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THE SECURITIES DESCRIBED HEREIN ARE AVAILABLE ONLY TO INVESTORS LOCATED OUTSIDE THE UNITED STATES WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT) PURCHASING THE SECURITIES IN AN OFFSHORE TRANSACTION IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE SECURITIES OF THE ISSUER 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 OFFERING CIRCULAR 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 DOCUMENT 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.

The offering circular 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. By accessing the prospectus, you shall be deemed to have confirmed and represented to us that (a) you have understood and agree to the terms set out herein, (b) you consent to delivery of the offering circular by electronic transmission, (c) you are not a U.S. person (within the meaning of Regulation S under the Securities Act) or acting for the account or benefit of a U.S. person and the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the United States, its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands) or the District of Columbia and (d) if you are a person in the United Kingdom, then you are a person who (i) has professional experience in matters relating to investments or (ii) is a high net worth entity falling within Article 49(2)(a) to (d) of the Financial Services and Markets Act (Financial Promotion) Order 2005.

The offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently neither Morgan Stanley & Co. International plc (in such capacity as the "**Arranger**" and the "**Lead Manager**") nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the offering distributed to you in electronic format and the hard copy version available to you on request from the Lead Manager.

MIDAS FUNDING UK PLC

(incorporated in England and Wales with limited liability with registration number 9517620)

**£100,000,000 Commercial Mortgage Backed Floating Rate Notes due 2022
(the "Notes")**

Initial Principal Amount of the Notes	Issue Price	Interest Reference Rate	Margin⁽¹⁾	Expected Maturity Date⁽²⁾	Final Maturity Date
£100,000,000	100%	three-month LIBOR	2.05 per cent.	6 December 2019	6 December 2022

(1) The Notes will bear interest at three-month LIBOR plus the Margin specified above

(2) Based on the assumptions set out in "YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS" at page 135.

Closing Date	The Issuer expects to issue the Notes on or about 24 April 2015 (the " Closing Date ").
Underlying Assets	<p>The Issuer will make payments on the Notes from (i) principal and interest received with respect to a £100,000,000 <i>pari passu</i> tranche (the "Loan") of a £330,000,000 loan (the "Whole Loan") advanced by Morgan Stanley Bank, N.A, as original lender (the "Originator") pursuant to the senior facility agreement dated 3 December 2014 and amended on 13 January 2015 (the "Senior Facility Agreement") and (ii) its <i>pro rata</i> portion of all other fees and amounts payable to the Issuer as lender of record under the Senior Facility Agreement. Payments of amounts under the Loan will be applied in accordance with the Pre-Enforcement Priority of Payments or the Post-Enforcement Priority of Payments, as applicable, and allocated to the Notes.</p> <p>The Whole Loan is secured by a portfolio of commercial properties located in the United Kingdom (each a "Property" and collectively the "Properties" or the "Portfolio").</p> <p>During the life of the Notes the Revenue Receipts are expected to be sufficient to pay the interest amounts under the Notes.</p> <p>See the sections entitled "<i>THE LOAN AND RELATED SECURITY</i>", "<i>DESCRIPTION OF THE PORTFOLIO</i>" and "<i>SALE OF ASSETS</i>" for more details.</p>
Redemption Provisions	Information on any optional and mandatory redemption of the Notes is summarised on page 6 " <i>OVERVIEW OF THE TRANSACTION – OVERVIEW OF THE KEY TERMS OF THE NOTES</i> " and set out in full in Condition 6 (<i>Redemption and Cancellation</i>).
Credit Ratings	Ratings have not been requested or assigned to the Notes.

Before making any decision to invest in the Notes, prospective Noteholders should pay particular attention to the section entitled "RISK FACTORS" in this Offering Circular, starting on page 18.

**Arranger and Lead Manager
Morgan Stanley & Co. International plc**

The date of this Offering Circular is 22 April 2015

Listing	This Offering Circular (" Offering Circular ") comprises a prospectus (the " Prospectus "), for the purpose of Directive 2003/71/EC (as amended by the Commission Powers (Prospectus) Directive 2008/11 EC and the Amending Directive 2010/73 EU) (the " Prospectus Directive "). References throughout this document to this " Offering Circular " shall be taken to read "Prospectus" for such purpose. The Prospectus has been approved by the Central Bank of Ireland (the " Central Bank of Ireland ") as competent authority under the Prospectus Directive. The Central Bank of Ireland only approves this prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Application has been made to the Irish Stock Exchange plc (the " Irish Stock Exchange ") for the Notes to be admitted to the Official List (the " Official List ") and trading on its regulated market. The regulated market of the Irish Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC.
Obligations	The Notes will be limited recourse obligations of the Issuer alone and will not be guaranteed by, or be the responsibility of, any other entity. The Notes will not be obligations of the Arranger, the Lead Manager, the Originator, the Seller, any of their affiliates or any other party named in this Offering Circular.
Retention Undertaking	The Issuer is of the opinion that Article 405 of Regulation (EU) No. 575/2013 of the European Parliament and of the Council of June 21, 2013, known as the Capital Requirements Regulation (" CRR ") and Article 51 of Regulation (EU) 231/2013 (the " AIFM Regulation ") do not apply to the issue of the Notes. In addition the Issuer is of the view that the risk retention requirements provided for under the Solvency II Directive (once it comes into force) will not apply to the issuance of the Notes. See the sections entitled " <i>REGULATORY DISCLOSURE</i> " and " <i>RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS –Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes</i> " of this Offering Circular for more details.
Credit Enhancement	No structural credit support will be provided for the Notes. Payments to be made under the Loan will rank <i>pari passu</i> with other payments to be made under the Whole Loan. In connection with the Whole Loan, a loan to value ratio will have to be maintained by the Borrower in accordance with the Senior Facility Agreement, the details of which are set out in the section entitled " <i>THE LOAN AND THE RELATED SECURITY – Financial Covenants</i> ".

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAWS AND THE ISSUER HAS NOT BEEN REGISTERED AND WILL NOT BE REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940 (THE "**INVESTMENT COMPANY ACT**") IN RELIANCE ON THE EXCLUSION PROVIDED BY SECTION 3(c)(5)(C) OF THAT ACT. THE NOTES ARE BEING OFFERED AND SOLD ONLY TO PERSONS WHO ARE NOT U.S. PERSONS (AS DEFINED IN REGULATION S ("**REGULATION S**") IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT.

THE "*RISK FACTORS*" SECTION CONTAINS DETAILS OF CERTAIN RISKS AND OTHER FACTORS THAT SHOULD BE GIVEN PARTICULAR CONSIDERATION BEFORE INVESTING IN THE NOTES. PROSPECTIVE INVESTORS SHOULD BE AWARE OF THE ISSUES SUMMARISED WITHIN THAT SECTION.

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

The Notes will be represented by a global note in registered form (the "**Global Note**") and will be deposited with, and registered in the name of a nominee for the common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V., 1 Boulevard du Roi Albert II, 1210 Brussels, Belgium, as operator of the Euroclear system ("**Euroclear**") and Clearstream Banking, société anonyme, 42 Avenue J.F. Kennedy, L-1855 Luxembourg ("**Clearstream, Luxembourg**") on or about the Closing Date. Ownership interests in the Global Note will be shown on, and transfers

thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. The Global Note will be exchangeable for Definitive Notes in registered form only in certain limited circumstances as set out in this Offering Circular.

IMPORTANT NOTICE

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. No representation is made by the Issuer, the Originator, the Seller, the Note Trustee, the Issuer Security Trustee, the Lead Manager, the Arranger or any other Issuer Related Party that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, and none of them assumes any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Originator, the Seller, the Note Trustee, the Issuer Security Trustee, the Arranger, the Lead Manager or any other Issuer Related Party which would permit a public offering of the Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published, in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations and the Lead Manager has represented that all offers and sales by it will be made on such terms. Persons into whose possession this Offering Circular comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions.

The Issuer accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Where information has been indicated to have been sourced from a third party, the Issuer confirms that this information has been accurately reproduced and that, as far as the Issuer is aware and is able to ascertain from information published by such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. The Issuer has not verified the figures, market data and other information contained in the publicly available sources and does not assume any responsibility for the accuracy of the figures, market data or other information from the publicly available sources.

U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited accept joint and several responsibility for the information contained in the section of this Offering Circular entitled "*DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND REGISTRAR*" at page 44 (insofar as the same relates to each of them respectively). To the best of the knowledge and belief of U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited (each having taken all reasonable care to ensure that such is the case), the information contained in the section of this Offering Circular entitled "*DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND REGISTRAR*" at page 44 (insofar as the same relates to each of them respectively) is in accordance with the facts and does not omit anything likely to affect the import of such information.

This information relating to U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited contained in the section of this Offering Circular entitled "*DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT AND REGISTRAR*" at page 44 has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by U.S. Bank Trustees Limited, Elavon Financial Services Limited, UK Branch and Elavon Financial Services Limited no facts have been omitted which would render the reproduced information inaccurate or misleading.

This information relating to the Borrowers contained in the section of this Offering Circular entitled "*THE BORROWERS*" at page 45 has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from information published by the Borrowers no facts have been omitted which would render the reproduced information inaccurate or misleading.

Knight Frank LLP ("**Knight Frank**") accepts responsibility for the Initial Appraisal. To the best of Knight Frank's knowledge and belief (having taken all reasonable care to ensure that such is the case), the information contained in the Initial Appraisal is in accordance with the facts and does not omit anything likely to affect the accuracy of such information as at the date of the valuation.

No person is or has been authorised in connection with the issue and sale of the Notes to give any information or to make any representation not contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originator, the Seller, the Arranger, the Lead Manager or any associated body of the Originator, the Seller, the Arranger or the Lead Manager or any other Issuer Related Party or any of their respective affiliates or shareholders or the shareholders of the Issuer. Neither the delivery of this Offering Circular nor any sale or allotment made in connection with the offering of any of the Notes shall, under any circumstances, constitute a representation or create any implication that there has been any change in the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

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

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer, which obligations will be limited recourse obligations in accordance with the terms thereof. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Originator, the Seller, the Arranger, the Lead Manager or any associated body of the Originator, the Seller, the Arranger, the Lead Manager or any other Issuer Related Party or any of their respective affiliates or shareholders or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

OFFEREE ACKNOWLEDGEMENTS

Each person receiving this Offering Circular, by acceptance hereof, hereby acknowledges that:

This Offering Circular has been prepared by the Issuer solely for the purpose of offering the Notes described herein. Notwithstanding any investigation that the Lead Manager may have made with respect to the information set forth herein, this Offering Circular does not constitute, and shall not be construed as, any representation or warranty by the Lead Manager as to the adequacy or accuracy of the information set forth herein. Delivery of this Offering Circular to any person other than a prospective Noteholder and those persons, if any, retained to advise such prospective Noteholder with respect to the possible offer and sale of the Notes is unauthorised, and any disclosure of any of its contents for any purpose other than considering an investment in the Notes is strictly prohibited. A prospective Noteholder shall not be entitled to, and must not rely on this Offering Circular unless it was furnished to such prospective Noteholder directly by the Issuer or the Lead Manager.

The obligations of the parties to the transactions contemplated herein are set forth in and will be governed by certain documents described herein, and all of the statements and information contained herein are qualified in their entirety by reference to such documents. This Offering Circular contains summaries, which the Issuer believes to be accurate, of certain of these documents, but for a complete description of the rights and obligations summarised herein, reference is hereby made to the actual documents, copies of which may (on giving reasonable notice) be obtained from the Principal Paying Agent.

EACH PERSON RECEIVING THIS OFFERING CIRCULAR ACKNOWLEDGES THAT (A) SUCH PERSON HAS BEEN AFFORDED AN OPPORTUNITY TO REQUEST AND TO REVIEW, AND HAS RECEIVED, ALL ADDITIONAL INFORMATION CONSIDERED BY IT TO BE NECESSARY TO VERIFY THE ACCURACY OF OR TO SUPPLEMENT THE INFORMATION HEREIN, (B) SUCH PERSON HAS NOT RELIED ON THE LEAD MANAGER OR ANY PERSON AFFILIATED WITH THE LEAD MANAGER IN CONNECTION WITH ITS INVESTIGATION OF THE ACCURACY OF SUCH INFORMATION OR ITS INVESTMENT DECISION, (C) NO PERSON HAS BEEN AUTHORISED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THE NOTES OTHER THAN AS CONTAINED HEREIN, AND IF GIVEN OR MADE, ANY SUCH OTHER INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORISED, AND (D) NEITHER THE DELIVERY OF THIS OFFERING CIRCULAR NOR ANY SALE MADE HEREUNDER WILL CREATE ANY IMPLICATION THAT THE INFORMATION HEREIN IS CORRECT AS AT ANY TIME SINCE THE DATE HEREOF. EACH PROSPECTIVE PURCHASER SHOULD CONSULT ITS OWN BUSINESS, LEGAL AND TAX ADVISORS FOR INVESTMENT, LEGAL AND TAX ADVICE AND AS TO THE DESIRABILITY AND CONSEQUENCES OF AN INVESTMENT IN THE NOTES.

FORWARD-LOOKING STATEMENTS

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Offering Circular, including with respect to assumptions on prepayment and certain other characteristics of the Loan and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Lead Manager has not attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

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.

REFERENCES TO CURRENCIES

All references in this Offering Circular to "**sterling**" or "**pounds**", or "**£**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland (the "**UK**" or the "**United Kingdom**") and references to "euro" or "Euro" are to the currency introduced at the commencement of the third stage of European economic and

monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on European Union, as amended by the Treaty of Amsterdam.

Websites referred to in this Offering Circular do not form part of the Offering Circular.

INTERPRETATION

The language of this Offering Circular is English.

An index of capitalised terms used in this Offering Circular is set in the section entitled "*INDEX OF DEFINED TERMS*" on page 277.

GENERAL NOTICE TO INVESTORS

Other than the approval by the Central Bank of Ireland of this Offering Circular as a "prospectus" in accordance with the requirements of the Prospectus Directive and the relevant implementing measures in Ireland, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Lead Manager to inform themselves about, and to observe, any such restrictions. Neither this Offering Circular nor any part of it constitutes an offer of, or an invitation by or on behalf of the Issuer or the Lead Manager to subscribe for or purchase any of the Notes and neither this Offering Circular, nor any part hereof, may be used for or in connection with an offer to, or solicitation by, any person in any jurisdiction or in any circumstances in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular (or any part hereof) see section "*SUBSCRIPTION AND SALE*" at page 181.

REGULATORY DISCLOSURE

The Issuer is of the opinion that the transaction described in this Offering Circular in connection with the issuance of the Notes (the "**Transaction**") is not a "securitisation" for the purposes of Article 405 of the CRR, Article 51 of Regulation No. 231/2013 (the "**AIFM Regulation**") or (once it comes into force) the Solvency II Directive.

Article 4(1)(61) of the CRR defines a "securitisation" as a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranching, having both of the following characteristics: (a) payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures; and (b) the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Pursuant to Article 4(1)(61) of the CRR a transaction will only be a "securitisation" if the credit risk associated with an exposure or pool of exposures is tranching. In the context of the Transaction principal payments on the Loan received by or on behalf of the Issuer before enforcement will be passed through to make payments of principal and (after the delivery of a Note Acceleration Notice) principal and interest on the Notes. The Transaction does not involve the issuance of a separate class of notes which are subordinated to the Notes in right of any payments. Therefore, an investment in the Notes will not reflect a different degree of credit risk of the exposure to the underlying Loan.

Although the Transaction has the characteristic that the "payments in the transaction or scheme are dependent upon the performance of the exposure", there is an absence of credit risk tranching. No subordinated note will be issued which can absorb principal losses in order to permit ongoing payments to be made to the Notes.

Notwithstanding the foregoing analysis, each prospective Noteholder is responsible for determining its own regulatory position and independently assessing whether or not Article 405 of the CRR, Article 51 of the AIFM Regulation or the Solvency II Directive (as the case may be) will be applied to its exposure to the Notes. Investors subject to the CRR, the AIFM Regulation or (once it comes into force) the Solvency II Directive should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Notes. Article 405 of the CRR, Article 51 of the AIFM Regulation, the Solvency II Directive and/or any further change thereto, regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and have a negative impact on the price and liquidity of the Notes in the secondary market.

None of the Issuer, the Originator, the Seller, the Note Trustee, the Issuer Security Trustee, the Lead Manager, the Arranger, the Issuer Corporate Services Provider nor any other Issuer Related Party makes any representation that the information described above or in this Offering Circular is sufficient in all circumstances for such purposes. See the section entitled "**RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS –Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes**" of this Offering Circular.

The address of the Originator is 201 South Main Street, 5th Floor, Salt Lake City, Utah 84111-2215, United States and one of the significant business activities of the Originator is commercial lending.

INITIAL APPRAISAL DISCLAIMER

The valuations in the Initial Appraisal have been used for the purposes of this transaction and throughout this Offering Circular. Please see Appendix 1 (*Initial Appraisal*) for the Initial Appraisal.

Knight Frank does not have any material interest in the Issuer.

Knight Frank (a) has given and has not withdrawn its written consent both to the inclusion in this Offering Circular of the Initial Appraisal and to references to the Initial Appraisal in the form and context in which they appear, and (b) has authorised and accepts responsibility for the Initial Appraisal. With the exception of the Initial Appraisal, Knight Frank does not accept any liability in relation to the information contained in the Offering Circular or any other information provided by the Issuer or any other party in connection with the issue of the Notes.

Prospective Noteholders should be aware that the valuation of the Properties set out in the Initial Appraisal is 21 November 2014 and was carried out prior to the date of this Offering Circular. Knight Frank has not been requested to update or revise the valuation of any of the Properties for the purposes of the Initial Appraisal, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in the Initial Appraisal may not reflect the current physical, economic, competitive, market or other conditions with respect to the Properties. None of the Borrowers, the Arranger and the Lead Manager, the Originator, the Seller, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Senior Security Trustee, the Facility Agent, the Issuer Corporate Services Provider, the Principal Paying Agent, the Agent Bank, the Account Bank, the Registrar or any other Issuer Related Party or any other party referred to in this Offering Circular are responsible for the information contained in the Initial Appraisal.

The information contained in the Initial Appraisal must be considered together with all of the information contained elsewhere in this Offering Circular, including, without limitation, the statements made in the section entitled "*RISK FACTORS – F. CONSIDERATIONS RELATING TO THE LOAN AND THE LOAN SECURITY – Valuations*". All of the information contained in the Initial Appraisal is subject to the same limitations, qualifications and restrictions contained in the other portions of this Offering Circular. Prospective Noteholders are strongly urged to read this Offering Circular in its entirety prior to accessing the Initial Appraisal.

The Originator and the Facility Agent engaged Knight Frank (a member of the Royal Institution of Chartered Surveyors ("**RICS**")) to produce an appraisal of the Properties dated 19 December 2014 with an effective valuation date of 21 November 2014 in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 Global & UK edition including the International Valuation Standards. A summary of such appraisal of the Properties is set out in Appendix 1 (*Initial Appraisal*) of this Offering Circular (the "**Initial Appraisal**").

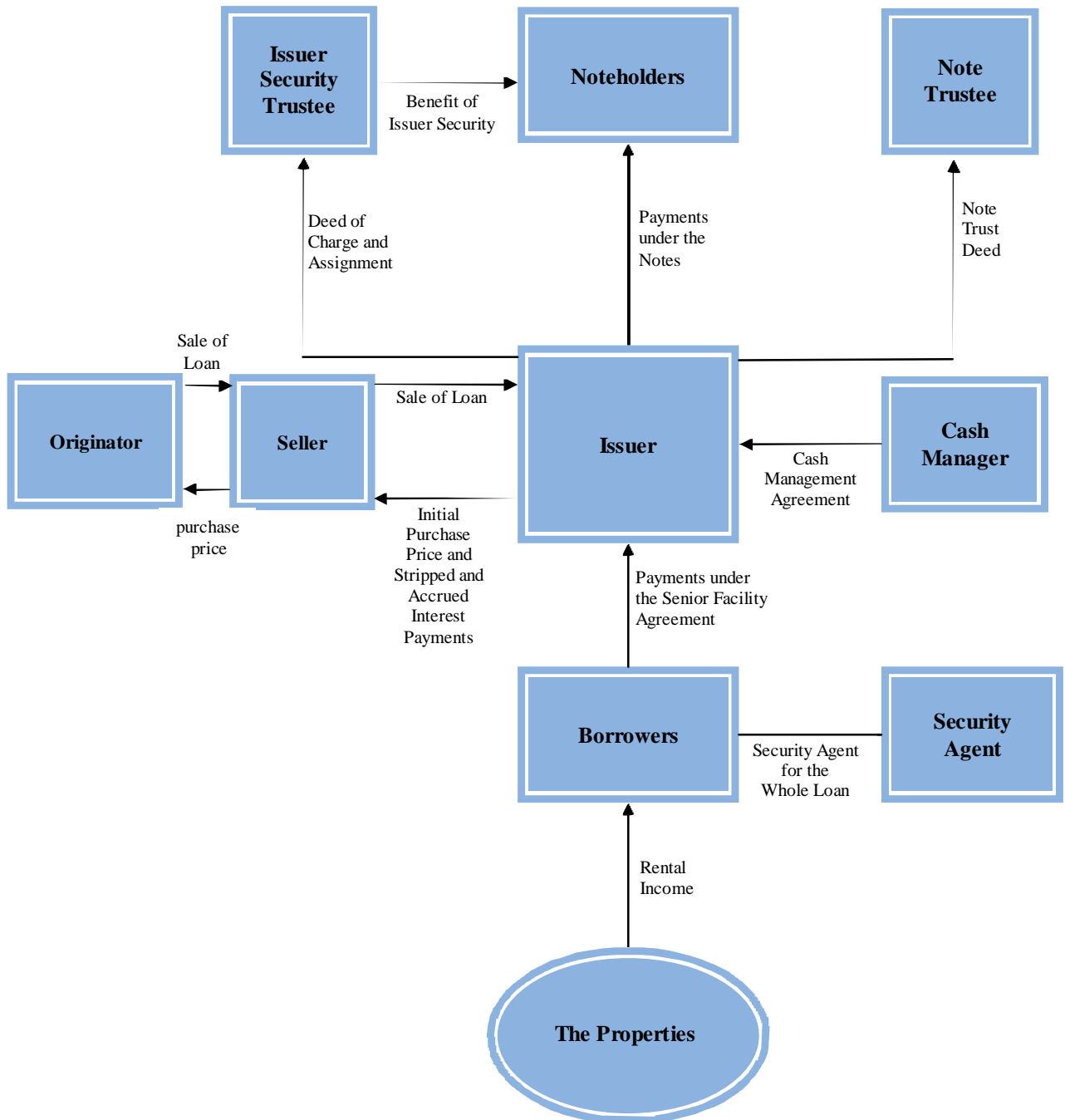
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OVERVIEW OF THE TRANSACTION

TRANSACTION OVERVIEW DIAGRAM

The diagram below is intended to highlight the structure of this transaction. It is not intended to be an exhaustive description of this transaction. Prospective Noteholders should review the detailed information set out elsewhere in this offering circular for a description of the transaction structure and relevant cashflows prior to making any investment decision.



OVERVIEW OF THE TRANSACTION PARTIES

The information set out below is an overview of various aspects of the transaction. This overview is not purported to be complete and should be read in conjunction with, and is qualified in its entirety by, references to the detailed information presented elsewhere in this Offering Circular.

The Issuer and its Related Parties on the Closing Date

Party	Name	Address	Document under which Appointed/Further Information
"Issuer"	Midas Funding UK PLC	35 Great St Helen's London EC3A 6AP	N/A. See " <i>THE ISSUER</i> " for further information.
"Issuer Holdco"	Midas Funding UK Holdings Limited	35 Great St Helen's London EC3A 6AP	N/A. See " <i>THE ISSUER HOLDCO</i> " for further information.
"Cash Manager" and "Operating Bank"	Elavon Financial Services Limited, UK Branch	125 Old Broad Street, London EC2N 1AR, United Kingdom	Cash Manager and Operating Bank appointed pursuant to a cash management agreement to be entered into on the Closing Date between, among others, the Cash Manager, the Operating Bank, the Issuer Security Trustee and the Issuer (the " Cash Management Agreement "). See " <i>CASH MANAGEMENT – Cash Manager</i> " for further information.
"Agent Bank" and "Principal Paying Agent"	Elavon Financial Services Limited, UK Branch	125 Old Broad Street, London EC2N 1AR, United Kingdom	Principal Paying Agent (together with any other paying agent appointed pursuant to the Agency Agreement, the " Paying Agents ") and Agent Bank appointed pursuant to an agency agreement to be entered into on the Closing Date between, among others, the Paying Agents, the Agent Bank and the Issuer (the " Agency Agreement "). See " <i>TERMS AND CONDITIONS OF THE NOTES</i> " for further information.

Party	Name	Address	Document under which Appointed/Further Information
"Registrar "	Elavon Financial Services Limited	2nd Floor, Block E Cherrywood Business Park, Loughlinstown, Co. Dublin	Registrar appointed pursuant to the Agency Agreement in its capacity as registrar in relation to the Notes. See " <i>DESCRIPTION OF THE NOTES</i> " for further details.
"Note Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, London EC2N 1AR, United Kingdom	Note Trustee will act as trustee for the holders of the Notes pursuant to the Note Trust Deed between the Note Trustee, the Issuer Security Trustee and the Issuer. See " <i>Description of Note Trust Deed</i> " for further information.
"Issuer Security Trustee"	U.S. Bank Trustees Limited	125 Old Broad Street, London EC2N 1AR, United Kingdom	Issuer Security Trustee will act as security trustee and hold on trust for itself and the other Issuer Secured Creditors the security granted by the Issuer in favour of the Issuer Secured Creditors pursuant to the Issuer Security Documents. See " <i>TERMS AND CONDITIONS OF THE NOTES</i> " for further information.
"Issuer Corporate Services Provider"	Structured Finance Management Limited	35 Great St. Helen's London EC3A 6AP	Issuer Corporate Services Provider will act as corporate services provider to the Issuer pursuant to a corporate services agreement to be entered into on the Closing Date between, among others, the Issuer, the Issuer Holdco and the Issuer Corporate Services Provider and entered into on or prior to the Closing Date (the " Issuer Corporate Services Agreement "). See " <i>THE ISSUER</i> " for further information.

Party	Name	Address	Document under which Appointed/Further Information
"Share Trustee"	SFM Corporate Services Limited	35 Great St. Helen's London EC3A 6AP	The Share Trustee will hold the issued share capital of the Issuer Holdco as trustee under the terms of a discretionary trust for the benefit of one or more discretionary objects.
"Seller"	Morgan Stanley Principal Funding, Inc.	1585 Broadway, New York, NY 10036	The Seller has acquired the Loan from the Originator and will transfer and assign the Loan to the Issuer. See "SALE OF ASSETS" for further information.
"Originator"	Morgan Stanley Bank, N.A.	201 South Main Street, 5th Floor, Salt Lake City, UT 84111-2215, United States	The Originator has originated the Whole Loan and will transfer and assign the Loan to the Seller. See "THE ORIGINATION AND DUE DILIGENCE PROCESS" and "SALE OF ASSETS" for further information.
"Facility Agent"	Hatfield Philips Agency Services Limited	34 th Floor, 25 Canada Square, Canary Wharf, London E14 5LB	Facility Agent acts as facility agent under the Senior Facility Agreement. See "THE LOAN AND THE RELATED SECURITY" for further information.
"Security Agent"	Hatfield Philips Agency Services Limited	34 th Floor, 25 Canada Square, Canary Wharf, London E14 5LB	Security Agent acts as security agent of the finance parties under the Senior Facility Agreement (the " Finance Parties ") and will hold, manage and, upon instructions of the relevant Finance Parties, enforce the Related Security in accordance with the Finance Documents.

Other Parties

Party	Name	Address	Document under which Appointed/Further Information

Party	Name	Address	Document under which Appointed/Further Information
"Listing Agent"	Arthur Cox Listing Services	Earlsfort Centre Earlsfort Terrace Dublin 2 Ireland	N/A
"Listing Authority and Stock Exchange"	Irish Stock Exchange plc	The Irish Stock Exchange 28 Anglesea Street Dublin 2 Ireland	N/A
"Clearstream, Luxembourg"	Clearstream	42 Avenue JF Kennedy L-1855 Luxembourg	N/A
"Euroclear"	Euroclear	1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium	
"Clearing Systems"	Clearstream and Euroclear	N/A	N/A

Each of the Note Trustee, the Issuer Security Trustee, any Appointee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar, the Issuer Corporate Services Provider and any other Paying Agent are together referred to in this Offering Circular as the "**Issuer Related Parties**".

Summary of the Terms and Conditions of the Notes

Please refer to the section entitled "*TERMS AND CONDITIONS OF THE NOTES*" for further detail in respect of the terms of the Notes.

OVERVIEW OF THE KEY TERMS OF THE NOTES

Currency	Sterling
Initial Principal Amount	£100,000,000
Interest Reference Rate	three-month LIBOR (or, in the case of the first Interest Period, LIBOR is 0.64608%)
Margin⁽¹⁾	2.05 per cent.
Distribution Dates	On the Business Day immediately following 15 February, May, August and November in each year, and on the Expected Maturity Date and on the Final Maturity Date

⁽¹⁾ The Notes will bear interest at three-month LIBOR plus the Margin specified above.

Summary of Certain Additional Features of the Notes

Credit Enhancement	None
Issue Price	100%

Interest Accrual Method	Actual/365
Interest Determination Date	First day of an Interest Period
Business Day Convention	Modified following
First Distribution Date	18 May 2015
First Interest Period	From the Closing Date ending on the first Loan Interest Payment Date (being 15 May 2015)
Redemption Profile	Pass through of Principal Receipts
Other Early Redemption in full Events	Tax event or reduction in the amount payable by the Borrowers in respect of the Issuer Assets ⁽¹⁾
Final Maturity Date	6 December 2022
Form of the Notes	Global note in registered form ⁽²⁾

⁽¹⁾ See Condition 6(c) (*Optional Redemption for Tax or Other Reasons*) for further details.

⁽²⁾ Notes in definitive form will be issued in limited circumstances.

Application for Listing	Ireland
ISIN	XS1211170292
Common Code	121117029
Clearance/Settlement	Euroclear / Clearstream, Luxembourg
Minimum Denomination	£1,000,000 with integral multiples of £1,000 in excess thereof.
Commission	nil
Ranking	The Notes constitute direct, limited recourse and secured obligations of the Issuer and the Notes will rank <i>pro rata</i> and <i>pari passu</i> without any preference or priority among themselves as to payments of interest and principal at all times.
Form	The Notes will be represented by a global note in registered form (a " Global Note ") without coupons or talons attached and which will represent the aggregate Principal Amount Outstanding of the Notes. On the Closing Date, the Global Note will be deposited on behalf of the subscribers of the Notes with and registered in the name of a nominee for the common depositary (the " Common Depositary ") for Clearstream Banking, société anonyme (" Clearstream, Luxembourg ") and Euroclear Bank S.A./N.V. (" Euroclear "). The Global Note will be exchangeable for notes in registered definitive form (" Definitive Notes ") of the Notes only in certain limited circumstances.
Security	<p>The Notes are secured by the Issuer Security in favour of the Issuer Security Trustee for itself and on trust for the Noteholders and the Issuer Related Parties (the Issuer Security Trustee and all of the Issuer Related Parties and, including the Noteholders, being collectively the "Issuer Secured Creditors") as set out in the Deed of Charge and Assignment described in Condition 3(b) (<i>Security and Priority of Payments</i>). The security granted by the Issuer includes:</p> <ul style="list-style-type: none"> (a) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Loan and the Related Security; (b) an assignment by way of first-ranking security of the Issuer's rights, title, interest and benefit, present and future, in, to and under, among other things, the Cash Management Agreement, the Agency Agreement, the Transaction Documents, the Note Trust Deed, the Issuer Corporate Services Agreement, the Loan Sale Agreement and all other Issuer Transaction Documents and other contracts, agreements, deeds and documents present and future, to which the Issuer is or may become a party (other than any Issuer Security Document); (c) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Issuer Transaction Account and any other bank account in England and Wales and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash, and in the funds from time to time standing to the credit of such accounts and in the debts represented thereby excluding the amounts recorded in the Issuer Profit Ledger; and (d) a first-ranking floating charge governed by English law over the whole of the undertaking and assets of the Issuer, present and future (other than the fixed charges and assignments set out in paragraphs (a) to (c) above).

Some of the other Issuer Secured Creditors rank senior to the Issuer's obligations under the Notes in respect of the allocation of proceeds as set out in the Post-Enforcement Priority of Payments.

Interest Provisions

Interest on the Notes will be payable quarterly in arrear in sterling on the Business Day immediately following each Loan Interest Payment Date occurring up to (and including) the Final Maturity Date (or, if such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month, in which event, the immediately preceding Business Day) (each such day being, a "**Distribution Date**"). The first Distribution Date will be the Distribution Date falling in May 2015.

"Loan Interest Payment Date" means, in relation to the Whole Loan, 15 February, May, August and November in each year occurring up to (and including) the Final Repayment Date (or, if any such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month, in which event, the immediately preceding Business Day).

Interest on the Notes is payable by reference to successive interest periods (each, an "**Interest Period**") which shall correspond to each successive Loan Interest Period. The first Interest Period will commence on the Closing Date and end on the Loan Interest Payment Date in May 2015. Each successive Interest Period will start on the day after the last day of the immediately preceding Loan Interest Period for the Whole Loan and end on the next Loan Interest Payment Date except that, where an Interest Period would overrun the Expected Maturity Date or the Final Maturity Date, that Interest Period shall be shortened so that it ends on the Expected Maturity Date or the Final Maturity Date, as the case may be.

The rate of interest applicable to each Note for each Interest Period will be calculated and set on, in respect of the first Interest Period, the Closing Date and, in respect of all subsequent Interest Periods, the first day of each such Interest Period (each, an "**Interest Rate Determination Date**").

The interest rate applicable to the Notes from time to time will be LIBOR for three-month sterling deposits (or, in the case of the first Interest Period, LIBOR is 0.64608%), plus the Margin and shall be determined by the Agent Bank. The LIBOR component of the interest rate will be equal to the Whole Loan rate of LIBOR determined under the Senior Facility Agreement. The Facility Agent shall notify the Agent Bank of the then applicable Whole Loan rate of LIBOR. The "**Margin**" in respect of the Notes will be 2.05 per cent. per annum.

If the current Whole Loan rate of LIBOR is not notified to the Agent Bank, the Agent Bank shall determine the LIBOR component of the Rate of Interest in accordance with Condition 5(c) (*Rate of Interest*).

Default Interest

Any payments of Default Interest received by the Issuer corresponding to its interest in the Loan shall be allocated by the Cash Manager on the immediately following Distribution Date to the Notes and paid pursuant to Condition 5(d) (*Default Interest*) and in accordance with the applicable Issuer Priority of Payments.

"Default Interest" means, with respect to any amount an Obligor has failed to pay under the Finance Documents, the interest accrued and payable by an Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement.

Gross-up

None of the Issuer or any Paying Agent will be obliged to gross-up if there is any withholding or deduction in respect of the Notes on account of taxes. See section entitled "*RISK FACTORS – C. LEGAL AND REGULATORY REQUIREMENTS – Withholding Tax under the Notes*".

Redemption

Unless previously redeemed in full, the Notes are expected to mature on the Distribution Date falling on 6 December 2019 (the "**Expected Maturity Date**"), and the Notes will, in any event, mature no later than the Distribution Date falling on 6 December 2022 (the "**Final Maturity Date**"). Before the Expected Maturity Date and the Final Maturity Date, the Notes will be subject to mandatory and/or optional redemption in whole or in part in certain circumstances (as set out in Condition 6 (*Redemption and Cancellation*)) of the terms and conditions of the Notes (the "**Conditions**").

