, plus value added tax, if applicable, of the principal balance outstanding of the Loan on the first day of the Interest Period to which the relevant Interest Payment Date relates (together, the **Servicing Fee**). The Servicing Agreement will also provide for the Master Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Master Servicer in the performance of its

⁴ The www.jpmorganaccess.com website and the contents thereof do not form any part of the Prospectus.

services under the Servicing Agreement. On each Interest Payment Date the Issuer will pay to the Master Servicer all amounts due to the Master Servicer subject to the relevant Priority of Payments.

For further information in relation to cash flows, see "*Cashflows*" at page 159.

Pursuant to the Servicing Agreement, if the Special Servicer is appointed in respect of the Loan, the Issuer will be required to pay to the Special Servicer a fee (the **Special Servicing Fee**) of 0.25 per cent. per annum plus value added tax, if applicable, of the then principal balance outstanding of that Specially Serviced Loan, subject to the relevant Priority of Payments for a period commencing on the date the Loan becomes a Specially Serviced Loan and ending on the date on which the properties are sold on enforcement or, if earlier, the date on which the Loan is deemed to be corrected.

For further information in relation to cash flows, see "*Cashflows*" at page 159.

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

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

The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Interest Payment Date commencing with the Interest Payment Date following the date on which such period begins and ending on the Interest Payment Date following the end of such period.

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

In addition to the Special Servicing Fee and the Liquidation Fee (if any) in respect of the Loan, the Special Servicer will be entitled to receive a workout fee (the **Restructuring Fee**) in consideration of providing services in relation to a Specially Serviced Loan to be payable at such time as the Loan is deemed to be corrected. When the Loan is deemed to be corrected, the Restructuring Fee will be equal to the product of a rate notified by the Special Servicer to, among others, the Issuer and the Trustee in accordance with the Servicing Agreement, of one per cent. (exclusive of value added tax) of each collection of principal and interest received on the Loan (but only, in relation to collections of principal, if (among other things) such principal received reduces the amount of principal outstanding under the Loan to below the amount of principal outstanding under the Loan at the date it was first

deemed to be corrected) for so long as it continues to be deemed corrected. The Restructuring Fee with respect to the Loan will cease to be payable if the Loan is no longer deemed to be corrected, but will again become payable if and when the Loan is again deemed to be corrected to the Special Servicer appointed in respect of that Loan at the date on which it is deemed to be corrected again. Non-payment of the Restructuring Fee will not entitle the Special Servicer to terminate the arrangements under the Servicing Agreement.

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

For further information in relation to fees and cash flows, see "*Cashflows*" at page 159.

Removal or resignation of the Master Servicer or the Special Servicer

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

- (a) the Master Servicer or the Special Servicer, as the case may be, fails to pay or to procure the payment or transfer of funds required to be made by it pursuant to any Transaction Document by the time or otherwise in a manner required under such Transaction Document and either:
 - (i) such payment is not made within five Business Days of such time; or
 - (ii) if the Master Servicer's or the Special Servicer's, as applicable, failure to make such payment or transfer was due to an inadvertent error, such failure is not remedied for a period of ten Business Days after the Master Servicer or the Special Servicer, as applicable, becomes aware of such error;
- (b) subject to the terms of the Transaction Documents, the Master Servicer or the Special Servicer, as applicable, fails to comply with any of its covenants, duties and obligations under any of the terms of the Servicing Agreement which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Notes and is a default that is either:
 - (i) not remediable; or
 - (ii) is remediable but continues un-remedied for a period of 30 Business Days after the earlier to occur of the Master Servicer or the Special Servicer, as the case may be, becoming aware of such default and delivery of a written notice of such default being served on the Master Servicer or the Special Servicer, as applicable, by the Issuer or the Trustee requiring the same to be remedied;
- (c) if at any time the Master Servicer or the Special Servicer, as applicable, is required under any applicable law or regulation to obtain or maintain any necessary licence or regulatory approval to enable it to carry out the services and the Master Servicer or the Special Servicer, as the case may be, fails to obtain or maintain the necessary licence or regulatory approvals enabling it to continue servicing the Loan; or
- (d) the occurrence of an insolvency event in relation to the Master Servicer or the Special Servicer, as the case may be.

In addition, if the Issuer is so instructed by the Controlling Creditor the Issuer will, subject to Condition 4.5, terminate the appointment of the person then acting as special servicer of the Loan and,

subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in replacement of the existing special servicer).

Controlling Creditor means, at any time:

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

Prior to or contemporaneously with any termination of the appointment of the Master Servicer or the Special Servicer, as the case may be, it will first be necessary for the Issuer and the Trustee (subject to the satisfaction of certain requirements as set out in the Servicing Agreement) to appoint a substitute master servicer or substitute special servicer, as the case may be, approved by the Trustee.

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

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

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

At any time after the Loan becomes a Specially Serviced Loan a Junior Lender may require the senior creditors to terminate the appointment of the initial Special Servicer and appoint a replacement Special Servicer if:

- (a) it has consulted with the Lender, the Security Trustee and the Senior Interest Rate Hedging Provider (together, the "**Secured Creditors**");
- (b) such Junior Lender pays any costs and expenses of replacement reasonably incurred by the Senior Creditors (including the Issuer) or the outgoing Special Servicer;
- (c) the replacement Special Servicer enters into a servicing agreement substantially on the terms (including, but not limited to, fees) set out in the Servicing Agreement in relation to the Loan; and
- (d) confirmation has been received from the Rating Agencies that such appointment will not result in the then current rating of the Notes being downgraded, withdrawn or qualified.

Appointment of the Operating Adviser

The Controlling Creditor may in accordance with **Condition 4.4** (*Operating Adviser*) elect to appoint a representative (the **Operating Adviser**) to represent its interests. The Special Servicer must notify the Operating Adviser prior to doing any of the following in relation to a Specially Serviced Loan:

- (a) the appointment of a receiver or administrator or similar actions to be taken in relation to the Loan;
- (b) (subject to certain exceptions) the amendment, waiver or modification of any term of any Finance Documents which, in the opinion of the Special Servicer, affects the amount payable by the Borrowers or the time at which any amounts are payable, or any other material term of the Finance Documents; and
- (c) the release of any part of any Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the Credit Agreement.

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

Delegation by the Master Servicer and Special Servicer

The Master Servicer or the Special Servicer, as applicable, may, after giving written notice to, among others, the Trustee and the Rating Agencies, delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. No such notice shall be required in connection

with the engagement on a case-by-case basis by the Master Servicer or Special Servicer, as applicable, of any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Master Servicer or the Special Servicer, as applicable, of any of their respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Master Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those sub-delegated duties to the Issuer, the Security Trustee, the Facility Agent and the Trustee.

Governing Law

The Servicing Agreement will be governed by English law.

SELLER/BASIS SWAP PROVIDER

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

Barclays Bank PLC

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

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

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

By Regulation, the European Union agreed that virtually all listed companies must use IFRS adopted for use in the European Union in the preparation of their 2005 consolidated accounts. Barclays PLC and Barclays Bank PLC have applied IFRS from 1 January 2004, with the exception of the standards relating to financial instruments (IAS 32 and IAS 39) and insurance contracts (IFRS 4) which were applied only with effect from 1 January 2005. Therefore, in the 2005 Barclays PLC Annual Report and the 2005 Barclays Bank PLC Annual Report, the impacts of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2004 comparatives in accordance with First-time Adoption of International Financial Reporting Standards (IFRS 1). The results for 2005 are therefore not entirely comparable to those for 2004 in affected areas.

Based on the Group's unaudited financial information for the period ended 30 June 2006, the Group had total assets of £986,375 million (2005: £850,388 million), total net loans and advances⁵ of £317,427 million (2005: £272,348 million), total deposits⁶ of £339,421 million (2005: £302,253 million), and total shareholders' equity of £25,790 million (2005: £22,050 million) (including minority interests of £1,608 million (2005: £200 million)). The profit before tax of the Group for the period ended 30 June 2006 was £3,700 million (2005: £2,690 million) after impairment charges on loans and advances and other credit provisions of £1,057 million (2005: £706 million). The financial information in this paragraph is extracted from the unaudited consolidated accounts of the Group for the half-year ended 30 June 2006.

The annual report on Form 20-F for the year ended 31 December 2005 of Barclays PLC and Barclays Bank PLC is on file with the Securities and Exchange Commission. Barclays will provide, without charge to each person to whom this base prospectus is delivered, on the request of that person, a copy of the Form 20-F referred to in the previous sentence. Written requests should be directed to: Barclays Bank PLC, 1 Churchill Place, London E14 5HP, England, Attention: Barclays Group Corporate

⁵ Total net loans and advances include balances relating to both banks and customer accounts.

⁶ Total deposits include deposits from banks and customer accounts.

Secretariat. None of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes will be obligations of Barclays or any of its affiliates.

LIQUIDITY FACILITY PROVIDER

Danske Bank A/S (**Danske Bank**) is a public limited company organised under the laws of the Kingdom of Denmark under number 61126228. It was founded in 1871 and has merged with a number of financial institutions over the years. Danske Bank is a commercial bank and carries on business under the Danish Financial Business Act, Consolidation Act No. 286 of 4 April 2006, as amended.

The registered office of Danske Bank is at Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; the telephone number is +45 33 44 00 00; CVR-nr. 61 12 62 28 - København.

The Danske Bank Group (**Danske Group**) provides a wide range of banking, mortgage and insurance products as well as other financial services, is the largest financial institution in Denmark - and is one of the largest financial institutions in the Nordic region, measured by total assets.

The total assets of the consolidated Danske Group were DKK 2,432 billion (USD 384.6 billion) at the end of 2005.

The shareholders' equity in the Danske Group was DKK 75 billion (USD 11.9 billion) at the end of 2005. The shareholders' equity was DKK 70 billion (USD 11.4 billion) at the end of the first quarter of 2006. The change in Danske Group's equity since the end of 2005 primarily reflects the dividend payment in March 2006 and the recognition of the net profit for the period.

The current credit ratings of Danske Bank are as follows: Moody's: P-1 (short-term) and Aa1 (long-term), S&P: A-1+ (short-term) and AA- (long-term), Fitch: F1+ (short-term) and AA- (long-term).

ACCOUNT BANK

THE BANK OF NEW YORK

The Bank of New York (**the Bank**) was incorporated, with limited liability by charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its head office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818. Its principal office in the United Kingdom is at One Canada Square, London E14 5AL.

The Bank is a leading provider of corporate trust and agency services. The Bank and its subsidiaries and affiliates administer a portfolio of more than 90,000 trustee and agency appointments, representing \$3 trillion in outstanding securities for more than 30,000 clients around the world. The Bank is a recognized leader for trust services in several debt products, including corporate and municipal debt, mortgage-backed and asset-backed securities, derivative securities services and international debt offerings.

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

The Bank of New York Company, Inc. (the **Company**) (NYSE: BK) is a global leader in providing a comprehensive array of services that enable institutions and individuals to move and manage their financial assets in more than 100 markets worldwide. The Company has a long tradition of collaborating with clients to deliver innovative solutions through its core competencies: securities servicing, treasury management, asset management, and private banking services. The Company's extensive global client base includes a broad range of leading financial institutions, corporations, government entities, endowments and foundations. Its principal subsidiary, The Bank of New York, founded in 1784, is the oldest bank in the United States and has consistently played a prominent role in the evolution of financial markets worldwide. Additional information is available at www.bankofny.com.

TRUSTEE DESCRIPTION

BNY Corporate Trustee Services Limited will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee will not be responsible for (a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties, or (b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Charged Property and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

CASH MANAGEMENT

Cash Manager

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

Calculation of Amounts and Payments

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

For further information in relation to cash flows, see "*Cashflows*" at page 159.

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

On each Calculation Date, the Cash Manager is required to determine, from information provided by the Master Servicer in respect of the Collections from the immediately preceding Collection Period, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding for each class of Notes for the Interest Period commencing on the next following Interest Payment Date and the amount of each principal payment (if any) due on each class of Notes on the next following Interest Payment Date.

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

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

For further information in relation to terms and conditions of the Notes, see "*Terms and Conditions of the Notes*" at page 188.

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

For further information in relation to the Liquidity Facility, see "*The Transaction Documents – Liquidity Facility Agreement*" at page 147.

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

If the Cash Manager fails to make a drawing under the Liquidity Facility when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

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

Ledgers

The Cash Manager will maintain the following ledgers:

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

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

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

- (a) credit the Revenue Ledger with all Available Issuer Income, Loan Income Deficiency Drawings, Loan Protection Drawings, Expenses Drawings and Revenue Priority Amount Drawings transferred and credited to the Transaction Account save, in respect of any Loan Protection Drawings and Revenue Priority Amount Drawings, to the extent such drawings are paid directly to the relevant third party recipient to which amounts are owed by the Borrowers and in respect of which such Loan Protection Drawing or a Revenue Priority Amounts Drawing was made and debit the Revenue Ledger with all payments by or on behalf of the Issuer out of Available Issuer Income, Adjusted Available Issuer Income or amounts applied in accordance with the Post-Acceleration Priority of Payments (other than payments made in respect of Post Write-off Recovery Funds, Basis Swap Breakage Receipts allocated to Available Issuer Income or available amounts to be applied under the Post-Acceleration Priority of Payments);
- (b) credit the Principal Ledger with all Available Issuer Principal transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Available Issuer Principal or amounts applied in accordance with the Post-Acceleration Priority of Payments (including, Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) (other than payments made in respect of Basis Swap Breakage Receipts allocated to Available Issuer Principal or available amounts to be applied under the Post-Acceleration Priority of Payments);
- (c) credit the Liquidity Ledger with any amounts paid to the Liquidity Facility Provider on an Interest Payment Date and debit the Liquidity Ledger with all drawings under the Liquidity Facility Agreement;
- (d) credit the Prepayment Fees Ledger with all Prepayment Fees transferred and credited to the Transaction Account and debit the Prepayment Fees Ledger with all payments made out of Prepayment Fees;
- (e) credit the Break Costs Ledger with all Break Costs transferred and credited to the Transaction Account and debit the Break Costs Ledger with all payments made out of Break Costs;
- (f) credit the Basis Swap Breakage Receipts Ledger with all Basis Swap Breakage Receipts transferred and credited to the Transaction Account and debit the Basis Swap Breakage Ledger with all payments made out of Basis Swap Breakage Receipts;
- (g) credit the Post Write-off Recovery Funds Ledger with all Post Write-off Recovery Funds transferred and credited to the Transaction Account and debit the Post Write-off Recovery Funds Ledger with all payments made out of Post Write-off Recovery Funds;
- (h) credit the Tax Reserve Ledger with all amounts retained by the Issuer in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments; and
- (i) credit the Basis Swap Collateral Ledger with all amounts related to Excess Swap Collateral and Replacement Swap Premium (collectively, **Basis Swap Collateral**) transferred and credited to the Transaction Account and debit the Basis Swap Collateral Ledger with payments made out of Basis Swap Collateral.

Cash Management Quarterly Report

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

Cash Management Fee

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

Termination of Appointment of the Cash Manager

The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things:

- (a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer;
- (b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days; or
- (c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official.

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

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

Governing law

The Cash Management Agreement is governed by English law.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loan may, in certain circumstances, be prepaid and a number of other relevant factors are unknown.

For further information in relation to risk factors relating to forward-looking statements, see "*Risk Factors - General Considerations - Forward-Looking Statements*" at page 59.

Calculations of possible average lives of the Notes can be made based on certain assumptions. Such assumptions include, without limitation, the following assumptions:

- (a) the Loan is not sold by the Issuer;
- (b) the Loan does not default, nor is it enforced and no loss arises;
- (c) the Closing Date is 14 November 2006;
- (d) the Issuer exercises its option to redeem the Notes following the exercise by the Master Servicer or the Special Servicer, as the case may be, of the 10 per cent. clean-up call as soon as it is exercisable;
- (e) Interest Payment Dates are the 25th of every January, April, July and October, with the first Interest Payment Date being January 2007, whether or not such day is a Business Day;
- (f) none of the Basis Swap Transactions will be terminated;
- (g) the Loan prepays at the rate specific to each scenario set out in the tables below;
- (h) the average lives of the Notes are calculated on an Actual/365 day count basis; and
- (i) all principal prepayments in accordance with Scenarios 2 and 3 below are due to property sales.

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

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

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

Interest Payment Date	Decreasing Balance (End of Period)							Subordination				
	Loan	Class A	Class B	Class C	Class D	Class E	Notes	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2007	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2007	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2007	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2007	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2008	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2008	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2008	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2008	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2009	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2009	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2009	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2009	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2010	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2010	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2010	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2010	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2011	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2011	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2011	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2011	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2012	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2012	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2012	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2012	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2013	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2013	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2013	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2013	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2014	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2014	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2014	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2014	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2015	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2015	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2015	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
October 2015	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2016	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2016	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
July 2016	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life (Years)	9.7	9.7	9.7	9.7	9.7	9.7	9.7					
First Principal Payment Date		25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016					
Last Principal Payment Date		25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016					

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

Interest Payment Date	Decreasing Balance (End of Period)							Subordination				
	Loan	Class A	Class B	Class C	Class D	Class E	Notes	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2007	99.4%	99.3%	99.4%	99.4%	99.4%	99.4%	99.4%	33.1%	29.8%	17.8%	8.3%	0.0%
April 2007	98.7%	98.7%	98.9%	98.9%	98.9%	98.9%	98.7%	33.1%	29.8%	17.9%	8.3%	0.0%
July 2007	98.1%	98.0%	98.3%	98.3%	98.3%	98.3%	98.1%	33.1%	29.9%	17.9%	8.3%	0.0%
October 2007	97.5%	97.4%	97.8%	97.8%	97.8%	97.8%	97.5%	33.2%	29.9%	17.9%	8.3%	0.0%
January 2008	96.9%	96.7%	97.2%	97.2%	97.2%	97.2%	96.9%	33.2%	29.9%	17.9%	8.3%	0.0%
April 2008	96.3%	96.1%	96.6%	96.6%	96.6%	96.6%	96.3%	33.2%	29.9%	17.9%	8.3%	0.0%
July 2008	95.7%	95.5%	96.1%	96.1%	96.1%	96.1%	95.7%	33.2%	29.9%	17.9%	8.3%	0.0%
October 2008	95.1%	94.8%	95.6%	95.6%	95.6%	95.6%	95.1%	33.2%	30.0%	17.9%	8.3%	0.0%
January 2009	94.5%	94.2%	95.0%	95.0%	95.0%	95.0%	94.5%	33.3%	30.0%	17.9%	8.3%	0.0%
April 2009	93.9%	93.6%	94.5%	94.5%	94.5%	94.5%	93.9%	33.3%	30.0%	17.9%	8.3%	0.0%
July 2009	93.3%	92.9%	93.9%	93.9%	93.9%	93.9%	93.3%	33.3%	30.0%	18.0%	8.3%	0.0%
October 2009	92.7%	92.3%	93.4%	93.4%	93.4%	93.4%	92.7%	33.3%	30.0%	18.0%	8.3%	0.0%
January 2010	92.1%	91.7%	92.9%	92.9%	92.9%	92.9%	92.1%	33.3%	30.1%	18.0%	8.3%	0.0%
April 2010	91.5%	91.1%	92.3%	92.3%	92.3%	92.3%	91.5%	33.4%	30.1%	18.0%	8.3%	0.0%
July 2010	90.9%	90.5%	91.8%	91.8%	91.8%	91.8%	90.9%	33.4%	30.1%	18.0%	8.3%	0.0%
October 2010	90.4%	89.9%	91.3%	91.3%	91.3%	91.3%	90.4%	33.4%	30.1%	18.0%	8.3%	0.0%
January 2011	89.8%	89.3%	90.8%	90.8%	90.8%	90.8%	89.8%	33.4%	30.1%	18.0%	8.3%	0.0%
April 2011	89.2%	88.7%	90.3%	90.3%	90.3%	90.3%	89.2%	33.5%	30.2%	18.0%	8.4%	0.0%
July 2011	88.7%	88.1%	89.8%	89.8%	89.8%	89.8%	88.7%	33.5%	30.2%	18.1%	8.4%	0.0%
October 2011	88.1%	87.5%	89.2%	89.2%	89.2%	89.2%	88.1%	33.5%	30.2%	18.1%	8.4%	0.0%
January 2012	87.6%	87.0%	88.7%	88.7%	88.7%	88.7%	87.6%	33.5%	30.2%	18.1%	8.4%	0.0%
April 2012	87.0%	86.4%	88.2%	88.2%	88.2%	88.2%	87.0%	33.5%	30.2%	18.1%	8.4%	0.0%
July 2012	86.5%	85.8%	87.7%	87.7%	87.7%	87.7%	86.5%	33.6%	30.2%	18.1%	8.4%	0.0%
October 2012	85.9%	85.2%	87.2%	87.2%	87.2%	87.2%	85.9%	33.6%	30.3%	18.1%	8.4%	0.0%
January 2013	85.4%	84.7%	86.7%	86.7%	86.7%	86.7%	85.4%	33.6%	30.3%	18.1%	8.4%	0.0%
April 2013	84.8%	84.1%	86.3%	86.3%	86.3%	86.3%	84.8%	33.6%	30.3%	18.1%	8.4%	0.0%
July 2013	84.3%	83.6%	85.8%	85.8%	85.8%	85.8%	84.3%	33.6%	30.3%	18.1%	8.4%	0.0%
October 2013	83.8%	83.0%	85.3%	85.3%	85.3%	85.3%	83.8%	33.7%	30.3%	18.2%	8.4%	0.0%
January 2014	83.2%	82.5%	84.8%	84.8%	84.8%	84.8%	83.2%	33.7%	30.4%	18.2%	8.4%	0.0%
April 2014	82.7%	81.9%	84.3%	84.3%	84.3%	84.3%	82.7%	33.7%	30.4%	18.2%	8.4%	0.0%
July 2014	82.2%	81.4%	83.8%	83.8%	83.8%	83.8%	82.2%	33.7%	30.4%	18.2%	8.4%	0.0%
October 2014	81.7%	80.8%	83.4%	83.4%	83.4%	83.4%	81.7%	33.8%	30.4%	18.2%	8.4%	0.0%
January 2015	81.1%	80.3%	82.9%	82.9%	82.9%	82.9%	81.1%	33.8%	30.4%	18.2%	8.4%	0.0%
April 2015	80.6%	79.8%	82.4%	82.4%	82.4%	82.4%	80.6%	33.8%	30.5%	18.2%	8.4%	0.0%
July 2015	80.1%	79.2%	82.0%	82.0%	82.0%	82.0%	80.1%	33.8%	30.5%	18.2%	8.4%	0.0%
October 2015	79.6%	78.7%	81.5%	81.5%	81.5%	81.5%	79.6%	33.8%	30.5%	18.3%	8.4%	0.0%
January 2016	79.1%	78.2%	81.0%	81.0%	81.0%	81.0%	79.1%	33.9%	30.5%	18.3%	8.5%	0.0%
April 2016	78.6%	77.7%	80.6%	80.6%	80.6%	80.6%	78.6%	33.9%	30.5%	18.3%	8.5%	0.0%
July 2016	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life (Years)	8.6	8.6	8.7	8.7	8.7	8.7	8.6					
First Principal Payment Date		25 January 2007	25 January 2007	25 January 2007	25 January 2007	25 January 2007	25 January 2007					
Last Principal Payment Date		25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016					