The Notes may be redeemed in whole or in part (as applicable) in connection with the following optional or mandatory redemption events:

- a final redemption in whole at their Principal Amount Outstanding together with accrued interest on the Final Maturity Date, being the Distribution Date falling on 6 December 2022 as more fully described in Condition 6 (*Redemption and Cancellation*);
- mandatory early redemption in full or, as the case may be, in part on each Distribution Date, or on an Intra-Loan Interest Payment Date, as applicable, by applying an amount equal to any Principal Receipts to redeem the Notes as fully described in Condition 6(b) (*Mandatory Redemption from Principal Receipts*); and
- optional redemption in full exercisable by the Issuer on the Distribution Date on which the Issuer satisfies the Note Trustee: (A) that by virtue of a change in tax law from that in effect on the Closing Date, on the next Distribution Date the Issuer will be obliged to make any withholding or deduction from payments of principal or interest in respect of the Notes on account of any present or future taxes; or (B) that any amount payable by the Borrowers in respect of the Issuer Assets is reduced or ceases to be receivable by the Issuer during the Interest Period preceding the next Distribution Date; as fully described in Condition 6(c) (*Optional Redemption for Tax or Other Reasons*).

Note Events of Default

As fully set out in Condition 10 (*Note Events of Default*) which broadly includes (where relevant, subject to the applicable grace period):

- either, in respect of the Notes, the Issuer defaults: (i) in the payment of principal; or (ii) in the payment of interest on a Distribution Date or any date on which the Notes are required to be redeemed in full, in each case, when due and payable in accordance with the Conditions;
- default in the performance or observance of any other obligation binding upon the Issuer, under the Notes or under the Issuer Transaction Documents;
- the Issuer ceases to carry on business or a substantial part of its business or is deemed unable to pay its debts as and when they fall due;
- an order is made or an effective resolution is passed for the winding-up of the Issuer; or
- proceedings are initiated against the Issuer under any applicable liquidation, insolvency, examinership, composition, reorganisation or

other similar laws.

Limited Recourse The Notes are limited recourse obligations of the Issuer, and, if not repaid in full following the Final Maturity Date, or realisation or enforcement of all of the Issuer Security, amounts outstanding are subject to a final write-off, which is described in more detail in Condition 3(b) (*Security and Priority of Payments*).

Non-Petition The Noteholders will not be entitled to take any steps (otherwise than in accordance with the Note Trust Deed and the Conditions):

- to enforce the Issuer Security other than when expressly permitted to do so under Condition 10 (*Note Events of Default*);
- to take or join in any steps against the Issuer to obtain payment of any amount due from the Issuer to it; or
- to take any steps which would result in any of the Issuer Priority of Payments not being observed.

Governing Law English law.

Rights of Noteholders and Relationship with Other Secured Creditors

Please refer to sections entitled "*TERMS AND CONDITIONS OF THE NOTES*" for further details in respect of the rights of Noteholders, conditions for exercising such rights and relationship with other Issuer Secured Creditors.

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

Noteholders Meeting Provisions

	<i>Initial meeting</i>	<i>Adjourned meeting</i>
Notice Period:	10 days	5 days
Quorum:	Not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes (other than a Basic Terms Modification, which requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes).	One or more persons holding or representing not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes provided that, with respect to a Basic Terms Modification, such Noteholders must also represent not less than 75 per cent. of the Principal Amount Outstanding of the Notes.
Required Majority:	Not less than 75 per cent. of votes cast for matters requiring Extraordinary Resolution.	Not less than 75 per cent. of votes cast for matters requiring Extraordinary Resolution.
	Not less than 50.1 per cent. of votes cast for matters requiring Ordinary Resolution.	Not less than 50.1 per cent. of votes cast for matters requiring Ordinary Resolution.

Convening a meeting The Issuer is obliged to convene a meeting if requested in writing by Noteholders representing not less than 10 per cent of the Principal Amount of Outstanding of the Notes.

Written Resolutions A resolution in writing by holders of not less than 75 per cent. in aggregate of the Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders (a "**Written Extraordinary Resolution**"). A Written Extraordinary Resolution has the same effect as an Extraordinary Resolution.

A resolution in writing by holders of not less than 50.1 per cent. in aggregate of the Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders (a "**Written Ordinary Resolution**"). A Written Ordinary Resolution has the same effect as an Ordinary Resolution.

Noteholder Representative Except in matters in relation to a Basic Terms Modification, the Note Trustee shall be bound to on-direct the Issuer to exercise the Issuer's rights in relation to Loan Level Matters in accordance with the instructions delivered to the Note Trustee from the Noteholder Representative. Following the delivery of a Note Acceleration Notice, the Note Trustee shall itself exercise the Issuer's rights to vote in relation to all Loan Level Matters in accordance with the directions of the Noteholder Representative. See Condition 18 (*Noteholder Representative*) for further details.

Basic Terms Modification Any Extraordinary Resolution passed by the holders of the Notes which would have the effect of (i) modifying the date of maturity of the Notes (or any of them); (ii) modifying any day for the payment of interest on the Notes (or any of them); (iii) reducing the amount of principal or the rate of interest payable in respect of the Notes; (iv) modifying the method of calculating the amount payable or the date of payment in respect of any interest or principal in respect of the Notes; (v) modifying the definition of "Basic Terms Modification"; (vi) altering the currency of payment of the Notes referable thereto; or (vii) releasing any of the Issuer Security (or any part thereof) other than in accordance with the Issuer Transaction Documents will constitute a "**Basic Terms Modification**". A Basic Terms Modification may only be effected by an Extraordinary Resolution.

Notes Held by a member of the Group or Investor or Affiliate For the purposes of determining:

- (a) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting;
- (b) the holders of Notes for the purposes of giving any direction to the Note Trustee (or any other party);
- (c) the majorities required for any written resolutions, including the majority required for passing a Written Ordinary Resolution for the purpose of appointing a Noteholder Representative;
- (d) any discretion, power or authority (whether contained in any of the Issuer Transaction Documents or conferred on it by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders;
- (e) the determination by the Note Trustee whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders;
- (f) the objection by Noteholders for the purpose of Negative Consent; or
- (g) the determination of how many and which Notes are for the time being outstanding in accordance with the Note Trust Deed

any Notes held by (or in relation to which the exercise of the right to vote is directed or otherwise controlled by) (A) any member of the Group or (B) an Investor Affiliate, in each case, have no voting rights or any right to pass an Extraordinary Resolution or an Ordinary Resolution and will be treated as if the same were not outstanding and will not be counted

in or towards any required quorum or majority.

**Negative
Consent**

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) or Ordinary Resolution will be deemed to have been passed by the Noteholders if, within 15 days of a notice to such Noteholders which:

- (a) contains the text of such Extraordinary Resolution or Ordinary Resolution;
- (b) invites such Noteholders to object to such Extraordinary Resolution or Ordinary Resolution;
- (c) details the manner in which objections to such Extraordinary Resolution or Ordinary Resolution should be made; and
- (d) is given to such Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) provided that any such notice will in all cases also be delivered through the systems of Bloomberg L.P. (or such other manner as may be approved in writing by the Note Trustee) by the Issuer, the Note Trustee or the Cash Manager,

holders of 25 per cent. or more (in the case of an Extraordinary Resolution) or 50.1 per cent. or more (in the case of an Ordinary Resolution) in aggregate of the Principal Amount Outstanding of the Notes have not informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution. See Condition 12(iii) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) for further details.

Negative Consent shall not apply to any Loan Level Matters.

**Matters
Requiring
Extraordinary
Resolution**

The matters that require an Extraordinary Resolution include, among other things:

- (a) Basic Terms Modification; and
- (b) a modification of the Notes or the Note Trust Deed (including the Conditions) or the provisions of any of the other Issuer Transaction Documents.

**Matters
Requiring
Ordinary
Resolution**

The matters that require an Ordinary Resolution include the removal of the Note Trustee, the Issuer Security Trustee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar or the Issuer Corporate Services Provider.

**Noteholder
Representative**

The Noteholder Representative will be the representative appointed by the Noteholders in respect of all Loan Level Matters in accordance with Condition 18 (*Noteholder Representative*).

The Noteholder Representative will be deemed to hold and have voting rights in respect of 100 per cent. of the aggregate voting rights, held and exercisable by the Issuer as a lender of record under the Senior Facility Agreement and the other Finance Documents and will have the right to direct the Note Trustee to on-direct the Issuer to vote in relation to all Loan Level Matters.

The Noteholder Representative shall have the right to either direct (a) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice); or (b) the Note Trustee itself (following the delivery of a Note Acceleration Notice), in each case to exercise directly all of the Issuer's voting rights under the Senior Facility Agreement and the Finance Documents in relation to Loan Level Matters in accordance with the Conditions and the Issuer Transaction Documents.

The appointment of the Noteholder Representative shall not take effect until each of the Issuer Security Trustee, the Note Trustee, the Facility Agent (with a copy of the Cash Manager) and the Issuer have been notified by the Noteholder Representative in writing of its appointment.

Should the Noteholders fail to appoint a Noteholder Representative (or a Noteholder Representative resigns or is terminated and is not replaced), the Noteholders will be deemed to have waived any rights they may have under the Conditions, including any rights to direct the Note Trustee to on-direct the Issuer with respect to any Loan Level Matters.

The right of a Noteholder to appoint, acting alone or with one or more Noteholders, a Noteholder Representative for the purpose of directing the Note Trustee to either on-direct the Issuer to exercise or to exercise directly, as the case may be, the Issuer's votes under the Finance Documents in respect of Loan Level Matters pursuant to the Conditions shall not extend to or be exercisable by:

- (a) any member of the Group;
- (b) any Investor Affiliate.

The Noteholder Representative must not at any time be a member of the Group or an Investor Affiliate.

Notices to the Noteholders

All notices to be given by the Issuer, the Cash Manager or the Note Trustee to Noteholders shall be given in the following manners:

- (a) for so long as the Notes are in global form, all notices shall be given:
 - (i) through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information) will be given in this manner; and
 - (ii) by delivery to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and
 - (iii) by delivery to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for electronic display of data as may be approved in writing by the Note Trustee; or
- (b) if the Notes are in definitive form, through the regulated information service maintained or recognised by the Irish Stock Exchange (and any notice containing material, non-public information) will be given in this manner.

The Issuer will give notice to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*) of any additions to, deletions from or alterations to such methods from time to time.

Source of Funds

The repayment or prepayment of principal and the payment of interest by the Borrowers in respect of the Loan will provide the principal source of funds for the Issuer to make payments of interest on and repayments of principal in respect of the Notes.

Determination Date:

On the date which is one Business Day prior to each Distribution Date (each, a "**Determination Date**"), the Cash Manager will be required to calculate and/or determine, based on information provided to it by the Issuer or the Facility Agent, the following:

- (a) the amount and allocation of Revenue Receipts and Principal Receipts received or expected to be received and that are payable into the Issuer Transaction Account on or prior to the Distribution Date immediately following a Determination Date;
- (b) the Available Funds available to the Issuer for distribution on the following Distribution Date; and
- (c) all amounts due according to the applicable Issuer Priority of Payments.

Funds Paid into the Issuer Transaction Account:

On each Loan Interest Payment Date, the Cash Manager (on behalf of the Issuer) will request the Facility Agent to transfer from the relevant Rental Income Accounts, the Prepayment Account, the Cash Trap Account, the Equity Cure Account and the Capex Backlog Account or any other relevant Obligor bank account to the Issuer Transaction Account an amount equal to the aggregate amounts in respect of interest, principal, fees and other amounts, if any, then payable under the Senior Facility Agreement to which the Issuer, as a lender, is entitled to receive.

Revenue Receipts:

The Issuer's interest and income receipts (the "**Revenue Receipts**") will comprise, on any day, the sum of all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with the Loan (other than Principal Receipts), including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) interest payments received under the Loan;
- (b) Default Interest;
- (c) Exit Fees;
- (d) Break Costs;
- (e) any costs, expenses, commissions and other sums, in each case paid by the Borrowers or any of the Obligors in respect of the Loan or the Related Security (other than any repayments in respect of principal); and
- (f) interest on amounts standing to the credit of the Issuer Transaction Account (and any cash deposits held in a bank account of the Issuer) received during the Interest Period immediately preceding a Determination Date,

provided that all amounts recorded in the Issuer Profit Ledger shall not form part of Revenue Receipts or be applied in accordance with the applicable Issuer Priority of Payments.

Principal Receipts:

The Issuer's principal receipts (the "**Principal Receipts**") will comprise on any day all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with the Loan, and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) amounts recovered which are applied towards the reduction of outstanding principal as a result of actions taken in accordance with the enforcement procedures in respect of the Loan and/or the Related Security (including any amounts standing to the credit of the Capex Backlog Account);
- (b) any mandatory prepayment amounts of a principal nature as a result of: illegality, mandatory prepayment from insurance proceeds or recovery claims, disposals, expropriation proceeds, change of control, a cash trap event or a cure payment or,

replacement or repayment and cancellation in relation to a single lender or the occurrence of any other mandatory prepayment event following which amounts are allocated towards the prepayment of principal on the Loan, subject to, in each case, the conditions set out in the Senior Facility Agreement;

- (c) payments received by or on behalf of the Issuer as a result of an indemnity payment from or the repurchase of the Loan by the Seller pursuant to the Loan Sale Agreement which, in each case, do not constitute Revenue Receipts;
- (d) voluntary repayments or prepayments in respect of the principal outstanding under the Loan made on notice in accordance with the Senior Facility Agreement; and
- (e) any repayments or prepayments made by or on behalf of the Borrowers in connection with a restructuring of the Senior Facility Agreement or as a condition to any waiver of an Event of Default under the Senior Facility Agreement,

provided that all amounts recorded in the Issuer Profit Ledger shall not form part of the Principal Receipts, or be applied in accordance with the applicable Issuer Priority of Payments.

Distribution of Revenue and Principal Receipts

Revenue and Principal Distributions:

On each Distribution Date, the Notes will be subject to a mandatory redemption in full or in part, as the case may be, in an amount up to the sum of the Principal Receipts available to pay principal subject to the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

<i>Pre-Enforcement Revenue Priority of Payments</i>	<i>Pre-Enforcement Principal Priority of Payments</i>	<i>Post-Enforcement Priority of Payments</i>
(a) <i>First</i> , Note Trustee, Issuer Security Trustee, and fees and expenses and any other amounts owing to any Appointee;	(a) <i>First</i> , in or towards satisfaction of all principal due or overdue in respect of the Notes until the Notes have been repaid in full; and	(a) <i>First</i> , Note Trustee, Issuer Security Trustee, and fees and expenses and any other amounts owing to any Appointee;
(b) <i>Second</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, third party fees and expenses due and payable by the Issuer including a provision for expected amounts including, but not limited to auditors, tax advisors, legal counsel, tax and anticipated winding up costs of the Issuer, fees incurred for listing on the stock exchange and company secretarial expenses;	(b) <i>Second</i> , the surplus (if any) to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.	(b) <i>Second</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, third party fees and expenses due and payable by the Issuer including a provision for expected amounts including, but not limited to auditors, tax advisors, legal counsel, tax and anticipated winding up costs of the Issuer, fees incurred for listing on the stock exchange and company secretarial expenses;
(c) <i>Third</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, amounts due and payable to (i) Issuer Corporate Services Provider (including the fees, costs and expenses of the directors of the Issuer, and any advisors appointed by		(c) <i>Third</i> , on a <i>pro rata</i> and <i>pari passu</i> basis, amounts due and payable to (i) Issuer Corporate Services Provider (including the fees, costs and expenses of the directors of the Issuer, and any advisors appointed by them, if any);

them, if any); (ii) Operating Bank; (iii) Cash Manager; and (iv) Agents;

(d) *Fourth*, the Issuer's Profit to be credited to the Issuer Profit Ledger;

(e) *Fifth*, in or towards satisfaction of any Exit Fees due or overdue in respect of the Notes;

(f) *Sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) interest due and overdue on the Notes, and (ii) (only on the first Distribution Date falling in May 2015) the Accrued Interest Payments to the Seller;

(g) *Seventh*, in or towards satisfaction of Default Interest due or overdue in respect of the Notes; and

(h) *Eighth*, the surplus (if any) to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.

(ii) Operating Bank; (iii) Cash Manager; and (iv) Agents;

(d) *Fourth*, in or towards satisfaction of any Exit Fees due or overdue in respect of the Notes;

(e) *Fifth*, in or towards satisfaction of all interest and Default Interest due or overdue in respect of the Notes;

(f) *Sixth*, in or towards satisfaction of principal due or overdue in respect of the Notes; and

(g) *Seventh*, the surplus (if any), to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.

General Credit Structure

No structure credit support will be provided for the Notes. In connection with the Whole Loan, a loan to value ratio will have to be maintained by the Borrowers in accordance with the Senior Facility Agreement. See the section entitled "*THE LOAN AND THE RELATED SECURITY – Financial Covenants*".

RISK FACTORS

An investment in the Notes involves a degree of risk. This section sets out certain aspects of the Issuer Transaction Documents, the Finance Documents, the Issuer, the Obligors and the Properties of which prospective Noteholders should be aware. Prospective Noteholders should carefully consider the following risk factors and the other information contained in this Offering Circular before making an investment decision.

The occurrence of any of the events described below could have a material adverse impact on the business, financial condition or results of operations of the Issuer and/or the Obligors and could lead to, among other things:

- (a) an event of default under the Whole Loan pursuant to the Senior Facility Agreement; and/or
- (b) a Note Event of Default; and/or
- (c) an inability of the Issuer to repay all amounts due in respect of the Notes.

This section of this Offering Circular is not intended to be exhaustive, and prospective Noteholders should also read the detailed information set out elsewhere in this Offering Circular prior to making any investment decision. The risks described below are not the only ones faced by the Obligors or the Issuer. Additional risks not presently known to the Issuer or the Obligors or that they currently believe to be immaterial may also adversely affect their business. If any of the following risks occur, the Issuer, the Obligors or the Properties could be materially adversely affected. In any such case(s), the value of the Notes could decline, and the Issuer may not be able to pay all or part of the interest, principal or other amounts due on the Notes and investors may lose all or part of their investment. Prospective Noteholders should take their own legal, financial, accounting, tax and other relevant advice as to the structure and viability of an investment in the Notes.

In addition, while the various structural elements described in this Offering Circular are intended to lessen some of the risks discussed below for the Noteholders, there can be no assurance that these measures will be sufficient to ensure that the Noteholders receive payment of interest or repayment of principal from the Issuer on a timely basis or at all.

A. THE NOTES

Risks relating to the limited recourse of the Issuer

On enforcement of the Issuer Security, in the event that the proceeds of such enforcement are insufficient to meet all amounts payable by the Issuer under the Notes (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under those Notes in accordance with the Post-Enforcement Priority of Payments), then the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Accordingly, enforcement of the Deed of Charge and Assignment and appointment of a receiver over the secured assets is the only substantive remedy available for the purposes of recovering amounts owed in respect of the Notes.

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, the Arranger, the Lead Manager, the Seller, the Originator, the Security Agent, the Issuer Security Trustee, the Facility Agent, the Property Adviser, the Cash Manager, the Note Trustee, the Issuer Corporate Services Provider, the Paying Agents, the Registrar, the Common Depositary, the Operating Bank or any other Issuer Related Party or the shareholders of the Issuer or any company in the same group of companies as the Arranger, the Lead Manager, the Originator, the Seller, the Property Adviser, the Cash Manager, the Note Trustee, the Senior Security Agent, the Issuer Security Trustee, the Issuer Corporate Services Provider, the Paying Agents, the Registrar, the Common Depositary, the Operating Bank or any other Issuer Related Party or the shareholders of the Issuer and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Risks relating to the calculation of amounts and payments

The Cash Manager will rely on the Issuer or the Facility Agent to provide it with information on the basis of which it will make the determinations required to calculate payments due on the Notes on each Determination

Date as described in "*CASH MANAGEMENT – Calculation of Amounts and Payments*". If the Issuer or the Facility Agent fails to provide the relevant information to the Cash Manager, the Cash Manager may not be able to accurately determine amounts due to Noteholders on the related Distribution Date.

The Cash Management Agreement provides that if such a situation arises, the Cash Manager will make its determinations based on the information provided to it by the Issuer or the Facility Agent on the three preceding Determination Dates and will not be liable to any person (in the absence of gross negligence, fraud and wilful default) for the accuracy of such determinations. There can, however, be no assurance that determinations made on this basis will accurately reflect amounts then due to Noteholders.

The Conditions of the Notes provide that if, for whatever reason, an incorrect payment is made to any party entitled thereto (including the Noteholders) pursuant to the Pre-Enforcement Priority of Payments, the Cash Manager will rectify the same by increasing or reducing payments to such party (including the Noteholders), as appropriate, on each subsequent Distribution Date or Distribution Dates to the extent required to correct the same. Where such an adjustment is required to be made, the Cash Manager will notify Noteholders of the same in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*).

Accordingly, Noteholders should be aware that in such situations increased or reduced payments may be made. Furthermore, if such adjustments are not sufficient to rectify an incorrect payment made to a party, the Noteholders may be required to repay excess amounts received by them.

Additionally, any person purchasing Notes from an existing Noteholder should make due enquiries as to whether such Noteholder has received an incorrect payment. None of the Issuer, the Cash Manager, the Agents, the Note Trustee or the Issuer Security Trustee will have any liability to any Noteholder for any losses suffered as a result of an adjustment relating to an incorrect payment made before such Noteholder acquired the Notes.

Risks relating to clawback under the Senior Facility Agreement

The Senior Facility Agreement provides that if the Facility Agent pays an amount to another party (including the Issuer) without actually receiving that amount, then such party to whom payment has been made shall on demand refund the amount paid to the Facility Agent together with interest on that amount from the date of payment to the date of receipt by the Facility Agent, calculated to reflect the Facility Agent's cost of funds.

In addition, if the Issuer (or the Cash Manager) on its behalf receives or recovers an amount from an Obligor other than by means of a payment or distribution made by the Facility Agent in accordance with the Senior Facility Agreement, it may be required to repay all or some of such amount to the Facility Agent.

Accordingly, the amounts received by the Issuer and ultimately the Noteholders may in the circumstances outlined above have to be repaid to the Facility Agent. See also "*Risks relating to the Calculation of Amounts and Payments*" above.

Considerations relating to yield and prepayments

The yield to maturity on the Notes will depend, in significant part, upon the rate and timing of principal payments on the Loan. For this purpose, principal prepayments include both voluntary prepayments, if permitted, and involuntary prepayments, such as prepayments resulting from illegality, certain change of control events, disposals or repurchase upon a breach of a warranty by the Seller under the Loan Sale Agreement.

If any of the Notes are purchased at a premium, and if payments and other collections of principal on the Loan occur at a rate faster than anticipated at the time of the purchase, then the actual yield to maturity on those Notes may be lower than assumed at the time of the purchase. If any Notes are purchased at a discount, and if payments and other collections of principal on the Loan occur at a rate slower than anticipated at the time of the purchase, then the actual yield to maturity on the Notes may be lower than assumed at the time of the purchase. The investment performance of the Note may vary materially and adversely from expectations due to the rate of payments and other collections of principal on the Loan being faster or slower than anticipated. Accordingly, the actual yield may not be equal to the yield anticipated at the time the Note was purchased, and the expected total return on investment may not be realised.

An independent decision should be made by prospective Noteholders as to the appropriate prepayment assumptions to be used when deciding whether to purchase any Note.

Interest adjustments on account of Loan Prepayments

If under the Senior Facility Agreement the Borrowers prepay all or part of the Whole Loan or any unpaid sums on an Intra-Loan Interest Payment Date, the Agent Bank will adjust the Rate of Interest on the Notes in accordance with Condition 5(f) (*Adjusted Interest on account of Loan payments*) the effect of which will be that the holders of those Notes will receive less than the full Interest Amount payable to them on the Business Day immediately following any such Intra-Loan Interest Payment Date. None of the Noteholders shall have any claim against the Issuer in respect of an interest shortfall arising from such adjustment. See Condition 5(f) (*Adjusted Interest on account of Loan payments*) for further details.

Effects of Borrower default

The rate and timing of delinquencies or defaults on the Loan will affect the aggregate amount of distributions on the Notes, their yield to maturity, the rate of principal payments and their weighted average life.

The only source of payment for the Notes will be the Loan. Any losses on the Loan will be allocated to the holders of the Notes.

If anticipated yields are calculated based on assumed rates of default and losses that are lower than the default rate and losses actually experienced and such losses are allocable to the Notes, the actual yield to maturity will be lower than the assumed yield. Under certain extreme scenarios, such yield could be negative. In general, the earlier a loss borne by the Notes occurs, the greater the effect on the related yield to maturity.

Additionally, delinquencies and defaults on the Loan may significantly delay the receipt of distributions on the Notes.

Disenfranchisement of restricted lenders

Prospective Noteholders should be aware that the Conditions limit the rights exercisable by (1) any member of the Group that holds directly or indirectly any right to an interest in the Notes; or (2) any Investor Affiliate that holds directly or indirectly any right to or interest in the Notes, in each case, in relation to Loan Level Matters. See Condition 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) for further details.

To the extent that any prospective Noteholder is a member of the Group or an Investor Affiliate it should take note of the applicable voting restrictions relating to its holding of the relevant Notes.

Exercise of Loan Level Matters by the Noteholder Representative

The Noteholder Representative will act solely on behalf of the Noteholders.

Prior to the delivery of a Note Acceleration Notice the Noteholder Representative will be entitled to direct the Note Trustee to on-direct the Issuer to vote in relation to Loan Level Matters. Following the delivery of a Note Acceleration Notice the Noteholder Representative will be entitled to direct the Note Trustee itself to vote in relation to Loan Level Matters.

There can be no assurance that in exercising a Loan Level Matter any direction given by the Noteholder Representative will not conflict with the direction that could have been given by a Noteholder or Noteholders. Accordingly, Noteholders should be aware that directions given by a Noteholder Representative in respect of Loan Level Matters may ultimately adversely affect their interests in the Notes.

If a Noteholder Representative is not appointed (or if a Noteholder Representative resigns or whose appointment is terminated and is not subsequently replaced) the Noteholders, shall be deemed to have waived their rights under the Conditions, including any rights to direct the Note Trustee to on-direct the Issuer to vote in relation to any Loan Level Matter or to direct the Note Trustee itself to vote in with respect to any Loan Level Matter in accordance with the Conditions and the Issuer Transaction Documents. See Condition 18 (*Noteholder Representative*) for further details.

Risks relating to Noteholder meetings

A meeting of the Noteholders may be held on 10 days' notice. The requisite quorum for such a meeting is at least of 50.1 per cent. of the Principal Amount Outstanding of the Notes except where the Noteholders wish to make a Basic Terms Modification. The quorum for a Basic Terms Modification requires not less than 75 per cent. of the Principal Amount Outstanding of the Notes. An adjourned meeting of the Noteholders may be held on 5 days' notice. The requisite quorum for such a meeting is one or more persons being or representing Noteholders of whatever amount except where the Noteholders wish to make a Basic Terms Modification. The quorum for such a modification requires one or more persons being or representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes. As a result of these requirements, it is possible that a valid Noteholder meeting may be held without the attendance of Noteholders who may have wished to attend and/or vote.

Risks relating to negative consent of Noteholders

An Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes, the enforcement of the Issuer Security or Ordinary Resolution) may be passed by the negative consent of the relevant Noteholders. Negative Consent shall not apply to Loan Level Matters.

An Extraordinary Resolution or an Ordinary Resolution, as applicable will be deemed to have been passed by the Noteholders unless, within 15 days of the requisite notice being given by the Issuer, the Note Trustee or the Cash Manager to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) and in all cases also through the systems of Bloomberg L.P., or in such other manner as may be approved in writing by the Note Trustee, (i) in the case of an Extraordinary Resolution, the holders of 25 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes or (ii) in the case of an Ordinary Resolution, the holders of 50.1 per cent. or more in aggregate of the Principal Amount Outstanding of the Notes, have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution or Ordinary Resolution, as applicable. Therefore, it is possible that an Extraordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 24.99 per cent. in aggregate of the Principal Amount Outstanding of the Notes objected to it and it is possible that an Ordinary Resolution could be deemed to be passed without the vote of any Noteholders or even if holders of up to 50 per cent. in aggregate of the Principal Amount Outstanding of the Notes objected to it.

"Snooze you lose" provisions

The Senior Facility Agreement includes time limits for responding on matters. If any Lender fails to accept or reject a request by the Company (or the Facility Agent on behalf of the Company) for any consent, waiver or amendment under the terms of the Finance Documents before the later of: (i) 15 Business Days from the date of such request being made; or (ii) the time period for Lenders to respond as specified in that request, the Lender's participations and Commitment in the Whole Loan shall not be included when considering whether the consent of the Majority Lender or all Lenders (as applicable) has been obtained in respect of such request, amendment, release or waiver.

Libor

The London Inter-Bank Offering Rate ("**LIBOR**") has been subject to review and is currently subject to various investigations regarding whether the banks that contributed to the British Bankers' Association (the "**BBA**") in connection with the calculation of daily LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR for their own benefit. As a result of the review work already undertaken and of the investigations described above, LIBOR is currently the subject of proposals for reform at a UK level and certain reforms have already been adopted, including the replacement of the BBA with the ICE Benchmark Administration Limited ("**IBA**") as the new administrator of LIBOR.

Investors should be aware that: (a) actions by the IBA as the new administrator of LIBOR, regulators or law-enforcement agencies may affect LIBOR (and/or the determinations thereof) in unknown ways, which could adversely affect the value of the Notes, (b) any uncertainty with respect to LIBOR (including in relation to the determination of the rate of interest payable on the Loan) may adversely affect liquidity of the Notes and their market value and (c) it is not possible to ascertain at this time whether any reforms to LIBOR would have the

effect of a sudden or prolonged increase or decrease in LIBOR or whether such reforms could have an adverse impact on the value of the Notes and the payment of interest thereunder.

The effect on repayment of the Notes in the event that the U.K. becomes a participating member state in the European Economic and Monetary Union is uncertain

It is possible that, prior to the repayment in full of the Loan and the Notes, the United Kingdom may become a participating member state in the European Economic and Monetary Union and that the euro will become the lawful currency of the United Kingdom. In that event: (a) all amounts payable in respect of any Notes may become payable in euro; (b) applicable provisions of law may allow or require the Issuer to re-denominate such Notes into euro and take additional measures in respect of such Notes; and (c) 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 interest rate on the Notes or changes in the way those rates are calculated, quoted and published or displayed. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect the Noteholders. It cannot be said with certainty what effect the adoption of the euro by the United Kingdom (if it were to occur) would have on the Noteholders.

No liquidity facility

The Issuer does not have the benefit of a liquidity facility. Therefore, in the event that tenants of the Properties fail to pay rent after any applicable grace period or there is a delay or failure to pay by the Borrowers under the Senior Facility Agreement (or the other Obligor pursuant to the Senior Facility Agreement), the Issuer may be unable to meet its payment obligations under the Notes as they fall due.

Absence of ratings

In contrast to many comparable commercial mortgage backed securitisations, the Notes will not be rated by any rating agency. This may reduce the number of potential investors in the Notes and may affect the price and/or liquidity of the Notes in the secondary market. Notwithstanding this, it is possible that credit rating agencies could seek to rate the Notes without having been requested to do so by the Issuer. Such unsolicited ratings could have an adverse effect on the value of the Notes.

Forward-looking statements

This Offering Circular includes statements that are, or may be deemed to be, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. These risks and uncertainties include, but are not limited to, those described in this "*RISK FACTORS*" section of this Offering Circular. Such risks and uncertainties should not be construed as exhaustive and should be read in conjunction with the other cautionary statements in this Offering Circular.

The forward-looking statements are not guarantees of future performance and the actual results of operations, financial condition and liquidity, and the market in which the Issuer and the Obligor operate, may differ materially from those made in or suggested by the forward-looking statements set out in this Offering Circular. In addition, even if the results of operations, financial condition and liquidity of the Issuer and the Obligor, and the development of the market in which the Issuer and the Obligor operate, are consistent with the forward-looking statements set out in this Offering Circular, those results or developments may not be indicative of results or developments in subsequent periods. Many factors could cause the Issuer's or the Obligor's actual results, performance or revenues to be materially different from any future results, performance or revenues that may be expressed or implied by such forward-looking statements including, but not limited to the other risks described in this section.

Any forward-looking statements which are made in this Offering Circular speak only as of the date of such statements. Neither the Issuer nor the Obligor intend, and undertake no obligation, to revise or update the forward-looking statements included in this Offering Circular to reflect any future events or circumstances.

Absence of operating history of the Issuer; reliance on agents and other entities

The Issuer is a recently formed special purpose public limited company whose business will consist solely of the issuance of the Notes, and the entering into and performance of its obligations under the Issuer Transaction

Documents, the Finance Documents and related agreements and activities, as applicable. The Issuer has no operating history.

Certain of the business activities of the Issuer are to be carried out on behalf of the Issuer by entities appointed for such purpose. Neither the Issuer nor the Issuer Corporate Services Provider will have any role in determining or verifying the data received from Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar, the Note Trustee and the Issuer Security Trustee and any calculations derived therefrom.

B. THE MARKET AND ECONOMY

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 and to trading on its regulated market. However, if granted, 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. Consequently, any purchaser of the Notes must be prepared to hold such Notes for an indefinite period of time or until final redemption or maturity of such Notes. Lack of liquidity could result in a significant reduction in the market value of the Notes.

In addition, the market value of the Notes may fluctuate with changes in prevailing rates of interest and the performance of the Loan. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes.

The credit crisis and downturn in the real estate market have adversely affected the value of CMBS

Recent events in the real estate and securitisation markets, as well as the debt markets and the economy generally, have caused significant dislocations, illiquidity and volatility in the market for commercial mortgage-backed securities, as well as in the wider global financial markets. Declining real estate values, coupled with diminished availability of leverage and/or refinancings for commercial real estate has resulted in increased delinquencies and defaults on commercial mortgage loans. In addition, the downturn in the general economy has affected the financial strength of many commercial real estate tenants and has resulted in increased rent delinquencies and increased vacancies. Any continued downturn may lead to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate, which would likely have an adverse effect on any notes that are backed by mortgage loans secured by such commercial real estate and thus affect the values of such notes. Any further economic downturn may adversely affect the financial resources of the Borrowers and may result in the inability of the Borrowers to make principal and interest payments on, or refinance, the Loan when due. In the event of default by a Borrower under the relevant Loan, the Issuer may suffer a partial or total loss with respect to that Loan. Any delinquency or loss on the related mortgaged properties would have an adverse effect on the distributions of principal and interest received by holders of the Notes.

In addition to credit factors directly affecting notes backed by commercial mortgages, the continuing fallout from a downturn in the residential mortgage-backed securities market and markets for other asset backed and structured products has also affected the market for notes backed by commercial mortgages by contributing to a decline in the market value and liquidity of such investments. The deterioration of other structured products markets may continue to adversely affect the value of notes backed by commercial mortgages. Even if notes backed by commercial mortgages are performing as anticipated, the value of such notes in the secondary market may nevertheless decline as a result of deterioration in general market conditions or in the market for other asset backed or structured products.