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

Interest Payment Date	Decreasing Balance (End of Period)							Subordination				
	Loan	Class A	Class B	Class C	Class D	Class E	Notes	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	33.1%	29.8%	17.8%	8.3%	0.0%
January 2007	98.7%	98.7%	98.9%	98.9%	98.9%	98.9%	98.7%	33.1%	29.8%	17.9%	8.3%	0.0%
April 2007	97.5%	97.3%	97.7%	97.7%	97.7%	97.7%	97.5%	33.2%	29.9%	17.9%	8.3%	0.0%
July 2007	96.2%	96.0%	96.6%	96.6%	96.6%	96.6%	96.2%	33.2%	29.9%	17.9%	8.3%	0.0%
October 2007	95.0%	94.8%	95.5%	95.5%	95.5%	95.5%	95.0%	33.2%	30.0%	17.9%	8.3%	0.0%
January 2008	93.8%	93.5%	94.4%	94.4%	94.4%	94.4%	93.8%	33.3%	30.0%	17.9%	8.3%	0.0%
April 2008	92.6%	92.2%	93.3%	93.3%	93.3%	93.3%	92.6%	33.3%	30.0%	18.0%	8.3%	0.0%
July 2008	91.4%	91.0%	92.2%	92.2%	92.2%	92.2%	91.4%	33.4%	30.1%	18.0%	8.3%	0.0%
October 2008	90.2%	89.8%	91.2%	91.2%	91.2%	91.2%	90.2%	33.4%	30.1%	18.0%	8.3%	0.0%
January 2009	89.1%	88.6%	90.1%	90.1%	90.1%	90.1%	89.1%	33.5%	30.2%	18.0%	8.4%	0.0%
April 2009	88.0%	87.4%	89.1%	89.1%	89.1%	89.1%	88.0%	33.5%	30.2%	18.1%	8.4%	0.0%
July 2009	86.8%	86.2%	88.1%	88.1%	88.1%	88.1%	86.8%	33.5%	30.2%	18.1%	8.4%	0.0%
October 2009	85.7%	85.1%	87.1%	87.1%	87.1%	87.1%	85.7%	33.6%	30.3%	18.1%	8.4%	0.0%
January 2010	84.6%	83.9%	86.1%	86.1%	86.1%	86.1%	84.6%	33.6%	30.3%	18.1%	8.4%	0.0%
April 2010	83.6%	82.8%	85.1%	85.1%	85.1%	85.1%	83.6%	33.7%	30.4%	18.2%	8.4%	0.0%
July 2010	82.5%	81.7%	84.1%	84.1%	84.1%	84.1%	82.5%	33.7%	30.4%	18.2%	8.4%	0.0%
October 2010	81.5%	80.6%	83.2%	83.2%	83.2%	83.2%	81.5%	33.8%	30.4%	18.2%	8.4%	0.0%
January 2011	80.4%	79.5%	82.2%	82.2%	82.2%	82.2%	80.4%	33.8%	30.5%	18.2%	8.4%	0.0%
April 2011	79.4%	78.5%	81.3%	81.3%	81.3%	81.3%	79.4%	33.9%	30.5%	18.3%	8.5%	0.0%
July 2011	78.4%	77.4%	80.3%	80.3%	80.3%	80.3%	78.4%	33.9%	30.5%	18.3%	8.5%	0.0%
October 2011	77.4%	76.4%	79.4%	79.4%	79.4%	79.4%	77.4%	33.9%	30.6%	18.3%	8.5%	0.0%
January 2012	76.4%	75.3%	78.5%	78.5%	78.5%	78.5%	76.4%	34.0%	30.6%	18.3%	8.5%	0.0%
April 2012	75.4%	74.3%	77.6%	77.6%	77.6%	77.6%	75.4%	34.0%	30.7%	18.3%	8.5%	0.0%
July 2012	74.5%	73.3%	76.7%	76.7%	76.7%	76.7%	74.5%	34.1%	30.7%	18.4%	8.5%	0.0%
October 2012	73.5%	72.4%	75.8%	75.8%	75.8%	75.8%	73.5%	34.1%	30.7%	18.4%	8.5%	0.0%
January 2013	72.6%	71.4%	75.0%	75.0%	75.0%	75.0%	72.6%	34.2%	30.8%	18.4%	8.5%	0.0%
April 2013	71.6%	70.4%	74.1%	74.1%	74.1%	74.1%	71.6%	34.2%	30.8%	18.4%	8.5%	0.0%
July 2013	70.7%	69.5%	73.3%	73.3%	73.3%	73.3%	70.7%	34.2%	30.9%	18.5%	8.6%	0.0%
October 2013	69.8%	68.6%	72.4%	72.4%	72.4%	72.4%	69.8%	34.3%	30.9%	18.5%	8.6%	0.0%
January 2014	68.9%	67.6%	71.6%	71.6%	71.6%	71.6%	68.9%	34.3%	30.9%	18.5%	8.6%	0.0%
April 2014	68.1%	66.7%	70.8%	70.8%	70.8%	70.8%	68.1%	34.4%	31.0%	18.5%	8.6%	0.0%
July 2014	67.2%	65.8%	70.0%	70.0%	70.0%	70.0%	67.2%	34.4%	31.0%	18.6%	8.6%	0.0%
October 2014	66.3%	65.0%	69.2%	69.2%	69.2%	69.2%	66.3%	34.5%	31.1%	18.6%	8.6%	0.0%
January 2015	65.5%	64.1%	68.4%	68.4%	68.4%	68.4%	65.5%	34.5%	31.1%	18.6%	8.6%	0.0%
April 2015	64.7%	63.2%	67.6%	67.6%	67.6%	67.6%	64.7%	34.6%	31.1%	18.6%	8.6%	0.0%
July 2015	63.8%	62.4%	66.8%	66.8%	66.8%	66.8%	63.8%	34.6%	31.2%	18.7%	8.6%	0.0%
October 2015	63.0%	61.5%	66.0%	66.0%	66.0%	66.0%	63.0%	34.7%	31.2%	18.7%	8.7%	0.0%
January 2016	62.2%	60.7%	65.3%	65.3%	65.3%	65.3%	62.2%	34.7%	31.3%	18.7%	8.7%	0.0%
April 2016	61.4%	59.9%	64.5%	64.5%	64.5%	64.5%	61.4%	34.7%	31.3%	18.7%	8.7%	0.0%
July 2016	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Life (Years)	7.7	7.6	7.9	7.9	7.9	7.9	7.7					
First Principal Payment Date		25 January 2007	25 January 2007	25 January 2007	25 January 2007	25 January 2007	25 January 2007					
Last Principal Payment Date		25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016	25 July 2016					

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be £918,862,000 and this sum will be applied by the Issuer towards payment to the Seller, pursuant to the terms of the Loan Sale Agreement, of the purchase consideration for the Loan and the related interests in the Related Security. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Barclays Bank PLC.

TERMS AND CONDITIONS OF THE NOTES

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

The issue of the £615,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class A Notes**), the £30,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class B Notes**), the £110,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class C Notes**), the £88,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due July 2019 (the **Class D Notes**) and the £75,862,000 Class E Commercial Mortgage Backed Floating Rate Notes due July 2019 (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**) by July 2019 (the Issuer) was authorised by a resolution of the board of directors of the Issuer passed on or about 9 November 2006.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated on or about 14 November 2006 (the **Closing Date**) made between the Issuer and BNY Corporate Trustee Services Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee(s) under the Trust Deed as trustee(s) for the holders of the Notes (the **Noteholders**)).

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

References herein to the Notes shall include reference to:

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

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

The Noteholders are subject to and have the benefit of an agency agreement (as amended and/or supplemented from time to time, the **Agency Agreement**) dated the Closing Date between the Issuer, The Bank of New York as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in respect of the Notes) and as agent bank (in such capacity, the **Agent Bank**, which expression includes any successor agent bank appointed from time to time in connection with the Notes) and AIB/BNT Fund Management Limited as Irish paying agent (the **Irish Paying Agent**, which expression includes any successor Irish paying agent appointed from time to time in connection with the Notes and together with the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Notes, the **Paying Agents**) and the Trustee.

The security for the Notes is granted or created pursuant to a deed of charge under English law (the **Issuer Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) dated the Closing Date and made between, among others, the Issuer and the Trustee, and any security created by or pursuant to any Scots law

governed documents in relation to the Scottish assets assigned by the Seller to the Issuer (the **Scottish Trust Assignment**) and assigned by the Issuer to the Trustee (the **Scottish Trust Security**).

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

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

As used in these Conditions:

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

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

1. GLOBAL NOTES

1.1 Temporary Global Notes

The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a **Temporary Global Note**) in the aggregate principal amount on issue of £615,000,000 for the Class A Notes, £30,000,000 for the Class B Notes, £110,000,000 for the Class C Notes, £88,000,000 for the Class D Notes and £75,862,000 for the Class E Notes.

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

1.2 Permanent Global Notes

Interests in each Temporary Global Note will be exchangeable on or after the date which falls 40 days after the Closing Date (the **Exchange Date**), provided certification that such beneficial owner is not a U.S. person (as defined under Regulation S under the Securities Act (**Certification**)) by the relevant Noteholders has been received, for interests in a permanent global Note of the relevant Class (each a **Permanent Global Note**) which will also be deposited with the Common Depositary unless the interests in the relevant Permanent Global Note have already been exchanged for Notes in definitive form in which event the interests in such Temporary Global Note may only be exchanged (subject to Certification) for Notes of the relevant Class in definitive form. The expression **Global Note** shall be read and construed to mean a Temporary Global Note or a Permanent Global Note, as the context may require. On the exchange of each Temporary Global Note for the relevant Permanent Global Note such Permanent Global Note will remain deposited with the Common Depositary.

1.3 Form and title

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

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

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

(a) **Class A Noteholders** means Noteholders in respect of the Class A Notes;

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

2. DEFINITIVE NOTES

2.1 Issue of Definitive Notes

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

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

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

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

2.2 Title to and transfer of Definitive Notes

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

Title to the Definitive Notes will pass by delivery.

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

2.3 Trading in differing nominal amounts

- (a) For so long as the Notes of any Class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes of that Class will be tradeable in minimum nominal amounts of £50,000 and integral multiples of £1,000 in excess thereof.

- (b) If Definitive Notes for that Class of Notes are required to be issued and printed, any Noteholder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the denomination of £50,000 will not be entitled to receive a Definitive Note in respect of such Notes and will not therefore be able to receive principal or interest in respect of such Notes.

3. STATUS, SECURITY AND PRIORITY OF PAYMENTS

3.1 Status and relationship between Classes of Notes

- (a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.
- (b) The Class B Notes constitute direct, secured and, subject as provided in **Condition 16 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes as provided in these Conditions and the Transaction Documents.
- (c) The Class C Notes constitute direct, secured and, subject as provided in **Condition 16 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes as provided in these Conditions and the Transaction Documents.
- (d) The Class D Notes constitute direct, secured and, subject as provided in **Condition 16 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes and the Class C Notes as provided in these Conditions and the Transaction Documents.
- (e) The Class E Notes constitute direct, secured and, subject as provided in **Condition 16 (Subordination by Deferral)**, unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.
- (f) The Trust Deed and the Issuer Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to:
- (i) the interests of the Class A Noteholders for so long as the Class A Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
- (A) the Class A Noteholders; and
- (B) the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Class E Noteholders; or
- (ii) subject to paragraph (i) above, the interests of the Class B Noteholders for so long as the Class B Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
- (A) the Class B Noteholders; and

- (B) the Class C Noteholders, the Class D Noteholders and/or the Class E Noteholders; or
- (iii) subject to paragraphs (i) and (ii) above, the interests of the Class C Noteholders for so long as the Class C Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class C Noteholders; and/or
 - (B) the Class D Noteholders and/or the Class E Noteholders; or
- (iv) subject to paragraphs (i), (ii) and (iii) above, the interests of the Class D Noteholders for so long as the Class D Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:
 - (A) the Class D Noteholders; and
 - (B) the Class E Noteholders.