The volatile economy and credit crisis may increase loan defaults and affect the value and liquidity of your investment

The global economy recently experienced a significant recession, as well as a severe, ongoing disruption in the credit markets, including the general absence of investor demand for and purchases of CMBS and other asset-backed securities and structured financial products. Downward price pressures and increasing defaults and foreclosures in residential real estate or other conditions that severely depressed the overall economy and contributed to the credit crisis have also led to increased vacancies, decreased rents or other declines in income from, or the value of, commercial real estate. Additionally, the reduction in credit liquidity, decreases in the value of commercial properties and, in some instances, correspondingly higher lending rates have prevented

many commercial mortgage borrowers from refinancing their loans. These circumstances have increased delinquency and default rates of commercial mortgage loans, and may lead to commercial mortgage defaults. In addition, the declines in commercial real estate values have resulted in reduced borrower equity, hindering the ability of borrowers to refinance. Higher loan-to-value ratios are likely to result in lower recoveries on foreclosure, and an increase in loss severities above those that would have been realised had commercial property values remained the same or continued to increase. Defaults, delinquencies and losses have further decreased property values, thereby resulting in additional defaults by commercial mortgage borrowers, further credit constraints, further declines in property values and further adverse effects on the perception of the value of notes backed by commercial mortgages.

Many commercial mortgage lenders have tightened their loan underwriting standards, which has reduced the availability of mortgage credit to prospective borrowers. These developments have contributed, and may continue to contribute, to a weakening in the commercial real estate market as these adjustments have, among other things, inhibited refinancing and reduced the number of potential buyers of commercial real estate. The continued use or further adjustment of these loan underwriting standards may contribute to further increases in delinquencies and losses on commercial mortgage loans generally.

Investors should consider that general conditions in the commercial real estate and mortgage markets may adversely affect the performance of the Loan and accordingly the performance of the Notes. In addition, in connection with all the circumstances described above, you should be aware in particular that:

- (a) notwithstanding that the Whole Loan was fully advanced on 15 January 2015 (and the Properties were valued within the past 4 months prior to the Closing Date), the value of any of the Properties may have declined since the related Loan was originated and may decline following the issuance of the Notes and such declines may be substantial and occur in a relatively short period following the issuance of the certificates; and such declines may or may not occur for reasons largely unrelated to the circumstances of the relevant Properties;
- (b) if a Noteholder determines to sell its Notes, it may be unable to do so or may be able to do so only at a substantial discount from the price originally paid; this may be the case for reasons unrelated to the then current performance of the Notes or the related Loan; and this may be the case within a relatively short period following the issuance of the Notes;
- (c) if the Loan defaults, then the return on the Notes may be substantially reduced notwithstanding that liquidation proceeds may be sufficient to result in the repayment of the principal of and accrued interest on the Notes; an earlier than anticipated repayment of principal (even in the absence of losses) in the event of a default in advance of the maturity date would tend to shorten the weighted average period during which interest is earned on Noteholder's investments; and a later than anticipated repayment of principal (even in the absence of losses) in the event of a default upon the maturity date would tend to delay the receipt of principal and the interest on the Notes may be insufficient to compensate Noteholders for that delay;
- (d) even if liquidation proceeds received on the Loan are sufficient to cover the principal and accrued interest on the same, the Issuer may experience losses in the form of fees and expenses, and Noteholders may bear losses as a result, and their yield will be adversely affected by such losses;
- (e) the time periods to resolve the Loan following the occurrence of a default may be long, and those periods may be further extended because of a Borrower insolvency and related litigation; and
- (f) even if Noteholders intend to hold their Notes, depending on the circumstances of particular Noteholders, Noteholders may be required to report declines in the value of their holdings in the Notes, and/or record losses, on their financial statements or regulatory or supervisory reports, and/or repay or post additional collateral for any secured financing, hedging arrangements or other financial transactions that they have entered into that are backed by or make reference to the Notes, in each case as if the Notes were to be sold immediately.

In connection with all the circumstances described above, the risks described elsewhere under "*RISK FACTORS*" in this Offering Circular are heightened substantially, and Noteholders should review and carefully consider such risk factors in light of such circumstances.

Sovereign debt crisis and the global financial system

The volatility of the sovereign debt of several countries that are part of the European Union, in particular Greece, Spain, Portugal, Ireland and Italy, together with the risk of contagion to other, more stable, countries, particularly France and Germany, has exacerbated the global economic crisis. This situation has also raised a number of uncertainties regarding the stability and overall standing of the European Economic and Monetary Union and may result in changes to the composition of the Eurozone.

As a result of the credit crisis in Europe, in particular in Greece, Spain, Portugal, Ireland and Italy, the European Commission created the European Financial Stability Facility (the "EFSF") and the European Financial Stability Mechanism (the "EFSM") to provide funding to Eurozone countries in financial difficulties that seek such support. In March 2011, the European Council agreed on the need for Eurozone countries to establish a permanent stability mechanism, the European Stability Mechanism, which was activated by mutual agreement, to assume the role of the EFSF and the EFSM in providing external financial assistance to Eurozone countries after June 2013.

Despite these measures, concerns persist regarding the growing risk that other Eurozone countries could be subject to an increase in borrowing costs and could face an economic crisis similar to that of Greece, Spain, Portugal, Ireland and Italy, together with the risk that some countries could leave the Eurozone (either voluntarily or involuntarily), and that the impact of these events on Europe and the global financial system could be severe which could have a negative impact on the collateral.

Furthermore, concerns that the Eurozone sovereign debt crisis could worsen may lead to the reintroduction of national currencies in one or more Eurozone countries or, in more extreme circumstances, the possible dissolution of the Euro entirely. In particular the economic environment in Greece remains uncertain. Further deterioration of the Greek economy or increased social tensions could cause political instability or a revision of fiscal consolidation or structural adjustment policies especially in light of the newly elected Greek government. These factors have heightened concern about Greece's continued participation in the Eurozone. The departure or risk of departure from the Euro by one or more Eurozone countries and/or the abandonment of the Euro as a currency could have major negative effects on the Issuer and the Notes. These potential developments, or market perceptions concerning these and related issues, could adversely affect the value of the Notes. It is difficult to predict the final outcome of the Eurozone crisis. Investors should carefully consider how changes to the Eurozone may affect their investment in the Notes.

C. LEGAL AND REGULATORY REQUIREMENTS

Noteholders should analyse their own regulatory position, and are encouraged to consult with their own investment and legal advisors, regarding due diligence requirement outlined in this risk fact or in respect of other applicable regulations and the suitability of the offered Notes for investment.

Regulatory initiatives may result in increased regulatory capital requirements and/or decreased liquidity in respect of the Notes

In Europe, the U.S. and elsewhere there is increased political and regulatory scrutiny of the asset backed securities industry. This has resulted in a raft of measures for increased regulation which are currently at various stages of implementation and which may have an adverse impact on the regulatory capital charge to certain investors in securitisation exposures and/or the incentives for certain investors to hold asset-backed securities, and may thereby affect the liquidity of such securities. Investors in the Notes are responsible for analysing their own regulatory position and none of the Issuer, the Issuer Security Trustee, the Note Trustee, the Agents, the Lead Manager, the Originator, the Arranger or the Seller makes any representation to any prospective Noteholder or purchaser of the Notes regarding the regulatory capital treatment of their investment on the Closing Date or at any time in the future.

In particular, investors should be aware of the EU risk retention and due diligence regulatory requirements which currently apply, or are expected to apply in the future, in respect of various types of EU regulated investors including credit institutions, authorised alternative investment fund managers, investment firms, insurance and reinsurance undertakings and UCITS funds. Such regulation includes Article 405 of the CRR. Article 405 provides that an EU credit institution shall only be exposed to a credit risk of a securitisation position if (a) the originator, sponsor or original lender has represented that it will retain on an on-going basis, a material net economic interest in the securitisation of not less than 5 per cent. and (b) it is able to demonstrate to

its regulator on an on-going basis that it has a comprehensive and thorough understanding of the key terms, risks and performance of each securitisation position which it is invested. Failure by an EU credit institution investor to comply with the requirements of Article 405 in relation to any applicable investment will result in an increased capital charge to or increased risk-weighting applying to such investor in respect of that investment.

Aspects of the requirements and what is or will be required to demonstrate compliance to national regulators remain unclear. No retention representation of the sort referred to in the preceding paragraph has been made in relation to this transaction. The Issuer has considered the applicability of Article 405 to this transaction and is of the opinion that the Notes do not constitute an exposure to a "securitisation position" for the purposes of Article 405. The Issuer is, therefore, of the opinion that the requirements of Article 405 should not apply to investments in the Notes.

However, investors should be aware that the regulatory capital treatment of any investment in the Notes will be determined by the interpretation which an investor's regulator places on the provisions of the CRR and the provisions of national law which implement it. Prospective Noteholders should, therefore be aware that should the relevant investor's regulator interpret the regulations such that Article 405 does apply to an investment in the Notes, significantly higher capital charges may be applied to that investor's holding. Although market participants have, in consultations relating to these regulatory reforms, requested guidance on the structures captured by the definitions, no definitive guidance has been forthcoming. Therefore, some uncertainty remains as to which transactions are subject to Article 405.

Investors in the Notes are responsible for analysing their own regulatory position and independently assessing and determining whether or not Article 405 will be applied to their exposure to the Notes and therefore prospective Noteholders should not rely on the Issuer's interpretation set out above. Further the Arranger and Lead Manager do not make any representation in respect of the application of Article 405 to any investment in the Notes. Investors should consult their regulator should they require guidance in relation to the regulatory capital treatment that their regulator would apply to an investment in the Notes. Article 405 and/or any further changes to the regulation or regulatory treatment of the Notes for some or all investors may negatively impact the regulatory position of individual investors and, in addition, have a negative impact on the price and liquidity of the Notes in the secondary market.

Furthermore, investors should also be aware of Article 17 of the European Union Alternative Fund Managers Directive (Directive 2011/61/EU) ("**AIFMD**"), as supplemented by Section 5 of Chapter III of the AIFMR Regulation which took effect on 22 July 2013. The provisions of Section 5 of Chapter III of the AIFMR Regulation provide for risk retention and due diligence requirements in respect of alternative investment fund managers that are required to become authorised under the AIFMD and which assume exposure to the credit risk of a securitisation on behalf of one or more alternative investment funds. While such requirements are similar to those which apply under Part 5 of the CRR, they are not identical and, in particular, additional due diligence obligations apply to the relevant alternative investment fund managers.

Similar requirements are also scheduled to apply in the future to investment in securitisations by EEA insurance and reinsurance undertakings and by EEA undertakings for collective investment in transferable securities. The requirements applicable to insurance and reinsurance companies are set out in Articles 254-257 of a Commission Delegated Regulation which has been adopted by the European Commission pursuant to Article 135(2) of EU Directive 2009/138/EC, as amended (known as the Solvency II Directive) (the "**Solvency II Directive**"), and will apply from and after 1 January 2016. Such pending or future requirements, when they come into force, may apply to investments in securities already issued, including the Notes.

The transaction described in this Offering Circular is not intended to comply with any of the risk retention requirements described above.

No party to the transaction has committed to retain a material net economic interest in the transaction in accordance with the aforementioned requirements.

Implementation of and/or changes to the Basel III framework may affect the capital requirements and/or the liquidity associated with a holding of the Notes for certain investors

The Basel Committee on Banking Supervision approved significant changes to the Basel II regulatory capital and liquidity framework in 2011 (such changes being commonly referred to as Basel III).

In particular, Basel III provides for a substantial strengthening of existing prudential rules, including new requirements intended to reinforce capital standards (with heightened requirements for global systemically important banks) and to establish a leverage ratio "backstop" for financial institutions and certain minimum liquidity standards (referred to as the liquidity coverage ratio and the net stable funding ratio).

It is intended that member countries will implement the new capital standards and the new liquidity coverage ratio as soon as possible (with provision for phased implementation, meaning that the measure will not apply in full until January 2019) and the net stable funding ratio from January 2018. Implementation of Basel III requires national legislation and therefore the final rules and the timetable for their implementation in each jurisdiction may be subject to some level of national variation. The Basel Committee has also published a consultative document setting out certain proposed revisions to the securitisation framework, including proposed new hierarchies of approaches to calculating risk weights and a new risk weight floor of 15 per cent.

Implementation of the Basel III framework and any changes as described above may have an impact on the capital requirements in respect of the Notes and/or on incentives to hold the Notes for investors that are subject to requirements that follow the relevant framework and, as a result, may affect the liquidity and/or value of the Notes.

In general, investors should consult their own advisers as to the regulatory capital requirements in respect of the Notes and as to the consequences for and effect on them of any changes to the existing Basel framework (including the changes described above) and the relevant implementing measures. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Emerging requirements of the European Community

As part of the harmonisation of securities markets in Europe, the European Commission has adopted a directive known as the Prospectus Directive and which has been subsequently amended by the Commission Powers (Prospectus) Directive 2008/11 EC and the Amending Directive 2010/73 EU that will regulate offers of securities to the public and admissions to trading to EU regulated markets. The European Commission has also adopted a directive known as the Transparency Directive 2004/109/EC (the "**Transparency Directive**") (which was required to be implemented by Member States by 20 January 2007) that, among other things, imposes continuing financial reporting obligations on issuers that have certain types of securities admitted to trading on an EU regulated market. In addition, the Market Abuse Directive 2003/6/EC (the "**Market Abuse Directive**") harmonises the rules on insider trading and market manipulation in respect of securities admitted to trading on an EU regulated market and requires issuers of such securities to disclose any non-public, price-sensitive information as soon as possible, subject to certain limited exemptions. The listing of Notes on the Official List of the Irish Stock Exchange and the admission of the Notes to trading on the regulated market of the Irish Stock Exchange would subject the Issuer to regulation under these directives. The Note Trust Deed will not require the Issuer to maintain a listing for Notes on an EU stock exchange if compliance with these directives (or other requirements adopted by the European Commission or a relevant Member State) is agreed by the Note Trustee to be unduly onerous.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**"), each Member State of the European Union (each, a "**Member State**") is required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to, or collected by such a person for, an individual resident in that other Member State or to certain limited types of entities established in that other Member State; however, for a transitional period, Austria is instead required (unless during that period it elects 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 (including Switzerland) have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the European Council adopted an EU Council Directive amending and broadening the scope of the requirements described above. In particular, the changes expand the range of payments covered by the EU Savings Directive to include certain additional types of income, and widen the range of recipients payments to whom are covered by the EU Savings Directive, to include certain other types of entity and legal arrangement. Member States are required to implement national legislation giving effect to these changes by 1 January 2016 (which national legislation must apply from 1 January 2017).

However, on 18 March 2015, the European Commission proposed the repeal of the EU Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding tax on, payments made before those dates and to certain other transitional provisions in the case of Austria). This is to prevent overlap between the EU Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Directive amending the EU Savings Directive.

If a payment were to be made or collected through a member state that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, then neither the Issuer, nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a member state that is not obliged to withhold or deduct tax pursuant to the EU Savings Directive.

United Kingdom taxation position of the Issuer

The Issuer has been advised that it should fall within the permanent regime for the taxation of securitisation companies (as introduced by the Taxation of Securitisation Companies Regulations 2006 (SI 2006/3296) (the "**Securitisation Regulations**")), and as such should be taxed only on the amount of its "retained profit" (as that term is defined in the Securitisation Regulations), for so long as it satisfies the conditions of the Securitisation Regulations. However, if the Issuer does not satisfy the conditions to be taxed in accordance with the Securitisation Regulations (or subsequently does not), then profits or losses could arise in the Issuer which could have tax effects not contemplated in the cashflows for the transaction described in this Offering Circular and as such adversely affect the tax treatment of the Issuer and consequently payment on the Notes.

Withholding Tax under the Notes

In the event that any withholding or deduction for or on account of tax is required to be made from payments due under the Notes (including in circumstances where a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment), neither the Issuer nor any Paying Agent nor any other person will be required to make any additional payments to Noteholders, or to otherwise compensate Noteholders for the reduction in the amounts that they will receive as a result of such withholding or deduction. If such a withholding or deduction is required to be made, the Issuer will have the option (but no obligation) to redeem all outstanding Notes in full at their Principal Amount Outstanding (together with accrued interest). (See "*TERMS AND CONDITIONS OF THE NOTES*").

As of the date of this Offering Circular, no withholding or deduction for or on account of United Kingdom tax will be required on interest payments to any holders of the Notes, provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange for these purposes. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the main market of the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax. The applicability of any withholding or deduction for or on account of United Kingdom tax on payments of interest is discussed further under the section entitled "United Kingdom Taxation". Investors are referred to "*UNITED KINGDOM TAXATION*" more generally on withholding taxes and deductions.

Foreign Account Tax Compliance Act withholding may affect payments on the Notes

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 (the Code) impose a new reporting regime and, potentially, a 30 per cent. withholding tax with respect to (i) certain payments from sources within the United States; (ii) "foreign passthru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime; and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. While the Notes are in global form and held within the Clearing Systems, in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the Clearing Systems. However, FATCA may

affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It may also affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common depository for the Clearing Systems (as registered holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the Clearing Systems and custodians or intermediaries. Prospective investors should refer to the section entitled "*FOREIGN ACCOUNT TAX COMPLIANCE ACT*".

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

Changes of law and regulation

The structure of the issue of the Notes is based on English law and various regulatory, accounting and administrative practices in effect as at the date of this Offering Circular.

Regard has also been had to the expected tax treatment of the Issuer under the tax law and the published practice of the tax authorities of the United Kingdom as at the date of this Offering Circular.

No assurance can be given as to the impact of any possible change to law (including any change in regulation which may occur without a change in primary legislation), or the regulatory, accounting or administrative practice, or the interpretation or administration thereof, or the practices of HM Revenue & Customs ("**HMRC**") or the tax authorities of any other relevant taxing jurisdiction, after the date of this Offering Circular nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes. Any changes to the accounting practices of any person may also have an effect on the tax treatment of that person.

In particular, the Issuer's ability to make (and Noteholders' entitlement to receive) payments on the Notes is therefore subject to the risk that tax law or the application of such law in any relevant jurisdiction may change and could adversely be affected by any such change.

No regulation of the Issuer by any regulatory authority

The Issuer is not required to be licensed or authorised under any current securities, commodities or banking laws of its jurisdiction of incorporation. There is no assurance, however, that regulatory authorities in one or more jurisdictions would not take a contrary view regarding the applicability of any such laws to the Issuer. The taking of a contrary view by such regulatory authority could have an adverse impact on the Issuer or the holders of Notes.

D. GENERAL FACTORS RELATING TO THE ISSUER ASSETS

The Properties: general

General risks relating to commercial mortgage lending

The Loan is secured by, amongst other things, mortgages over the Properties. The Properties, as at the Closing Date, predominately represent office space and include a marina at St. Katharine's Dock, London.

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 property is typically dependent upon the successful operation of the related property. If the cashflow from the property is reduced (for example, if leases are not obtained or renewed or if tenants default in their obligations under the respective leases), a borrower's ability to repay a loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, including (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 properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors); local property market conditions (such as an oversupply of office space, including market demand); perceptions by prospective tenants of the safety, convenience, condition, services and attractiveness of the properties; the proximity 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; demographic factors; consumer confidence; unemployment rates; customer 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 a property's value without affecting its current net operating income, including: changes in governmental regulations; monetary and fiscal policy and planning or tax laws; potential environmental legislation or liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate or yield levels.

The age, construction quality and design of a particular property may affect its occupancy level as well as the rents that may be charged for individual leases over time. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the property and to replace or retain tenants. 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 area where a Property is located or similar properties in the vicinity of a Property are substantially updated and refurbished, the value and net operating income of the Property could be reduced.

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 have an adverse effect on the income derived from, or able to be generated by, any of the Properties, which could in turn cause the Borrowers to default on the Loan or may impact the Borrowers' ability to refinance the Whole Loan or sell the Properties to repay the Loan.

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

Risks relating to office property

The income from and market value of an office property, and a borrower's ability to meet its obligations under a loan secured by an office property, are subject to a number of risks. In particular, a given property's age, condition, design, 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 any of the Properties that comprise office property and thereby increase the possibility that the Borrowers under the Loan secured by the Properties will be unable to meet its obligations under the Loan.

Retail Properties

Properties used and/or let for retail purposes are further subject to the following which could also affect a Property's value and/or the rental income receivable from it:

- (a) competition from other retail spaces or the construction of other retail space;
- (b) 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 location (the continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties); and
- (c) the quality of management and attractiveness of the Properties and the surrounding neighbourhood to tenants and their customers, the public perception of the level of safety in the area, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants.

Such factors can sometimes result in rapid, substantial increases and decreases in rental and valuation levels.

Risks relating to tenants and leases

A borrower under a loan in relation to income-producing property generally relies on periodic service charge payments from tenants to pay for maintenance and other operating expenses of the property, and periodic rental payments to service a loan and any other debt or obligations it may have outstanding.

In addition, there can be no assurance that tenants will renew leases upon expiration or, in the case of a commercial tenant, that it will remain solvent and able to perform its obligations throughout the term of its lease. There is a particular risk of non-renewal of leases in respect of any part of the Property which are leased but not occupied.

Income from and the market value of a Property would be adversely affected if space in that Property could not be leased or re-let, if tenants were unable to meet their lease obligations, if a significant tenant (or a number of smaller tenants) were to become insolvent, or if for any other reason rental payments could not be collected. Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a tenant, particularly a major tenant, defaults in its obligations under its lease, the relevant lessor may experience delays in enforcing its rights and may incur substantial costs and experience significant delays associated with protecting its investments, including costs incurred in renovating and re-letting the Property or the relevant parts of the Property.

Net operating income from a commercial property may be reduced and a borrower's ability to repay a loan impaired, as a result of, among other things, an increase in vacancy rates for a property, taxes (whether arising structurally, as a result of clawbacks, or otherwise) a decline in market rental rates as leases are renewed or entered into with new tenants, an increase in operating expenses of the property and/or an increase in capital expenditures needed to maintain the property. Voids, service charge caps and exclusions and rent free periods (and other tenant incentives) can all impact on income and lead to leakage.

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

Risks relating to terms of leases

Leases may terminate earlier than anticipated if the relevant tenant surrenders its lease or defaults in the performance of its obligations. Further, leases contain break clauses which, if exercised, will lead to a termination of the relevant lease. As such, the Borrowers will have to either seek to renew such tenancies or find new tenants for the vacated premises.

Either of these factors might result in a decline in the income produced by a Property or the incurrence by the relevant Borrower 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 on the Notes.

Risks relating to frustration of tenancies

A tenancy could, in exceptional circumstances, be frustrated under English law whereupon the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Under English law frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party thereto, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of a property is frustrated this could operate to have an adverse effect on the income derived from, or able to be generated by, a particular property, which could cause the owner of such property to default on its loan. Therefore, there can be no assurance that any lease will not terminate earlier than its term as a result of frustration.

Risks relating to the rights of tenants

Under each lease there is a landlord obligation, among other things, to allow each tenant quiet enjoyment of the part of the Property which is leased to it and to perform certain specified obligations. Where the landlord is in default of its obligations under a tenancy under the general law a right of set-off could be exercised against the landlord by a tenant of part of the Property in respect of its rental obligations.

In addition, risks related to tenants may also be increased if there is a concentration of tenants in particular industries at a property. 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. There can be no assurance that an economic decline in a particular sector would not adversely affect the ability of tenants in such sector to meet their payment obligations to a Borrower under their respective lease agreements in respect of the relevant Properties and accordingly, the relevant Borrower's ability to meet its payment obligations under the Loan. Alternatively, a lack of tenant concentration can also expose a borrower or lender, to additional risks. If a property has multiple tenants, expenditures for re-tenanting may be more frequent than in the case of a property with fewer tenants, thereby reducing the cashflow available for debt service payments. Multi-tenanted properties also may experience higher continuing vacancy rates and greater volatility in rental income and expenses. The foregoing would apply to tenants in occupation from time to time of any parts of a Property pursuant to any lease thereof.

Risks relating to statutory rights of tenants

In certain circumstances, in particular relating to the renewals of business tenancies, a tenant of a commercial property may have statutory rights to require the landlord to grant it a new lease pursuant to the Landlord and Tenant Act 1954 (such Act applies in England and Wales only). Should such a right arise, the landlord may not have their normal freedom to negotiate the terms of the new lease with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises.

Property deriving revenues primarily from short-term sources, such as portfolios comprising a large number of units, are generally more management intensive than units leased to creditworthy tenants under long term leases. Given the size of some of the Properties and the number of leases in such Properties, the portfolio requires intensive management and a good relationship with tenants in order to maintain and enhance income, minimise vacancy rates and also to ensure such Properties are kept in good order.

Risks relating to environment

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

If any environmental liability were to exist in respect of any parts of any Property, the Security Agent should not incur responsibility for such liability prior to enforcement of the relevant Loan and Transaction Security, unless it could be established that the Security Agent had entered into possession of the affected parts of the Property or could be said to be in control of those parts of the Property affected. After enforcement, the Security Agent, if deemed to be a mortgagee or security holder in possession, or a receiver appointed on behalf of the Security Agent, could become responsible for environmental liabilities in respect of that Property. However, the Security Agent will need to be adequately indemnified for any environmental claims brought against it.

If an environmental liability arises in relation to any parts of any Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the Property or in a reduction in the price obtained for the Property, resulting in a sale at a loss.

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

Furthermore, the SKD Property comprises partly of a marina and therefore it is possible that it could be at risk of flooding. If flooding arises this could result in damage to the SKD Property which may adversely affect the net operating income generated by that Property and/or its market value.

Although at the time of origination of the Loan an environmental assessment was carried out in respect of the Properties there can be no assurance that all environmental risks have been identified.

Risks relating to planning consents

All properties are subject to compliance with various local planning rules and regulations. Such planning rules will typically require local planning board or planning authority consent or approval to any significant construction or renovations to a property or any significant change in use for a property. Obtaining planning consent can be time consuming and, depending on the request being made to the planning board or planning authority, costly and difficult to obtain. However, failure to so comply with planning rules and regulations (together with an inability to remedy such failure) could result in penalties being assessed against the related property and failure to obtain further consents necessary to complete any action to construct, modify or change usage with respect to such property. Also, any failure to comply with such planning and other rules and regulations in relation to any Property would likely result in a Event of Default.

Risks relating to insurance

The Obligors have undertaken in the Senior Facility Agreement that they will ensure certain insurances are in full force and effect. For further details refer to the section entitled "*THE LOAN AND THE RELATED SECURITY*".

There is no assurance the Obligors will procure the maintenance of the insurances required under the Senior Facility Agreement or that such insurances will be adequate. Moreover, if reconstruction or any major repairs are required, changes in laws or planning requirements may materially affect the relevant Borrower's ability to effect any reconstruction or major repairs or may materially increase the costs of the reconstruction or repairs.

The Obligors are required to notify the Facility Agent of any renewals made and material variations or cancellations of insurance policies made, threatened or pending (to the knowledge of any Obligor) and are obliged not to do or prevent anything to be done which may make void or voidable any insurance policy.

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

Risks relating to compulsory purchase of any Property

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

There is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value. Should such a delay occur, then, unless the Borrower has other funds available, an Event of Default may occur.

Concentration of risk generally

The Borrowers' only material assets are the Properties themselves and they will therefore not have access to any funds other than those generated through their ownership of the Properties and their letting of the Properties to occupational tenants. The ability of the Borrowers to make payments of interest and repayments of principal under the Senior Facility Agreement will be dependent solely on the sufficiency of income generated from the Properties as well as the market value and continued successful operation and management of the Properties. A

decline in any of these factors will directly materially adversely affect the Issuer's ability to make payments due in respect of the Notes in full.

Risks relating to geographic concentration

The Properties are located in the United Kingdom. Repayments under the Senior Facility Agreement and the market value of the Properties could be adversely affected by conditions in the property market where the Properties are located.

Tenant concentration and tenant default

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

Property condition assessments

A Borrower could be exposed to unexpected problems or unrecognised risks, such as delays in the implementation of maintenance, refurbishment or modernisation measures in connection with the Properties which it owns. As a result, the relevant Borrower might be unable to let a Property or implement rent increases and the Borrowers' financial condition could deteriorate and the value of the relevant Properties could decline.

To maintain rented Properties, and also to avoid loss of value, it is necessary to perform maintenance and/or repairs. In addition, it may be necessary to modernise Properties to increase their appeal or to meet contractual or legal requirements. Such measures can be time consuming and expensive. In connection with this, risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for maintenance, repair or modernisation that cannot be passed on to tenants. Moreover, work can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. In the ordinary course of events, the Borrowers will fund such maintenance expenditure out of excess cashflow generated by the Properties. If the necessary capital expenditure is not undertaken, this could lead to a diminution in the value of the relevant Properties, impacting on the liquidation or refinancing value thereof and hence the ability to generate sufficient disposal proceeds or refinancing proceeds. The possibility of such diminution in value could be increased if enforcement proceedings following an Event of Default are protracted.

Mortgagee in possession liability

The Security Agent may be deemed to be a mortgagee in possession if there is physical entry into possession of any Property or an act of control or influence which may amount to possession (such as receiving rents directly from the relevant tenant or sub-tenant). A mortgagee in possession may incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation) and in certain circumstances, can incur the liabilities of a property owner.

E. CONSIDERATIONS RELATING TO THE INSOLVENCY OF THE OBLIGORS

Risks relating to the Obligors

The Obligors, which have been established under the laws of England or Jersey, are subject to the provisions of English insolvency law provided that their Centre of Main Interests is in England or Jersey, as applicable. Pursuant to the Senior Facility Agreement, each Obligor represents that its Centre of Main Interests is situated in England or Jersey, as the case may be. Although the Obligors have been established as limited purpose entities they may, nonetheless, become insolvent and subject to insolvency proceedings under English law or Jersey law, as applicable.

The Facility Agent or the Security Agent (as the case may be) will have certain rights under the Senior Facility Agreement if any of the Obligors become insolvent and subject to insolvency proceedings, including certain

rights to accelerate the Loan and enforce the Transaction Security. However, the rights of creditors of an insolvent English or Jersey company are limited by law. There is no moratorium for secured creditors in Jersey. There are usual set aside risks in relation to reviewable transactions in Jersey such as transactions at an undervalue, preferences and extortionate credit transactions.

In the event that the Loan is not repaid in full following the enforcement of the Loan and the related Transaction Security, the Issuer may not have sufficient resources to satisfy in full its obligations under the Notes.

Limitation of recoverability of legal fees in enforcement

There can be no assurance that the Issuer will be able to recover legal fees incurred or advanced in connection with the enforcement of the Loan or the related Transaction Security from the Obligors, in particular, to the extent that such legal fees exceed the statutory limits provided by law. There can be no assurance that the legal fees relating to an enforcement of the Loan or the related Transaction Security will fall within the limitation of what can be charged to a debtor under applicable law. Any amounts of legal fees in excess of such limitation could result in a shortfall to amounts that would otherwise be distributed on the Notes.

Risks relating to the litigation

There may be pending or threatened legal proceedings against an Obligor and/or their respective Affiliates arising out of the ordinary business of such Obligor.

The Obligors will only represent that there is no pending litigation against it which, if adversely determined, would have a Material Adverse Effect (as qualified by the Senior Facility Agreement) on the date of each Utilisation Request and on each Utilisation Date.

The Borrowers are English limited partnerships

The Limited Partnerships Act 1907 (the "**Act**") governs the establishment and operation of limited partnerships in England and Wales. A limited partnership under the Act consists of one or more general partners, who are (in the event that the assets of the partnership are inadequate) liable for all debts and obligations of the partnership, and one or more limited partners. Provided that the limited partnership is registered in accordance with the Act, limited partners are not liable for the debts and obligations of the partnership beyond the amount of their capital contribution, except (i) as specified in the relevant partnership agreement and (ii) as provided in sections 4(3) and 6(1) of the Act (as to which see below). Limited partnerships registered in England and Wales do not have a legal personality separate from their partners. Nonetheless, a change in any of the limited partners will not constitute the termination or dissolution of the partnership.

Subject to the requirement that a limited partnership must at all times consist of at least one general partner and one limited partner, any limited partner may, subject to the terms of the relevant partnership agreement, retire from the partnership at any time. Further limited partners may only be admitted with the consent of the limited partners and the general partners pursuant to the terms of the relevant partnership agreement. For further details on the Partnership Agreement for the Borrowers, see the section of this Offering Circular entitled "*THE BORROWERS*" below.

Unless released by the other partners and creditors of the partnership, a retiring partner will remain liable for obligations arising under sections 4(3) and 6(1) of the Act. Section 4(3) of the Act provides that a limited partner who either directly or indirectly draws out, or receives back, any part of its capital contribution, becomes liable for the debts and obligations of the partnership up to the amount so drawn out or received back. Section 6(1) of the Act provides that a limited partner who has participated in the management of the partnership business is jointly liable for all debts and obligations of the partnership incurred during the period its participation continues.

A limited partnership may be dissolved in accordance with the provisions of the partnership agreement governing the limited partnership. In addition, under English law, the court may, on the application of any partner and on the satisfaction of certain statutory grounds, order the dissolution of the partnership.

The court may also, under English law, on the petition of a creditor, certain insolvency practitioners, the Secretary of State, a partner or any other person, make an order for the winding-up of a limited partnership and/or in certain circumstances one or more or all, of the partners.

Jersey Obligors

Certain Obligors are incorporated under the laws of Jersey (the "**Jersey Obligors**"). The legal system and market practice concerning security in Jersey may have substantially different features to that in England. Such differences may include:

- (a) limitations and restrictions on taking security, the rights and remedies available to a secured party and the availability of security over certain classes of asset; and
- (b) procedures for enforcement of security and the exercise of remedies by a secured party.

The above differences might potentially be disadvantageous to a secured party when compared to English law.

In relation to the Jersey Obligors, there is a potential risk that third party creditors may commence insolvency proceedings against them in Jersey.

Administration

In certain circumstances an administrator may be appointed in relation to a company, the effect of which would also be that, during the period for which the order is in force, the affairs and business and property of the company shall be managed by the administrator. The appointment may be made:

- (a) by the court, on the application of company, any or all of its creditors, or the justices' chief executive for a magistrates court, provided that the court is satisfied that the partnership is or is likely to become unable to pay its debts and that the administration order is reasonably likely to achieve the statutory purpose of administrations;
- (b) by the holder of a "qualifying floating charge" (as defined in the Insolvency Act 1986) over the whole or substantially the whole of the company's property who gives notice of intention to appoint an administrator to any holder of a prior qualifying floating charge and files with the court the appointment in prescribed form (including a statutory declaration that the charge was enforceable on the date of the appointment and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) and such other documents as may be provided; or
- (c) the company or its directors if it or they give notice of intention to appoint an administrator to any person who may be entitled to appoint an administrative receiver or an administrator of the company, such person declines to appoint an administrative receiver or administrator (as the case may be) and the appointment is filed with the court in prescribed form (including a statutory declaration that the company is or is likely to become unable to pay its debts and a statement by the proposed administrator that he believes the statutory purpose of administration is reasonably likely to be achieved) along with such other documents as may be provided.

In addition, in certain circumstances (which are materially similar to those set out above, save that references to the company or its directors should be to members of the partnership and an administrative receiver cannot be appointed in respect of a limited partnership) an administrator may be appointed in relation to a partnership, the effect of which would also be that, during the period for which the order is in force, the affairs and business of the partnership and the partnership property shall be managed by the administrator.

An interim "moratorium" on enforcement action against the partnership will come into effect on the filing with the court of the application for making of an administration order by the court or the notice of intention to appoint an administrator out of court, or on the presentation of a petition for an administration order, as the case may be. During the period for which such moratorium is in force, (among other things) no steps may be taken to enforce any security over the property of the partnership except with the leave of the court (and subject to such terms as the court may impose). The moratorium remains in force where an administration application has been made and has not yet been granted or dismissed, or has been granted but the order has not yet taken effect, or where a floating charge holder has filed notice of intention to appoint an administrator with the court, until the appointment takes effect or until five business days expire with no administrator having been appointed, or members of the Borrowers themselves have filed with the court notice of intention to appoint an administrator, until the appointment takes effect or until 10 business days expire with no administrator having been appointed.

During the period for which a partnership is in administration, (among other things) no steps may be taken to enforce any security over the property of the partnership except with the leave of the court (and subject to such terms as the court may impose) or the consent of the administrator.

Accordingly, if an application is made or petition is presented for the making of an administration order by the court, or notice is filed with the court of the intention to appoint an administrator, or an administration order is made or an administrator is appointed in respect of any Borrower, the enforcement of the relevant Transaction Security by the Security Agent would not be possible unless the leave of the court or the consent of the administrator was obtained, and would in any case be delayed by the need to apply to the court for leave or to the administrator for consent.

Jersey law does not recognise the concept of an administrator or receiver. Accordingly, whilst a Jersey company is deemed to have capacity under Jersey law to give security governed by foreign law over property situated outside of Jersey, Jersey law prohibits giving security over tangible moveable property situated in Jersey (such as plant and machinery, vehicles, office equipment, computers and other chattels which are the subject of a fixed charge under the Transaction Security Documents), other than by pledge, and requires compliance with Jersey law for the creation of a security interest over intangible moveable property situated in Jersey or immovable property situate in Jersey. The courts of Jersey are unlikely to recognise powers of any receiver or administrator appointed in respect of Jersey-situs assets.

The application of the Small Companies Moratorium may limit enforcement

Certain small companies, as part of the company voluntary arrangement procedure, may seek court protection from their creditors by way of a "moratorium" for a period of up to 28 days, with the option for creditors to extend this protection for up to a further two months (although the Secretary of State for Business, Innovation and Skills may, by order, extend or reduce the duration of either period). A company is eligible for a moratorium if, at the date of filing for moratorium, it meets two or more of the following criteria for being a "small company" under Section 382(3) of the Companies Act 2006 (as amended): (i) its turnover is not more than £6,500,000; (ii) its balance sheet, total is not more than £3,260,000; and (iii) the number of employees is not more than 50.

The position as to whether or not a company is eligible for a moratorium may change from period to period, depending on its financial position and average number of employees during that particular period. The Secretary of State for Business, Innovation and Skills may by regulations also modify the qualifications for eligibility of a company for a moratorium and may also modify the present definition of a "small company".

Accordingly, the Issuer or certain Obligors that are incorporated as companies may, at any given time (subject to the exemptions referred to below) be eligible to seek a moratorium, in advance of a company voluntary arrangement.

During the period for which a moratorium is in force in relation to a company, among other things, no winding-up may be commenced or administrator appointed to that company, no administrative receiver of that company may be appointed, no security created by that company over its property may be enforced (except with the leave of the Court) and no other proceedings or legal process may be commenced or continued in relation to that company (except with the leave of the Court).

Certain companies which qualify as small companies for the purposes of these provisions may, nonetheless, be excluded from being so eligible for a moratorium. As at the Closing Date, companies excluded from eligibility for a moratorium included those which, at the time of filing for the moratorium, were party to a "capital market arrangement", under which a party had incurred, or when the agreement was entered into expected to incur, a debt of at least £10,000,000 and which involved the issue of a capital market investment.

However, the Secretary of State may modify the criteria by reference to which a company otherwise eligible for a moratorium is excluded from being so eligible and/or provide that the exclusion shall cease to have effect. Accordingly, the provisions described above may limit the Issuer Security Trustee's ability to enforce the Issuer Security or the Security Agent's ability to enforce the Transaction Security, to the extent that the Issuer or an Obligor, as the case may be, (1) falls within the criteria for eligibility for a moratorium at the time a moratorium is sought, (2) seeks a moratorium in advance of a company voluntary arrangement (as applicable) and (3) is considered not to fall within the capital market exception (as expressed or modified at the relevant time) or any other applicable exception at the relevant time.

The ability to appoint an administrative receiver may be hindered by the application of the Enterprise Act 2002 in respect of floating charges

The provisions of the Enterprise Act restrict the right of the holder of a floating charge to appoint an administrative receiver (unless the security was created prior to 15 September 2003 or an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration).

The Insolvency Act 1986 contains provisions that continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the appointment of an administrative receiver is not prohibited if it is made in pursuance of an agreement which is or forms part of a capital market arrangement (as defined in the Insolvency Act 1986) under which a party incurs or, when such agreement was entered into was expected to incur, a debt of at least £50 million and if the arrangement involves the issue of a capital market investment (also defined in the Insolvency Act 1986, but generally a rated, listed or traded debt instrument). While there is no reported case law on how these provisions would be interpreted, it should be applicable to the floating charge granted by the Issuer.

However, as this issue is partly a question of fact, were it not possible to appoint an administrative receiver in respect of the Issuer, it could be subject to administration if it was to become insolvent. In addition, the Secretary of State may, by secondary legislation, modify the exceptions to the prohibition on appointing an administrative receiver 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 markets exception or its ceasing to be of application to the transactions described in this Offering Circular will not be detrimental to the interests of the Noteholders.

F. CONSIDERATIONS RELATING TO THE LOAN AND THE LOAN SECURITY

Late payment or non-payment of rent

If a significant number of tenants' rental payments are not received prior to the immediately following Loan Interest Payment Date and any shortfall is not otherwise compensated for from other resources, there may be insufficient cash available to the Borrowers to make payments to the Issuer under the Loan. This will result in reduced amounts being available to the Issuer to make payments on the Notes. This may cause a Note Event of Default unless the Issuer has or obtains other resources. However, no assurance can be given that such resources will be available or sufficient to cover any shortfalls in amounts available to the Issuer to make payments on the Notes.

Prepayment of the Loan

The Borrowers may be obliged or may choose, in certain circumstances, to prepay the Loan in whole or in part prior to the Final Repayment Date.

These circumstances include, but are not limited to, illegality (in certain circumstances), change of control of certain entities and the receipt of certain insurance proceeds. These circumstances are described in more detail in the section entitled "*SENIOR FACILITY AGREEMENT*".

These events may be beyond the control of the Borrowers and are beyond the control of the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated. Refer to the risk factor above entitled "*Considerations relating to yield and prepayments*" for further details.

Refinancing risk

The Loan may have a substantial remaining principal balance as its scheduled maturity date.

Unless previously repaid, the Loan will be required to be repaid by the Borrowers in full on the Final Repayment Date.

The ability of the Borrowers to repay the Loan in its entirety on the Final Repayment Date will depend, among other things, upon their having sufficient available cash or equity and upon their ability to find a lender willing to lend to the Borrowers (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the Loan. Such lenders will generally include banks, insurance companies and finance companies.

The availability of funds in the credit market fluctuates and during the credit crisis there was an acute shortage of credit to refinance loans such as the Loan. 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. There can be no assurance that the Borrowers will be able to refinance the Loan prior to the Final Repayment Date.

If the Borrowers cannot refinance the Loan, they may be required to sell some or all of the Properties in the then current market conditions in order to repay the Loan. Failure by the Borrowers to refinance the Loan or to sell the Properties on or prior to the Final Repayment Date may result in the Borrowers defaulting on the Loan and in their insolvency. See also "*E. CONSIDERATIONS RELATING TO THE INSOLVENCY OF THE OBLIGORS*". In the event of such a default or insolvency, the Noteholders 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 and other amounts due on the Notes.

Valuations

Knight Frank has produced the Initial Appraisal. According to the Initial Appraisal, the aggregate market value of the Properties was £477,544,000 as at 21 November 2014.

Such valuation of the Properties expresses the professional opinion of the relevant valuer on the Properties and is no guarantee of present or future value in respect of the Properties. One valuer may, in respect of a Property, reach a different conclusion than the conclusion that would be reached if a different valuer was appraising the same Property, even if theoretically prepared on the same basis. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner.

There can be no assurance that the market value of the Properties will continue to be equal to or exceed the valuations given to it in the Initial Valuation or that the value of the Properties has not changed materially since the date of the Initial Valuation. Assumptions often differ from the current facts regarding such matters and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Note Trustee, the Issuer Security Trustee, the Borrowers or any other Issuer Related Party. Some of the assumptions in the Initial Valuation might not materialise, and unanticipated events and circumstances may occur or have occurred subsequent to the date of the Initial Appraisal.

There can be no assurance that the aggregate market value of each of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due on the Whole Loan. Therefore, the actual results achieved may vary from the related valuation and such variations may be material. If the Properties are sold following a Event of Default, enforcement of the Issuer Security or a Note Event of Default there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Notes.

Limited payment history

The Whole Loan was advanced in full by way of two drawdowns: the initial drawdown was on 5 December 2014 and the second drawdown was on 15 January 2015. As such, the Loan does not have a substantial payment history on the date of this Offering Circular upon which to base assumptions about future performance of the Borrowers.

Risks relating to representations and warranties of the Obligors under the Senior Facility Agreement

Representations and warranties given by an Obligor under the Senior Facility Agreement are to some extent qualified by materiality and the actual knowledge of the Obligor giving such representation or warranty. While reliance on representations and warranties is only commercially possible to the extent that the Obligor is actually able to indemnify the recipient of such representations and warranties, so that a representation already in and as of itself only offers limited protection commercially, representations and warranties which are qualified by the actual knowledge further reduce the ability of a recipient to rely on the absence of the corresponding risks because the recipient would need to provide evidence of the Obligor's actual knowledge of the relevant risk represented which might be difficult if not impossible to demonstrate successfully in practice.

Risks relating to special purpose covenants of the Obligor

Special purpose entity covenants are generally designed to limit the purpose of the borrowing entity to owning the related property, making payments on the related loan and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the loan and related property result in borrower insolvency. Special purpose entities are generally used in commercial loan transactions to satisfy requirements of institutional lenders and recognised credit rating agencies. In order to minimise the possibility that special purpose entities will be the subject of insolvency proceedings, provisions are generally contained in the borrower's documentation relating to the loan which, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company generally (thus limiting exposure to outside creditors).

The Senior Facility Agreement contains provisions that require the Obligor to conduct themselves in accordance with certain special purpose entity covenants. The Obligor undertakes not to have any employees on the day of each Utilisation Request and each Utilisation Date, and each Obligor represents that it does not have, and has not had, any employees. However, there can be no assurance that all or most of the special purpose entity covenants will be complied with by the Obligor (however, a breach of an undertaking or representation would, in certain circumstances, lead to a Event of Default) and even if all or most of such restrictions have been complied with by the Obligor there can be no assurance that the Obligor will not nonetheless become insolvent.

An insolvency of any of the Borrowers would result in an Event of Default with respect to the Loan which may give rise to an acceleration of all or part of the Loan and an enforcement of the relevant Transaction 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.

Limitations of representations and warranties given by the Seller

Neither the Issuer nor the Issuer Security Trustee has undertaken or will undertake any investigations, searches or other actions as to the Seller's status, and each will rely instead solely on the warranties given by the Seller in respect of such matters in the Loan Sale Agreement. In the event of a material breach of loan warranty (which is capable of being remedied, but not remedied within the period specified in the Loan Sale Agreement), the Seller will be entitled (but will not be obliged) as an alternative to indemnifying the Issuer against all losses, claims, demands, taxes and other expenses or liabilities incurred by the Issuer as a result of such breach, to repurchase the Loan. For further details see the section entitled "*SALE OF ASSETS*".

The Transaction Security is held by the Security Agent for the benefit of the Issuer (in relation to the Loan) and the other Finance Parties under the Senior Facility Agreement (in relation to the Whole Loan).

The proceeds from realisation of the Transaction Security will be distributed by the Security Agent to the Finance Parties on a *pro rata* basis. As the Issuer will only be a lender for £100,000,000 of the Whole Loan, it will only be entitled to the enforcement proceeds of the Transaction Security that pertain to its percentage interest in the Whole Loan as at the relevant date. The other lenders and Finance Parties will be entitled to the remaining proceeds (as at the relevant date). Similarly, every payment of principal and interest made under the Whole Loan to the lenders in their capacity as such will be distributed on a proportionate basis between the Issuer and such lenders.

Transaction Security enforcement

In the event of acceleration of the Loan, recourse will be available only to the Transaction Security. Enforcement under the Transaction Security Documents may not result in immediate realisation of the Transaction Security and a significant delay could be experienced in recovery by the Security Agent of, amongst other things, amounts owed under the Loan.

There can be no assurance that the Security Agent would recover all amounts secured upon enforcement of the Transaction Security.

Accordingly, sufficient funds may not be realised or available to make all required payments to the Issuer under the Loan and, accordingly, the Issuer may not have sufficient funds available to make all required payments to the Noteholders and other Issuer Secured Creditors.

Majority Lender consent is required for certain matters under the Senior Facility Agreement – the Issuer will not, at the date of this Offering Circular, be the Majority Lender

Certain terms (unless all lenders consent is expressly required) of the Finance Documents can be amended or waived with the consent of the Majority Lenders. There can be no guarantee that the Issuer will be the Majority Lender at any time during the term of the Notes. If the Issuer is at any time not the Majority Lender, it will only be able to refuse to grant consent in all Lender decisions and will not be able to control any Majority Lender decisions. This means that amendments and waivers in respect of the Finance Documents will be able to be approved without the Issuer's consent.

Restriction on enforcing the Issuer Security

If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Issuer Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes or certain other requirements as more particularly specified in Condition 3(b) (*Security and Priority of Payments*) have been satisfied. See Condition 3(b) (*Security and Priority of Payments*) for further details.

Security over bank accounts

The Obligors have, in accordance with the terms of the Senior Facility Agreement, established a number of bank accounts into which, among other things, (indirectly or directly) rental income and disposal proceeds in respect of the relevant Properties must be paid. The Obligors have, pursuant to the terms of the relevant Transaction Security Documents, granted security over all of their interests in their relevant accounts, which security is, expressed to be a first fixed charge. Furthermore, under the Deed of Charge and Assignment, 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 Senior Facility Agreement provides that the Facility Agent is to have sole signing rights over the Control Accounts defined therein in Schedule 10 as the Prepayment Account, Cash Trap Account, Equity Cure Account, Capex Backlog Account, Rental Income Account and the General Accounts of the Obligors), there is a risk that, if the Security Agent, the Facility Agent or the Issuer Security 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. In such circumstances, monies paid into accounts or derived from those assets 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 company in whose name the account is held.

English law security and insolvency considerations

The Issuer will enter into the Deed of Charge and Assignment pursuant to which it will grant the Issuer Security in respect of certain of its obligations, including its obligations under the Notes. Similarly, the Obligors have entered into various Transaction Security Documents pursuant to which each Obligor granted certain security in respect of certain of its obligations, including its obligations under the Senior Facility Agreement (as to which, see "*THE LOAN AND RELATED SECURITY*").

In certain circumstances, including the occurrence of certain insolvency events in respect of the Issuer or an Obligor, the ability to realise the Issuer Security and/or the relevant Transaction Security, respectively, may be delayed and/or the value of the relevant security impaired. While the transaction structure is designed to minimise the likelihood of the Issuer or (by limiting their ability to incur financial indebtedness and limiting their business activities) any of the Obligors becoming insolvent, there can be no assurance that the Issuer and/or one or more of the Obligors will not become insolvent and/or the subject of insolvency proceedings and/or that the Noteholders would not be adversely affected by the application of insolvency laws (including English insolvency laws).

In addition, it should be noted that, to the extent that the assets of the Issuer or certain of the Obligors are subject only to a floating charge (including any fixed charge recharacterised by the courts as a floating charge), in certain circumstances under the provisions of section 176A of the Insolvency Act 1986, certain floating charge

realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge and Assignment/relevant Transaction Security Document may be used to satisfy any claims of unsecured creditors. While certain of the covenants given by the Issuer and certain of the Obligors in the Issuer Transaction Documents/Finance Documents, respectively, are intended to ensure it has no significant creditors other than the secured creditors under the Deed of Charge and Assignment/Transaction Security Documents, it will be a matter of fact as to whether the Issuer/relevant company has any other such creditors at any time. There can be no assurance that the Noteholders will not be adversely affected by any such reduction in floating charge realisations upon the enforcement of the Issuer Security/Transaction Security.

Liquidation expenses

On 6 April 2008, a provision in the Insolvency Act 1986 came into force which effectively reversed by statute the House of Lords' decision in the case of *Leyland Daf* in 2004. Accordingly, the costs and expenses of a liquidation (including certain tax charges) will be payable out of floating charge assets in priority to the claims of the floating charge-holder. In respect of certain litigation expenses of the liquidator only, this is subject to approval of the amount of such expenses by the floating charge-holder (or, in certain circumstances, the court) pursuant to provisions set out in the Insolvency Rules 1986.

As a result of the changes described above, upon the enforcement of the floating charge security granted by the Issuer and/or the Obligors, respectively, floating charge realisations which would otherwise be available to satisfy the claims of secured creditors under the Deed of Charge and Assignment/relevant Transaction Security Document will be reduced by at least a significant proportion of any liquidation expenses. There can be no assurance that the Noteholders will not be adversely affected by such a reduction in floating charge realisations.

G. CONFLICTS OF INTEREST

Conflicts between the Originator, the Arranger, the Lead Manager, the Seller and affiliates of the Originator, the Arranger, the Lead Manager or the Seller, on one hand, and the Issuer, on the other hand

Conflicts of interest between affiliates of the Originator, the Arranger, the Lead Manager or the Seller that engage in the acquisition, development, operation, financing and disposal of commercial property, the Originator, the Arranger, the Lead Manager and the Seller, on one hand, and the Issuer, on the other hand, may arise because such affiliates, the Originator, the Arranger, the Lead Manager and the Seller will not be prohibited in any way from engaging in business activities similar to or competitive with those of the Obligors.

The Originator, the Arranger, the Lead Manager, the Seller and their respective affiliates, intend to continue to actively acquire, develop, operate, finance and dispose of property related assets in the ordinary course of their businesses. During the course of their business activities, the Original Lender, the Arranger, the Lead Manager, the Seller and their respective affiliates may provide liquidity facility and swap counterparty services or acquire, own or sell properties or finance loans secured by properties which are in the same markets as the Properties. In such a case, the interests of such affiliates, the Originator, the Arranger, the Lead Manager and/or the Seller may differ from and compete with the interests of the Issuer, and decisions made with respect to such assets may adversely indirectly affect the amount and timing of distributions with respect to the Notes.

In addition, the Originator, the Arranger, the Lead Manager and the Seller and their respective affiliates may have business, lending or other relationships with, or equity investments in, obligors under loans or tenants and conflicts of interest could arise between the interests of the Issuer and the interests of the Originator, the Arranger, the Lead Manager, the Seller and such affiliates arising from such business relationships.

H. GENERAL: RISKS NOT EXHAUSTIVE

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

**DESCRIPTION OF THE NOTE TRUSTEE, THE ISSUER SECURITY TRUSTEE, THE CASH
MANAGER, THE OPERATING BANK, THE AGENT BANK, THE PRINCIPAL PAYING AGENT
AND REGISTRAR**

**U.S. BANK TRUSTEES LIMITED/ELAVON FINANCIAL SERVICES LIMITED, UK BRANCH/
ELAVON FINANCIAL SERVICES LIMITED**

U.S. Bank Global Corporate Trust Services, which is a trading name of Elavon Financial Services Limited (a U.S. Bancorp group company), is an integral part of the worldwide corporate trust business of U.S. Bank. U.S. Bank Global Corporate Trust Services in Europe conducts business primarily through the U.K. Branch of Elavon Financial Services Limited from its offices in London at 125 Old Broad Street, London EC2N 1AR, United Kingdom.

Elavon Financial Services Limited is a bank incorporated in Ireland and a wholly owned subsidiary of U.S. Bank National Association. Elavon Financial Services Limited is authorised by the Central Bank of Ireland and the activities of its U.K. Branch are also subject to the limited regulation of the U.K. Financial Conduct Authority and Prudential Regulation Authority.

U.S. Bank Trustees Limited is a limited liability company incorporated under the laws of England and Wales with its office at 125 Old Broad Street, London EC2N 1AR.

U.S. Bank Global Corporate Trust Services in combination with U.S. Bank National Association, the legal entity through which the corporate trust division conducts business in the United States, is one of the world's largest providers of trustee services with more than USD4 trillion in assets under administration in municipal, corporate, asset-backed and international bonds. The division provides a wide range of trust and agency services such as calculation/paying agent, collateral administration and document custody through its network of 48 U.S.-based offices, an Argentinean office and European offices in London and Dublin.

U.S. Bancorp (NYSE: USB), with USD364 billion in assets as of 31 December 2013, is the parent company of U.S. Bank, the fifth largest commercial bank in the United States. The company operates 3,081 banking offices in 25 states with 4,906 ATMs and provides a comprehensive line of banking, brokerage, insurance, investment, mortgage, trust and payment services products to consumers, businesses and institutions.

THE BORROWERS

The Original Borrowers

The Original Borrowers are MPG St Katherine 2 LP ("**SKD Borrower**") acting through its general partner Max Office (SKD) General Partner Ltd and MPG Holborn 2 LP ("**HHE Borrower**") acting through its general partner Max Office (HHE) General Partner Ltd.

SKD Borrower (an Original Borrower)

Corporate Structure

SKD Borrower is a limited partnership established in England and Wales on 19 November 2014 under the Limited Partnerships Act 1907 (as amended), with registration number LP016337. It commenced business on 19 November 2014 and has its principal place of business at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

Under the terms of a limited partnership agreement dated 19 November 2014 (as amended from time to time) (the "**SKD Borrower Partnership Agreement**"), Max Office (SKD) General Partner Ltd (registered number 09295303) with its registered office at Pollen House, 10 Cork Street, London W1S 3NP acts as the general partner of SKD Borrower (the "**SKD Borrower General Partner**") and Newmarket Property Holdings Limited together with MPG St Katharine LP Limited are appointed as the limited partners (the "**SKD Borrower Limited Partners**") and, together with the SKD Borrower General Partner, the "**SKD Borrower Partners**"). SKD Borrower has no legal personality of its own.

SKD Borrower is managed by the SKD Borrower General Partner, which in turn has appointed a property managing agent (GVA Grimley Limited, the "**SKD Borrower Property Managing Agent**"). The SKD Borrower General Partner, via the SKD Borrower Property Managing Agent, conducts the day-to-day management of the business of SKD Borrower and the SKD Borrower Limited Partners do not take part in the management or control of the business of SKD Borrower.

Newmarket Property Holdings Limited has a 39.96% share in the net asset value of SKD Borrower. MPG St Katharine LP Limited has a 59.94% share in the net asset value of SKD Borrower. SKD Borrower General Partner has a 0.1% share in the net asset value of SKD Borrower.

The limited partnership constituting SKD Borrower will terminate on 19 November 2029, provided that it shall terminate immediately upon:

- (a) the written deed of the SKD Borrower Partners; or
- (b) the bankruptcy, insolvency, dissolution or liquidation of the SKD Borrower General Partner.

SKD Borrower General Partner, in its capacity as the general partner of SKD Borrower and sole partner with unlimited liability, has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Principal Activities

The objects of SKD Borrower's business are to invest and in particular (but without limitation) identify, research, negotiate, make, hold and realise investments and monitor such investments.

The only other activities in which SKD Borrower has engaged are those incidental to its incorporation and registration and matters which are incidental or ancillary to the foregoing.

Control of SKD Borrower

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of SKD Borrower by its SKD Borrower General Partner is not abused.

As a partnership, SKD Borrower has no authorised or issued share capital.

SKD Borrower's title to assets

Legal title to all of the assets of SKD Borrower is held in the name of St Katherine's Estate Management Company Limited, MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, MPG St Katharine Nominee Two Limited, SKIL Three Limited and SKIL Four Limited (as applicable).

Auditor and historical financial information

Since its incorporation, SKD Borrower has not commenced operations except for entering into the Transaction Documents and effecting the transactions contemplated thereby, the acquisition, ownership, leasing, financing, development and management of its interests in the Properties and any activities directly related thereto.

Since the date of incorporation of SKD Borrower and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

Legal and arbitration proceedings

SKD Borrower has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which SKD Borrower is aware), during a period covering the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of SKD Borrower.

The SKD Borrower General Partner – Max Office (SKD) General Partner Ltd

Max Office (SKD) General Partner Ltd is a limited liability company incorporated in England and Wales on 4 November 2014 under the Companies Act 2006 with company registration number 09295303, its registered office is Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

The SKD Borrower General Partner is wholly owned by MPG St Katharine Limited.

The business of the SKD Borrower General Partner is to act as a general partner and to conduct the day-to-day management of SKD Borrower.

As at the date of this Offering Circular, the directors of the SKD Borrower General Partner are Farhad Karim, David McClure and James Lock, all of Pollen House, 10 Cork Street, London, United Kingdom, W1S 3NP.

The directors of the SKD Borrower General Partner may from time to time act as directors, or be otherwise involved in, other companies which have similar objectives to those of SKD Borrower General Partner and SKD Borrower. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with the SKD Borrower General Partner and/or SKD Borrower. Each will respectively endeavour to ensure that such conflicts are resolved fairly in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside the SKD Borrower where these are significant with respect to the SKD Borrower.

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Max Office (SKD) General Partner Ltd by its directors is not abused.

The company secretary is Sanne Group Secretaries (UK) Limited.

The capitalisation of the SKD Borrower General Partner as at the date of this Offering Circular is as follows: 1 ordinary share of £1 nominal value.

Since the date of incorporation of the SKD Borrower General Partner and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

The SKD Borrower General Partner is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the SKD

Borrower General Partner is aware) which may have or have had since the date of its incorporation a significant effect on the SKD Borrower General Partner's financial position or profitability.

SKD Borrower Limited Partner – Newmarket Property Holdings Limited ("Newmarket")

Newmarket is a SKD Borrower Limited Partner. It is a private company incorporated in Jersey with registration number 108216, its registered office is 13 Castle Street, St. Helier, Jersey JE4 5UT and its telephone number is 01534 722787. Newmarket has no role in the management of SKD Borrower.

The business of Newmarket is to act as a limited partner of, and to invest in, SKD Borrower.

SKD Borrower Limited Partner – MPG St Katharine LP Limited ("St Katharine Ltd")

St Katharine Ltd is a SKD Borrower Limited Partner. It is a private company incorporated in Jersey with registration number 108175, its registered office is 13 Castle Street, St. Helier, Jersey JE4 5UT and its telephone number is 01534 722787. St Katharine Ltd has no role in the management of SKD Borrower.

The business of St Katharine Ltd is to act as a limited partner of, and to invest in, SKD Borrower.

HHE Borrower (an Original Borrower)

Corporate Structure

HHE Borrower is a limited partnership established in England and Wales on 19 November 2014 under the Limited Partnerships Act 1907 (as amended), with registration number LP016338. It commenced business on 19 November 2014 and has its principal place of business at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

Under the terms of a limited partnership agreement dated 19 November 2014 (as amended from time to time) (the "**HHE Borrower Partnership Agreement**"), Max Office (HHE) General Partner Ltd (registered number 09295348) with its registered office at Pollen House, 10 Cork Street, London W1S 3NP acts as the general partner of HHE Borrower (the "**HHE Borrower General Partner**") and MPG Holborn LP Limited is appointed as the limited partner (the "**HHE Borrower Limited Partner**" and, together with the HHE Borrower General Partner, the "**HHE Borrower Partners**"). HHE Borrower has no legal personality of its own.

HHE Borrower is managed by the HHE Borrower General Partner, which in turn has appointed a property managing agent (GVA Grimley Limited, the "**HHE Borrower Property Managing Agent**"). The HHE Borrower General Partner, via the HHE Borrower Property Managing Agent, conducts the day-to-day management of the business of HHE Borrower and the HHE Borrower Limited Partner does not take part in the management or control of the business of HHE Borrower.

HHE Borrower Limited Partner has a 99.9% share in the net asset value of HHE Borrower. HHE Borrower General Partner has a 0.1% share in the net asset value of HHE Borrower.

The limited partnership constituting HHE Borrower will terminate on 19 November 2029, provided that it shall terminate immediately upon:

- (a) the written deed of the HHE Borrower Partners; or
- (b) the bankruptcy, insolvency, dissolution or liquidation of the HHE Borrower General Partner.

HHE Borrower General Partner, in its capacity as the general partner of HHE Borrower and sole partner with unlimited liability, has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Principal Activities

HHE Borrower's business is to invest and in particular (but without limitation) identify, research, negotiate, make, hold and realise investments and monitor such investments.

The only other activities in which HHE Borrower has engaged are those incidental to its incorporation and registration and matters which are incidental or ancillary to the foregoing.

Control of HHE Borrower

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of HHE Borrower by its HHE Borrower General Partner is not abused.

HHE Borrower's title to assets

Legal title to all of the assets of HHE Borrower is held in the name of MPG Holborn GP Limited and MPG Holborn Nominee Limited.

Auditor and historical financial information

Since its incorporation, HHE Borrower has not commenced operations except for entering into the Transaction Documents and effecting the transactions contemplated thereby, the acquisition, ownership, leasing, financing, development and management of its interests in the Properties and any activities directly related thereto.

Since the date of incorporation of the HHE Borrower and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

Legal and arbitration proceedings

HHE Borrower has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which HHE Borrower is aware), during a period covering the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of HHE Borrower.

The HHE Borrower General Partner – Max Office (HHE) General Partner Ltd

Max Office (HHE) General Partner Ltd is a limited liability company incorporated in England and Wales on 4 November 2014 under the Companies Act 2006 with company registration number 09295348, its registered office is at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

The HHE Borrower General Partner is wholly owned by MPG Holborn Limited.

The business of the HHE Borrower General Partner is to act as a general partner and to conduct the day-to-day management of HHE Borrower.

As at the date of this Offering Circular, the directors of HHE Borrower General Partner are Farhad Karim, David McClure and James Lock, all of Pollen House, 10 Cork Street, London, United Kingdom, W1S 3NP.

The directors of the HHE Borrower General Partner may from time to time act as directors, or be otherwise involved in, other companies which have similar objectives to those of HHE Borrower General Partner and HHE Borrower. It is therefore possible that any of them may, in the due course of their business, have potential conflicts of interests with the HHE Borrower General Partner and/or HHE Borrower. Each will respectively endeavour to ensure that such conflicts are resolved fairly in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside the HHE Borrower where these are significant with respect to the HHE Borrower.

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Max Office (HHE) General Partner Ltd by its directors is not abused.

The company secretary is Sanne Group Secretaries (UK) Limited.

The capitalisation of the HHE Borrower General Partner as at the date of this Offering Circular is as follows: 1 ordinary share of £1 nominal value.

Since the date of incorporation of HHE Borrower General Partner and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

The HHE Borrower General Partner is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the HHE Borrower General Partner is aware) which may have or have had since the date of its incorporation a significant effect on the HHE Borrower General Partner's financial position or profitability.

The HHE Borrower Limited Partner – MPG Holborn LP Limited

HHE Borrower Limited Partner is a private company incorporated in Jersey with registration number 111454, its registered office is at 13 Castle Street, St Helier, Jersey JE4 5UT and its telephone number is 01534 722787. HHE Borrower Limited Partner has no role in the management of HHE Borrower.

The business of the HHE Borrower Limited Partner is to act as a limited partner of, and to invest in, Borrower MPG Holborn.

The Additional Borrowers

The Borrowers consist of both the Original Borrowers and the Additional Borrowers. The Additional Borrowers are Max Office 2 LP ("**Office Borrower**") and Provincial Office 2 LP ("**Provincial Borrower**"). The Additional Borrowers each became a "Borrower" pursuant to Clause 32.2 (*Additional Borrowers*) of the Senior Facility Agreement.

Office Borrower (an Additional Borrower)

Corporate Structure

Office Borrower is a limited partnership established in England and Wales on 19 November 2014 under the Limited Partnerships Act 1907 (as amended), with registration number LP016339. It commenced business on 19 November 2014 and has its principal place of business at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

Under the terms of a limited partnership agreement dated 19 November 2014 (as amended from time to time) (the "**Office Borrower Partnership Agreement**"), Max Office General Partner Ltd (registered number 09295284) with the registered office at Pollen House, 10 Cork Street, London W1S 3NP acts as the general partner of Office Borrower (the "**Office Borrower General Partner**") and Max Office Investor Limited is appointed as the limited partner (the "**Office Borrower Limited Partner**" and, together with the Office Borrower General Partner, the "**Office Borrower Partners**"). Office Borrower has no legal personality of its own.

Office Borrower is managed by the Office Borrower General Partner, which in turn has appointed a property managing agent (GVA Grimley Limited, the "**Office Borrower Property Managing Agent**"). The Office Borrower General Partner, via the Office Borrower Property Managing Agent, conducts the day-to-day management of the business of Office Borrower and the Office Borrower Limited Partner does not take part in the management or control of the business of Office Borrower.

Office Borrower Limited Partner has a 99.9% share in the net asset value of Office Borrower. Office Borrower General Partner has a 0.1% share in the net asset value of Office Borrower.

The limited partnership constituting Office Borrower will terminate on 19 November 2029, provided that it shall terminate immediately upon:

- (a) the written deed of the Office Borrower Partners; or
- (b) the bankruptcy, insolvency, dissolution or liquidation of the Office Borrower General Partner.

Office Borrower General Partner, in its capacity as the general partner of Office Borrower and sole partner with unlimited liability, has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Principal Activities

The objects of Office Borrower's business are to invest and in particular (but without limitation) identify, research, negotiate, make, hold and realise investments and monitor such investments.

Control of Office Borrower

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Office Borrower by its Office Borrower General Partner is not abused.

As a partnership, Office Borrower has no authorised or issued share capital.

Office Borrower's title to assets

Legal title to all of the assets of Office Borrower is held in the name of Max Office General Partner Ltd and Max Office Nominee Two Limited.

Auditor and historical financial information

Since its incorporation, Office Borrower has not commenced operations except for entering into the Transaction Documents and effecting the transactions contemplated thereby, the acquisition, ownership, leasing, financing, development and management of its interests in the Properties and any activities directly related thereto.

Since the date of incorporation of Office Borrower and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

Legal and arbitration proceedings

Office Borrower has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Office Borrower is aware), during a period covering the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of Office Borrower.

The Office Borrower General Partner – Max Office General Partner Ltd

Max Office General Partner Ltd is a limited liability company incorporated in England and Wales on 4 November 2014 under the Companies Act 2006 with company registration number 09295284, its registered office is at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

The Office Borrower General Partner is wholly owned by Max Office Limited.

The business of the Office Borrower General Partner is to act as a general partner and to conduct the day-to-day management of Office Borrower.

As at the date of this Offering Circular, the directors of Office Borrower General Partner are Farhad Karim, David McClure and James Lock, all of Pollen House, 10 Cork Street, London, United Kingdom, W1S 3NP.

The directors of the Office Borrower General Partner may from time to time act as directors, or be otherwise involved in, other companies which have similar objectives to those of Office Borrower General Partner and Office Borrower. It is, therefore, possible that any of them may, in the due course of their business, have potential conflicts of interests with the Office Borrower General Partner and/or Office Borrower. Each will respectively endeavour to ensure that such conflicts are resolved fairly in accordance with the obligations applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside the Office Borrower where these are significant with respect to the Office Borrower.

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Max Office General Partner Ltd by its directors is not abused.

The company secretary is Sanne Group Secretaries (UK) Limited.

The capitalisation of the Office Borrower General Partner as at the date of this Offering Circular is as follows: 1 ordinary share of £1 nominal value.

Since the date of incorporation of Office Borrower General Partner and as of the date of this Offering Circular, no financial statements have been made up.

The Office Borrower General Partner is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Office Borrower General Partner is aware) which may have or have had since the date of its incorporation a significant effect on the Office Borrower General Partner's financial position or profitability.