So long as any of the Notes remain outstanding, the Trustee is not required to have regard to the interests of any Issuer Secured Creditors (other than the Noteholders) or, at any time, any other person or to act upon or comply with any direction or request of any Issuer Secured Creditor or, at any time, any other person.

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

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

3.2 Issuer Security and Priority of Payments

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

The Issuer Security will become enforceable on the occurrence of a Note Event of Default (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless

- (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes, or

- (b) the Trustee has been advised by such professional advisers as are selected by the Trustee upon whom the Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or
- (c) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Issuer Charged Property means all of the property, assets, rights and undertakings of the Issuer whatsoever and wheresoever situated, present and future, for the time being held as security (whether fixed or floating) for the Issuer Security under or pursuant to the Issuer Deed of Charge and references to the Issuer Charged Property shall be construed as including (where appropriate) references to any part of it.

4. COVENANTS

4.1 Restrictions

Save with the prior written consent of the Trustee or as provided in these Conditions or as permitted by the Transaction Documents, the Issuer shall not, so long as any of the Notes remains outstanding:

(a) *Negative pledge*

(save for the Issuer Security) create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, assignment, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings, present and future, (including the Issuer Charged Property) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertakings present or future;

(b) *Restrictions on activities*

- (i) engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in;
- (ii) open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of the Trustee so as to form part of the Issuer Security;
- (iii) have any subsidiaries;
- (iv) own or lease any premises or have any employees (but shall procure that, at all times, it shall retain at least one independent director);

- (v) amend, supplement or otherwise modify its Memorandum and Articles of Association; or
 - (vi) issue any further shares;
- (c) *Borrowings*
- incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, or give any guarantee or indemnity in respect of any indebtedness or any other obligation of any person;
- (d) *Merger*
- consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person unless:
- (i) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties or assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of England and Wales, the objects of which include the funding, purchase and administration of mortgages and mortgage loans, and who shall expressly assume, by an instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all monies owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;
 - (ii) immediately after giving effect to such transaction, no Note Event of Default (as defined in **Condition 10** (*Events of Default*)) shall have occurred and be continuing;
 - (iii) such consolidation, merger, conveyance or transfer has been approved by Extraordinary Resolution of each Class of the Noteholders;
 - (iv) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;
 - (v) the Issuer shall have delivered to the Trustee a legal opinion of English lawyers acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with paragraphs (i) and (iv) above and are binding on the Issuer (or any successor thereto) or, as the case may be, the person referred to in paragraph (i) above;
 - (vi) the then current ratings of the Notes are not adversely affected by such consolidation, merger, conveyance or transfer;
- (e) *Disposal of assets*
- transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(f) *Assets*

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

(g) *Dividends or distributions*

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

(h) *Centre of main interests*

cause or allow its "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in, or maintain an "establishment" in, any jurisdiction other than England and Wales;

(i) *Other*

cause or permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property;

(j) *Bank accounts*

have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(k) *Value added tax*

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

(l) *Surrender of group relief*

offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Chapter IV of Part X of the Income and Corporation Taxes Act 1988.

4.2 **Master Servicer**

(a) So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a master servicer (the **Master Servicer**) for the servicing of the Loan and the performance of the other administrative duties set out in the Servicing Agreement.

(b) The Servicing Agreement will provide that

(i) the Master Servicer will not be permitted to terminate its appointment unless a replacement master servicer acceptable to the Issuer and the Trustee has been appointed and

- (ii) the appointment of the Master Servicer may be terminated by the Trustee if, among other things, the Master Servicer defaults in any material respect in the observance and performance of any obligation imposed on it under the Servicing Agreement, which default is not remedied within 30 Business Days after written notice of such default shall have been served on the Master Servicer by the Issuer or the Trustee.

4.3 **Special Servicer**

For so long as any Junior Loan is outstanding, a Junior Lender will have the right to appoint a substitute or successor special servicer in respect of the Loan subject to the conditions of the Servicing Agreement. If any Class of Noteholders is the Controlling Creditor, then the Issuer, upon being so instructed by an Extraordinary Resolution of that Class of Noteholders, will exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the Loan subject to the conditions of the Servicing Agreement.

Controlling Creditor means, at any time:

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

4.4 **Operating Adviser**

If any Class of Noteholders is the Controlling Creditor, it may, by an Extraordinary Resolution passed by the relevant Class of Noteholders, appoint an adviser (the **Operating Adviser**) with whom the Special Servicer, as the case may be, will be required to liaise in accordance with the terms of the Servicing Agreement.

4.5 **Junior Lender**

If any amount remains due and payable to the junior lender for the time being (the **Junior Lender**) in respect of the junior loan (the **Junior Loan**) from a borrower (a **Borrower**) under the junior credit agreement (the **Junior Credit Agreement**), the rights of the Issuer and any Controlling Creditor to appoint a Special Servicer will be subject to the rights of the Junior Lender to do so under the intercreditor agreement dated 4 August 2006 (as amended from time to time).

5. **INTEREST**

5.1 **Period of accrual**

Each Note will 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) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused or default is otherwise made in the payment thereof.

5.2 **Interest Payment Dates and Interest Periods**

Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on the 25th day of January, April, July and October in each calendar year

or, if any such day is not a Business Day, the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day) (each, an **Interest Payment Date**). The first such payment is due on the Interest Payment Date falling in January 2007 in respect of the period from (and including) the Closing Date to (but excluding) that Interest Payment Date. Each period from (and including) an Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first) Interest Payment Date is in these Conditions called an **Interest Period**.

5.3 **Rates of Interest**

The rate of interest payable from time to time (the **Rate of Interest**) and the Interest Payment in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

- (a) The Agent Bank will, at or as soon as practicable after 11.00 a.m. (London time) on the Business Day that falls on the first day of each Interest Period (each, an **Interest Determination Date**), determine the Rate of Interest applicable to each Class of Notes, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an **Interest Payment**), for such Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period will be equal to:
- (i) in the case of the Class A Notes, LIBOR (as determined in accordance with **Condition 5.3(b)** (*Determination of LIBOR*)) plus a margin of 0.23 per cent. per annum;
 - (ii) in the case of the Class B Notes, LIBOR (as so determined) plus a margin of 0.28 per cent. per annum;
 - (iii) in the case of the Class C Notes, LIBOR (as so determined) plus a margin of 0.42 per cent. per annum;
 - (iv) in the case of the Class D Notes, LIBOR (as so determined) plus a margin of 0.63 per cent. per annum;
 - (v) in the case of the Class E Notes, LIBOR (as so determined) plus a margin of 0.95 per cent. per annum.

The Interest Payment in relation to a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure to the nearest penny (fractions of half a penny being rounded downwards).

For the purposes of these Conditions:

Business Day means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin.

(b) Determination of LIBOR

For the purposes of determining the Rate of Interest in respect of each Class of Notes under **Condition 5.3(a)**, LIBOR will be determined by the Agent Bank on the basis of the following provisions:

- (i) on each Interest Determination Date, the Agent Bank will determine the interest rate for three month sterling deposits (or, in respect of the first such Interest Period, a linear interpolation of the rate for two month and three month sterling deposits) in the London inter-bank market which appears on Moneyline Telerate Screen No.3750 (or (x) such other page as may replace Moneyline Telerate Screen No.3750 on that service for the purpose of displaying such information or (y) if that service ceases to display such information, LIBOR 01 Reuters) (the **LIBOR Screen Rate**) at or about 11.00 a.m. (London time) on such date; or
- (ii) if the LIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.000005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the **Reference Banks**) (provided that, once a Reference Bank has been appointed by the Agent Bank that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such) as the rate at which three month deposits in sterling in an amount of £10,000,000 are offered for the same period as that Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that Interest Determination Date (or, in respect of the first Interest Period, the arithmetic mean of a linear interpolation of such rates for three week and four week sterling deposits notified by the Reference Banks). If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation to the Agent Bank (which bank is in the sole opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of the Reference Bank and such bank as so agreed. If no Reference Bank provides the Agent Bank with such an offered quotation or no such bank is so agreed or such bank as so agreed does not provide such a quotation, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period.

- (c) There will be no minimum or maximum Rate of Interest.

5.4 **Publication of Rate of Interest and Interest Payments**

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Cash Manager, the Paying Agents, the Noteholders and, for so long as the Notes are listed on Irish Stock Exchange Limited (the **Stock Exchange**), the Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event

of a lengthening or shortening of such Interest Period in accordance with **Condition 5 (Interest)**.

5.5 **Determination or calculation by the Trustee**

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with **Condition 5.3 (Rates of Interest)** above, the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in **Condition 5.3 (Rates of Interest)** above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Payment in accordance with **Condition 5.3 (Rates of Interest)** above, and each such determination or calculation shall be deemed to have been made by the Agent Bank.

5.6 **Notification to be final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this **Condition 5.6**, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders or any other person shall attach to the Issuer, the Reference Banks, the Cash Manager, the Agent Bank, the Paying Agents or the Trustee in connection with the exercise by them or any of their powers, duties and discretions under this Condition.

5.7 **Agent Bank**

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with **Condition 15 (Notice to Noteholders)**. If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved in writing by the Trustee has been appointed.

6. **REDEMPTION**

6.1 **Final redemption**

Save to the extent otherwise redeemed in full and cancelled in accordance with this **Condition 6**, the Issuer shall redeem the Notes of each Class at their respective Principal Amounts Outstanding plus interest accrued and unpaid on the Interest Payment Date in July 2019 (the **Final Maturity Date**).

Without prejudice to **Condition 10 (Events of Default)**, the Issuer shall not redeem Notes in whole or in part prior to that date except as provided in **Condition 6.2 (Redemption for taxation or other reasons)** or **Condition 6.3 (Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds)** or **Condition 6.4 (Redemption upon exercise of Servicer Call Option)**.

6.2 Redemption for taxation or other reasons

(a) If the Issuer at any time satisfies the Trustee that:

- (i) on or before the occasion of the next Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;
- (ii) on the occasion of the next Interest Payment Date, the Issuer or a person acting on behalf of the Issuer would be required to make any withholding or deduction for or on account of any Taxes (as defined in **Condition 9 (Taxation)**) from any payment of principal or interest in respect of any of the Notes;
- (iii) on or before the occasion of the next Interest Payment Date, the Issuer would suffer any withholding or deduction from any payment in respect of the Loan for or on account of any Taxes;
- (iv) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer to make, lend or to allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement; or
- (v) a Basis Swap Tax Event occurs and:
 - (A) the Issuer cannot avoid such Basis Swap Tax Event by taking reasonable measures available to it;
 - (B) the Basis Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Basis Swap Tax Event; and
 - (C) the Issuer is unable to find a replacement Swap Provider (the Issuer being obliged to use reasonable efforts to find a replacement Swap Provider),

then the Issuer shall, in order to address the event described, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal debtor under the Notes, which substitution would have the result of avoiding the events described above.

- (b) If the Issuer is unable, having used its reasonable endeavours, to arrange such a substitution described above, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15 (Notice to Noteholders)**, redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest on the next Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described in **Condition 6.2(a)(i), (ii) or (iii)** will apply on or before the occasion of the next Interest Payment Date or the event described in **Condition 6.2(a)(iv) or (v)** has occurred (as the case may be) and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.3 **Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds**

Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Notes then outstanding shall be subject to mandatory redemption in part on each Interest Payment Date if on the Calculation Date relating thereto there is Available Issuer Principal in an amount not less than £1.