The Office Borrower Limited Partner – Max Office Investor Limited

Office Borrower Limited Partner is a private company incorporated in Jersey with registration number 104875. The address of its registered office is 13 Castle Street, St Helier, Jersey JE4 5UT and its telephone number is 01534 722787. Office Borrower Limited Partner has no role in the management of Office Borrower.

The business of Office Borrower Limited Partner is to act as a limited partner of, and to invest in, Office Borrower.

Provincial Borrower (an Additional Borrower)

Corporate Structure

Provincial Borrower is a limited partnership established in England and Wales on 19 November 2014 under the Limited Partnerships Act 1907 (as amended), with registration number LP016340. It commenced business on 19 November 2014 and has its principal place of business at Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

Under the terms of a limited partnership agreement dated 19 November 2014 (as amended from time to time) (the "**Provincial Borrower Partnership Agreement**"), Max Office (Provincial) General Partner Ltd (registered number 09295351) with its registered office at Pollen House, 10 Cork Street, London W1S 3NP acts as the general partner of Provincial Borrower (the "**Provincial Borrower General Partner**") and Max Office Limited Partner Limited is appointed as the limited partner (the "**Provincial Borrower Limited Partner**" and, together with the Provincial Borrower General Partner, the "**Provincial Borrower Partners**"). Provincial Borrower has no legal personality of its own.

Provincial Borrower is managed by the Provincial Borrower General Partner, which in turn has appointed property managing agents (GVA Grimley Limited and Savills (UK) Limited, the "**Provincial Borrower Property Managing Agents**"). The Provincial Borrower General Partner, via the Provincial Borrower Property Managing Agents, conducts the day-to-day management of the business of Provincial Borrower and the Provincial Borrower Limited Partner does not take part in the management or control of the business of Provincial Borrower.

Provincial Borrower Limited Partner has a 99.9% share in the net asset value of Provincial Borrower. Provincial Borrower General Partner has a 0.1% share in the net asset value of Provincial Borrower.

The limited partnership constituting Provincial Borrower will terminate on 19 November 2029, provided that it shall terminate immediately upon:

- (a) the written deed of the Provincial Borrower Partners; or
- (b) the bankruptcy, insolvency, dissolution or liquidation of the Provincial Borrower General Partner.

Provincial Borrower General Partner, in its capacity as the general partner of Provincial Borrower and sole partner with unlimited liability, has confirmed that as at the date of this Offering Circular it has no conflict or potential conflict of interest in relation to any of the transactions described in this Offering Circular.

Principal Activities

The objects of Provincial Borrower's business are to invest and in particular (but without limitation) identify, research, negotiate, make, hold and realise investments and monitor such investments.

Control of Provincial Borrower

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Provincial Borrower by its Provincial Borrower General Partner is not abused.

As a partnership, Provincial Borrower has no authorised or issued share capital.

Provincial Borrower's title to assets

Legal title to all of the assets of Provincial Borrower is held in the name of Max Office GP Limited and Max Office Nominee Limited.

Auditor and historical financial information

Since the date of its incorporation, Provincial Borrower has not commenced operations except for entering into the Transaction Documents and effecting the transactions contemplated thereby, the acquisition, ownership, leasing, financing, development and management of its interests in the Properties and any activities directly related thereto.

Since the date of incorporation of Provincial Borrower and as at the date of this Offering Circular, no financial statements have been made up. Therefore at present no auditor has been appointed.

Legal and arbitration proceedings

Provincial Borrower has not been involved in any governmental, legal or arbitration proceedings (including any such proceedings that are pending or threatened of which Provincial Borrower is aware), during a period covering the last 12 months, which may have, or have had in the recent past, significant effects upon the financial position or profitability of Provincial Borrower.

The Provincial Borrower General Partner – Max Office (Provincial) General Partner Ltd

The Provincial Borrower General Partner is a limited liability company incorporated in England and Wales on 4 November 2014 under the Companies Act 2006 with company registration number 09295351 and its registered office is Pollen House, 10 Cork Street, London W1S 3NP and its telephone number is 020 3327 9720.

The Provincial Borrower General Partner is wholly owned by Max Office Limited.

The business of the Provincial Borrower General Partner is to act as a general partner and to conduct the day-to-day management of Provincial Borrower.

As at the date of this Offering Circular, the directors of Provincial Borrower General Partner are Farhad Karim, David McClure and James Lock, all of Pollen House, 10 Cork Street, London, United Kingdom, W1S 3NP.

The directors of the Provincial Borrower General Partner may from time to time act as directors, or be otherwise involved in, other companies which have similar objectives to those of Provincial Borrower General Partner and Provincial Borrower. It is therefore possible that any of them may, in the course of their business, have potential conflicts of interests with the Provincial Borrower General Partner and/or Provincial Borrower. Each will respectively endeavour to ensure that such conflicts are resolved fairly in accordance with the obligations

applicable to such party. As of the date of this Offering Circular there are no principal activities performed by them outside the Provincial Borrower where these are significant with respect to the Provincial Borrower.

Except for the general restrictive provisions in the Senior Facility Agreement, there are no specific measures in place to ensure that control of Max Office (Provincial) General Partner Ltd by its directors is not abused.

The company secretary is Sanne Group Secretaries (UK) Limited.

The capitalisation of the Provincial Borrower General Partner as at the date of this Offering Circular is as follows: 1 ordinary share of £1 nominal value.

Since the date of incorporation of Provincial Borrower General Partner and as at the date of this Offering Circular, no financial statements have been made up. Therefore, at present no auditor has been appointed.

The Provincial Borrower General Partner is not involved, and has not been involved, in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Provincial Borrower General Partner is aware) which may have or have had since the date of its incorporation a significant effect on the Provincial Borrower General Partner's financial position or profitability.

The Provincial Borrower Limited Partner – Max Office Limited Partner Limited

The Provincial Borrower Limited Partner is a limited partner of Provincial Borrower. It is a private company incorporated in Jersey with registered number 104650, its registered office is 13 Castle Street, St Helier, Jersey JE4 5UT and its telephone number is 01534 722787. Provincial Borrower Limited Partner has no role in the management of Provincial Borrower.

The business of Provincial Borrower Limited Partner is to act as a limited partner of, and to invest in, Provincial Borrower.

MANAGEMENT AND ADMINISTRATION OF THE PROPERTY

First Transaction Initial Property Management Agreements

The legal owners of the Properties which are beneficially owned by the Original Borrowers have entered into property management agreements pursuant to which they have appointed a property manager to provide certain property management services in relation to the Properties held by them.

The SKD Borrower Initial Property Management Agreement

On 18 August 2014, MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, SKIL Three Limited and SKIL Four Limited entered into an initial property management agreement with GVA Grimley Limited as property manager in respect of the property at Europe House and Commodity Exchange, East Smithfield, International House and Devon House, St Katharine's Way, Ivory House, 7 – 19 Tower Walk, 1 – 10 Mews Street and land at St Katharines Dock, London; the Zone A Car Park; Mews Street Garages; the City Quay Car Parking Spaces; the Flats at Ivory House; the roof space at Flat 30 Ivory House; Commodity Quay; Ivory House and other properties; and Marina Basin (registered as Dock Basin) (the "**SKD Initial Property Management Agreement**").

The HHE Borrower Initial Property Management Agreement

On 18 August 2014, MPG Holborn GP Limited and MPG Holborn Nominee Limited entered into an Initial Property Management Agreement with GVA Grimley Limited as the initial property manager in respect of the property at High Holborn House, 52-54 High Holborn, London WC1V 6RL, Caroline House, 55-57 High Holborn, London WC1V 6DX, Brownlow House, 50-51 High Holborn, London WC1V 6ER, 18-23 Hand Court, London WC1V 6JF and 45-48 Bedford Row, London WC1R 4NL (the "**HHE Initial Property Management Agreement**" and, together with the SKD Initial Property Management Agreement, the "**First Transaction Initial Property Management Agreements**").

Term and termination of the First Transaction Initial Property Management Agreements

The First Transaction Initial Property Management Agreements came into force on 18 August 2014 and shall remain in force for 12 months from such date (subject to early termination provisions), provided that the term will automatically be renewed for successive twelve-month periods thereafter. The First Transaction Initial Property Management Agreements are governed by English law.

As at the Closing Date, three months notice has been given by the Company to the Facility Agent of the intention of MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, SKIL Three Limited and SKIL Four Limited to terminate the appointment of GVA Grimley Limited under the SKD Initial Property Management Agreement and appoint Blackstone Property Management Limited as property manager under a new property management agreement.

Property Management Services

Pursuant to the First Transaction Initial Property Management Agreements, GVA Grimley Limited as the Initial Property Managing Agent is mandated to carry out monitoring and rental, technical, administrative and financial management of the relevant Properties.

First Transaction Initial Asset Management Agreements

The legal owners of the Properties which are beneficially owned by the Original Borrowers have entered into asset management agreements pursuant to which they have appointed a property advisor to provide certain property advisory services in relation to the Properties held by them.

Initial Asset Management Agreement in respect of SKD Borrower

Pursuant to a property advisers agreement dated 18 August 2014, MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, SKIL Three Limited and SKIL Four Limited engaged Blackstone Property Management Limited as the property adviser to oversee all aspects of the day-to-day management of the properties held by MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, SKIL Three Limited

and SKIL Four Limited including (i) preparation of a business plan, (ii) making recommendations concerning a promotion and marketing strategy, a vacant possession strategy and a letting strategy, (iii) making recommendations concerning the appointment of letting consultants, (iv) negotiating the terms of any agreement for lease and (v) any other services as may be agreed between the parties, each in respect of the relevant properties owned by MPG St Katharine GP Limited, MPG St Katharine Nominee Limited, SKIL Three Limited and SKIL Four Limited (the "**SKD Initial Asset Management Agreement**").

Initial Asset Management Agreement in respect of HHE Borrower

Pursuant to a property advisers agreement dated 18 August 2014, MPG Holborn GP Limited and MPG Holborn Nominee Limited engaged Blackstone Property Management Limited as the property adviser to oversee all aspects of the day-to-day management of the properties held by MPG Holborn GP Limited and MPG Holborn Nominee Limited including (i) preparation of a business plan, (ii) making recommendations concerning a promotion and marketing strategy, a vacant possession strategy and a letting strategy, (iii) making recommendations concerning the appointment of letting consultants, (iv) negotiating the terms of any agreement for lease and (v) any other services as may be agreed between the parties, each in respect of the relevant properties owned by MPG Holborn GP Limited and MPG Holborn Nominee Limited (the "**HHE Initial Asset Management Agreement**" and, together with the SKD Initial Asset Management Agreement, the "**First Transaction Initial Asset Management Agreements**").

Term and termination of the First Transaction Initial Asset Management Agreements

The First Transaction Initial Asset Management Agreements came into force on 18 August 2014 and shall remain in force for 12 months from such date (subject to early termination provisions) provided that the term will automatically be renewed for 12 month periods thereafter. The First Transaction Initial Asset Management Agreements are governed by English law.

First Transaction Duty of Care Agreements

GVA Grimley Limited acting as the initial property manager entered into separate duty of care agreements on 4 December 2014 with (i) the SKD Borrower, the Facility Agent and Security Agent; and (ii) the HHE Borrower, the Facility Agent and Security Agent (the "**First Transaction Duty of Care Agreements**").

Pursuant to those duty of care agreements the initial property manager (i) has undertaken to comply with the terms of and fulfil its obligations under the SKD Borrower Initial Property Management Agreement and the HHE Borrower Initial Property Management Agreement, as applicable, and perform such obligations with the skill, care and diligence expected from a reasonably qualified and competent managing agent, (ii) has undertaken to provide copies to the Facility Agent of any documents relating to the relevant Properties the subject of the SKD Borrower Initial Property Management Agreement and the HHE Borrower Initial Property Management Agreement (as the case may be), (iii) has undertaken not to amend the SKD Borrower Initial Property Management Agreement or the HHE Borrower Initial Property Management Agreement, as the case may be (except in accordance with the Senior Facility Agreement), (iv) must not suspend the performance of its obligations under, or terminate, the SKD Borrower Initial Property Management Agreement or the HHE Borrower Initial Property Management Agreement, as the case may be (subject to provisions for early termination) and (v) has agreed that the Facility Agent may immediately terminate the SKD Borrower Initial Property Management Agreement and/or the HHE Borrower Initial Property Management Agreement, as applicable, in the event that the security charged in relation to the Senior Facility Agreement has become enforceable.

The First Transaction Duty of Care Agreements are governed by English law.

Second Transaction Initial Property Management Agreements and Deeds of Novation

The legal owners of the Properties beneficially owned by the Additional Borrowers have become a party to, and assumed rights and obligations under, various property management agreements pursuant to which they have appointed a property manager to provide certain property management services in relation to the Properties held by them (together the "**Second Transaction Initial Property Management Agreements**"), as described below:

- (a) Provincial Offices LLP entered into an initial property management agreement dated 14 January 2015 with Savills (UK) Limited in respect of the property located at Concord Business Park, Threapwood Road, Manchester M22 0RR. By a deed of novation dated 15 January 2015 Provincial Offices LLP novated all of its rights and obligations under such agreement to Max Office GP Limited and Max Office Nominee Limited;
- (b) Provincial Offices LLP entered into separate initial property management agreements each dated 18 August 2014, in each case with GVA Grimley Limited as the property manager, in respect of each of the following properties: (i) Broadlands Business Campus, Langhurstwood Road, Horsham RH12 4QP; (ii) Overbridge Square, Hambridge Lane, Newbury RG14 5UX; and (iii) Solent Centre, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AL. By deeds of novation dated 15 January 2015, Provincial Offices LLP novated all of its rights and obligations under each of those initial property management agreements to Max Office GP Limited and Max Office Nominee Limited;
- (c) Max Office GP Limited and Max Office Nominee Limited entered an initial property management agreement dated 18 August 2014 with the GVA Grimley Limited as the property manager, in respect of the property at New Bond House, Newfoundland Street, Bristol BS2 8QR;
- (d) On 18 August 2014, Max Office 2 LLP entered into separate initial property management agreements, in each case with GVA Grimley Limited as the property manager in respect of each of the properties at (i) Workplace Building, Precedent Drive, Rooksley, Milton Keynes MK13 8PD and (ii) Centric MK, Foxhunter Drive, Milton Keynes MK14 6GE. By deeds of novation dated 15 January 2015, all of Max Office 2 LLP's rights and obligations under each of those initial property management agreements were transferred to Max Office General Partner Ltd and Max Office Nominee Two Limited; and
- (e) Max Office 2 LLP and Silbury Court LLP entered into an initial property management agreement dated 18 August 2014 with GVA Grimley Limited as the property manager in respect of the property at Silbury Court, Silbury Boulevard, Milton Keynes MK9 2AF. By a deed of novation dated 15 January 2015, all of Max Office 2 LLP and Silbury Court LLP's rights and obligations under such agreement were transferred to Max Office General Partner Ltd and Max Office Nominee Two Limited.

Term and termination of the Second Transaction Initial Property Management Agreements

Each Second Transaction Initial Property Management Agreement referred to in this section came into force on its execution date and shall remain in force for 12 months from such date (subject to early termination provisions), provided that the term will automatically be renewed for successive twelve-month periods thereafter. The Second Transaction Initial Property Management Agreements are governed by English law.

Property Management Services

Pursuant to the Second Transaction Initial Property Management Agreements, Savills (UK) Limited or GVA Grimley Limited acting as the Initial Property Managing Agent, as applicable, is mandated to carry out monitoring and rental, technical, administrative and financial management of the relevant properties.

Second Transaction Duty of Care Agreements

Duty of Care Agreement relating to the Milton Keynes properties

Max Office 2 LP entered into a duty of care agreement on 15 January 2015 with GVA Grimley Limited acting as the initial property managing agent, the Facility Agent and Security Agent in respect of the properties at Centric MK, Foxhunter Drive, Milton Keynes MK14 6GE; Workplace Building, Precedent Drive, Rooksley, Milton Keynes MK13 8PD; and Silbury Court, Silbury Boulevard, Milton Keynes MK9 2AF pursuant to which it (i) has undertaken to comply with the terms of and fulfil its obligations under the underlying Second Transaction Initial Property Management Agreements governing the above-listed properties and perform such obligations with the skill, care and diligence expected from a reasonably qualified and competent managing agent, (ii) has undertaken to provide copies to the Facility Agent of any documents relating to the relevant properties, (iii) has undertaken not to amend such Second Transaction Initial Property Management Agreements (except in accordance with the Senior Facility Agreement), (iv) must not suspend the performance of its obligations under, or terminate, the Second Transaction Initial Property Management Agreements (subject to provisions for early termination) and (v) has agreed that the Facility Agent may immediately terminate the

Second Transaction Initial Property Management Agreements in the event that the security charged in relation to the Senior Facility Agreement has become enforceable.

Duty of Care Agreement relating to the Manchester property

Provincial Office 2 LP entered into a duty of care agreement on 15 January 2015 with Savills (UK) Limited as managing agent, the Facility Agent and Security Agent in respect of the property at Concord Business Park, Threapwood Road, Manchester M22 0RR, pursuant to which it (i) has undertaken to comply with the terms of and fulfil its obligations under the underlying Second Transaction Initial Property Management Agreement governing the above-listed property and perform such obligations with the skill, care and diligence expected from a reasonably qualified and competent managing agent, (ii) has undertaken to provide copies to the Facility Agent of any documents relating to the relevant property, (iii) has undertaken not to amend such Second Transaction Initial Property Management Agreement (except in accordance with the Senior Facility Agreement), (iv) must not suspend the performance of its obligations under, or terminate, the underlying Second Transaction Initial Property Management Agreement (subject to provisions for early termination) and (v) has agreed that the Facility Agent may immediately terminate the underlying Second Transaction Initial Property Management Agreement in the event that the security charged in relation to the Senior Facility Agreement has become enforceable.

Duty of Care Agreement relating to Max Office 2 LP

Provincial Office 2 LP entered into a Duty of Care Agreement on 15 January 2015 with GVA Grimley Limited acting as the Initial Property Managing Agent, the Facility Agent and the Security Agent in respect of the properties at: Broadlands Business Campus, Langhurstwood Road, Horsham RH12 4QP; Overbridge Square, Hambridge Lane, Newbury RG14 5UX; Solent Centre, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AL; New Bond House, Newfoundland Street, Bristol BS2 8QR; and Berkeley House, Bristol, pursuant to which it (i) has undertaken to comply with the terms of and fulfil its obligations under the underlying Second Transaction Initial Property Management Agreements governing the above-listed properties and perform such obligations with the skill, care and diligence expected from a reasonably qualified and competent managing agent, (ii) has undertaken to provide copies to the Facility Agent of any documents relating to the relevant properties, (iii) has undertaken not to amend such Second Transaction Initial Property Management Agreements (except in accordance with the Senior Facility Agreement), (iv) must not suspend the performance of its obligations under, or terminate, the relevant Second Transaction Initial Property Management Agreement (subject to provisions for early termination) and (v) has agreed that the Facility Agent may immediately terminate the Second Transaction Initial Property Management Agreements in the event that the security charged in relation to the Senior Facility Agreement has become enforceable.

Second Transaction Initial Property Management Agreements and Deeds of Novation

On 18 August 2014, Provincial Offices LLP entered several property advisers agreements, in each case with Blackstone Property Management Limited as property adviser (the "**Property Adviser**"), in respect of each of the following properties: (i) Concord Business Park, Threapwood Road, Manchester M22 0RR; (ii) Broadlands Business Campus, Langhurstwood Road, Horsham RH12 4QP; (iii) Overbridge Square, Hambridge Lane, Newbury RG14 5UX; and (iv) Solent Centre, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AL. By separate deeds of novation dated 15 January 2015, Provincial Offices LLP novated all of its rights and obligations under each such agreement to Max Office GP Limited and Max Office Nominee Limited.

On 18 August 2014, Max Office Nominee Limited and Max Office GP Limited entered into a property advisers agreement, in each case with the Property Adviser, in respect of the property at New Bond House, Newfoundland Street, Bristol BS2 8QR.

On 18 August 2014, Max Office 2 LLP entered two property advisers agreements with the Property Adviser, in respect of each of the following properties: (i) Centric MK, Foxhunter Drive, Milton Keynes MK14 6GE; and (ii) Workplace Building, Precedent Drive, Rooksley, Milton Keynes MK13 8PD. By separate deeds of novation dated 15 January 2015, Max Office 2 LLP novated all of its rights and obligations under each such agreement to Max Office General Partner Ltd and Max Office Nominee Two Limited.

On 18 August 2014, Max Office 2 LLP and Silbury Court LLP entered a property advisers agreement with the Property Adviser in respect of the property at Silbury Court, Silbury Boulevard, Milton Keynes MK9 2AF. By a deed of novation dated 15 January 2015, all of Max Office 2 LLP and Silbury Court LLP's rights and

obligations under such agreement were transferred to Max Office General Partner Ltd and Max Office Nominee Two Limited.

Term and Termination of the Second Transaction Initial Property Management Agreements

Each property advisers agreement referred to above came into force on its execution date and shall remain in force for 12 months from such date (subject to early termination provisions), provided that the term will automatically be renewed for successive twelve-month periods thereafter. Such property advisers agreements are governed by English law.

Property Advisory Services

Pursuant to the property advisers agreements the Property Adviser has been engaged to oversee all aspects of the day-to-day management of the properties held by Max Office General Partner Ltd and Max Office Nominee Two Limited including (i) preparation of a business plan, (ii) making recommendations concerning a promotion and marketing strategy, a vacant possession strategy and a letting strategy, (iii) making recommendations concerning the appointment of letting consultants, (iv) negotiating the terms of any agreement for lease and (v) any other services as may be agreed between the parties, each in respect of the relevant properties owned by Max Office General Partner Ltd and Max Office Nominee Two Limited.

THE ORIGINATION AND DUE DILIGENCE PROCESS

Origination of the Loan

The Originator has internal policies and procedures in relation to the granting of credit, the administration of credit risk-bearing portfolios and risk mitigation. The policies and procedures of the Originator in this regard broadly include the following:

- (a) criteria for the granting of credit and the process for approving, amending, renewing and re-financing credits;
- (b) systems in place to administer and monitor the various credit-risk bearing portfolios and exposures; and
- (c) policies and procedures in relation to risk mitigation techniques.

Due diligence

The Properties were evaluated by carrying out legal and non-legal due diligence which is customary for a financing of this nature.

Such due diligence included environmental, tax, technical, and insurance adviser reports and the Initial Valuation.

Legal due diligence

The Originator's solicitors prepared an overview due diligence report of the full due diligence done in relation to the acquisition of the Properties. The report summarised issues contained in certain property due diligence information given in relation to the provision of the Senior Facility Agreement. In relation to the First Utilisation, the Borrowers' solicitors issued London Closing Certificates of Title dated 4 December 2014 stating that the Company has good and marketable title and is solely legally and beneficially entitled to the Property and neither the Borrowers' solicitors nor the Company know of any reason why a chargee should not be registered as registered proprietor.

In relation to the Second Utilisation, the Borrowers' solicitors issued Non-London Closing Certificates of Title, dated 14 January 2015, stating that the Company has good and marketable title and is solely legally and beneficially entitled to the Property and neither the Borrowers' solicitors nor the Company know of any reason why a chargee should not be registered as registered proprietor.

Non-legal due diligence

Valuation

Prior to advancing the Whole Loan, Knight Frank was engaged to carry out an independent valuation of the Properties dated 19 December 2014, which valued the Properties as at 21 November 2014. A summary of such valuation is set out in Appendix 1 (*Initial Appraisal*) of this Offering Circular.

There can be no assurance that another valuer would have arrived at the same opinion of value or that the value of the Properties has not changed since 21 November 2014 (the valuation date set out in the Initial Appraisal). See the risk factor entitled "*Valuations*" within the section entitled "*RISK FACTORS*" above.

There has been no re-valuation of the Properties since the date set out in the Initial Appraisal (being 21 November 2014) for the purposes of the issue of the Notes.

Environmental and technical reports

All Properties were, prior to the origination of the Whole Loan, subject to environmental assessments and technical due diligence. There can be no assurance that all environmental and technical risks have been identified.

Financial and tax due diligence report

The Group was, prior to the origination of the Whole Loan, subject to financial and tax due diligence in connection with the refinancing.

THE LOAN AND RELATED SECURITY

The following is a summary of the principle terms of the Senior Facility Agreement and is qualified in its entirety by the detailed provisions of the Senior Facility Agreement itself.

Loan Information

Original Whole Loan Balance	£330,000,000
Cut-Off Date Whole Loan	22 April 2015
Cut-Off Date Loan Balance	£100,000,000
Projected Loan Balance at Maturity	£330,000,000
Purpose	Refinancing any Financial Indebtedness of any members of the Group, funding the Capex Backing Account financing or refinancing the Transaction Costs.
Utilisation Date	5 December 2014 and 15 January 2015
Final Repayment Date	5 December 2019
Remaining Term (as at Closing Date)	4.62
Interest Rate	The rate of interest on each Loan for each Loan Interest Period is the percentage rate per annum which is the aggregate of the applicable: (a) Margin; (b) LIBOR; and (c) Mandatory Costs (if any).
Governing Law	England and Wales
Primary Loan Security	The Obligors have created English and Jersey law governed security (as applicable) over the assets pursuant to the Transaction Security Documents.
Sponsor	The Blackstone Group L.P.
Borrowers	MPG St. Katharine 2 LP, MPG Holborn 2 LP, Provincial Office 2 LP and Max Office 2 LP
Borrower Location	England and Wales

Financial Information (at Original Valuation)

Market Value	£477,544,000
Gross Value	£477,544,000
Market Value per sq foot	£362 per square foot

(Original Valuation)	
Valuer	Knight Frank LLP
Date of Original Valuation	19 December 2014 for effective date of the valuation as at 21 November 2014
Total Gross Rent/Revenue:	
– Actual	£18,175,128
– Contracted	£22,545,626

Financial Ratio at Closing

	At Cut-Off Date	
LTV	69.1% (Whole Loan)	
Projected Whole Loan ICR /DSCR	Whole Loan ICR 1.56:1	

Additional Loan Features

Covenants	<p>Non-compliance with the financial ratios below will constitute an Event of Default under the Senior Facility Agreement.</p> <p>(a) each Loan Interest Payment Date falling on or after the first anniversary of the First Utilisation Date, the LTV Ratio is greater than 85%; and/or</p> <p>(b) on any Loan Interest Payment Date, the Projected ICR is less than 1.10:1.</p>
Cash Trap	<p>If:</p> <p>(a) each Loan Interest Payment Date falling on or after the first anniversary of the First Utilisation Date, the LTV Ratio is greater than 80%; and/or</p> <p>(b) on any Loan Interest Payment Date, the Projected ICR is less than 1.30:1.</p>

Portfolio/Tenancy Information (as at 19 December 2014)

Portfolio Type	Primarily office with a small number of retail and residential sector assets.
No. of properties	10
Property Location	United Kingdom

Year Built	Various: 1990s and 2000s
Asset Manager	Blackstone Property Management Limited
Property Manager	Savills (UK) Limited and GVA Grimley Limited
Net Rentable Area (sq ft)	1,289,325
Occupancy (as at 21 November 2014)	80%
Number of Tenants	More than 100 tenants
Weighted Average Lease Term (as at 19 December 2014)	8.1 years
Weighted Average Lease Term at First Break (as at 19 December 2014)	6.7

General

A sterling term loan facility in the amount of £330,000,000 (the "**Whole Loan**") was made available by the Originator to the Borrowers pursuant to a senior facility agreement dated 3 December 2014 as amended on 13 January 2015 between, among others, Max Office Properties Limited (the "**Company**"), the Original Borrowers, the Originator as original lender (the "**Original Lender**") and mandated lead arranger (the "**Mandated Lead Arranger**") and Hatfield Philips Agency Services Limited as agent of the Lenders and security agent (the "**Security Agent**") and trustee for the Finance Parties (in such capacities, the "**Facility Agent**") (the "**Senior Facility Agreement**").

The total amount advanced to the Borrowers under the Senior Facility Agreement was £330,000,000. The outstanding principal amount of the Whole Loan at the Cut-Off Date is £330,000,000.

All references to "Loan" or "Loans" insofar as they appear or are specifically used in the context of the description of the Senior Facility Agreement and the Related Security as set out in this section of the Offering Circular shall be construed to mean each loan made under the Facility or the principal amount outstanding for the time being of that loan. Elsewhere in this Offering Circular all references to the "Loan" shall mean the portion of the Whole Loan acquired by the Issuer.

Purpose

The Borrowers have agreed to apply all amounts borrowed by them under the Facility towards (directly or indirectly):

- (a) refinancing any Financial Indebtedness of any members of the Group (including, without limitation, accrued interest, hedge termination costs, break costs, prepayment fees and any other fees, costs and expenses in relation to such Financial Indebtedness);
- (b) funding the Capex Backlog Account; and
- (c) financing or refinancing the Transaction Costs.

Repayment

The Borrowers have agreed to repay the aggregate outstanding principal amount of the Whole Loan and all other Secured Liabilities (if any) in full on the Final Repayment Date.

Prepayment and Cancellation

Mandatory prepayment – Illegality

If at any time it becomes unlawful for a Lender to perform any of its obligations as contemplated by the Senior Facility Agreement or to make or maintain its participation in any of the Loans (an "**Illegal Lender**"), the Facility Agent, upon becoming aware of that event, will notify the Company in writing and the commitments of that Illegal Lender will be cancelled and reduced to the extent required by the relevant law and that Illegal Lender's participation in the Loans together with accrued interest thereon and all other amounts owing to that Lender under the Finance Documents will be repaid at the date and time specified in the Senior Facility Agreement.

Voluntary prepayment

Subject to the prepayment and cancellation restrictions set out in the Senior Facility Agreement (as summarised below in the section below entitled "*Repayment, Prepayment and Cancellation – Restrictions*"), a Borrower or the Company on its behalf may, on not less than five Business Days' prior notice to the Facility Agent (or such shorter period as the Facility Agent may agree), prepay the whole or any part of the Loans (being in a minimum amount of £1,000,000 and integral multiples of £250,000 (or, in each case, if less, the outstanding amount of the Loans)).

Voluntary cancellation

Subject to the prepayment and cancellation restrictions set out in the Senior Facility Agreement (as summarised below in the section below entitled "*Repayment, Prepayment and Cancellation Restrictions*"), the Company may, on not less than three Business Days' prior notice to the Facility Agent (or such shorter period as the Facility Agent may agree), cancel the whole or any part of the Available Facility (being in a minimum amount of £2,500,000 and integral multiples of £500,000 (or, in each case, if less, the Available Facility)). Any such cancellation of whole shall reduce each Lender's Commitment on a *pro rata* basis.

Mandatory prepayment – Change of control

Following a Change of Control the Facility Agent shall by notice to the Company, cancel all Commitments and declare all outstanding Loans, together with accrued interest and all other accrued unpaid amounts under the Finance Documents, to be immediately due and payable.

Under the Senior Facility Agreement:

- (a) Change of Control means (i) the Investors cease to control (whether directly or indirectly) the Company; or (ii) other than as a result of a Permitted Property Disposal, the Company ceases to control any Obligor (other than the Company).
- (b) control means (whether directly or indirectly):
 - (i) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to:
 - (A) cast, or control the casting of: (1) in the case of the Company, more than one half of the maximum number of votes that might be cast at a general shareholders' meeting of the Company; or (2) in the case of an Obligor (other than the Company), all of the votes that might be cast at a general shareholders' meeting of that Obligor;
 - (B) appoint or remove all, or the majority, of the directors, managers or other equivalent officers of the relevant Obligor; or
 - (C) give directions with respect to the operating and financial policies the relevant Obligor with which the directors, managers or other equivalent officers of the relevant Obligor are obliged to comply; or

- (ii) the holding of: (1) in the case of the Company, more than one half of the issued share capital of the Company; or (2) in the case an Obligor (other than the Company), all of the issued share capital of that Obligor, (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital).

Mandatory prepayment – Insurance Proceeds, Permitted Property Disposals Proceeds, Expropriation Proceeds and Recovery Proceeds

Following the receipt by an Obligor of any Insurance Proceeds, Permitted Property Disposal Prepayment Proceeds, Expropriation Proceeds or Recovery Proceeds, the Obligors will prepay the Loans on the Loan Interest Payment Date or on an earlier date (if the Obligor elects by notice in writing to the Facility Agent, received by it on no less than five Business Days prior to the proposed date for prepayment specified in such notice on the date specified in that notice) in amount equal to the proceeds received which shall be applied by the Facility Agent to prepay the Loan provided that certain unpaid costs, fees and expenses due under the Finance Documents are discharged in priority in accordance with the Senior Facility Agreement.

Prepayments from the Cash Trap Account

If on any two consecutive Loan Interest Payment Dates after payment of a Cash Trap Amount from the Rental Income Account (the "**Sweep Cash Trap Amount**") into the Cash Trap Account in accordance with the Senior Facility Agreement a Cash Trap Event occurs (provided that when determining if a Cash Trap Event has occurred (a) the balance of the Equity Cure Account shall be deemed to be zero and (b) the balance of the Cash Trap Account shall be deemed to exclude the Sweep Cash Trap Amount) the Facility Agent shall (and is irrevocably instructed by each Obligor to) on the second of such consecutive Loan Interest Payment Dates withdraw an amount equal to the Sweep Cash Trap Amount from the Cash Trap Account and apply such amount in prepayment of the Loans in accordance with the voluntary prepayment provisions of the Senior Facility Agreement provided that the minimum repayment amounts and notice requirements will not apply.

The Company may at any time elect that all or any part of any amounts standing to the credit of the Cash Trap Account are applied in prepayment of the Loans in accordance with the voluntary prepayment provisions of the Senior Facility Agreement provided that the minimum repayment amounts and notice requirements will not apply.

Prepayments from the Equity Cure Account

If on a Loan Interest Payment Date the Obligors are not in compliance with the requirements of:

- (a) the LTV Covenant (provided that for such purposes (i) it shall be assumed that such Loan Interest Payment Date is a LTV Test Date and (ii) the balance of the Equity Cure Account shall be deemed to be zero); or
- (b) the Projected ICR Covenant (provided that for such purposes the balance of the Equity Cure Account shall be deemed to be zero),

the Facility Agent shall (and is irrevocably instructed by each Obligor to) withdraw all amounts standing to the credit of the Equity Cure Account and apply such amounts in prepayment of the Loans in accordance with the voluntary prepayment provisions of the Senior Facility Agreement provided that the minimum repayment amounts and notice requirements will not apply.

The Company may at any time elect that all or part of any amounts standing to the credit of the Equity Cure Account are applied in prepayment of the Loans in accordance with the voluntary prepayment provisions of the Senior Facility Agreement provided that the minimum repayment amounts and notice requirements will not apply.

Repayment, Prepayment and Cancellation Restrictions

- (a) A repayment, prepayment or cancellation in respect of the Loans or the Available Commitment is subject to the following condition under the Senior Facility Agreement.