Calculation Date means, in respect of each Interest Payment Date, the third London Business Day prior to that Interest Payment Date.

(a) For the purposes of these Conditions:

(i) **Allocated Loan Amount Component** means, in respect of any Calculation Date, the amount (an **Allocated Loan Amount**) allocated to a particular property in the event of a disposal thereof as prescribed in Schedule 1 Part A of the Credit Agreement and **Available Allocated Loan Amount Component** means, in respect of any Calculation Date, the Allocated Loan Amount Component received by or on behalf of the Issuer during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (but excluding) the Closing Date to (but excluding) such first Calculation Date) (each a **Collection Period**);

(ii) **Available Issuer Principal** means, in respect of any Calculation Date, the Available Pro Rata Principal, the Available Sequential Principal and any Available Voluntary Prepayment Amounts as at that Calculation Date;

(iii) **Available Pro Rata Principal** means the Available Allocated Loan Amount Component received in respect of the Loan during the Collection Period then ended;

(iv) **Available Sequential Principal** means, in respect of any Calculation Date, the aggregate of amounts of:

(A) any Available Release Premium;

(B) any Available Prepayment Redemption Funds;

(C) any Available Final Redemption Funds;

(D) any Available Principal Recovery Funds, and

in each case received in respect of the Loan during the Collection Period then ended;

(v) **Basis Swap Breakage Receipts** means the aggregate of all amounts paid to the Issuer under the Basis Swap Agreement as a result of the termination, in whole or in part, of any Basis Swap Transaction thereunder, and **Available Basis Swap Breakage Receipts** means, in respect of any Calculation Date, the Basis Swap Breakage Receipts received or to be received by or on behalf of the Issuer during the period since (but excluding) the immediately preceding Interest Payment Date to (and including) the immediately following Interest Payment Date (but excluding);

(i) any Basis Swap Breakage Receipts paid to the Issuer by the Basis Swap Counterparty following a default under the Loan in respect of which no Loan Principal Loss arises;

- (ii) any Basis Swap Breakage Receipts paid to the Issuer as a result of a prepayment in whole or in part of the Loan by a Borrower; or
- (iii) Basis Swap Breakage Receipts paid to the Issuer following the occurrence of the Loan Principal Loss);
- (vi) **Excess Swap Collateral** means, with respect to the Basis Swap Provider, an amount equal to the value of any collateral (or the applicable part thereof) transferred by the Basis Swap Provider to the Issuer pursuant to the Basis Swap Agreement that is in excess of the Basis Swap Provider's liability, as applicable, to the Issuer thereunder (i) as at the date of termination of any Basis Swap Transaction and (ii) that the Basis Swap Provider, is otherwise entitled to have returned to it in accordance with the terms of the Basis Swap Agreement;
- (vii) **Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of the repayment of the Loan upon its scheduled final maturity date, and **Available Final Redemption Funds** means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (viii) **Prepayment Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of any prepayment (other than Voluntary Prepayment Amounts, Allocated Loan Amounts and Release Premiums) in part or in full made by the Borrowers pursuant to the terms of the Credit Agreement (including upon the receipt of insurance proceeds not applied prior to the final maturity of the Loan), and the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase of the Loan by the Seller pursuant to the Loan Sale Agreement, and the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of the Loan by the Master Servicer or the Special Servicer pursuant to the Servicing Agreement, and **Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended;
- (ix) **Post Write-off Recovery Funds** means the aggregate amount received by the Master Servicer or the Special Servicer on behalf of the Issuer in respect of the Loan following the write-off of such amounts by the Master Servicer or the Special Servicer on the completion of enforcement procedures in relation to the Loan;
- (x) **Principal Recovery Funds** means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer following the acceleration of the Loan or as a result of actions taken in accordance with the enforcement procedures in respect of the Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Available Principal Recovery Funds** means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended as adjusted for:
 - (i) any amount of Basis Swap Breakage Receipts receivable by the Issuer under the relevant Basis Swap Transaction to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of that the Loan; less
 - (ii) any amount to be transferred to Available Issuer Income on the Interest Payment Date immediately following such Calculation Date for the purpose

of paying Liquidation Fees, if any, payable on that Interest Payment Date in respect of the Loan;

- (xi) **Release Premium** means the amounts additional to the Allocated Loan Amount Component, which must be paid by the Borrowers upon the disposal of a particular property as prescribed in Schedule 1 Part A of the Credit Agreement and **Available Release Premium** means, in respect of any Calculation Date, the Release Premium received by or on behalf of the Issuer during the Collection Period then ended. For the avoidance of doubt, for so long as the Loan is outstanding, the Release Premium includes the Release Premium payable in respect of the Loan and the Release Premium payable in respect of the Junior Loan;
- (xii) **Replacement Swap Premium** means any premium or upfront payment received by the Issuer from a replacement swap counterparty under a replacement transaction to the extent of the termination payment due to the Basis Swap Provider under the Basis Swap Agreement;
- (xiii) **Swap Collateral** means any collateral transferred by the Basis Swap Provider to the Issuer pursuant to the Basis Swap Agreement and any interest or distributions in respect thereof; and
- (xiv) **Voluntary Prepayment Amounts** means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of any voluntary prepayment in part or in full made by the Borrowers pursuant to the terms of the Credit Agreement and **Available Voluntary Prepayment Amounts** means in respect of any Calculation Date, the Voluntary Prepayment Amounts received by or on behalf of the Issuer during the Collection Period then ended

but, in each case, without double counting, only to the extent that such monies have not been taken into account in the calculation of Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds, Available Basis Swap Breakage Receipts, Available Sequential Principal, Available Pro Rata Principal or Available Principal Recovery Funds, as applicable, on any preceding Calculation Date.

(b) Application of Available Sequential Principal

Available Sequential Principal determined on each Calculation Date shall be applied on the immediately following Interest Payment Date in the following order of priority:

- (i) first, in repaying, *pari passu* and *pro rata*, principal on the Class A Notes until all the Class A Notes have been redeemed in full;
- (ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class B Notes until all the Class B Notes have been redeemed in full;
- (iii) third, in repaying, *pari passu* and *pro rata*, principal on the Class C Notes until all the Class C Notes have been redeemed in full;
- (iv) fourth, in repaying, *pari passu* and *pro rata*, principal on the Class D Notes until all the Class D Notes have been redeemed in full;
- (v) fifth, in repaying, *pari passu* and *pro rata*, principal on the Class E Notes until all the Class E Notes have been redeemed in full;

(vi) sixth, in or towards payment of any amount in respect of Deferred Consideration to the Seller in accordance with the terms of the Loan Sale Agreement; and

(vii) seventh, in paying any surplus to the Issuer.

(c) Application of Available Pro Rata Principal

Available Pro Rata Principal determined on each Calculation Date shall be applied on the immediately following Interest Payment Date shall be applied in repaying concurrently (*pari passu* and *pro rata*, according to the Principal Amount Outstanding of each class of Notes on such Interest Payment Date after the payment of all amounts payable under paragraph (b) above) principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and any surplus shall be applied in accordance with the priority of payments described in paragraph (b) above.

(d) Application of Available Voluntary Prepayment Amounts

Available Voluntary Prepayment Amounts determined on each Calculation Date shall be applied on the immediately following Interest Payment Date in the following order of priority:

(i) first, in repaying, *pari passu* and *pro rata*, principal on the Class E Notes until all the Class E Notes have been redeemed in full;

(ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class D Notes until all the Class D Notes have been redeemed in full;

(iii) third, in repaying, *pari passu* and *pro rata*, principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(iv) fourth, in repaying, *pari passu* and *pro rata*, principal on the Class B Notes until all the Class B Notes have been redeemed in full;

(v) fifth, in repaying, *pari passu* and *pro rata*, principal on the Class A Notes until all the Class A Notes have been redeemed in full;

(vi) sixth, any surplus shall be applied in accordance with the priority of payments described in paragraph (b) above.

(e) Application of Post Write-off Recovery Funds

On each Interest Payment Date, all Post Write-off Recovery Funds received during the related Collection Period will be applied by the Issuer or the Cash Manager acting on its behalf as Available Issuer Income or after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full as available funds.

(f) Application of Prepayment Fees

On each Interest Payment Date, all amounts received or recovered by the Issuer in respect of any Prepayment Fees during the related Collection Period will be dealt with in accordance with the terms of the Loan Sale Agreement for the benefit of or as determined by the Seller.

(g) Break Costs Priority of Payments

On each Interest Payment Date, any Break Costs received by the Issuer as a result of any prepayment by a Borrower of all or any of the Loan during the related Collection Period will

be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Break Costs Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

- (i) in or towards payment of any amount due and payable by the Issuer on that Interest Payment Date to the Basis Swap Provider under and in accordance with the Basis Swap Agreement, arising as a result of the termination of all or part of any Basis Swap Transaction due to the prepayment by the Borrowers of all or part of the Loan; and
- (ii) thereafter, and to the extent of any surplus, in or towards payment to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

(h) **Basis Swap Breakage Receipts Priority of Payments**

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

- (i) in or towards payment of any amount the Issuer (in its capacity as Lender) has or would have to pay to the Borrowers in accordance with the Credit Agreement or setting off such amounts against amounts owed to the Issuer by the Borrowers in accordance with the Credit Agreement; and
- (ii) thereafter, and to the extent of any surplus, in or towards payment to the Seller or its assignee in accordance with the terms of the Loan Sale Agreement.

(i) **Basis Swap Collateral**

Basis Swap Collateral and the proceeds thereof will not be paid into the Transaction Account and will not be available for general distribution to Issuer Secured Creditors. Basis Swap Collateral delivered pursuant to the terms of the Basis Swap Agreement and the proceeds thereof will be applied by or on behalf of the Issuer in accordance with the terms of the Basis Swap Agreement.

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

Each of the Master Servicer and the Special Servicer has been granted a call option (the **Servicer Call Option**) pursuant to which it may, at its sole discretion, purchase the Loan on any Interest Payment Date provided

- (i) written notice is given by the Master Servicer or the Special Servicer, as applicable, in accordance with the Servicing Agreement, to the Issuer and to the Trustee,
- (ii) written notice is given by the Issuer to the Trustee and to the Noteholders in accordance with **Condition 15** (*Notice to Noteholders*) not more than 60 nor less than 30 days' prior to such purchase,
- (iii) that on the Calculation Date relating to such Interest Payment Date, no Acceleration Notice in relation to the Notes has been served and the Notes have not otherwise become due and repayable in full,
- (iv) that the Master Servicer or the Special Servicer (or their respective assigns) as applicable, has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of the Issuer's liabilities in respect of the Notes to be redeemed under this **Condition 6.4** and any amounts required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank prior to, or *pari passu* with, the Notes, which certificate (in the absence of manifest error) shall be conclusive and binding and
- (v) the then aggregate Principal Amount Outstanding of the Notes immediately following the redemption of the Notes in accordance with **Condition 6.3** (*Mandatory redemption in part from Available Release Premium, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) is less than 10 per cent. of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date.

Upon receipt of such amounts from the Master Servicer or the Special Servicer in respect of the exercise of the Servicer Call Option, as applicable, the Issuer will be required to redeem on such Interest Payment Date:

- (i) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
- (ii) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
- (iii) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; 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.

6.5 **Post-Enforcement Call Option**

All of the Noteholders will be required to sell, at the request of ECLIPSE Options Limited (**Options Holder**), all (but not some only) of their holdings of Notes to Options Holder, pursuant to the option granted to it by the Trustee (as agent for the Noteholders) to acquire all (but not some only) of the Notes (plus accrued interest thereon) for the consideration of 0.01 pence per Note outstanding, in the event that the Notes are accelerated or otherwise become due and repayable in full and the Issuer Security for the Notes is enforced and at any time after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking in priority to the Notes and after the

application of any such proceeds to the Notes under the Post-Acceleration Priority of Payments, to pay any further principal, interest and any other amounts due in respect of the Notes.

Each of the Noteholders acknowledges that the Trustee has the authority and the power to bind the Noteholders in accordance with the terms and conditions set out in the Call Option Agreement and each Noteholder, by subscribing for or purchasing the relevant Note(s), agrees to be so bound.

Notice of such determination will be given by the Trustee to the Noteholders in accordance with **Condition 15** (Notice to Noteholders). The consideration will be paid in the same manner as payment of principal under these Conditions.

6.6 **Notice of redemption**

Any such notice as is referred to in **Conditions 6.2** (*Redemption for taxation or other reasons*), **6.4** (*Redemption upon exercise of Servicer Call Option*) or **6.5** (*Post-Enforcement Call Option*) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant Class in the amounts specified in these Conditions.

6.7 **Purchase**

The Issuer shall not purchase any of the Notes.

6.8 **Cancellation**

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

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

If on an Interest Payment Date there exists an Adjusted Loan Principal Loss which has not previously been allocated in accordance with this **Condition 6.9**, the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by a *pro rata* share of an amount equal to the Adjusted Loan Principal Loss after any amounts to be paid on such Interest Payment Date to the Noteholders have been paid (such amount in respect of each Note the **Allocated Loan Principal Write-Down Amount**) as follows:

- (i) first, the Principal Amount Outstanding of the Class E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero;
- (ii) second, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero;
- (iii) third, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero;
- (iv) fourth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and
- (v) fifth, the Principal Amount Outstanding of the Class A Notes shall be reduced until the Principal Amount Outstanding of the Class A Notes is zero,

provided that any such reduction of the Principal Amount Outstanding shall have effect solely for the purpose of determining the amounts of principal and interest which thereafter fall due for payment in accordance with these Conditions.

Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the face amount of such Note on the date of issuance thereof was £50,000.

If the Principal Amount Outstanding in relation to any Note has been reduced for the purpose described above by the deduction of the amount of any Allocated Loan Principal Write-Down Amount, an amount equal to the reduction shall remain payable, together with interest accruing on it, but the due date for payment of such an amount and the interest accruing on it shall be deferred until the time at which the Issuer is wound up or, if earlier, immediately prior to exercise of the Post-Enforcement Call Option, and the claim for such an amount and the interest accrued on it shall rank *pari passu* with the other creditors of the Issuer.

For the purposes of these Conditions:

Adjusted Loan Principal Loss means, in respect of the Loan, the Loan Principal Loss for the Loan, adjusted such that if there are any Basis Swap Breakage Receipts receivable by the Issuer under the relevant Basis Swap Transaction under the Basis Swap Agreement by deduction of those Basis Swap Breakage Receipts until the balance of the Loan Principal Loss is zero.

Loan Principal Loss in respect of the Loan means:

- (a) the amount of any loss of principal in respect of the Loan as notified to the Cash Manager and the Issuer by the Relevant Servicer following completion of all applicable enforcement procedures in respect of the Loan; and
- (b) the amount of any principal reduction agreed to by the Relevant Servicer in respect of the Loan in accordance with the Servicing Agreement.

Principal Amount Outstanding means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by:

- (i) any repayment of principal to the holder of the Note up to (and including) that time which has become due and payable, except if and to the extent that any such repayment has been improperly withheld or refused; and
- (ii) the pro rata share of any Allocated Loan Principal Write-Down Amounts in respect of such Notes that have arisen on or prior to such time.

The pro rata share of any principal or Allocated Loan Principal Write Down Amounts in respect of any Note shall, if necessary, be rounded down to the nearest penny.

7. PAYMENTS

- 7.1 Payments of principal and interest in respect of the Notes will be made in sterling against presentation and, where applicable, surrender of the relevant Global Notes at the specified office of the Principal Paying Agent or, at the option of the holder of the relevant Global Notes, at the specified office of any other Paying Agent outside the United States of America subject, in the case of any Temporary Global Note, to certification of non U.S. beneficial ownership as provided in such Temporary Global Note. Payments of principal and interest will in each case be made by sterling cheque drawn on a bank in London or, at the option of

the holder, by transfer to a sterling denominated account maintained by the payee with a branch of a bank in London. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on the relevant Global Note by the Paying Agent to which such Global Note was presented for the purpose of making such payment, and such record shall be prima facie evidence that the payment in question has been made. Payments of principal and interest in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto and to normal banking practice.

7.2 For so long as the Notes are in global form, each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as being entitled to a particular principal amount of Notes will be deemed to be the holder of such principal amount for all purposes save that none of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as being so entitled shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer or the Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

7.3 A holder shall be entitled to present a Note for payment only on a Payment Day and shall not, except as provided in **Condition 5** (*Interest*), be entitled to any further interest or other payment if a Payment Day is after the due date.

Payment Day means a day which (subject to **Condition 8** (*Prescription*)):

- (i) is or falls after the relevant due date;
- (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and
- (iii) in the case of payment by transfer to a sterling denominated account in London as referred to in **Condition 7.1** above, is a Business Day in London.

In this **Condition 7.3**, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place.

7.4 The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (i) there will at all times be a Principal Paying Agent;
- (ii) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to the Official List of the Irish Stock Exchange, shall be Dublin; and
- (iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination of appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with **Condition 15** (*Notice to Noteholders*).

8. **PRESCRIPTION**

Claims in respect of the Notes shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this **Condition 8**, the **relevant date** means the date on which a payment first becomes due or (if the full amount of the monies payable has not been duly received by the Paying Agents or the Trustee on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with **Condition 15** (*Notice to Noteholders*).

9. **TAXATION**

All payments in respect of the Notes by or on behalf of the Issuer or any Paying Agent will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and all interest, penalties or similar liabilities with respect thereto (**Taxes**) unless such withholding or deduction is required by law. In that event, the Issuer or Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

10. **EVENTS OF DEFAULT**

- 10.1 (a) If a Note Event of Default (as defined in **Condition 10.1(b)**) occurs, then:
- (i) the Trustee will, in its absolute discretion, be entitled to, and must, if:
 - (A) it is directed to do so in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or
 - (B) it is directed to do so by an Extraordinary Resolution of holders of the Most Senior Class of Notes then outstanding; andin each case, provided that it has been indemnified and/or secured to its satisfaction, serve notice (an **Acceleration Notice**) on the Issuer declaring the Notes to be immediately due and repayable; and
 - (ii) the Issuer Security will become enforceable.
- (b) Each of the following events is, subject to **Condition 10.2**, a **Note Event of Default**:
- (i) default being made for a period of three Business Days in the payment of any principal of, or default is made for a period of five Business Days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions (provided that a deferral of interest in accordance with **Condition 16** (*Subordination by Deferral*) shall not constitute a default in the payment of such interest for the purposes of this **Condition 10.1(b)(i)**); or

- (ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iii) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or
- (iv) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in **sub-paragraph (vi)** below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof); or
- (v) the Issuer is or becomes unable to pay its debts within the meaning of section 123(1)(e) of the Insolvency Act 1986; or
- (vi) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or
- (vii) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, an application to the court for an administration order), or an administration order being granted or an administrative receiver or other receiver (including documents being filed with the court for the appointment of an administrator or notice of intention to appoint an administrator being served), liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

10.2 In respect of the events described in **sub-paragraphs (ii) and (iii) of Condition 10.1(b)**, the relevant event will not constitute a Note Event of Default unless the Trustee first certifies to the Issuer that such event is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding. Upon service of an Acceleration Notice, each Note shall become immediately due and repayable at its

Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Issuer Deed of Charge (but subject to the Post-Acceleration Priority of Payments).

11. ENFORCEMENT

- 11.1 The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action as it may think fit to enforce the provisions of the Notes and the Trust Deed (including these Conditions), the Issuer Deed of Charge or any of the other Transaction Documents to which it or the Issuer is a party, provided that, subject to **Condition 11.3** below, enforcement of the Issuer Security shall be the only remedy available to the Trustee for the repayment of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and the payment of accrued interest and, at any time after the Issuer Security has become enforceable, the Trustee may take such steps as it may think fit to enforce the Issuer Security. The Trustee shall not be bound to take any such proceedings, action or steps unless
- (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and
 - (b) it shall have been secured and/or indemnified to its satisfaction.
- 11.2 Subject to **Condition 11.3** below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any of the Issuer Secured Creditors under the Issuer Deed of Charge.
- 11.3 If the Trustee has taken enforcement action under the Issuer Deed of Charge and distributed all of the resulting proceeds (including the proceeds of realising the security thereunder), to the extent that any amount is still owing to any Noteholder (a **Shortfall**), any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of such claim.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND DISCRETIONS

- 12.1 The Trust Deed contains provisions for convening meetings of Noteholders of any Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents (other than the Finance Documents) or any other documents affecting the rights and benefits of the Issuer which are comprised in the Issuer Security.

The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, one or more persons being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting, not less than 33 per cent. in aggregate

Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraph) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes.

As used in these Conditions and the Trust Deed:

- (i) **Extraordinary Resolution** means
 - (a) a resolution passed at a meeting of a Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three fourths of the persons voting thereat upon a show of hands or if a

poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll or

- (b) a resolution in writing signed by or on behalf of not less than 90 per cent. in aggregate Principal Amount Outstanding of the Noteholders of a Class, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of that Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting; and
- (ii) **Basic Terms Modification** means, in respect of a Class of Notes:
- (A) a change in the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;
 - (B) alteration of the currency in which payments under such Notes are to be made;
 - (C) alteration of the quorum or majority required to pass an Extraordinary Resolution;
 - (D) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 19(i)** of **Schedule 4** to the Trust Deed;
 - (E) alteration of this definition or the provisos to **paragraphs 7** and/or **19** of **Schedule 4** to the Trust Deed;
 - (F) alteration of the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments; and
 - (G) alteration of the Issuer Charged Property or amendment to any of the documents relating to the Issuer Charged Property or any other provision of the Issuer Security.

12.2 The Trustee may agree, without the consent of the Noteholders,

- (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding or
- (ii) to any modification of these Conditions or any of the other Transaction Documents, which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

The Trustee may also, without the consent of the Noteholders, determine that Note Events of Default shall not, or shall not subject to specified conditions, be treated as such, provided that, in the opinion of the Trustee, it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the

Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 15** (*Notice to Noteholders*) as soon as practicable thereafter.

- 12.3 The Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, any confirmation by any of the Rating Agencies that the then current ratings of the Notes or, as the case may be any Class or Classes of the Notes would not be adversely affected by such exercise or performance.
- 12.4 Where, in connection with the exercise or performance by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the other Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee is required to have regard to the interests of the Noteholders or the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

13. **INDEMNIFICATION AND EXONERATION OF THE TRUSTEE**

The Trust Deed and the Issuer Deed of Charge each contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security or taking any other action in relation to the Trust Deed or the other Transaction Documents unless secured and/or indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

Each of the Trust Deed and the Issuer Deed of Charge contains provisions pursuant to which the Trustee, or any of its related companies is entitled, among other things,

- (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies,
- (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders and

- (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed and the Issuer Deed of Charge also relieve the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security, the Issuer Charged Property or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Master Servicer, the Cash Manager or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

The Trust Deed and the Issuer Deed of Charge contain other provisions limiting the responsibility, duties and liability of the Trustee.

The Trust Deed and the Issuer Deed of Charge contain provisions pursuant to which

- (i) the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, and will be relieved of any liability incurred by reason of such retirement and
- (ii) the Noteholders may by Extraordinary Resolution of the holders of each Class of Notes remove the Trustee.

The retirement or removal of the Trustee will not become effective until a successor trustee is appointed. The Trustee is entitled to appoint a successor trustee in the circumstances specified in the Trust Deed and the Issuer Deed of Charge, respectively.