- (b) Any repayment or prepayment under the Senior Facility Agreement shall be made together with (without double counting):
- (i) accrued but unpaid interest (including Loan Margin, if any) on the amount prepaid;
 - (ii) any applicable Break Costs and the applicable Prepayment Fees (if any); and
 - (iii) payment of any other Secured Liabilities which become due and payable as a result of the prepayment or repayment,
- but shall otherwise be made without premium or penalty.
- (c) No Borrower may re-borrow any part of the Facility which has been repaid or prepaid.
- (d) No Borrower may repay or prepay all or any part of the Loans except as provided for in the Senior Facility Agreement, unless otherwise agreed by the Facility Agent (acting on the instructions of the Majority Lenders).
- (e) Upon receipt of a notice with respect to prepayment and cancellation of a Loan, the Facility Agent will forward a copy of that notice to either the Company or the affected Lender.
- (f) No amount of the Total Commitments cancelled may be subsequently reinstated.
- (g) If all or part of the Loans is repaid or prepaid, an amount of the Commitments equal to the amount of the Loans which is repaid or prepaid will be deemed to be cancelled on the date of repayment or prepayment.
- (h) Any prepayment of the Loans pursuant to an illegality (as summarised in the section above entitled "*Mandatory prepayment – Illegality*" of this Offering Circular), in respect of which such prepayment will be applied against the Illegal Lender's participations in the Loans (and, to the extent the Illegal Lender's participations in the Loans are not being prepaid in full, between such participations as required as a result of the relevant illegality).
- (i) On the date on which any Loan is, in whole or in part, repaid or prepaid (except for any prepayment of the Loans pursuant to pursuant to an illegality) the Allocated Loan Amount shall be reduced:
- (i) in the case of a prepayment which does not relate to a specific Property, for each Property by a pro-rated proportion of the principal amount repaid or prepaid;
 - (ii) in the case of a prepayment which is made in relation to a specific Property, for that Property by the principal amount repaid or prepaid; and
 - (iii) in the case of a prepayment made as a consequence of a Permitted Property Disposal for each Property (other than the Property disposed of), by a pro-rated proportion of the ALA Excess.

Interest

The Borrowers shall pay accrued interest on the Loans on each Loan Interest Payment Date. The rate of interest on each Loan for each Loan Interest Period is the percentage rate per annum which is the sum of:

- (a) Loan Margin; and
- (b) the applicable Loan LIBOR.

Default interest will apply on any Unpaid Sums which an Obligor fails to pay from the due date up to the date of actual payment in accordance with the Senior Facility Agreement at a rate of one per cent. per annum plus the rate of interest which would have been payable if the Unpaid Sum had, during the period of non-payment, constituted a Loan in the currency of the Unpaid Sum for successive Loan Interest Periods, each of a duration selected by the Facility Agent (acting reasonably). Default interest (if unpaid) arising on an Unpaid Sum will be

compounded with the Unpaid Sum at the end of each Loan Interest Period applicable to that Unpaid Sum but shall remain immediately due and payable.

Fees

The Company agreed to pay:

- (a) to the Facility Agent, for the account the Original Lender, a prepayment fee in the amount and at the times set out in the Prepayment Fee Letter;
- (b) to the Mandated Lead Arranger an arrangement fee in the amount and at the times agreed in the Arrangement Fee Letter; and
- (c) to the Facility Agent and the Security Agent the fees in the amount and at the times agreed in the Agency Fee Letter.

In addition to these fees payable under a side letter to agents, the Company has agreed to pay to the Facility Agent, for the account of the Lenders, a commitment fee computed at a rate per annum equal to 1.20 per cent of the Available Facility for the period from and including the First Utilisation Date until the earlier of:

- (a) the Second Utilisation Date; or
- (b) the last day of the Availability Period for the Second Utilisation,

on such day.

Tax Gross-Up

Each Obligor has agreed to make all payments to be made by it to any Finance Party without any Tax Deduction, unless a Tax Deduction is required by law. If a Tax Deduction is required by law, the Obligor has agreed to gross up such payments, subject to certain exceptions.

FATCA Deduction

Each Party may make any FATCA Deduction it is required to make by FATCA, and any payment required in connection with that FATCA Deduction, and no Party shall be required to increase any payment in respect of which it makes such a FATCA Deduction or otherwise compensate the recipient of the payment for that FATCA Deduction.

Tax Indemnity

Subject to certain exceptions, the Company shall, within five Business Days of a demand by the Facility Agent, pay or procure payment to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines (acting reasonably and in good faith) will be or has been directly or indirectly suffered for or on account of Tax by that Protected Party in respect of a Finance Document.

Increased Costs

Subject to certain exceptions, the Company shall, within five Business Days of a demand by the Facility Agent, pay for the account of a Finance Party the amount of any Increased Costs incurred by that Finance Party or any of its Affiliates as a result of:

- (a) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or
- (b) compliance with any law or regulation made after the date of the Senior Facility Agreement.

Exceptions include the following:

- (a) a Tax Deduction required by law to be made by an Obligor;
- (b) costs compensated by (or which would have been compensated for) under the tax indemnity provided for in Senior Facility Agreement (as summarised above in the section entitled "*Tax Indemnity*" of this Offering Circular) but not so compensated solely because of any of the exclusions applicable to such tax indemnity or because the party is not a Protected Party;
- (c) a FATCA Deduction required to be made by a Party;
- (d) due to the wilful breach by the relevant Finance Party or its Affiliates of any law or regulation or any term of any Finance Document; or
- (e) costs due to the implementation or application of, or compliance with, Basel II, Basel III or any other law or regulation which implements or applies Basel II or Basel III.

Representations

Subject to certain exceptions provided for in the Senior Facility Agreement, each Obligor, has made or makes, as appropriate, customary representations to each Finance Party on the date of the Senior Facility Agreement, the date of each Utilisation Request, Utilisation Date and in relation to certain repeating representations and warranties (as summarised below in the section entitled "*Timing of representations*") on the first day of each Loan Interest Period. These representation and warranties of each Obligor are as follows:

- (a) *Status*: each Obligor (other than each Borrower) is a limited liability corporation, duly incorporated or created and validly existing under the law of its jurisdiction of incorporation; each Borrower is a limited partnership duly registered under the Limited Partnerships Act 1907; and validity existing under the law of its jurisdiction of formation and it has the power to own its assets and carry on its business as it is being conducted.
- (b) *Binding obligations*: subject to the Legal Reservations and Perfection Requirements, the obligations expressed to be assumed by it in each Transaction Document to which it is a party are legal, valid, binding and enforceable obligations; each Transaction Security Document to which it is a party creates the security interests which that Transaction Security Document purports to create and those security interests are valid and effective; and the Transaction Security has or will have first ranking priority (or subsequent ranking priority insofar as the prior ranking priority Security is conferred under another Transaction Security Document) and is not subject to any prior ranking or *pari passu* ranking Security (other than under another Transaction Security Document) other than as permitted by the Senior Facility Agreement.
- (c) *Non-conflict with other obligations*: the entry into and delivery by it of, the exercise of its rights under and the performance of its obligations under the Transaction Documents and the transactions contemplated thereby, and the granting of the Transaction Security do not and will not conflict with: (i) any law or regulation applicable to it; (ii) its constitutional documents; or (iii) any agreement or instrument binding upon it or any member of the Group or any of its or any of the Group's assets or constitute a default or termination event under any such agreement or instrument in each case to an extent which would have a Material Adverse Effect.
- (d) *Power and authority*: (i) it has the power, capacity and authority to enter into, deliver, exercise its rights and perform its obligations under the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents; and (ii) it has taken all necessary action under its constitutional documents to duly authorise its entry into, the delivery by it of, the exercise of its rights under and the performance of its obligations under the Transaction Documents to which it is or will be a party and the transactions contemplated by those Transaction Documents.
- (e) *Validity and admissibility in evidence*:
 - (i) Subject to the Legal Reservations, all Authorisations required in its Relevant Jurisdiction: (A) to enable it lawfully to enter into, deliver, exercise its rights and perform its obligations in each of the Transaction Documents to which it is or will be a party and the transactions contemplated thereby; and (B) at the time that evidence is required to be submitted to make

the Transaction Documents to which it is or will be a party admissible in evidence in its Relevant Jurisdictions and in the courts of any relevant jurisdiction to which the parties to such Transaction Document have submitted, have been obtained or effected and are in full force and effect other than any Perfection Requirement.

- (ii) All Authorisations necessary for the conduct of the business, trade and ordinary activities of all members of the Group have been obtained or effected and are in full force and effect other than to the extent failure to obtain or effect those Authorisations would not have a Material Adverse Effect.
- (iii) No Obligor, is in breach of any law or regulation in a manner or to an extent which would have a Material Adverse Effect.
- (f) *Governing law and enforcement:* the choice of the applicable law as the governing law of each Transaction Document to which it is a party (as set out in each Transaction Document) will, subject to the Legal Reservations and Perfection Requirements, be recognised and enforced in its Relevant Jurisdiction. Any judgment obtained in relation to any Transaction Document in the jurisdiction of the governing law of that Transaction Document will, subject to Legal Reservations and Perfection Requirements, be recognised and enforced in its Relevant Jurisdiction.
- (g) *Deduction of Tax:* it is not required to make any Tax Deduction (other than any Tax Deduction that is required to be made pursuant to the EU Savings Directive (or any law or regulation implementing the EU Savings Directive)) from any payment it may make under any Finance Document to a Lender which is a Qualifying Lender.
- (h) *No filing or stamp taxes:* under the laws of its Relevant Jurisdiction(s) it is not necessary that the Finance Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Finance Documents or the transactions contemplated by the Finance Documents other than in connection with any Perfection Requirement.
- (i) *No default:* (i) on the date of the Senior Facility Agreement no Default was continuing; and (ii) no other event or circumstance is outstanding which would constitute a breach of or default under any other agreement or instrument which is binding on it or any of its Subsidiaries or to which its (or any of its Subsidiaries') assets are subject which would have a Material Adverse Effect.
- (j) *No misleading information:* (i) all written material factual information supplied by it or on its behalf to any Finance Party in connection with the Transaction Documents, any Counterparty in connection with the Hedge Documents, the Valuer for the purposes of the most recent Valuation, and any report provider in connection with the preparation of any Report, was, so far as it is aware, true, complete and accurate in all material respects as at its date or as at the date at which it is stated to be given and is not misleading in any material respect; (ii) any financial projections contained in the information referred to in paragraph (j)(i) above have been prepared as at their date, on the basis of recent historical information and fair and reasonable assumptions believed by it to be fair and reasonable at such time provided that each Finance Party acknowledges that as such financial projections are based on assumptions and subject to significant uncertainties and contingencies and no assurance can be given that such projections will be realised; (iii) it has not omitted to supply information which, if disclosed, would make any of the information referred to in paragraph (j)(i) above untrue or misleading in any material respect; (iv) nothing has occurred since the date of the provision of the information referred to in paragraph (j)(i) above which renders that information untrue or misleading in any material respect; (v) all written material factual information supplied by it or on its behalf to any Finance Party in connection with the most recent Quarterly Management Report was, so far as it is aware, true, complete and accurate in all material respects as at its date or (if appropriate) as at the date (if any) at which it is stated to be given and is not misleading in any material respect.
- (k) *Financial Statements:* the financial statements delivered to the Facility Agent under the Senior Facility Agreement have been prepared in accordance with the Accounting Principles and give a true and fair view of (if audited) or fairly present (if unaudited and subject to customary year-end adjustments and to the extent reasonably expected of financial statements not subject to audit procedures) the financial

condition of the Group or, as applicable, the relevant Obligor as at the end of, and consolidated results of operations for, the period to which they relate.

- (l) *No proceedings pending or threatened*: no litigation, arbitration or administrative proceedings of or before any court, arbitral body or agency are current or, to the best of its knowledge (having made due enquiry appropriate and consistent for entities of a similar nature to the Obligors acting on transactions similar to those contemplated by the Transaction Documents), pending against it or any of its Subsidiaries which if adversely determined would have a Material Adverse Effect.
- (m) *Environmental laws*: it is in compliance with the environmental compliance undertaking contained in the Senior Facility Agreement, no circumstances have occurred which would prevent that performance or observation where failure to do so would have a Material Adverse Effect. No Environmental Claim was current or to the best of its knowledge (having made all due and careful enquiry) pending or threatened against it which if adversely determined would have a Material Adverse Effect.
- (n) *Taxation*:
 - (i) It has paid and discharged all material Taxes imposed on it or its assets within the time period allowed without incurring interest or penalties (subject to certain exclusions).
 - (ii) There are no claims which are current or, to the best of its knowledge, pending against it with respect to Taxes which if adversely determined would have a Material Adverse Effect.
 - (iii) It is not materially overdue in the filing of any Tax returns.
 - (iv) No tenant under any Occupational Lease is required under any law to make any deduction or withholding for or on account of UK income tax from any Rental Income.
 - (v) No Property Managing Agent is required under any law to make any deduction or withholding for or on account of UK income tax from any Rental Income.
 - (vi) Each Obligor which is a company is and has at all times been solely resident for Tax purposes in the jurisdiction of its incorporation or formation.
 - (vii) Each Borrower holds and has always held the Property as an investment and not as trading stock or for the purposes of trading activities.
 - (viii) No Jersey Obligor does, or has ever, traded through a permanent establishment in the United Kingdom.
 - (ix) No Obligor has been party to a transaction in respect of which it is required to make a notification under Part 7 of the Finance Act 2004 (disclosure of tax avoidance schemes) or Schedule 11A of VAT (disclosure of avoidance schemes) and no notice under paragraph 12 of Schedule 43 to Finance Act 2013 (notice of final decision to counteract under the general anti-abuse rule) has been given in relation to any arrangements entered into by it.
- (o) *VAT*: each Borrower has applied to be registered for United Kingdom VAT and no Obligor is, or has ever been treated as a member of a VAT Group, other than a VAT Group consisting solely of Obligors.
- (p) *Good title to Property*:
 - (i) Except as disclosed in any Report and from the First Utilisation Date:
 - (A) each Borrower is the sole beneficial owner of its respective Property and each relevant Nominee is (along with the other relevant Nominee) the joint legal owner of its respective Property and together the Obligors have good and marketable title to each Property, in each case free from any Security (other than any Permitted Security);

- (B) together the Obligors hold the legal and beneficial ownership of, and have good, valid and marketable title to each of the assets which are expressed to be the subject of the Transaction Security, in each case free from any Security (other than any Permitted Security);
 - (C) (other than any such licence, consent or authorisation solely required under applicable law in respect of the use of a Property by a tenant) in respect of the Properties, the Obligors have the benefit of all licences, consents and authorisations, in each case required under all applicable law in connection with the Obligors' ownership and use of the Properties, and they are in full force and effect and no breach of any law, regulation or covenant is outstanding which would have a material adverse effect on the value, saleability or use of the Properties;
 - (D) there is no covenant, easement, agreement, reservation, restriction, condition or other matter which adversely affects the Properties;
 - (E) the Properties are not subject to any overriding interest or an unregistered interest which overrides first registration or registered dispositions;
 - (F) no facility necessary for the enjoyment and use of the Properties is enjoyed by the Properties on terms entitling any person to terminate or curtail its use;
 - (G) the Properties are free and clear of material damage and structural defects which would have a material adverse effect on the value of the Properties;
 - (H) the Properties are not subject to or at risk of flooding or subsidence which would have a material adverse effect on the value of the Properties;
 - (I) each Obligor has complied in all material respects with Planning Laws to which it or the Properties may be subject and with any condition agreement or undertaking to applicable planning permissions or otherwise relating to or affecting the Properties, other than such matters which are the sole obligation of any tenant under any Occupational Lease and which do not bind any Obligor in any capacity;
 - (J) the Properties are held by the Borrowers free from any Lease (other than any Lease that has been entered into prior to the date of or otherwise in accordance with the terms of the Senior Facility Agreement); and
 - (K) no Obligor has received any notice of any adverse claim by any person in respect of the ownership of the Property or any interest in it which if adversely determined would have a Material Adverse Effect nor has any acknowledgement been given to any such person in respect of the Property.
- (ii) All deeds and documents necessary to show good and marketable title to the Borrowers' interests in the Property will from the Utilisation Date be either in the possession of the Security Agent, held at the applicable land registry to the order of the Security Agent, or held subject to an undertaking in favour of the Security Agent by a firm of solicitors approved by the Security Agent for that purpose.
- (q) *Ranking*: its payment obligations under the Finance Documents to which it is a party rank at least *pari passu* with the claims of all its other unsecured and unsubordinated creditors other than those creditors whose claims are preferred by any bankruptcy, insolvency, liquidation or other similar laws of general application to companies and, in the case of each Borrower, limited partnerships.
 - (r) *Centre of Main Interests*: its Centre of Main Interests is in its jurisdiction of incorporation or, if applicable, formation and it has no "establishment" in any other jurisdiction.
 - (s) *No other business*: no Obligor has traded or carried on any business since the date of its incorporation or establishment except for (i) entering into the Transaction Documents and effecting the transactions contemplated thereby, the acquisition, ownership, leasing, financing, development and management of

its interests in the Properties and any activities directly related thereto; and (ii) in the case of an Obligor that is a Holding Company, effecting transactions in the administration and business of being a Holding Company and the ownership of subsidiaries.

- (t) *Pensions and employees*: no Obligor is or has at any time been an employer of an occupational pension scheme or has at any time had any employees.
- (u) *Ownership of Obligors*: the First Group Structure Chart is true, complete and accurate in all material respects and shows the structure of the Group on the First Utilisation Date; and the Second Group Structure Chart (as defined in the Senior Facility Agreement) is true, complete and accurate in all material respects and shows the structure of the Group on the Second Utilisation Date.
- (v) *Security*: (i) all of the shares in an Obligor which are expressed to be subject to the Transaction Security have been duly issued, are fully paid and are not subject to any option to purchase or similar rights and constitute all of the issued shares in that Obligor; and (ii) the constitutional documents of an Obligor the shares in which are expressed to be subject to Transaction Security do not restrict or inhibit any transfer of those shares on creation and would not restrict or inhibit any transfer of those shares on enforcement of the Transaction Security (other than, in each case, any restriction or inhibition required by applicable law).
- (w) *Acquisition Agreement*: each Acquisition Agreement contains all the material terms of the relevant Acquisitions. There is no disclosure made to any Acquisition Agreement which has or may have a material adverse effect on any of the information, opinions, intentions, forecasts and projections contained or referred to in the information provided to the Mandated Lead Arranger. To the best of its knowledge no representation or warranty (as qualified by any disclosure to any Acquisition Agreement) given by the Vendor pursuant to and set out in any Acquisition Agreement is untrue or misleading in any material respect.
- (x) *Sanctions*:
 - (i) None of it or its Subsidiaries, officers, directors, employees or any other persons acting on behalf of any of the foregoing: (A) is a Restricted Party; (B) has engaged in any transaction or conduct that could result in it becoming a Restricted Party (including, without limitation, conduct sanctionable under the U.S. Iran Sanctions Act of 1996, as amended, the U.S. Comprehensive Iran Sanctions, Accountability and Divestment Act of 2010, Executive Order 13590, or the Iran Financial Sanctions Regulations, 31 C.F.R. Part 561); (C) directly or indirectly, has conducted or is conducting any trade, business or other activities with or for the benefit of any Restricted Party; (D) has engaged or is engaging in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to breach, any of the prohibitions set forth in any Sanctions; or (E) has received notice of, nor is otherwise aware of, any Claim involving it with respect to Sanctions.
 - (ii) Its operations have been at all times since the date of completion of the Acquisition, conducted in compliance with Anti-Money Laundering Laws, and it has not received notice or, nor is otherwise aware of, any Claim involving it with respect to Anti-Money Laundering Laws.
- (y) *Anti-corruption*: None of its or its Subsidiaries, officers, directors, or employees, and any other persons acting on behalf of any of the foregoing, has:
 - (i) violated or is in violation of any applicable anti-bribery or anti-corruption law or regulation enacted in any jurisdiction whether in connection with or arising from the OECD Convention Combating Bribery of Foreign Public Officials in International Business Transactions or otherwise, including the U.S. Foreign Corrupt Practices Act and the UK Bribery Act (collectively, "**Anti-Corruption Laws**");
 - (ii) made, received, offered to make or receive, promised to make or authorised the payment or giving/receipt of, directly or indirectly, any bribe, rebate, payoff, influence payment, kickback or other payment or gift of money or anything of value (including meals or entertainment) any person while knowing that all or some portion of the money or value will be offered, given,

promised or received by anyone to improperly influence official action, to obtain or retain business or otherwise to secure any improper advantage ("**Prohibited Payments**"); or

- (iii) been subject to any Claim with regard to any actual or alleged Prohibited Payment.
- (z) *General Partner*: each General Partner is the (only) general partner of the relevant Borrower.
- (aa) *Partnership Agreement*: each Partnership Agreement contains all the material terms of the agreement and arrangements between the relevant Limited Partner and the relevant General Partner in relation to the Borrower; and does not and would not on enforcement of the relevant Transaction Security restrict or inhibit in any manner any transfer of partnership interests in a Borrower.

Timing of representations

The representations set out above in paragraphs (a) (*Status*), (b) (*Binding Obligations*), (c) (*Non-conflict with other obligations*), (d) (*Power and authority*), (e) (*Validity and admissibility in evidence*), (f) (*Governing law and enforcement*), (h) (*No filing or stamp taxes*), sub-paragraph (ii) of (i) (*No default*) and (p) (i)(A), (i)(B), (i)(C), (i)(D), (i)(E), (i)(F) and (i)(J) and (ii) (*Good title to Property*) are deemed to be made by each Obligor to each Finance Party on the first day of each Loan Interest Period.

Information Undertakings

The Company and the Obligors (as applicable) give, among others, the undertakings in relation to the following items which shall remain in force from the date of the Senior Facility Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force:

- (a) *Financial statement*: the Company shall supply to the Facility Agent its unaudited consolidated financial statements within 180 days of the end of each of its Financial Years and, if prepared, the unaudited unconsolidated financial statements for any Obligor in respect of each of its Financial Year within 120 days of the end of its Financial Year.
- (b) *Compliance Certificate*: the Company shall deliver to the Facility Agent on each day falling five Business Days before each Loan Interest Payment Date, setting out (i) computations as to compliance with the financial covenants in the Senior Facility Agreement and (ii) a confirmation, so far as the Company is aware, that no Default has occurred or if a Default has occurred the steps being taken to remedy that Default.
- (c) *Property information*: the Company agrees to supply a Quarterly Management Report on each day falling five Business Days before each Loan Interest Payment Date.
- (d) *"Know your customer" checks*: if there is (i) the introduction of or any change in any law or regulation made after the date of the Senior Facility Agreement, (ii) a change of status of an Obligor or change of composition of the shareholders of an Obligor after the date of the Senior Facility Agreement, or (iii) a proposed assignment or transfer by a Borrower of any of its rights and obligations under the Senior Facility Agreement, then each Obligor shall on request by the Facility Agent or the Lender supply such documentation or evidence required to comply with "know your customer" or other similar identification procedures.
- (e) *Information: miscellaneous*: each Obligor agrees to: (i) provide the details of any litigation, arbitration or administrative proceedings or any Environmental Claim which is current, threatened or pending against any member of the Group and which is reasonably likely to have a Material Adverse Effect, (ii) provide all non-administrative documents dispatched by any member of the Group to its shareholders, (iii) provide the details of any claim current, threatened or pending, against any Vendor, (iv) provide a copy of the amended Property Management Agreement promptly after any change is made by an Obligor to a Property Management Agreement and (v) provide such further information in relation to the financial condition, business and operations of any Obligor as any Finance Party may reasonably request.
- (f) *Notification of Default*: notifying the Facility Agent of any Default (and the steps, if any, being taken to remedy it) promptly upon becoming aware of the occurrence of its occurrence.

Financial Covenants

Loan to value

On each LTV Test Date, each Obligor must ensure that the LTV Ratio is not greater than 85 per cent. (the "**LTV Covenant**").

Projected ICR

On each Loan Interest Payment Date, each Obligor must ensure that the Projected ICR is not less than 1.10:1 (the "**Projected ICR Covenant**").

Testing of Financial Covenants

The LTV Covenant and the Projected ICR Covenant are tested by reference to the information contained in the relevant Compliance Certificate and by reference to the most recent Valuation delivered prior to the date of that Compliance Certificate in accordance with the terms of the Senior Facility Agreement.

Equity Cure

If, on any LTV Test Date or on any Loan Interest Payment Date (as applicable), the LTV Covenant or the Projected ICR Covenant are not met, the Company may, within 20 days of that LTV Test Date or that Loan Interest Payment Date, as applicable:

- (a) prepay the Loans; or
- (b) deposit in the Equity Cure Account:
 - (i) with respect to a breach of the LTV Covenant, (a "**LTV Equity Cure Amount**") sufficient (but not more than the amount required) to ensure that when taking into account such prepayment or deposit in the calculation of the LTV Ratio the LTV Covenant would be met; or
 - (ii) with respect to a breach of the Projected ICR Covenant, (a "**Projected ICR Equity Cure Amount**") sufficient (but not more than the amount required) to ensure that if such amount had been prepaid on the first day of the Relevant Period commencing on the Financial Quarter Date falling immediately prior to that Loan Interest Payment Date the Projected ICR Covenant would have been met.

The cure rights set out above in (a) and (b)(i)-(ii) may:

- (1) not be exercised in respect of more than two consecutive Loan Interest Payment Dates; and
- (2) only be exercised a maximum of four times in aggregate.

General Undertakings

The Obligors have given customary undertakings in relation to themselves, the Property and the Finance Documents, which shall remain in force from the date of the Senior Facility Agreement for so long as any amount is outstanding under the Finance Documents or any Commitment is in force. Certain of these undertakings broadly include the following:

- (a) *Authorisations, compliance:* each Obligor shall comply with all Authorisations required under law or regulation of a Relevant Jurisdiction and all laws and Environmental Law applicable to each Property.
- (b) *Sanctions:* no Obligor shall engage in any activities in breach of any Sanctions and each Obligor shall comply with all applicable anti-money laundering and anti-corruption laws.

- (c) *Merger*: no Obligor to enter into any amalgamation, demerger, merger, consolidation or corporate reconstruction other than with the consent of the Facility Agent (acting on the instructions of the Majority Lenders).
- (d) *Conduct of Business*:
 - (i) the Company to procure that no substantial change is made to the general nature of the business of the Group from that carried on by the Group as at the First Utilisation Date; and
 - (ii) the Borrowers to conduct the business of acquiring, owning, managing, financing, developing and letting their respective Properties and related activities in any manner which is not prohibited by the Finance Documents.
- (e) *Material contracts*: no Obligor shall enter into any material contacts without the prior written consent of the Facility Agent (not to be unreasonably withhold or delayed) other than any Transaction Document, permitted agreements under the Finance Documents or any agreement consistent with its business.
- (f) *Pari Passu ranking*: each Obligor shall ensure that its payment obligations under the Finance Documents shall rank at all times pari passu with its unsecured and unsubordinated creditors except for obligations mandatorily preferred by law applying to companies generally.
- (g) *COMI*: no Obligor shall permit its Centre of Main Interests to be in any jurisdiction other than its jurisdiction of incorporation.
- (h) *Acquisitions*: subject to certain exceptions, no Obligor shall acquire a company, any shares, business, undertaking or real estate assets from any person or incorporate a company, partnership, firm or any other form of corporation or organisation.
- (i) *Negative Pledge*: subject to certain exceptions, no Obligor shall create nor permit to subsist any Security over the whole or any part of its assets.
- (j) *Disposals*: subject to certain exceptions, no Obligor to enter into a single transaction or a series of transactions (whether related or not) and whether voluntary or involuntary, to sell, lease, transfer or otherwise dispose of the whole or any part of its assets.
- (k) *Arm's length basis*: subject to certain exceptions, no Obligor shall enter into a transaction except on arm's length terms.
- (l) *No Guarantees or indemnities*: subject to certain exceptions, no Obligor to incur or allow to remain outstanding any guarantee or indemnity in respect of Financial Indebtedness.
- (m) *Dividends, distributions and share redemption*: subject to certain exceptions, no Obligor shall (i) declare or pay any dividend, charge, fee or other Distribution to any of its shareholders or make any payments in respect of Financial Indebtedness owed to any of its shareholders; (ii) make any payment of any kind in respect of any Investor Debt; (iii) repay or distribute any dividend or share premium reserve; or (iv) redeem, repurchase or repay any of its share capital.
- (n) *Financial Indebtedness*: no Obligor to incur or have outstanding any Financial Indebtedness to any person, subject to certain exceptions.
- (o) *Loan or credits*: subject to certain exceptions, no Obligor to be a creditor in respect of any Financial Indebtedness.
- (p) *Share capital and status*: subject to certain exceptions, no Obligor shall issue any stock, share, debentures or other securities or subscribe to any stock or share if only partly paid up or subject to any call or lien.

- (q) *Acquisition Agreement*: no Obligor shall amend, vary, novate, forego or waive any material provision, right or condition arising in or under any Acquisition Agreement or agree to do any of those things, subject to certain exceptions.
- (r) *Property Managements Agreements*: subject to certain exceptions, each Obligor shall comply with its obligations under each Property Management Agreement to which it is a party.
- (s) *Asset Management Agreements*: each Obligor to ensure that the terms of each Asset Management Agreement provide that: (i) upon enforcement of any Transaction Security over the shares in any Obligor, the Facility Agent may immediately terminate that Asset Management Agreement without prejudice to any amounts due and payable to the asset manager under the relevant Asset Management Agreement before the date of the termination; and (ii) the rights of the Facility Agent under the relevant Asset Management Agreement cannot be amended, varied or waived without the written consent of the Facility Agent.
- (t) *Taxes*: each Obligor to pay all material Taxes payable by, or assessed upon, it not later than the date on which such Taxes are required to be paid in order to avoid any liability to interest and penalties, subject to certain exceptions.
- (u) *Treasury Transactions*: other than in accordance with the hedging provisions of the Senior Facility Agreement, no Obligor shall enter into a Treasury Transaction.
- (v) *VAT*: once registered, each Borrower shall remain registered for United Kingdom VAT and no Obligor shall be a member of a VAT Group other than a VAT Group made up solely of Obligors, without the prior written consent of the Facility Agent.

Property Undertakings

The undertakings set out below are broadly given by the Obligors under the remain in force for so long as any amount of the Secured Liabilities is outstanding under the Finance Documents or any commitment is in force:

- (a) *Planning*: each Obligor agrees to comply with any conditions attached to any planning permissions, any agreement or undertaking under any Planning Laws relating to the Property owned by it and agrees that it will not carry out any material development on any Property or make any material change in use of any Property unless this is permitted according to applicable Planning Laws.
- (b) *Title*: each Obligor shall exercise its rights and comply in all material respects with, and enforce, any covenant, stipulation or obligation at any time affecting its Property and not waive, release or vary such obligations of any other party thereto, promptly take all steps to enable Security to be validly registered at any land registry and observe and perform all the covenants on the part of the landlord in the Occupational Leases.
- (c) *Occupational Leases*: no Obligor shall conduct any Letting Activity, other than a Permitted Letting Activity, until it has the prior written consent of the Facility Agent acting on the instructions of the Majority Lenders. Each Obligor shall or shall procure that the Property Managing Agent on its behalf collects all Rental Income, enforces tenants obligations, implements the provisions of Occupational Leases, promptly delivers any amendments to an Occupational Lease or rent review, find tenants for vacant lettable space and does not grant any Occupational Lease without appropriate alienation provisions.
- (d) *Headleases*: each Obligor agrees to observe and perform in all material respects all covenants on the lessee under each London Headlease, ensure that each tenant under an Occupational Lease complies with its obligations under the relevant London Headlease, apply for relief against forfeiture of a London Headlease if required by the Facility Agent, not waive or release any material obligation or exercise any option to break or determine any London Headlease without the prior written consent of the Facility Agent and not agree to any increase in rent payable under a London Headlease without the prior written consent of the Facility Agent.
- (e) *Compulsory purchase*: the Company agrees to notify the Facility Agent promptly if any material part of the Property is compulsorily purchased or an order for compulsory purchase is served on the Company.

- (f) *Repair*: each Obligor shall repair and keep in good and substantial repair and condition and Property owned by it as required in accordance with good estate management.
- (g) *Capital Expenditure and Alterations*: no Obligor shall without the prior written consent of the Facility Agent:
 - (i) effect, carry out or permit any demolition, reconstruction, redevelopment or rebuilding of or any structural alteration to its Property; or
 - (ii) incur capital expenditure in respect of works of alteration, addition, maintenance, repair, improvement, refurbishment and/or extension to its Property,
 (each a "**Capex Project**") unless such Capex Project is a Permitted Capex Project.
- (h) *Notices*: each Obligor agrees to promptly give reasonable details to the Facility Agent of any notice or proposal applying to any Property or to the area in which it is situated and requiring action by that Obligor from any public body or authority pursuant to the Planning Laws or powers conferred by any other law. If such action is not taken by that Obligor, the Facility Agent can remedy the non-compliance at the Obligor's expense.
- (i) *Pay rents charges and Taxes*: each Obligor shall pay and indemnify the Facility Agent on demand against all existing and future rents, Taxes, fees, renewal fees, charges, assessments, impositions and outgoings whatsoever which are payable in respect of any Property.
- (j) *Entry and power to inspect and remedy breaches*: if any Obligor fails or is considered by the Facility Agent to have failed to have performed any of its property undertaking set out in the Senior Facility Agreement or an Event of Default is continuing, the Facility Agent may by giving three Business Days' prior notice to the Company enter the relevant Property and inspect the Properties and/or execute such works and take such steps as may, in the reasonable opinion of the Facility Agent, be required to remedy or rectify any such failure.
- (k) *Insurance*: each Obligor shall effect and maintain or ensure that there is effected and maintained all insurances required in respect of the Properties pursuant to the Senior Facility Agreement.
- (l) *Valuation*: the Facility Agent may instruct a Valuer to prepare and issue a Valuation (i) at any time after the Loan Interest Payment Date falling on or immediately after the date falling 12 Months after the Utilisation Date or (ii) if a Default is continuing. The Obligors must on demand by the Facility Agent pay the costs of all such Valuations.

Events of default

Each of the events or circumstances summarised below is an Event of Default under the Senior Facility Agreement.

Non-payment

The non-payment by an Obligor of any amount payable pursuant to a Finance Document unless the failure to pay is caused by an administrative or technical error and is remedied within three Business Days or unless the Facility Agent fails to make a payment out of the Rental Income Account and/or the Cash Trap Account in accordance with the Senior Facility Agreement in circumstances where the those accounts contained sufficient funds to make all due and payable payments under the Finance Documents.

Financial Covenants

The LTV Covenant or the Projected ICR Covenant is not complied with unless cured in accordance with the Senior Facility Agreement. See the sections above entitled "*Financial Covenants*" and "*Equity Cure*".

Breach of certain other obligations

An Obligor does not comply with certain of its obligations and undertaking set out in the Senior Facility Agreement including those related to hedging, the provision and contents of a Compliance Certificate, restrictions on mergers, negative pledge restrictions, disposals, Financial Indebtedness, the Acquisition Agreement, Treasury Transactions, headleases, insurance and valuations.

Other Obligations

A Transaction Obligor does not comply with any other provision of the Finance Documents (other than those summarised above in respect of a non payment, financial covenants and breach of certain other obligations) or any Hedge Document unless the failure to comply is capable of remedy and is remedied within 21 days of the earlier of (i) the Facility Agent giving notice to the Company of such failure and (ii) any Transaction Obligor becoming aware of the failure to comply.

Misrepresentation

Any representation or statement of a Transaction Obligor in the Finance Documents, any Hedge Document or in any other document delivered by it under or in connection with any Finance Document is or proves to have been incorrect or misleading in any material respect unless the failure to comply is capable of remedy and is remedied within 21 days of the earlier of (i) the Facility Agent giving notice to the Company of such failure and (ii) any Transaction Obligor becoming aware of the failure to comply.

Cross default

An Event of Default in respect of a cross default will occur under the Senior Facility Agreement (subject to the aggregate threshold amount set out below being breached) if:

- (a) Any Financial Indebtedness of any Obligor is not paid when due (after the expiry of any originally applicable grace period).
- (b) Any Financial Indebtedness of any Obligor is declared to be or otherwise becomes due and payable prior to its specified maturity as a result of an event of default (however described).
- (c) Any commitment for any Financial Indebtedness of any Obligor is cancelled or suspended by a creditor of any Obligor as a result of an event of default (however described).
- (d) Any creditor of any Obligor becomes entitled to declare any Financial Indebtedness of any Obligor due and payable prior to its specified maturity as a result of an event of default (however described).