14. REPLACEMENT OF THE NOTES

14.1 Global Notes

If a Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Trustee, become void and a duly executed and authenticated replacement Global Note will be delivered by the Issuer to the Common Depositary only upon surrender, in the case of mutilation or defacement, of the relevant Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

15. NOTICE TO NOTEHOLDERS

15.1 Notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day of such delivery.

15.2 A copy of each notice given by the Issuer in accordance with this **Condition 15** shall be provided to each of Fitch Ratings Ltd. (**Fitch**), Moody's Investors Service Limited (**Moody's**)

and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P** and, together with Fitch and Moody's, the **Rating Agencies**, which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies. The Trustee will (at the expense of the Issuer) upon request from the Issuer or any of the Rating Agencies provide a copy to the Rating Agencies of any notice given by the Trustee to Noteholders under this **Condition 15**.

- 15.3 The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. **SUBORDINATION BY DEFERRAL**

16.1 **Interest**

In the event that, on any Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the applicable Priority of Payments to apply on such Interest Payment Date, in respect of interest due (including interest on unpaid interest) on the Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes, after in each case, deducting amount ranking in priority thereto under the applicable Priority of Payments, (each, an **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including interest on unpaid interest) due, but for this **Condition 16.1**, on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest (including interest on unpaid interest) on each Class B Note, Class C Note, Class D Note or Class E Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant Class of Notes on such Interest Payment Date.

In any such event, the Cash Manager acting on behalf of the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including interest on unpaid interest) paid on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes on the relevant Interest Payment Date in accordance with this **Condition 16.1** falls short of the aggregate amount of interest (including interest on unpaid interest) payable (but for the provisions of this **Condition 16.1**) on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes on that date pursuant to **Condition 5 (Interest)**. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes and shall be payable together with such accrued interest on the following Interest Payment Date, subject to the provisions of the preceding paragraph.

16.2 **General**

Any amounts of interest in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes otherwise payable under these Conditions which are not paid by virtue of this **Condition 16**, together with accrued interest thereon, shall in any event become payable on the Final Maturity Date or on such earlier date as the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes as the case may be, become due and payable in full.

16.3 **Application**

The provisions of the first paragraph of **Condition 16.1** shall cease to apply:

- (i) in respect of the Class B Notes, upon the date on which the Class A Notes become due and payable in full;
- (ii) in respect of the Class C Notes, upon the date on which the Class B Notes become due and payable in full;
- (iii) in respect of the Class D Notes, upon the date on which the Class C Notes become due and payable in full; and
- (iv) in respect of the Class E Notes, upon the date on which the Class D Notes become due and payable in full.

16.4 **Notification**

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes will be deferred or that a payment previously deferred will be made in accordance with this **Condition 16**, the Issuer will give notice thereof to the Class B Noteholders or, as the case may be, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders in accordance with **Condition 15** (*Notice to Noteholders*).

17. **RIGHTS OF THIRD PARTIES**

This Note does not confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. **GOVERNING LAW**

The Trust Deed and the Notes are governed by, and will be construed in accordance with, English law.

TAXATION OF THE NOTES

United Kingdom Taxation

The comments below are of a general nature and are based on current United Kingdom law and practice. They relate only to withholding tax on interest on the Notes, and do not deal with any other aspect of United Kingdom tax treatment that may be applicable to Noteholders. Any Noteholders who are in doubt as to their tax position, whether in the United Kingdom or in any other jurisdiction with which they may have a connection, should consult their professional advisers.

The Notes will constitute "quoted Eurobonds" if they are and continue to be listed on a "recognised stock exchange" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the **Taxes Act**). The Irish Stock Exchange is a recognised stock exchange for these purposes. While the Notes are quoted Eurobonds, payments of interest on them may be made without withholding or deduction for or on account of United Kingdom income tax.

In all cases falling outside the exemption described above, interest on the Notes must be paid subject to the withholding of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to such relief as may be available under the provisions of any applicable double taxation treaty or in the circumstances specified in sections 349A to 349D of the Taxes Act.

European Union Savings Income Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, each member state of the European Union (**Member State**) is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at a rate rising over time to 35 per cent (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-European Union countries, and certain dependent or associated territories of certain Member States, have agreed to adopt equivalent measures.

SUBSCRIPTION AND SALE

Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the **Lead Manager**) and Danske Bank A/S of 75 King William Street, London EC4N 7DT and J.P. Morgan Securities Ltd. of 125 London Wall London EC2Y 5AJ (the **Co-Managers** and, together with the Lead Manager, the **Managers**) have agreed, pursuant to a subscription agreement dated on or about 10 November 2006 (the **Subscription Agreement**), made between, among others, the Managers and the Issuer to subscribe and pay for:

- (i) the Class A Notes at 100 per cent. of the initial principal amount of such Notes;
- (ii) the Class B Notes at 100 per cent. of the initial principal amount of such Notes;
- (iii) the Class C Notes at 100 per cent. of the initial principal amount of such Notes;
- (iv) the Class D Notes at 100 per cent. of the initial principal amount of such Notes; and
- (v) the Class E Notes at 100 per cent. of the initial principal amount of the such Notes.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify each of the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the Securities Act) or any state securities laws, and may not be offered or sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes:

- (a) as part of their distribution at any time; or
- (b) otherwise until 40 days after the later of the commencement of the offering of the Notes and the close of the offering (for the purposes only of this section "*Subscription and Sale*", the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the later of the date of the commencement of the offering of the Notes and the close of the offering, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and regulations thereunder.

United Kingdom

Each of the Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (**FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Ireland

Each of the Managers has represented and agreed that:

- (a) in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland;
- (b) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of the Lead Manager acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of the Lead Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and
- (c) in connection with offers or sales of Notes, it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

The Netherlands

Each of the Managers has represented and agreed that they have not and will not, directly or indirectly, offer or sell any Notes (including rights representing an interest in a Global Note) to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

- (a) anyone who is subject to supervision of the Dutch Central Bank, the Dutch Authority for the Financial Markets or a supervisory authority from another member state and who is authorised to be active on the financial markets;
- (b) anyone who otherwise performs a regulated activity on the financial markets;

- (c) the State of the Netherlands, the Dutch Central Bank, a central government body, a central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;
- (d) a company or entity which, according to its last annual (consolidated) accounts, meets at least two of the following three criteria: an average number of employees during the financial year of at least 250, a total balance sheet of at least EUR 43,000,000 and an annual net turnover of at least EUR 50,000,000;
- (e) a company or entity with its statutory seat in the Netherlands other than a company as referred to in (d) above, which has requested the Dutch Authority for the Financial Markets to be treated as a professional market party;
- (f) a natural person, living in the Netherlands, who has requested the Dutch Authority for the Financial Markets to be treated as a professional market party, and who meets at least two of the following three criteria: the person has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters; the size of the securities portfolio is at least EUR 500,000 and the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;
- (g) a company or entity whose only purpose is investing in securities;
- (h) a company or entity whose purpose is to acquire assets and issue asset backed securities;
- (i) an enterprise or entity with total assets of at least €500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;
- (j) an enterprise, entity or individual with net assets of at least €10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;
- (k) a subsidiary of any of the persons or entities referred to under (a)-(h) above, provided such subsidiaries are subject to consolidated supervision; and
- (l) an enterprise or entity which has a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise, or which issues securities that have a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise.

France

Each of the Managers has represented and agreed that:

- (a) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning
 - (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (AMF), on the date of such publication or,
 - (ii) when a prospectus has been approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8 of the French *Code monétaire et financier* and the *Règlement*

général of the AMF, and ending at the latest on the date which is 12 months after the date of such publication; or

- (b) it has only made and will only make an offer of Notes to the public in France (*appel public à l'épargne*) and/or it has only required and will only require the admission to trading on Euronext Paris S.A. in circumstances which do not require the publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French *Code monétaire et financier*; and
- (c) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to
 - (i) providers of investment services relating to portfolio management for the account of third parties, and/or
 - (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier*.

General

Other than the approval by the IFSRA of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus 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 Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this Prospectus or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 9 November 2006.
2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 14 November 2006, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500.
3. On 18 October 2006 the Issuer was granted a certificate under section 117(1) of the Companies Act 1985 entitling it to do business and to borrow.
4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A Notes	27357610	X50273576107
Class B Notes	27357628	X50273576289
Class C Notes	27357644	X50273576446
Class D Notes	27357679	X50273576792
Class E Notes.....	27357695	X50273576958

5. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.
6. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.
7. The Issuer has not entered into any material contracts or arrangements, other than those disclosed in this Prospectus, since the date of its incorporation.
8. Save as disclosed in this Prospectus, since 9 October 2006 (being the date of incorporation of the Issuer), the Issuer has not commenced operations, no accounts of the Issuer have been made up and there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.
9. Each of the Issuer Deed of Charge and the Trust Deed will provide that the Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Issuer Deed of Charge and the Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.
10. Copies of the following documents may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of 35 Great St. Helen's, London EC3A 6AP and at the specified offices of the Irish Paying Agent in

Dublin for so long as the Notes are listed on the Irish Stock Exchange from the date of this Prospectus:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the Memorandum and Articles of Association of the each Borrower;
- (c) the Subscription Agreement; and
- (d) drafts (subject to modification) of the following documents:
 - (i) the Loan Sale Documents;
 - (ii) the Trust Deed;
 - (iii) the Issuer Deed of Charge;
 - (iv) the Servicing Agreement;
 - (v) the Cash Management Agreement;
 - (vi) the Basis Swap Agreement;
 - (vii) the Bank Account Agreement;
 - (viii) the Corporate Services Agreement;
 - (ix) the Options Holder Corporate Services Agreement;
 - (x) the Share Trust Deed;
 - (xi) the Liquidity Facility Agreement;
 - (xii) the Call Option Agreement;
 - (xiii) the Agency Agreement
 - (xiv) the Scottish Trust Assignment;
 - (xv) the Scottish Trust Security; and
 - (xvi) the Master Definitions Schedule.

11. The Cash Manager will, on behalf of the Issuer, provide or make available through its website (which is located at www.jpmorganaccess.com⁷) to the Trustee, for the benefit of, among others, each Noteholder, a statement to Noteholders based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

⁷ The www.jpmorganaccess.com website and the contents thereof do not form any part of the Prospectus.

INDEX OF DEFINED TERMS

£	3	calculation date	87
€	3	Calculation Date	16, 202
2006-3 Share Trust Deed	14	Call Option Agreement	28
Acceleration Notice	211	Cash Management Agreement	179
Acceptable Insurance Counterparty	21	Cash Management Services	179
Account Bank	14	Cash Manager	15, 179
Accountholder	190	Category One Prepayment Redemption Funds ..	203
Actual Interest Cover	86	Certificate of Title	68
Adjusted Available Issuer Income	161	Certificates of Title	68
Adjusted Loan Principal Loss	209	Certification	190
Agency Agreement	158, 188	Chargor	7
Agent Bank	14, 188	Class A Noteholders	190
Allocated	202	Class A Notes	1, 188
Allocated Loan Amount	202	Class B Noteholders	191
Allocated Loan Principal Write-Down Amount	208	Class B Notes	1, 188
Arranger	1	Class C Noteholders	191
Available Allocated Loan Amount Component	202	Class C Notes	1, 188
Available Basis Swap Breakage Receipts	202	Class D Noteholders	191
Available Final Redemption Funds	203	Class D Notes	1, 188
Available Issuer Income	148	Class E Noteholders	191
Available Issuer Principal	148, 202	Class E Notes	1, 188
Available Prepayment Redemption Funds	203	Class of Noteholders	189
Available Principal Recovery Funds	203	Class of Notes	189
Available Pro Rata Principal	202	Classes	189
Available Release Premium	204	Clearstream, Luxembourg	1, 190
Available Sequential Principal	202	Closing Date	1, 16, 188
Available Voluntary Prepayment Amounts	204	Collection Period	16, 202
Bank	178	Collections	7
Bank Account Agreement	156	Co-Managers	221
Barclays Group	175	Common Depository	25, 190
Basic Terms Modification	215	common parts	50
Basis Risk	7	Company	178
Basis Swap Agreement	15	Conditions	189
Basis Swap Break Costs	74	Control Valuation Event	97
Basis Swap Breakage Receipts	202	Controlling Creditor	172, 197
Basis Swap Breakage Receipts Ledger	180	Corporate Services Agreement	157
Basis Swap Breakage Receipts Priority of		Corporate Services Fee Letter	157
Payments	164, 206	Corporate Services Provider	14
Basis Swap Collateral	181	corrected	170
Basis Swap Collateral Ledger	180	Covenants Act	52
Basis Swap Confirmation	27	CPR	184
Basis Swap Provider	15	Credit Agreement	6, 66
Basis Swap Tax Event	152	Cure	100
Basis Swap Termination Event	152	Cure Advance	168
Basis Swap Transaction	7	Cure Advances	20
Basis Swap Transactions	152	Cut-Off Date	6
BCMSL	165	Cut-Off Date DSCR	66
BLS Instructing Group	97	Cut-Off Date ICR	66
Borrower	6, 197	Danske Bank	177
Borrower Account	7, 75	Danske Group	177
Borrower Accounts	7, 75	Deed of Works	73
Borrower Level Security	91	Deferred Consideration	142
Borrowers	6	Definitive Notes	191
Break Costs	74	Deposit Account	75
Break Costs Ledger	180	Distribution Compliance Period	221
Break Costs Priority of Payments	163, 206	Drawdown Date	76
Break Gains	74	Dutch Residents	222
Business Day	29, 198	Duty of Care Agreement	19

Eagle.....	94	Issuer Deed of Charge.....	13, 31, 154, 188
Eagle Lease.....	94	Issuer Secured Creditors.....	13, 154, 193
EC Insolvency Regulation.....	44	Issuer Security.....	8, 31, 155
Eligible Bank.....	157	Issuer Share Capital Account.....	156
Eligible Investments.....	150	Junior Allocated Loan Amount Component.....	77
Enterprise Act.....	43	Junior Credit Agreement.....	6, 197
Escrow End Date.....	78	Junior Interest Rate Hedging Agreement.....	6, 96
Escrow Rent.....	18, 72	Junior Interest Rate Hedging Provider.....	96
Escrow Rental Account.....	75	Junior Interest Rate Hedging Transaction.....	96
Estimated Break Costs.....	83	Junior Lender.....	6, 197
Euroclear.....	1, 190	Junior Lender Enforcement Limitation.....	97
euros.....	3	Junior Loan.....	197
Excess Swap Collateral.....	203	Junior Loan Finance Parties.....	90
Exchange Date.....	190	Junior Loan Interest Payment Date.....	94
Expenses Drawing.....	149	Junior Loan Liabilities.....	91
Extraordinary Resolution.....	214	Junior Loan Release Price Component.....	77
Facility Agent.....	13	Lead Manager.....	1, 221
Falkirk Completion Amount.....	73	Lease.....	88
Final Maturity Date.....	1, 200	Lease Code.....	52
Final Redemption Funds.....	203	Lease Document.....	88
Finance Documents.....	22	Lender.....	15
Finance Parties.....	15	Lenders.....	6
First General Partner.....	6	LIBOR.....	1
Fitch.....	1, 217	LIBOR Screen Rate.....	199
Foreign Obligors.....	44	Limited Partner.....	6
Fourth General Partner.....	6	Limited Partners.....	7
FRI Leases.....	17	Limited Partnership.....	6
FSMA.....	222	Limited Partnerships.....	6
General Account.....	75	Liquidation Fee.....	170
General Partner.....	6	Liquidity Drawings.....	151
General Partners.....	6	Liquidity Facility.....	147
Global Note.....	190	Liquidity Facility Agreement.....	26, 147
Global Notes.....	1	Liquidity Facility Provider.....	14
Guarantor.....	78	Liquidity Ledger.....	180
Guarantors.....	78	Liquidity Requisite Ratings.....	150
Hedging Agreements.....	6	Liquidity Stand-by Account.....	149, 156
Hedging Liabilities.....	90	Liquidity Stand-by Drawing.....	149
holder of Notes.....	190	Liquidity Subordinated Amounts.....	150
ICR Test.....	85	Loan.....	6
IFRS.....	59	Loan Event of Default.....	43
IFRA.....	1	Loan Final Maturity Date.....	73
Insolvency Act.....	43, 54	Loan Income Deficiency Drawing.....	148
Instructing Group.....	97	Loan Interest Payment Date.....	7
Insurance Policies.....	55	Loan Interest Payment Dates.....	7
Insurance Policy.....	55	Loan Interest Period.....	16
Intercreditor Agreement.....	19	Loan Maturity Date.....	19
Interest Cover.....	86	Loan Principal Loss.....	209
Interest Determination Date.....	198	Loan Protection Drawing.....	148
Interest Payment.....	198	Loan Sale Agreement.....	6, 142
Interest Payment Date.....	1, 29, 198	Loan Sale Documents.....	6
Interest Payment Dates.....	29	Loan to Value Test.....	86
Interest Period.....	198	Loan Transaction Document.....	83
Interest Rate Risk.....	7	Loan Warranties.....	21, 146
Interest Residual Amount.....	218	Loan Warranty.....	21
Irish Paying Agent.....	14, 188	London Business Day.....	16
Irish Stock Exchange.....	1	LPA Receiver.....	45
ISDA.....	15	Majority Junior Lenders.....	97
Issuer.....	1	Majority Senior Lenders.....	97
Issuer Accounts.....	156	Management Agreement.....	102
Issuer Charged Property.....	194	Managers.....	221

Margin	29	quarterly rental	87
Mark to Market Exposure	89	Rating Agencies	1, 218
Master Definitions Schedule	158, 189	Recoverability Determination	168
Master Servicer	15, 196	Reference Banks	199
Material Adverse Effect	81	Regulation S	1
Material Breach of Loan Warranty	146	Reimbursement Amount	85
Member State	220	Release Premium	25, 77, 204
Minimum Prepayment Amount	77	relevant date	211
Minimum Swap Provider Ratings	152	Relevant Servicer	15
Moody's	1, 217	Remediable Default	100
Most Senior Class of Notes	189	Rent Account	7, 75
NBLS Enforcement Action	97	Rental Deposit Account	75
NBLS Instructing Group	97	Rental Income	88
Net Rental Income	87	Replacement Swap Premium	204
new UK GAAP	59	Report on Title	68
Nine Month Period	84	Reports on Title	68
Non-Borrower Level Security	92	Required Amount	83
Note Event of Default	211	Responsible Person	2
Noteholders	16, 188, 190	Restructuring Fee	170
Notes	1, 188	Revenue Ledger	180
Obligor	7	Revenue Priority Amount Drawing	149
Obligors	7	Revenue Priority Amounts	149, 159
Occupational Lease	7	S&P	1, 218
Occupational Leases	7	Sales Account	75
Operating Adviser	15, 173, 197	Scottish Borrower Level Security	91
Options Holder	14, 207	Scottish Properties	17
Options Holder Corporate Services Agreement	157	Scottish Trust Assignment	13, 189
Options Share Trust Deed	14	Scottish Trust Security	13, 189
Paying Agents	14, 188	SEC	1
Permanent Global Note	1, 190	Second General Partner	6
Permissible Letting	78	Secured Creditors	173
PMPs	222	Securities Act	1
Portfolio	7	Security	90
Post Write-off Recovery Funds	164, 203	Security Agreement	22
Post Write-off Recovery Funds Ledger	180	Security Document	18
Post-Acceleration Priority of Payments	162	Security Documents	18, 22
Post-Enforcement Call Option	28, 158	Security Interest	143
Post-Enforcement/Pre-Acceleration Priority of Payments	162	Security Interests	143
pounds	3	Security Trust	6
pounds sterling	3	Security Trustee	13
Pre-Acceleration Principal Priority of Payments	161	Seller	13, 66
Pre-Acceleration Revenue Priority of Payments	159	Senior Allocated Loan Amount	25
Prepayment Fees	20, 74	Senior Allocated Loan Amount Component	77
Prepayment Fees Ledger	180	Senior Interest Hedging Transaction	19
Principal Amount Outstanding	30, 209	Senior Interest Rate Hedging Agreement	6
Principal Ledger	180	Senior Interest Rate Hedging Provider	19
Principal Paying Agent	14, 188	Senior Loan Liabilities	90
Principal Recovery Funds	203	Senior Loan Release Price Component	77
Priority of Payments	162	Servicer Call Option	206
Professional Market Parties	222	Servicer Termination Event	171
projected finance costs	87	Servicing Agreement	165
Projected Interest Cover	87	Servicing Fee	169
projected rental	87	Servicing Standard	165
Properties	7	Share Trustee	14
Property	7	Shortfall	213
Property Manager	102	Special Servicer	15
Prospectus Directive	1	Special Servicing Event	166
Qualifying Bank	180	Special Servicing Fee	170
quarterly finance costs	87	Specially Serviced Loan	166
		Specified Required Amount	85

Stabilising Manager	3	Third General Partner	6
Standstill Period.....	99	Third Party Rent Guarantee	87
sterling	3	Transaction Account	7, 156
Stock Exchange	199	Transaction Document	31
Subordinated Basis Swap Amount	161	Transaction Documents	31
Subscription Agreement	221	Transfer Certificate	6
Swap Collateral	204	Trust Deed.....	13, 153, 188
Tax Reserve Ledger.....	161, 180	Trustee	13, 188
Taxes	211	UK Borrower Level Security	91
Taxes Act.....	180, 220	UNCITRAL Regulations	45
Temporary Global Note.....	1, 190	Valuation.....	18
Tenant Contributions	89	Valuations	18
Tenant Incentive Amount	73	Valuer	18
Tenants	7	Voluntary Prepayment Amounts.....	204
Test Date.....	89		

ISSUER

GEMINI (ECLIPSE 2006-3) PLC

35 Great St. Helen's
London EC3A 6AP

SELLER

Barclays Bank PLC

1 Churchill Place
London E14 5HP

**ACCOUNT BANK AND
CASH MANAGER**

The Bank of New York
One Canada Square
London E14 5AL

**MASTER SERVICER AND SPECIAL
SERVICER**

Barclays Capital Mortgage Servicing Limited

1 Churchill Place
London E14 5HP

LIQUIDITY FACILITY PROVIDER

Danske Bank A/S, London Branch

75 King William Street
London EC4N 7DT

TRUSTEE

BNY Corporate Trustee Services Limited

One Canada Square
London E14 5AL

LEGAL ADVISERS

*To the Arranger, the Managers and
the Trustee*

In England
Sidley Austin
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

In Scotland
Brodies LLP
15 Atholl Crescent
Edinburgh EH3 8HA

In Jersey and Guernsey
Ozannes
Le Quesne Chambers
9 Burrard Street
St Helier
Jersey JE4 0ZS

To the Issuer

Allen & Overy LLP

One Bishops Square
London E1 6AO

To the Master Servicer and the Special Servicer

Sidley Austin

Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

**PRINCIPAL PAYING AGENT AND
AGENT BANK**

The Bank of New York
One Canada Square
London E14 5AL

IRISH PAYING AGENT

AIB/BNT Fund Management Limited
Guild House
Guild Street
IFSC,
Dublin 1 Ireland

AUDITORS TO THE ISSUER

Deloitte & Touche LLP

1 Stonecutter Court
London EC4A 4TR

LISTING AGENT

J&E Davy

Davy House
49 Dawson Street
Dublin 2, Ireland