No Event of Default will occur under paragraphs (a) to (d) above if the aggregate amount of the Financial Indebtedness falling within paragraphs (a) to (d) (inclusive) above is less than £1,000,000 (or its equivalent in another currency or currencies).

Insolvency

Any Obligor is or is deemed unable or admits inability to pay its debts as they fall due or is deemed to or declared to be unable to pay its debts or insolvent under applicable law, ceases or suspends making payments on any of its debts or announces any intention to do so (or is so deemed for the purposes of any law applicable to it) or, by reason of actual or anticipated financial difficulties, commences negotiations with one or more of its creditors (other than any Finance Party) with a view to rescheduling any of its indebtedness or a moratorium is declared in respect of any indebtedness of any Obligor.

Insolvency proceedings

Any corporate action, legal proceedings or other formal procedure or steps are taken in relation to:

- (a) the suspension of payments, a moratorium of any indebtedness, winding-up, dissolution, administration or reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise) of any Obligor;
- (b) a composition, compromise, assignment or arrangement with any creditor (other than any Finance Party) of any Obligor for reasons of that Obligor's financial difficulty;
- (c) the appointment of a provisional liquidator, a liquidator, receiver, administrative receiver, administrator, compulsory or interim manager or other similar officer in respect of any Obligor or any of its assets; or
- (d) enforcement of any Security over any assets of any Obligor.

Any analogous procedure or step to those referred to in paragraph (a) above in respect of an Obligor is taken in any jurisdiction.

Paragraphs (a) and (b) above shall not apply to any proceedings or actions which are frivolous or vexatious and contested in good faith and discharged, stayed, recalled or dismissed within 21 days of commencement.

Creditors' process

Any creditors' process affects any asset or assets of an Obligor and such creditors' process has an aggregate value in excess of £1,000,000 (or its equivalent in other currencies) and is not discharged, stayed or dismissed within 21 days of commencement.

Unlawfulness and invalidity

It is or becomes unlawful for any party (other than any Finance Party) to perform any of its obligations under the Finance Documents or any Transaction Security ceases to be effective or is or becomes unlawful.

Any material obligation or material obligations of any party (other than any Finance Party) under any Finance Document cease to be legal, valid, binding or enforceable and the cessation individually or cumulatively materially and adversely affects the interests of the Finance Parties under the Finance Documents.

Any Finance Document ceases to be in full force and effect or any Transaction Security becomes unlawful or ineffective against or is alleged by a party to it (other than a Finance Party) to be ineffective or, subject to the Legal Reservations and Perfection Requirements, ceases to be legal, valid, binding or enforceable.

Repudiation

Any Transaction Obligor repudiates a Finance Document to which it is a party or any of the Transaction Security to which it is a party or evidences an intention to repudiate a Finance Document or any Transaction Security to which it is a party.

Cessation of business

The Group taken as a whole ceases (or threatens to cease) to carry on all or a substantial part of its business.

Litigation

Any litigation or dispute is commenced or threatened against any Obligor or its assets which is reasonably likely to be adversely determined against that Obligor or its assets and if so adversely determined would have a Material Adverse Effect.

Compulsory purchase

Any Expropriation occurs which would have a Material Adverse Effect.

Major damage

Any part of any Property is destroyed or otherwise damaged which has a Material Adverse Effect.

Headlease

Forfeiture proceedings with respect to a London Headlease (or, on and after the Second Utilisation Date, a Headlease) are commenced unless such forfeiture proceedings are stayed, dismissed or otherwise discharged within 21 days of commencement.

A London Headlease (or, on and after the Second Utilisation Date, a Headlease) is forfeited.

Material adverse change

Any event or circumstance occurs which in the opinion of the Majority Lenders (acting reasonably and in good faith) has a Material Adverse Effect.

Partnership

A Partnership Agreement is not in full force and effect.

A General Partner withdraws or takes steps to withdraw from the relevant Borrower.

A Limited Partner agrees to or otherwise permits (other than with the prior written consent of the Lenders or otherwise in accordance with the Finance Documents) any admission of new limited partners of the relevant Borrower.

Acceleration

On or at any time after the occurrence of an Event of Default which is continuing, the Facility Agent may, and shall, if so directed by the Majority Lenders, by written notice to the Company:

- (a) cancel the Total Commitments whereupon they shall immediately be cancelled and any fees payable under the Finance Documents in connection with the Commitments shall be immediately due and payable;
- (b) declare that all or part of the Loans, together with accrued interest, and all other amounts accrued or outstanding under the Finance Documents be immediately due and payable, at which time they shall become immediately due and payable;
- (c) declare that all or part of the Loans be payable on demand, whereupon they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders;
- (d) enforce or direct the Security Agent to enforce the Transaction Security or exercise any or all of its rights, remedies, powers or discretions under any of Finance Documents; and/or
- (e) provide an estimate, made in good faith, of any amount which, in its reasonable opinion, is likely to become due and payable from any Obligor pursuant to any guarantee or indemnity given under the Senior Facility Agreement and declare that amount to be immediately due and payable or to be payable on demand, at which time such sum shall become immediately due and payable or, as the case may be, payable on demand.

Description of the Transaction Security Documents

The obligations of the Obligors under the Finance Documents are secured by the following security interests under the First Transaction Security Documents and the Second Transaction Security Documents under each English and Jersey law.

English law security

The English law security agreements are as follows:

- (a) a limited recourse receivables assignment dated 5 December 2014 and made between Finco and the Security Agent (the "**Receivables Assignment Agreement**"); and
- (b) a debenture over each Original Obligor's assets not otherwise secured under any other Transaction Security Document (other than shares in any Non-London Group Obligor which is a direct Subsidiary of Max Office Limited) dated 5 December 2014 and made between each Original Obligor and the Security Agent (the "**First Transaction Security Debenture**"),

(each a "**First Transaction English Security Document**" and, together, the "**First Transaction English Security Documents**"), and

- (c) a debenture over all of each Additional Borrower, each Additional Guarantor and Max Office Limited's assets not otherwise secured under any other Transaction Security Document (including, in relation to Max Office Limited, shares in any of its direct Subsidiaries incorporated in England and Wales which are Non-London Group Obligors) dated 15 January 2015 and made between each Additional Borrower, each Additional Guarantor, the Company and the Security Agent (the "**Second Transaction Security Debenture**" and, together with the First Transaction Security Debenture, the "**Debentures**"),

(the "**Second Transaction English Security Document**" and, together with the First Transaction English Security Documents, the "**English Security Documents**").

Under the Debentures each Obligor, broadly, granted the following security:

- (a) a first legal mortgage of all estates or interests in any freehold or leasehold property owned by it;
- (b) to the extent not covered by a mortgage (as outlined in (a) above), a first fixed charge of all estates or interests in any freehold or leasehold property at that time or subsequently owned by it;
- (c) a first fixed charge of its interests in all shares, stocks, debentures, bonds or other securities or investments owned by it or held by any nominee on its behalf;
- (d) a first fixed charge of all plant and machinery owned by it and its interest in any plant or machinery in its possession;
- (e) a first fixed charge of all its rights in respect of any amount standing to the credit of any account held by it;
- (f) a first fixed charge of:
 - (i) all of its book and other debts;
 - (ii) all other moneys due and owing to it;
 - (iii) all amounts which it may receive, or has received, under any document where the rights of an Obligor cannot be secured without the consent of a party to that document; and
 - (iv) the benefit of all rights, securities or guaranteed of any nature enjoyed or held by it in relation to any item under sub-paragraph i., ii. or iii. above;
- (g) a first fixed charge of all of its rights under any a collateral warranty entered into in favour of an Obligor (a "**Collateral Warranty**") and each development agreement, development management agreement, building contract, minor work order, purchase order, sub-contract, trade contract and professional appointment in relation to the design or construction of the building or other works at the Property, in each case entered into by an Obligor or in respect of which an Obligor has a beneficial interest, which contains a Collateral Warranty;

- (h) an assignment, subject to the proviso for re-assignment on redemption, of all of its rights under any contract of insurance and all monies payable to it under or in respect of such contracts of insurance;
- (i) an assignment, subject to the proviso for re-assignment on redemption, of all its rights under any Hedge Document;
- (j) an assignment, subject to the proviso for re-assignment on redemption, of all its rights under each Lease, in respect of all Rental Income, under any guarantee of Rental Income contained in or relating to any Occupational Lease, under each Asset Management Agreement to which it is a party, under each Property Management Agreement to which it is a party, under any agreement relating to the purchase of the Property by that Obligor including, without limitation, the Acquisition Agreement and 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 terms of the relevant English Security Document;
- (k) a first fixed charge of any beneficial interest, claim or entitlement it has in any pension fund, its goodwill, the benefit of any Authorisation held in connection with its use of any asset secured pursuant to the English Security Document entered into by it, the right to recover and receive compensation which may be payable to it in respect of any such Authorisation and its uncalled capital;
- (l) a first floating charge over all its assets not otherwise effectively mortgaged, charged or assigned by way of fixed mortgage, charge or assignment pursuant to the relevant English Security Document by an Obligor, except for any assets subject to any security interest created by, under or pursuant to any other Transaction Security Document.

Under the Receivables Assignment Agreement, Finco created security by way of an assignment, subject to a proviso for re-assignment on redemption, of all of its rights in respect of each Subordinated Loan.

The security created under the English Security Documents is held on trust by the Security Agent for the Finance Parties.

Jersey law security

The Jersey law security agreements are as follows:

- (a) a security interest agreement dated 5 December 2014 between MPG St Katherine 2 LP and the Agent;
- (b) a security interest agreement dated 5 December 2014 between MPG Holborn 2 LP and the Agent;
- (c) a security interest agreement dated 5 December 2014 between Max Office (SKD) General Partner Ltd and the Agent;
- (d) a security interest agreement dated 5 December 2014 between Max Office (HHE) General Partner Ltd and the Agent;
- (e) a security interest agreement dated 5 December 2014 between the Company and the Agent;
- (f) a security interest agreement dated 5 December 2014 between Max Office Limited and the Agent;
- (g) a security interest agreement dated 5 December 2014 between MPG St Katharine Limited and the Agent;
- (h) a security interest agreement dated 5 December 2014 between MPG St Katharine LP Limited and the Agent;
- (i) a security interest agreement dated 5 December 2014 between Newmarket Property Holdings Limited and the Agent;
- (j) a security interest agreement dated 5 December 2014 between MPG Holborn Limited and the Agent;

- (k) a security interest agreement dated 5 December 2014 between MPG Holborn LP Limited and the Agent;
- (l) a security interest agreement dated 5 December 2014 between MPG St Katharine Nominee Limited and the Agent;
- (m) a security interest agreement dated 5 December 2014 between MPG St Katharine Nominee Two Limited and the Agent;
- (n) a security interest agreement dated 5 December 2014 between MPG Holborn Nominee Limited and the Agent;
- (o) a security interest agreement dated 5 December 2014 between SKIL Three Limited and the Agent;
- (p) a security interest agreement dated 5 December 2014 between SKIL Four Limited and the Agent;
- (q) a security interest agreement dated 5 December 2014 between MPG Holborn GP Limited and the Agent;
- (r) a security interest agreement dated 5 December 2014 between MPG St Katharine GP Limited and the Agent; and
- (s) a security interest agreement dated 5 December 2014 between SKD Marina Limited and the Agent,
(each a "**First Transaction Jersey Security Document**" and together the "**First Transaction Jersey Security Documents**"); and
- (t) a security interest agreement dated 15 January 2015 between Max Office 2 LP and the Agent;
- (u) a security interest agreement dated 15 January 2015 between Provincial Office 2 LP and the Agent;
- (v) a security interest agreement dated 15 January 2015 between Max Office General Partner Ltd and the Agent;
- (w) a security interest agreement dated 15 January 2015 between Max Office (Provincial) General Partner Ltd and the Agent;
- (x) a security interest agreement dated 15 January 2015 between Max Office Investor Limited and the Agent;
- (y) a security interest agreement dated 15 January 2015 between Max Office Limited Partner Limited and the Agent;
- (z) a security interest agreement dated 15 January 2015 between Max Office GP Limited and the Agent;
- (aa) a security interest agreement dated 15 January 2015 between Max Office Nominee Limited and the Agent;
- (bb) a security interest agreement dated 15 January 2015 between Max Office Nominee Two Limited and the Agent; and
- (cc) a security interest agreement dated 15 January 2015 between Max Office Limited and the Agent,
(each a "**Second Transaction Jersey Security Document**" and together the "**Second Transaction Jersey Security Documents**" and, together with the First Transaction Jersey Security Documents, the "**Jersey Security Documents**").

Under each Jersey Security Document the relevant Obligor, in its capacity as a grantor (the "**Grantors**"), has created security in favour of the Security Agent under the Security Interests (Jersey) Law 2012 over all of its

present and future intangible movable property located in Jersey or otherwise subject to Jersey law provided that no Obligor has secured (i) its shares in any Non-London Group Obligor which is a direct Subsidiary of Max Office Limited or (ii) other shares in any direct Subsidiaries incorporated in Jersey which are Non-London Group Obligors.

Pursuant to the Jersey Security Documents the Grantors will create:

- (a) a first priority security interest in the relevant Grantor's collateral (which, subject to certain exclusions, broadly includes, as the case may be, its rights under intercompany loan agreements, shares held by it in companies or unit trusts (including in other members of the Group incorporated in Jersey), all of its rights under any other loan agreement, any deposit account or securities accounts owned by the relevant Grantor, any rights a Grantor against a custodian (including any right under a custody agreement to deliver or redeliver property or assets the subject of that agreement), any beneficial interest in securities pursuant to a custody agreement and all derivative assets, income, dividends, receivables and interest, in each case attributable to the any of the foregoing rights of a Grantor) (the "**Collateral**"); and
- (b) to the extent the Collateral comprises or shall from time to time comprise receivables, an assignment of all the Grantor's right, title and interest in such receivables to the Security Agent.

Enforceability

The security constituted by the First Transaction Security Documents and the Second Transaction Security Documents is expressed to be immediately enforceable if an Event of Default occurs and is continuing.

The Subordination Agreement

The Original Debtors and the Original Subordinated Creditors entered a subordination agreement dated 5 December 2014 by which all present and future liabilities (whether actual or contingent) (the "**Liabilities**") payable or owing by the Debtors to the Subordinated Creditors from time to time are subordinated in right of payment to all Liabilities payable or owing by any member of the Group to a Finance Party under or in connection with the Finance Documents and payment of any amount of Subordinated Debt (except in the case of certain distributions permitted under the Senior Facility Agreement) is conditional upon the Obligors having irrevocably paid in full all of the Senior Debt (the "**Subordination Agreement**").

On the Second Utilisation Date, Max Office 2 LP, Provincial Office 2 LP, Max Office General Partner Ltd, Max Office (Provincial) General Partner Ltd, Max Office Investor Limited, Max Office Limited Partner Limited, Max Office GP Limited, Max Office Nominee Limited and Max Office Nominee Two Limited acceded to the Subordination Agreement as Debtors and Subordinated Creditors.

Where:

"Debtors" means an Original Debtor or any member of the Group which accedes to the Subordination Agreement;

"Original Debtors" means MPG St Katharine 2 LP, MPG Holborn 2 LP, Max Office (SKD) General Partner Ltd, Max Office (HHE) General Partner Ltd, Max Office Properties Limited, Max Office Limited, MPG St Katharine Limited, MPG St Katharine LP Limited, Newmarket Property Holdings Limited, MPG Holborn Limited, MPG Holborn LP Limited, MPG St Katharine Nominee Limited, MPG St Katharine Nominee Limited, MPG Holborn Nominee Limited, SKIL Three Limited, SKIL Four Limited, MPG Holborn GP Limited, MPG St Katharine GP Limited and SKD Marina Limited;

"Original Subordinated Creditors" means MPG St Katharine 2 LP, MPG Holborn 2 LP, Max Office (SKD) General Partner Ltd, Max Office (HHE) General Partner Ltd, Max Office Properties Limited, Max Office Limited, MPG St Katharine Limited, MPG St Katharine LP Limited, Newmarket Property Holdings Limited, MPG Holborn Limited, MPG Holborn LP Limited, MPG St Katharine Nominee Limited, MPG St Katharine Nominee Two Limited, MPG Holborn Nominee Limited, SKIL Three Limited, SKIL Four Limited, MPG Holborn GP Limited, MPG St Katharine GP Limited, SKD Marina Limited and MPG Finco Limited; and

"Senior Debt" means all Liabilities payable or owing by any member of the Group to a Finance Party under or in connection with the Finance Documents.

"Subordinated Creditor" means an Original Subordinated Creditor and any other person which accedes to the Subordination Agreement.

Description of the Bank Account Structure

Designation of Control Accounts

Each Obligor is required to open and maintain in its name interest bearing current accounts as set out in the Senior Facility Agreement.

The Obligors may not, without the prior written consent of the Facility Agent, maintain any other account other than any Control Account or any Rent Deposit Account.

Control Accounts Generally

Each Control Account may earn interest as agreed with the relevant Account Bank, be denominated in sterling and may not become overdrawn. Upon the occurrence of a continuing Event of Default, the monies standing to the credit of any Control Account may be utilised to satisfy any due and payable Secured Liabilities, however, the Facility Agent is not obliged to make such a withdrawal. If an Obligor makes any payment into a Control Account which is not held in its name or for its benefit, a Subordinated Loan shall arise owed by the relevant Obligor to the Obligor making the payment.

Payments into Control Accounts

- (a) All Rental Income shall be paid directly into the Collection Account and the Borrowers will then ensure that all Net Rental Income is transferred directly from the Collection Account into the Rental Income Account.
- (b) Each Obligor will ensure that (i) all proceeds of any Insurance policy in respect of operating losses or a loss of rent; (ii) all amounts payable to it under any Hedge Document; (iii) any disposal proceeds other than any Permitted Property Disposal Prepayment Proceeds, any Excluded Disposal Proceeds and any Expropriation Proceeds; and (iv) any amount standing to the credit of any Rent Deposit Account which it is entitled to withdraw for its own account by way of compensation to that Obligor for the failure by the relevant tenant to pay any amount which would constitute Net Rental Income, are promptly paid into the Rental Income Account.
- (c) Each Obligor will ensure that (i) any other Insurance Proceeds received by it; (ii) any other Permitted Property Disposal Prepayment Proceeds received by it; (iii) any Recovery Proceeds received by it; and (iv) any Expropriation Proceeds received by it, are promptly paid into the Prepayment Account.
- (d) Each Obligor will ensure that (i) any Excluded Disposal Proceeds (other than those which are to be paid elsewhere in accordance with the Senior Facility Agreement); (ii) any Excluded Insurance Proceeds received by it; (iii) any Excluded Expropriation Proceeds received by it; and (iv) any Excluded Recovery Proceeds received by it are promptly paid into a General Account.
- (e) Subject to the Senior Facility Agreement, the Obligors may at any time deposit amounts into the Capex Backlog Account from any source.

Rental Income Account

The Facility Agent (on behalf of the Security Agent) has sole signing rights in respect of Rental Income Account. On each Loan Interest Payment Date the Facility Agent shall withdraw from the Rental Income Account as is necessary to pay, in accordance with the priority of payments set out in the Senior Facility Agreement, (i) firstly, to the Security Agent (including any Receiver or Delegate), Facility Agent, Mandated Lead Arranger, (ii) secondly, to Finance Parties (other than those referred to (i)), (iii) thirdly, to the Lenders all accrued interest payable under the Finance Documents, (iv) fourthly, to the Lenders any principal due but unpaid on or after the Final Repayment Date and (v) only if a Cash Trap Event has occurred, other than on the

Final Repayment Date, an amount up to the lower of (a) the balance of the Rental Income Account and (b) management fees, Corporate Expenses, taxes, leasing commissions and letting agent costs and tenant improvements and capital expenditure in respect of permitted Capex Projects.

If a Cash Trap Event occurs on an Loan Interest Payment Date any surplus amounts shall be transferred to the Cash Trap Account (after payment of the amounts outlined above in (i) to (iv) and other amounts relating to certain projected fees and expenses due and payable by an Obligor prior to the immediately following Loan Interest Payment Date) or otherwise surplus amounts standing to the credit of a Rental Income Account shall be paid into the General Account. Amounts credited to the Cash Trap Account shall be used towards prepayments of the Loans. See the section above entitled "*– Prepayments from the Cash Trap Account*" for further details.

Prepayment Account

The Facility Agent (on behalf of the Security Agent) has sole signing rights to the Prepayment Account. On each Interest Payment Date or earlier date on which a prepayment is to be made from amounts relating to Insurance Proceeds, Permitted Property Disposals Proceeds, Expropriation Proceeds and Recovery Proceeds, the Facility Agent shall withdraw from the Prepayment Account all amounts standing to the credit of the Prepayment Account for application in repayment of the Loans in the following order: (i) firstly to the Security Agent, Facility Agent and Mandated Lead Arranger, (ii) secondly to the Finance Parties (other than those referred to at (i)), (iii) thirdly, to prepayment of the Loans, (iv) fourthly, in payment of any other Secured Liabilities and (v) fifthly, provided that no Event of Default is continuing, any surplus to the Obligors.

See the section above entitled "*– Mandatory prepayment – Insurance Proceeds, Permitted Property Disposals Proceeds, Expropriation Proceeds and Recovery Proceeds*" for further details.

Cash Trap Account

The Facility Agent (on behalf of the Security Agent) has sole signing rights to the Cash Trap Account.

Provided no Event of Default is continuing, if on any two consecutive Loan Interest Payment Dates after payment of a Cash Trap Amount into the Cash Trap Account no Cash Trap Event occurs, the Facility Agent shall on the second of such consecutive Loan Interest Payment Dates withdraw an amount equal to such Cash Trap Amount from the Cash Trap Account and transfer that amount to the relevant Borrower's General Account.

If on any two consecutive Loan Interest Payment Dates after payment of a Sweep Cash Trap Amount into the Cash Trap Account a Cash Trap Event occurs the Facility Agent shall, on the second of such consecutive Loan Interest Payment Dates, withdraw an amount equal to the Sweep Cash Trap Amount from the Cash Trap Account and apply such prepayment of the Loans in accordance with the Senior Facility Agreement. See the section above entitled "*– Prepayments from the Cash Trap Account*" for further details.

Equity Cure Account

The Facility Agent (on behalf of the Security Agent) has sole signing rights on the Equity Cure Account.

If no Event of Default is continuing and the Obligors are in compliance with the LTV Covenant and the Projected ICR Covenant on a Loan Interest Payment Date, the Facility Agent shall withdraw all amounts standing to the credit of the Equity Cure Account and transfer such amounts to the Company's General Account.

If the Obligors are not in compliance with the LTV Covenant or the Projected ICR Covenant on an Loan Interest Payment Date (and for such purposes, the amount in the Equity Cure Account will be assumed to be zero) and no Event of Default is continuing, the Facility Agent shall withdraw all amounts standing to the credit of the Equity Cure Account and apply such amounts in prepayment of the Loans in accordance with the terms of the Senior Facility Agreement. See the section above entitled "*– Prepayments from the Equity Cure Account*" for further details.

General Account

Each Obligor has signing rights to its General Account. Amounts may be withdrawn from a General Account and applied in or towards any purpose in compliance with the Finance Documents.

Collection Account

The Obligors shall ensure that the relevant Property Managing Agent opens and maintains a Collection Account with a bank or financial institution with a Requisite Rating designated in the name of the Property Managing Agent as the Collection Account in accordance with the relevant Duty of Care Agreement. If an Event of Default is continuing, the Facility Agent may notify and direct any tenant under the Occupation Lease to pay all Rental Income directly into the Rental Income Account. If the Event of Default ceases, the tenant may then be notified to pay the Rental Income directly into the Collection Account.

Capex Backlog Account

The Facility Agent (on behalf of the Security Agent) has sole signing rights to the Capex Backlog Account. Provided that no Event of Default is continuing and at the request of the Company (no more than once in each calendar month), to withdraw from the Capex Backlog Account for payment into the General Account such amount as is required to pay for contracted costs that are due and payable for Permitted Capex Projects in respect of the Capex Backlog Programme.

Withdrawals

No withdrawal may be made by any Borrower from a Control Account if a Default is continuing or would occur as a result of that withdrawal, except with the prior written consent of the Facility Agent or to pay the Secured Liabilities in accordance with the Senior Facility Agreement.

For the purposes of the Senior Facility Agreement:

"Accounting Principles" means, in relation to an Obligor, IFRS or the accounting standards generally accepted in the jurisdiction of incorporation of that Obligor.

"Acquisition" means the acquisition of:

- (a) all of the issued shares in Topco;
- (b) all of the interests in Max Office 2 LLP and Silbury Court LLP,

in each case in accordance with the terms of the relevant Acquisition Agreement.

"Acquisition Agreement" means:

- (a) the sale and purchase agreement dated 21 July 2014 between, among others, Marina Topco (Jersey) Limited and Max Property Group PLC; and
- (b) the sale and purchase agreement dated 12 July 2014 between Marina Topco (Jersey) Limited, Clive Anthony Faine and David Gary Gwynne.

"Additional Borrower" means:

- (a) the Office Borrower; and
- (b) the Provincial Borrower.

"Additional Guarantor" means:

- (a) Max Office 2 LP, a limited partnership registered in England and Wales with registered number LP016339, acting through its general partner Max Office General Partner Ltd;
- (b) Provincial Office 2 LP, a limited partnership registered in England and Wales with registered number LP016340, acting through its general partner Max Office (Provincial) General Partner Ltd;

- (c) Max Office General Partner Ltd, a private limited liability company incorporated in England and Wales under company number 09295284, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP;
- (d) Max Office (Provincial) General Partner Ltd, a private limited liability company incorporated in England and Wales under company number 09295351, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP;
- (e) Max Office Investor Limited, a private limited company incorporated in Jersey under company number 104875, with its registered address at 13 Castle Street, St Helier, Jersey JE4 5UT;
- (f) Max Office Limited Partner Limited, a private limited company incorporated in Jersey under company number 104650, with its registered address at 13 Castle Street, St Helier, Jersey JE4 5UT;
- (g) Max Office GP Limited, a private limited company incorporated in England and Wales under company number 07107429, with its registered address at 40 Berkeley Square, London, England, W1J 5AL;
- (h) Max Office Nominee Limited, a private limited company incorporated in England and Wales under company number 07107421, with its registered address at 40 Berkeley Square, London, England, W1J 5AL; and
- (i) Max Office Nominee Two Limited, a private limited company incorporated in England and Wales under company number 07647770, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP,

in each case upon it becoming an additional guarantor under and in accordance with the Senior Facility Agreement.

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company.

"Agency Fee Letter" means the letter dated on or about the date of the Senior Facility Agreement between the Facility Agent, Security Agent and the Company setting out the fees referred to in the Senior Facility Agreement.

"Agreement for Lease" means an agreement to grant an Occupational Lease of all or part of a Property.

"ALA Excess" means, in relation to a Property and on any date, an amount equal to the Release Price in respect of that Property minus the Allocated Loan Amount of that Property on that date.

"Allocated Loan Amount" means:

- (a) in relation to a Property, the amount specified in the column entitled "Allocated Loan Amount" set opposite its name in Appendix 2 (*The Properties*) of this Offering Circular provided that if any Residential Unit which forms part of that Property (as set out in Appendix 2 (*The Properties*)) is the subject of a Permitted Property Disposal or Expropriation then the Allocated Loan Amount of that Residential Unit shall be deducted from the Allocated Loan Amount of that Property set opposite its name in Appendix 2 (*The Properties*); and
- (b) in respect of any Residential Unit, the Residential Unit Percentage for that Residential Unit multiplied by the Allocated Loan Amount of the Property in which that Residential Unit is contained,

in each case as reduced from time to time in accordance with the terms of the Senior Facility Agreement.

"Annual Forward Looking three-Month LIBOR" means, in respect of any Relevant Period, the rate per annum that is the arithmetic mean of:

- (a) Loan LIBOR for the three-Month period commencing on the Reference Day;

- (b) 3x6 FRA as provided by ICAP and found on Bloomberg page ICAB15 being calculated as the mean between the bid and ask prices at the Reference Day;
- (c) 6x9 FRA as provided by ICAP and found on Bloomberg page ICAB15 being calculated as the mean between the bid and ask prices at the Reference Day; and
- (d) 9x12 FRA as provided by ICAP and found on Bloomberg page ICAB15 being calculated as the mean between the bid and ask prices at the Reference Day,

provided that:

- (i) if any Loan Interest Period is more than or less than three Months in duration (whether as a result of the first Loan Interest Payment Date or the Final Repayment Date falling during the Relevant Period or otherwise) the calculation of Annual Forward Looking three-Month LIBOR may be adjusted to reflect such duration to provide an estimate of the Loan LIBOR rates that are applicable to the Loan Interest Payment Dates and, if applicable, Final Repayment Date falling during that Relevant Period; and
- (ii) if the Bloomberg page ICAB15 is replaced or the relevant rate ceases to be available on that page or from ICAP, Annual Forward Looking three-Month LIBOR shall be calculated by reference to:
 - (A) a replacement page or rate as agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and the Company (each acting reasonably); or
 - (B) if the Facility Agent and the Company cannot agree to a replacement page or rate under subparagraph (A) above within five Business Days of the date on which Bloomberg page ICAB15 is replaced or the relevant rate ceases to be available on that page or from ICAP (as applicable), a replacement page or rate determined by the Facility Agent (acting on the instructions of the Majority Lenders, each acting reasonably).

"Anti-Money Laundering Laws" means all applicable laws concerning money laundering, terrorist or criminal financing, and financial record-keeping and reporting, including, without limitation, the Bank Secrecy Act, 31 U.S.C. sections 5301 et seq.; the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. 107-56 (a/k/a the USA Patriot Act); Laundering of Monetary Instruments, 18 U.S.C. section 1956; Engaging in Monetary Transactions in Property Derived from Specified Unlawful Activity, 18 U.S.C. section 1957; the Financial Recordkeeping and Reporting of Currency and Foreign Transactions Regulations, 31 C.F.R. Part 103.

"Arrangement Fee Letter" means the letter dated on or about the date of the Senior Facility Agreement between the Mandated Lead Arranger and the Company setting out the fees referred to in the Senior Facility Agreement.

"Asset Management Agreement" means each Initial Asset Management Agreement, each Second Asset Management Agreement and each New Asset Management Agreement.

"Assignment Agreement" means an agreement substantially in the form scheduled to the Senior Facility Agreement or any other form agreed between the relevant assignor and assignee.

"Authorisation" means an authorisation, consent, approval, resolution, licence, exemption, permission, recording, filing, notarisation, registration or similar requirement, however described.

"Availability Period" means:

- (a) in respect of the First Utilisation, the period from and including the date of the Senior Facility Agreement to and including the date falling ten Business Days after the date of the Senior Facility Agreement; and

- (b) in respect of the Second Utilisation, the period from and including the date of the Senior Facility Agreement to and including 19 January 2015.

"Available Commitment" means a Lender's Commitment minus:

- (a) the amount of its participations in the outstanding Loan; and
- (b) in relation to any proposed Loan, the amount of its participation in any other Loans that are due to be made on or before the proposed Utilisation Date.

"Available Facility" means the aggregate of each Lender's Available Commitments.

"Basel II" means the "International Convergence of Capital Measurement and Capital Standards, a Revised Framework" published by the Basel Committee on Banking Supervision in June 2004 in the form existing on the date of this Agreement.

"Basel III" means:

- (a) the agreements on capital requirements, a leverage ratio and liquidity standards contained in "Basel III: A global regulatory framework for more resilient banks and banking systems", "Basel III: International framework for liquidity risk measurement, standards and monitoring" and "Guidance for national authorities operating the countercyclical capital buffer" published by the Basel Committee on Banking Supervision in December 2010, each as amended, supplemented or restated;
- (b) the rules for global systemically important banks contained in "Global systemically important banks: assessment methodology and the additional loss absorbency requirement – Rules text" published by the Basel Committee on Banking Supervision in November 2011, as amended, supplemented or restated; and
- (c) any further guidance or standards published by the Basel Committee on Banking Supervision relating to "Basel III";

"Borrower" means an Original Borrower or an Additional Borrower.

"Break Costs" means the amount (if any) by which:

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

exceeds:

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

"Bristol Property" means all of the Properties set out in Part 7 (*Bristol*) of Appendix 2 (*The Properties*) to this Offering Circular.

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, St Helier and New York.

"Capex Backlog Account" means the account designated as such required to be opened and maintained on behalf of the Company in accordance with the Senior Facility Agreement and includes the interests of the Company in any replacement account or sub division or sub-account of that account.

"Capex Backlog Programme" means the capital expenditure programme in respect of certain refurbishments of the Properties as set out in the Initial Business Plan.

"Cash Trap Account" means the account designated as such required to be opened and maintained on behalf of the Company in accordance with the Senior Facility Agreement and includes the interest of the Company in any replacement account or sub division or sub-account of that account.

"Cash Trap Amount" means, if a Cash Trap Event has occurred on a Loan Interest Payment Date, the amount equal to the surplus balance of the Rental Income Account which is transferred to the Cash Trap Account in accordance with the priority of payments applicable to withdrawals to be made from the Rental Income Account as provided for in the Senior Facility Agreement.

"Cash Trap Event" means:

- (a) each Loan Interest Payment Date falling on or after the first anniversary of the First Utilisation Date, the LTV Ratio being greater than 80%; and/or
- (b) on any Loan Interest Payment Date, the Projected ICR being less than 1.30:1.

"Centre of Main Interests" means the "centre of main interests" of an Obligor for the purposes of the COMI Regulation.

"Centric Property" means the Property set out in Part 8 (*Centric*) of Appendix 2 (*The Properties*) to this Offering Circular.

"Charged Property" means all of the assets of the members of the Group which from time to time are, or are expressed to be, the subject of the Transaction Security.

"Claim" means any claim, action, proceeding, investigation, notice or demand.

"Collection Account" means a trust or client account maintained by a Property Managing Agent for the benefit of an Obligor (amongst other persons) in accordance with any Duty of Care Agreement and includes any interest of that Obligor or that Property Managing Agent in that account or of that Property Managing Agent or that Obligor in any replacement account or sub-account or sub-division of that account.

"Commitment" means:

- (a) in relation to the Original Lender, £330,000,000 and the amount of any other Commitment transferred to it under the Senior Facility Agreement; and
- (b) in relation to any other Lender, the amount of any Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement or deemed to be zero pursuant to the provisions in relation to debt pledges by Investor Affiliates set out in the Senior Facility Agreement.

"Compliance Certificate" means a certificate substantially in the form scheduled to the Senior Facility Agreement.

"Control Account" means each of the accounts listed in Senior Facility Agreement as a Control Account and which are required to be opened by the Obligors in accordance with the provisions of the Senior Facility Agreement relating to the designation of Control Accounts from time to time.

"Corporate Expenses" means, in relation to each Obligor, all corporate operating expenditure of those entities (in each case, only to the extent such expenditure does not constitute Service Charge Expenses or Irrecoverable Service Charge Expenses) including, without limitation, audit and accountancy, legal, registration, trustee, manager, tax advisers and domiciliation fees and expenses and expenditure relating to advertising, marketing,

payroll and related taxes, computer processing charges, operational equipment and other finance lease payments.

"Counterparty" means any bank or financial institution party to a Hedge Document which an Obligor is also party to.

"Cut-Off Date" means 22 April 2015.

"Default" means an Event of Default or any event or circumstance which would (with the expiry of a grace period, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

"Defaulting Lender" means:

- (a) a Lender which has failed to make its participation in a Loan available (or has notified the Facility Agent or the Company (which has notified the Facility Agent) that it will not make its participation in a Loan available) by the relevant Utilisation Date of that Loan in accordance with the Senior Facility Agreement;
- (b) a Lender which has rescinded or repudiated a Finance Document; and/or
- (c) a Lender with respect to which an Insolvency Event has occurred and is continuing, unless, in the case of paragraphs (a) and (c) above:
 - (i) its failure to pay is caused by:
 - (A) administrative or technical error; or
 - (B) a Disruption Event; andpayment is made within three Business Days of its due date; or
 - (ii) the Lender in question is disputing in good faith whether it is contractually obliged to make the payment in question.

"Delegate" means any delegate, agent, attorney, manager or co-trustee appointed by the Facility Agent or the Security Agent.

"Devon House" means the Property entitled "Devon House" in Part 1 (*St Katharine's Dock*) of Appendix 2 (*The Properties*) to this Offering Circular.

"Disposal Proceeds" means the consideration receivable by any member of the Group (including any amount receivable in repayment of intercompany debt) for any disposal made by any member of the Group after deducting:

- (a) any reasonable fees, costs and expenses which are incurred by any member of the Group with respect to that disposal to persons who are not members of the Group (other than any Investor Affiliate); and
- (b) any Tax incurred and required to be paid by the seller in connection with that disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).

"Disruption Event" means:

- (a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with the Facility (or otherwise in order for the transactions contemplated by the Finance Documents to be carried out) which disruption is not caused by, and is beyond the control of, any of the Parties; and/or

- (b) the occurrence of any other event which results in a disruption (of a technical or systems related nature) to the treasury or payments operations of a Party preventing that, or any other Party from:
 - (i) performing its payment obligations under the Finance Documents; or
 - (ii) communicating with other Parties in accordance with the terms of the Finance Documents,

(and which (in either such case)) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

"Distribution" means a payment (whether by way of distribution, dividend, bonus issue, return, redemption, repurchase and cancellation, liquidation or reduction of capital, fee, interest, principal, distribution or reduction of any share premium reserve, the making of any loan or any other payment and, in each case, whether in cash or in kind).

"Dormant Subsidiary" means each of:

- (a) MPG St Katharine Finance Limited, a company incorporated under the laws of Jersey with company number 108174 with its registered office at 13 Castle Street, St Helier, Jersey, JE4 5UT;
- (b) Max Office Finance Limited, a company incorporated under the laws of Jersey with company number 104648 with its registered office at 13 Castle Street, St Helier, Jersey, JE4 5UT;
- (c) MPG St Katharine Limited Partnership, a limited partnership registered under the Limited Partnerships Act 1907 with number LP014460;
- (d) on and after the Second Utilisation Date only, Max Office 2 LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 with number OC351767;
- (e) on and after the Second Utilisation Date only, Silbury Court LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 with number OC374683;
- (f) on and after the Second Utilisation Date only, Max Office LP, a limited partnership registered under the Limited Partnerships Act 1907 with number LP013742;
- (g) on and after the Second Utilisation Date only, Provincial Offices LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000 with number OC374681; and
- (h) MPG Holborn Limited Partnership, a limited partnership registered under the Limited Partnerships Act 1907 with number LP015179.

"Duty of Care Agreement" means each agreement executed by a Property Managing Agent in favour of the Security Agent and the Facility Agent in relation to the management of all or any part of a Property in form and substance substantially the same as an existing Duty of Care Agreement or which is otherwise in a form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders, each acting reasonably).

"Environment" means all gases, air, vapours, liquids, water, land, surface and sub-surface soils, rock, flora, fauna, wetlands and all other natural resources or part thereof including artificial or manmade buildings, structures or enclosures, humans, animals and all other living organisms.

"Environmental Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"Environmental Law" means any applicable law or regulation which relates to:

- (a) the pollution or protection of the Environment;
- (b) the conditions of the workplace; or

- (c) the generation, handling, storage, use, release or spillage of any substance which, alone or in combination with any other, is capable of causing harm to the Environment, including, without limitation, any waste.

"Equity Cure Account" means the account designated as such required to be opened and maintained on behalf of the Company in accordance with the terms of the Senior Facility Agreement and includes the interest of the Company in any replacement account or sub division or sub-account of that account.

"EU Savings Directive" means European Council Directive 2003/48/EC.

"Event of Default" means any event or circumstance specified as such in the Senior Facility Agreement.

"Excluded Disposal Proceeds" means, in respect of a Permitted Property Disposal, an amount equal to the amount of Disposal Proceeds received by an Obligor for that Permitted Property Disposal minus the amount of Permitted Property Disposal Prepayment Proceeds for that Permitted Property Disposal.

"Excluded Expropriation Proceeds" means the amount of Disposal Proceeds received by any Obligor pursuant to any Expropriation which are in excess of either:

- (a) if the whole of a Property is the subject of that Expropriation, the Release Price for the Property the subject of that Expropriation; and/or
- (b) if part of a Property is the subject of that Expropriation, an amount equal to 120% of the reduction in the Allocated Loan Amount for that Property, the reduction in the Allocated Loan Amount being calculated as $i/ii \times iii$, where:
- (i) is the Allocated Loan Amount of that Property prior to the Expropriation;
- (ii) is the value of the Property as shown in the Initial Valuation; and
- (iii) is the reduction in the value of that Property as a result of such Expropriation (calculated by deducting the value of that Property as shown in the Valuation commissioned in respect of that Property as a result of such Expropriation from the value of that Property as shown in the Initial Valuation or as otherwise agreed between the Company and the Facility Agent (acting on the instructions of the Majority Lenders, each acting reasonably)).

"Excluded Insurance Proceeds" means any proceeds of an insurance claim which the Company notifies the Facility Agent are, or are to be applied:

- (a) to meet a third party claim and to which the relevant insurance proceeds relate; and/or
- (b) to cover operating losses or loss of rent in respect of which the relevant insurance claim was made; and/or
- (c) to the replacement, reinstatement and/or repair of the assets,

in each case as soon as possible (but in any event within 12 months after receipt).

"Excluded Recovery Proceeds" means any proceeds of a Recovery Claim which the Company notifies the Facility Agent are, or are to be, applied:

- (a) to satisfy (or reimburse a member of the Group which has discharged) any liability, charge or claim upon a member of the Group by a person which is not a member of the Group (other than any Investor Affiliate); and/or
- (b) in the replacement, reinstatement and/or repair of assets or property of members of the Group which have been lost, destroyed or damaged,

in each case in relation to that Recovery Claim.

"Expropriation" means any part of the Property which is compulsorily purchased or is otherwise nationalised or expropriated or is disposed of in order to comply with an order of any agency of the state, any regulatory authority, other regulatory body or any applicable law or regulation.

"Expropriation Proceeds" means the Disposal Proceeds received by any Obligor pursuant to any Expropriation except for Excluded Expropriation Proceeds.

"Facility" means a sterling term loan facility in an aggregate amount equal to the Total Commitments, as made available under the Senior Facility Agreement.

"Facility Office" means the office or offices notified by a Lender to the Facility Agent in writing on or before the date it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office or offices through which it will perform its obligations under the Senior Facility Agreement.

"Fareham Property" means the Property set out in Part 6 (*Fareham*) of Appendix 2 (*The Properties*) to this Offering Circular.

"FATCA" means:

- (a) sections 1471 to 1474 of the Code or any associated regulations or other official guidance;
- (b) any treaty, law, regulation or other official guidance enacted in any other jurisdiction, or relating to an intergovernmental agreement between the US and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraphs (a) or (b) above with the US Internal Revenue Service, the US government or any governmental or taxation authority in any other jurisdiction.

"FATCA Deduction" means a deduction or withholding from a payment under a Finance Document required by FATCA.

"Fee Letter" means each of the Agency Fee Letter, the Arrangement Fee Letter and the Prepayment Fee Letter.

"Final Repayment Date" means the fifth anniversary of the First Utilisation Date.

"Finance Document" means:

- (a) the Senior Facility Agreement;
- (b) each Fee Letter;
- (c) the Margin Letter;
- (d) each Duty of Care Agreement;
- (e) each Transfer Certificate;
- (f) each Assignment Agreement;
- (g) each Utilisation Request;
- (h) the Subordination Agreement;
- (i) each Subordinated Creditor Accession Deed;
- (j) each Transaction Security Document;
- (k) the Reports Side Letter; and

(l) any other document designated as a Finance Document by the Facility Agent and the Company.

"Finance Party" means each of the Facility Agent, any Lender, the Mandated Lead Arranger and the Security Agent.

"Financial Indebtedness" means any indebtedness for or in respect of:

- (a) monies borrowed or raised and debit balances at banks or other financial institutions;
- (b) any amount raised by acceptance under any acceptance credit facility or by a bill discounting or factoring credit facility (or dematerialised equivalent);
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract or other agreement which would, in accordance with the Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any Treasury Transaction (and, when calculating the value of any derivative transaction, only the marked to market value (or, if any actual amount is due as a result of the termination or close-out of that Treasury Transaction, that amount) at the time of calculation shall be taken into account);
- (g) any counter indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (h) any amount raised by the issue of redeemable shares;
- (i) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 180 days past the period customarily allowed by the relevant supplier to its customers generally for deferred payment;
- (j) any arrangement pursuant to which an asset sold or otherwise disposed of by a person may be re-acquired by that person (whether following the exercise of an option or otherwise);
- (k) any amount raised under any other transaction (including any forward sale or purchase agreement sale and sale back or sale and leaseback agreement) having the commercial effect of a borrowing; and
- (l) (without double counting) the amount of any liability in respect of any guarantee or indemnity or similar assurance loss for any of the items referred to in the preceding paragraphs of this definition and any agreement to maintain the solvency of any person whether by investing in, lending to or purchasing the assets of such person.

"Financial Quarter" means each financial quarter of the Group being each three Month period expiring on 31 March, 30 June, 30 September and 31 December in each year.

"Financial Quarter Date" means the last day of each Financial Quarter.

"Financial Year" means each financial year of the Group being each 12 Month period expiring on 31 December or 31 March (as applicable) in each year.

"First Group Structure Chart" means a structure chart showing the structure of the Group and its ownership by the Investors as at the First Utilisation Date delivered on or prior to the First Utilisation Date pursuant to conditions precedent applicable to the First Utilisation under the Senior Facility Agreement.

"Finco" means MPG Finco Limited, a private limited company incorporated in England and Wales under company number 07458411 with its registered office at 40 Berkeley Square, London W1J 5AL.

"First Transaction Security Documents" means each of the following Transaction Security to be provided for the First Utilisation in favour of the Security Agent:

- (a) with respect to Finco, an English law governed limited recourse receivables assignment in respect of any Investor Debt to any Original Borrower, the Office Borrower and the Provincial Borrower;
- (b) with respect to each Original Obligor, an English law governed debenture over all of its assets not otherwise secured under any other Transaction Security Document (other than shares in any Non-London Group Obligor which is a direct Subsidiary of Max Office Limited); and
- (c) with respect to each Original Obligor, a Jersey law governed security interest agreement over all of its intangible movable assets located in Jersey or otherwise subject to Jersey law (other than shares in any Non-London Group Obligor which is a direct Subsidiary of Max Office Limited).

"First Utilisation" means the first Utilisation.

"First Utilisation Date" means 5 December 2014.

"General Account" means each account designated as such required to be opened and maintained by or on behalf of an Obligor in accordance with the terms of the Senior Facility Agreement and includes the interest of that Obligor in any replacement account or sub division or sub-account of that account.

"General Partner" means:

- (a) in relation to the SKD Borrower, Max Office (SKD) General Partner Ltd;
- (b) in relation to the Office Borrower, Max Office General Partner Ltd;
- (c) in relation to the Provincial Borrower, Max Office (Provincial) General Partner Ltd; and
- (d) in relation to the HHE Borrower, Max Office (HHE) General Partner Ltd.

"Group" means the Company and each of its Subsidiaries from time to time, excluding any Non-London Group Member prior to the occurrence of the Second Utilisation Date.

"Guarantor" means an Original Guarantor or an Additional Guarantor.

"Headlease" means each lease listed in column "Lease" in Appendix 2 (*The Properties*).

"Hedge Document" means each of the present or future documents entered into by any Obligor and a Counterparty evidencing or relating to the hedging transactions referred to in the Senior Facility Agreement.

"High Holborn Estate Property" means each Property set out in Part 2 (*High Holborn Estate*) of Appendix 2 (*The Properties*) of this Offering Circular.

"Holding Company" means, in relation to a person, any other person in respect of which it is a Subsidiary.

"Horsham Property" means the Property set out in Part 4 (*Horsham*) of Appendix 2 (*The Properties*) to this Offering Circular.

"IFRS" means international accounting standards within the meaning of IAS Regulation 1606/2002 as adopted by the European Union to the extent applicable to the relevant financial statements.

"Increased Costs" means:

- (a) a reduction in the rate of return from a Facility or on a Finance Party's (or its Affiliate's) overall capital;

- (b) an additional or increased cost; or
- (c) a reduction of any amount due and payable under any Finance Document, which is incurred or suffered by a Finance Party or any of its Affiliates to the extent that it is attributable to that Finance Party having entered into its Commitments or funding or performing its obligations under any Finance Document.

"Initial Asset Management Agreement" mean each property advisers agreement between an Original Obligor and Blackstone Property Management Limited in relation to certain advisory services relating to the London Properties dated August 2014 and delivered to the Facility Agent pursuant to conditions precedents applicable to the First Utilisation under the Senior Facility Agreement.

"Initial Property Management Agreement" means:

- (a) each property management agreement between an Original Borrower and the Initial Property Managing Agent in relation to the management and maintenance of the London Properties dated on or about the First Utilisation Date and delivered to the Facility Agent pursuant to the conditions precedent applicable to the First Utilisation under the Senior Facility Agreement; and
- (b) each property management agreement between an Additional Borrower and the Initial Property Managing Agent in relation to the management and maintenance of the Non-London Properties dated on or about the Second Utilisation Date and delivered to the Facility Agent pursuant to the conditions precedents applicable to the Second Utilisation under the Senior Facility Agreement.

"Initial Property Managing Agent" means:

- (a) in case of the Manchester Property, Savills (UK) Limited; and
- (b) in case of any other Property, GVA Grimley Limited.

"Initial Valuation" means the valuation report dated on or about the date of this Agreement prepared by Knight Frank in relation to the Properties delivered on or prior to the First Utilisation Date.

"Insolvency Event" means, in relation to a Finance Party, that the Finance Party:

- (a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);
- (b) becomes insolvent or is unable to pay its debts or fails or admits in writing its inability generally to pay its debts as they become due;
- (c) makes a general assignment, arrangement or composition with or for the benefit of its creditors;
- (d) institutes or has instituted against it, by a regulator, supervisor or any similar official with primary insolvency, rehabilitative or regulatory jurisdiction over it in the jurisdiction of its incorporation or organisation or the jurisdiction of its head or home office, a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation by it or such regulator, supervisor or similar official;
- (e) has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition is instituted or presented by a person or entity not described in paragraph (d) above and:
 - (i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

- (ii) is not dismissed, discharged, stayed or restrained in each case within 30 days of the institution or presentation thereof;
- (f) (on or after the date on which it becomes a Finance Party but not, for the avoidance of doubt, at any time prior to it becoming a Finance Party unless at the time it becomes a Finance Party, the circumstances set out in this paragraph would continue to be in effect) has exercised in respect of it one or more of the stabilisation powers pursuant to Part 1 of the Banking Act 2009 and/or has instituted against it a bank insolvency proceeding pursuant to Part 2 of the Banking Act 2009 or a bank administration proceeding pursuant to Part 3 of the Banking Act 2009;
- (g) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);
- (h) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;
- (i) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 days thereafter;
- (j) causes or is subject to any event with respect to which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in paragraphs (a) to (i) above; or
- (k) takes any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the foregoing acts.

"Insurance Policy" means any policy of insurance or assurance in which an Obligor may at any time have an interest entered into in accordance with the terms of the Senior Facility Agreement.

"Interpolated Screen Rate" means, in relation to LIBOR for any Loan or Unpaid Sum, the rate (rounded to the same number of decimal places as the two relevant Screen Rates) which results from interpolating on a linear basis between:

- (a) the applicable Screen Rate for the longest period (for which that Screen Rate is available) which is less than the Interest Period of that Loan or Unpaid Sum; and
- (b) the applicable Screen Rate for the shortest period (for which that Screen Rate is available) which exceeds the Interest Period of that Loan or Unpaid Sum,

each of the Rate Fixing Time on the Quotation Day for that Loan or Unpaid Sum.

"Insurance Proceeds" means the proceeds of any insurance claim received by any member of the Group except for:

- (a) the first £50,000 of insurance proceeds received by any member of the Group in any Financial Year; and
- (b) Excluded Insurance Proceeds,

and after deducting any reasonable fees, costs and expenses in relation to that claim which are incurred by any member of the Group to persons who are not members of the Group (other than any Investor Affiliate).

"Initial Business Plan" means the business plan delivered on or prior to the First Utilisation Date pursuant to conditions precedent for the First Utilisation in a form and substance satisfactory to the Facility Agent (acting on the instructions of the Majority Lenders).

"Investor" means any fund and/or other entity managed, advised, owned and/or controlled by The Blackstone Group L.P. and/or any of its Affiliates.

"Investor Affiliate" means an Investor, each of its Affiliates, any trust of which an Investor or any of its Affiliates is a trustee, any partnership of which an Investor or any of its Affiliates is a partner and any trust, fund or other entity which is managed by, or is under the control of, an Investor or any of its Affiliates provided that any trust, fund or other entity which has been established for at least six months solely for the purpose of making, purchasing or investing in loans or debt securities and which is managed or controlled independently from all other trusts, funds or other entities managed or controlled by an Investor which have been established for the primary or main purpose of investing in the share capital of companies shall not constitute an Investor Affiliate.

"Investor Debt" means any Financial Indebtedness owed by:

- (a) any Obligor to Finco provided that (unless the Facility Agent (acting on the instructions of the Majority Lenders) agrees otherwise in writing) such Financial Indebtedness is subordinated to the Secured Liabilities under the terms of the Subordination Agreement and is assigned by way of Security or otherwise subject to Transaction Security granted by Finco in favour of the Security Agent pursuant to the Transaction Security Documents; and
- (b) the Company to any of its Holding Companies provided that (unless the Facility Agent (acting on the instructions of the Majority Lenders) agrees otherwise in writing) such Financial Indebtedness is subordinated to the Secured Liabilities under the terms of the Subordination Agreement and the rights of the creditor in respect of such Financial Indebtedness have been assigned to the Security Agent.

"Jersey Obligor" means each Obligor incorporated under the laws of Jersey.

"Lease" means any present or future lease, underlease, sub-lease, licence, tenancy or right to occupy all or any part of any Property, any right to receive rent in respect of any Property and any agreement for the grant of any of the foregoing.

"Legal Due Diligence Report" means:

- (a) the legal due diligence report dated on or about the date of the Senior Facility Agreement in relation to certain Obligors incorporated under the laws of England; and
- (b) the legal due diligence report dated on or about the date of the Senior Facility Agreement in relation to certain Obligors incorporated under the laws of Jersey.

"Legal Reservations" means:

- (a) the principle that equitable remedies (or remedies that are analogous to equitable remedies in any Relevant Jurisdiction) may be granted or refused at the discretion of a court, the limitation of enforcement by laws relating to insolvency, reorganisation, liquidation, bankruptcy, moratoria, administration, court schemes and other laws generally affecting the rights of creditors and similar principles, rights, defences and limitations under the laws of any applicable jurisdiction;
- (b) the time barring of claims under any applicable limitation laws, the possibility that a court may strike out provisions of a contract as being invalid for reasons of oppression, undue influence or similar reasons, the possibility that an undertaking to assume liability for or indemnify a person against non payment of stamp duty may be void, defences of set off or counterclaim and similar principles, rights, defences and limitations under the laws of any applicable jurisdiction; and
- (c) any other general principles, reservations or qualifications, in each case, as to matters of law in any legal opinion delivered under or in connection with the Finance Documents.

"Lender" means:

- (a) the Original Lender; and
- (b) any person, bank, financial institution, trust, fund or other entity which has become a Party as a Lender in accordance with the provisions of the Senior Facility Agreement, which in each case has not ceased to be a Lender in accordance with the terms of the Senior Facility Agreement.

"Letting Activity" means each of the following: entering into any Agreement for Lease; granting a new Occupational Lease; consenting to any assignment or sub-letting in respect of any Occupational Lease; accepting or permitting the surrender of all or any part of any Occupational Lease; commencing any forfeiture proceedings in respect of any Occupational Lease; agreeing to any dilapidations settlement under any Occupational Lease; agreeing to any rent review under an Occupational Lease (other than upward rent review); or agreeing to any amendment, extension or waiver in respect of any Occupational Lease.

"Limited Partner" means:

- (a) in relation to the SKD Borrower, MPG St Katharine LP Limited and Newmarket Property Holdings Limited;
- (b) in relation to the Office Borrower, Max Office Investor Limited;
- (c) in relation to the Provincial Borrower, Max Office Limited Partner Limited; and
- (d) in relation to the HHE Borrower, MPG Holborn LP Limited.

"Loan Interest Payment Date" means:

- (a) in relation to any Loan, 15 February, 15 May, 15 August and 15 November in each year and the Final Repayment Date provided that the first Loan Interest Payment Date shall be 15 May 2015; and
- (b) in relation to any Unpaid Sum, the last day of a Loan Interest Period relevant to that Unpaid Sum.

"Loan LIBOR" means LIBOR means, in relation to any Loan or Unpaid Sum on which interest for a given period is to accrue:

- (a) the applicable Screen Rate;
- (b) (if no Screen Rate for sterling is available for the Loan Interest Period of that Loan or Unpaid Sum) the Interpolated Screen Rate for that Loan; or
- (c) (if no Screen Rate is available for sterling for the Loan Interest Period of that Loan or Unpaid Sum and it is not possible to calculate an Interpolated Screen Rate for that Loan or Unpaid Sum) the Reference Bank Rate for sterling for that Loan Interest Period,

as of, in the case of paragraphs (a) and (c) above, at or about the Rate Fixing Time on the Quotation Day for that Loan or Unpaid Sum for a period equal in length to the Loan Interest Period for that Loan or Unpaid Sum and if any such rate is less than zero, Loan LIBOR will be deemed to be zero.

"Loan Margin" has the meaning given to it in the Margin Letter.

"London Closing Certificates of Title" means the certificates of title dated on or about the date of this Agreement in relation to the London Properties.

"London Headlease" means each Headlease in respect of a London Property.

"Loan Interest Period" means, in relation to a Loan, an Unpaid Sum, each period determined in accordance with the terms of the Senior Facility Agreement.

"London Property" means each SKD Property and each High Holborn Estate Property.

"LTV Ratio" means, on any date, the proportion expressed as a percentage which Net Debt on that date bears to the aggregate market value of the Properties on that date calculated by reference to the then most recent Valuation.

"LTV Test Date" means the first Interest Payment Date falling after a Valuation Date.

"Majority Lenders" means:

- (a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than 66²/₃% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66²/₃% of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 66²/₃% of all the Loans then outstanding.

"Manchester Property" means the Property set out in Part 3 (*Manchester*) of Appendix 2 (*The Properties*) to this Offering Circular.

"Margin Letter" means the letter dated or about the date of the Senior Facility Agreement between the Company and the Mandated Lead Arranger setting out the Loan Margin referred to in the Senior Facility Agreement.

"Material Adverse Effect" means a material adverse effect on:

- (a) the consolidated business, assets or financial condition of the Obligors taken as a whole;
- (b) the ability of the Obligors taken as a whole to perform their payment obligations under the Finance Documents; or
- (c) subject to the Legal Reservations and the Perfection Requirements, the validity or enforceability of the Transaction Security.

"Month" means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, except that:

- (a) if the numerically corresponding day is not a Business Day, that period shall end on the next Business Day in that calendar month in which that period is to end if there is one, or if there is not, on the immediately preceding Business Day; and
- (b) if there is no numerically corresponding day in the calendar month in which that period is to end, that period shall end on the last Business Day in that calendar month.

The above rules will only apply to the last Month of any period.

"Monthly" shall be construed accordingly.

"Net Debt" means, on any date, the aggregate principal amount outstanding of the Loans minus the aggregate amount standing to the credit of the Prepayment Account, the Cash Trap Account and the Equity Cure Account.

"Net Rental Income" means Rental Income in respect of each Property after deducting (without double counting):

- (a) all Service Charge Proceeds in relation to each Property;
- (b) any sum representing any VAT chargeable in respect of Rental Income; and
- (c) all Irrecoverable Service Charge Expenses in relation to each Property.

"Newbury Property" means the Property set out in Part 5 (*Newbury*) of Appendix 2 (*The Properties*) to this Offering Circular.

"New Asset Management Agreement" means each asset management agreement between any Obligor and an asset manager in relation to asset management services in relation to a Property.

"New Property Management Agreement" means each property management agreement between any Obligor and a Property Managing Agent in relation to the management and/or maintenance of any Property and which replaces an existing Property Management Agreement:

- (a) the material terms of which are consistent with those of the existing Property Management Agreement it replaces; or
- (b) which is otherwise in form and substance satisfactory to the Facility Agent (acting reasonably).

"Nominee" means, in respect of each Property, the entities listed in the column titled "Legal Owners" in Appendix 2 (*The Properties*) of this Offering Circular, but excluding any Non-London Group Member prior to the Second Utilisation Date.

"Non-London Closing Certificates of Title" means the certificates of title dated on or about the date of the Second Utilisation Date in relation to the Non-London Properties.

"Non-London Group" means:

- (a) Max Office 2 LP, a limited partnership registered in England and Wales with registered number LP016339, acting through its general partner Max Office General Partner Ltd;
- (b) Provincial Office 2 LP, a limited partnership registered in England and Wales with registered number LP016340, acting through its general partner Max Office (Provincial) General Partner Ltd;
- (c) Max Office General Partner Ltd, a private limited liability company incorporated in England and Wales under company number 09295284, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP;
- (d) Max Office (Provincial) General Partner Ltd, a private limited liability company incorporated in England and Wales under company number 09295351, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP;
- (e) Max Office Investor Limited, a private limited company incorporated in Jersey under company number 104875, with its registered address at 13 Castle Street, St Helier, Jersey JE4 5UT;
- (f) Max Office Limited Partner Limited, a private limited company incorporated in Jersey under company number 104650, with its registered address at 13 Castle Street, St Helier, Jersey JE4 5UT;
- (g) Max Office GP Limited, a private limited company incorporated in England and Wales under company number 07107429, with its registered address at 40 Berkeley Square, London, England, W1J 5AL;
- (h) Max Office Nominee Limited, a private limited company incorporated in England and Wales under company number 07107421, with its registered address at 40 Berkeley Square, London, England, W1J 5AL;
- (i) Max Office Nominee Two Limited, a private limited company incorporated in England and Wales under company number 07647770, with its registered address at Pollen House, 10 Cork Street, London W1S 3NP;
- (j) Max Office 2 LLP, a limited liability partnership registered in England and Wales under registered number OC351767, with its registered office at Pollen House, 10 Cork Street, London W1S 3NP;
- (k) Silbury Court LLP, a limited liability partnership registered in England and Wales under registered number OC374683, with its registered office at Pollen House, 10 Cork Street, London W1S 3NP;
- (l) Max Office LP, a limited partnership registered in England and Wales with registered number LP013742; and

- (m) Provincial Offices LLP, a limited liability partnership registered in England and Wales under registered number OC374681, with its registered office at Pollen House, 10 Cork Street, London W1S 3NP.

"Non-London Group Member" means a member of the Non-London Group.

"Non-London Group Obligor" means any Non-London Group Member other than a Dormant Subsidiary;

"Non-London Property" means each Property other than a London Property.

"Obligor" means each of the Borrowers and each of the Guarantors.

"Occupational Lease" means any Lease to which a Borrower's interest in a Property is subject.

"Office Borrower" means Max Office 2 LP, a limited partnership registered in England and Wales with registered number LP016339, acting through its general partner Max Office General Partner Ltd, upon it becoming an additional borrower under and in accordance with the Senior Facility Agreement.

"Original Borrower" means, MPG St Katherine 2 LP a limited partnership incorporated under the Partnership Act 1997 (whose registered number is LP016337) acting through its general partner Max Office (SKD) General Partner Limited and MPG Holborn 2 LP a limited partnership incorporated under the Partnership Act 1997 (whose registered number is LP016338) acting through its general partner Max Office (HHE) General Partner Limited.

"Original Guarantor" means:

- (a) MPG St Katherine 2 LP acting by its general partner Max Office (SKD) General Partner Ltd, incorporated or formed in England and Wales (registration number: LP016337);
- (b) MPG Holborn 2 LP acting by its general partner Max Office (HHE) General Partner Ltd, incorporated or formed in England and Wales (registration number: LP016338);
- (c) Max Office Properties Limited, incorporated or formed in Jersey (registration number: 104651);
- (d) Max Office Limited, incorporated or formed in Jersey (registration number: 104649);
- (e) MPG St Katharine Limited, incorporated or formed in Jersey (registration number: 108173);
- (f) MPG St Katharine LP Limited, incorporated or formed in Jersey (registration number: 108175);
- (g) Max Office Properties Limited, incorporated or formed in England and Wales (registration number: 09295303);
- (h) Newmarket Property Holdings Limited, incorporated or formed in Jersey (registration number: 108216);
- (i) MPG Holborn Limited, incorporated or formed in Jersey (registration number: 111437);
- (j) MPG Holborn LP Limited, incorporated or formed in Jersey (registration number: 111454);
- (k) Max Office (HHE) General Partner Ltd, incorporated or formed in England and Wales (registration number: 09295348);
- (l) MPG St Katharine Nominee Limited incorporated or formed in England and Wales (registration number: 07637365);
- (m) MPG St Katharine Nominee Two Limited, incorporated or formed in England and Wales (registration number: 07647770);

- (n) MPG Holborn Nominee Limited, incorporated or formed in England and Wales (registration number: 08214341);
- (o) SKIL Three Limited, incorporated or formed in England and Wales (registration number: 05513941);
- (p) SKIL Four Limited, incorporated or formed in England and Wales (registration number: 05513948);
- (q) MPG Holborn GP Limited, incorporated or formed in England and Wales (registration number: 08214335); and
- (r) MPG St Katharine GP Limited, incorporated or formed in England and Wales (registration number: 07637373).

"Original Obligor" means an Original Borrower or an Original Guarantor.

"Partnership Agreement" means each limited partnership agreement of the Borrowers establishing the relevant Borrower between the relevant General Partner and the relevant Limited Partner.

"Party" means a party to the Senior Facility Agreement.

"Perfection Requirement" means:

- (a) the delivery of all certificates of title to securities which are the subject of Transaction Security to the Security Agent, together with signed but otherwise undated transfer forms, notices and acknowledgements duly executed in the form required pursuant to each Transaction Security Document; and
- (b) the making or the procuring of registrations, filings, endorsements, notarisations, translations, stampings, notifications, acknowledgements and/or acceptances of the Finance Documents (and/or the Security created thereunder) necessary for the validity, enforceability (as against the relevant Obligor as well as any third party) and/or perfection thereof.

"Permitted Capex Project" means any Capex Project which:

- (a) is specified in the Initial Business Plan;
- (b) is a Recoverable Service Charge Project;
- (c) is required to be undertaken by law;
- (d) is required to be undertaken by an Obligor under the terms of any Lease;
- (e) is made with the prior written consent of the Majority Lenders (such consent not to be unreasonably withheld or delayed);
- (f) is required to be undertaken or permitted to be undertaken by a tenant under the terms of any Lease provided that the costs and expenses in connection with such Capex Project are not required to be paid for (and are not paid for) in whole or in part by any Obligor;
- (g) which can be funded from the aggregate amount standing to the credit of the Capex Backlog Account; or
- (h) which can be funded from the aggregate amount standing to the credit of any General Account (which have not been transferred to the General Account for any other purpose) or the Capex Backlog Account and has projected costs (as at the date of commencement of such Capex Project) of less than or equal to:
 - (i) £1,000,000 (or its currency equivalent); or

- (ii) if such Capex Project relates to any London Property, less than or equal to 5% of the aggregate market value of that London Property (calculated by reference to the then most recent Valuation); or
- (iii) if such Capex Project relates to any Property which is not a London Property, less than or equal to 10% of the market value of that Property (calculated by reference to the then most recent Valuation),

provided that:

- (A) no Default is continuing or would occur as a result of undertaking such Capex Project; and
- (B) such Capex Project is in the interests of and is implemented in accordance with the principals of good estate management and does not materially change the overall nature of the business carried out on the Properties as a whole as at the date of the Senior Facility Agreement; or
- (C) is necessary to ensure that no Event of Default in respect of major damage to any part of the Property occurs and which can be funded from amounts standing to the credit of the General Account and any Excluded Insurance Proceeds that the relevant insurer has committed to advance under any insurance policy.

"Permitted Letting Activity" means any Letting Activity which is:

- (a) contracted on arm's length terms and is in the interests of good estate management;
- (b) the exercise by an Obligor of any right to forfeit or exercise any right of re-entry in respect of, or exercise any option or power to break or determine, any Occupational Lease in circumstances where the tenant of the relevant Occupational Lease is in breach of its obligations under the relevant Occupational Lease to pay rent or is otherwise insolvent;
- (c) an acceptance or agreement to any Letting Activity required to be given pursuant to any applicable law;
- (d) made in accordance with the terms of any Agreement for Lease (provided that entry into such Agreement for Lease constituted a Permitted Letting Activity or such Agreement for Lease was entered into prior to the First Utilisation Date); or
- (e) made with the prior written consent.

"Permitted Property Disposal" means a disposal of:

- (a) Devon House or all of the shares in an Obligor which owns Devon House, in whole and not in part;
- (b) a High Holborn Estate Property or all of the shares in an Obligor which owns that High Holborn Estate Property, in whole and not in part;
- (c) a Residential Unit;
- (d) all of the SKD Properties (other than Devon House) or all of the shares in an Obligor which owns those Properties, in whole and not in part;
- (e) the Manchester Property, the Horsham Property, the Newbury Property, the Fareham Property, the Bristol Property, the Centric Property, the Workplace Property or the Silbury Property, or all of the shares in an Obligor which owns that Property or Properties, in each case, in whole and not in part; or
- (f) an SKD Property (other than Devon House) or shares in an Obligor which owns that Property and such disposal is approved by the Facility Agent (acting on the instructions of the Super Majority Lenders, acting reasonably, provided that: (i) if a Lender does not accept or reject a request from the Company for such approval before the date falling 10 Business Days after the date of such request, that Lender's participations and Commitments shall not be included when considering whether the approval of the

Super Majority Lender has been obtained in respect of that request; and (ii) for so long as a Lender is a Defaulting Lender, unless otherwise agreed with the Company, that Lender's participations and Commitments shall not be included when considering whether the approval of the Super Majority Lenders has been obtained),

provided that:

- (i) on completion of such disposal an amount not less than the Permitted Property Disposal Prepayment Proceeds for such disposed asset(s) is paid into the Prepayment Account (such payment being funded from the Disposal Proceeds in respect of that disposal and/or proceeds of Equity Contribution(s) and/or Subordinated Loans and/or monies standing to the credit of a General Account);
- (ii) on the date such disposal is contracted, no Default is continuing (or, if a Default is continuing, it would be remedied as a result of the completion of that disposal) or would result from completion of that disposal;
- (iii) such disposal is made on arms' length terms.

"Permitted Property Disposal Prepayment Proceeds" means, in respect of a Permitted Property Disposal, an amount equal to the aggregate of:

- (a) the Release Price in respect of the Property or Properties the subject of that Permitted Property Disposal; and
- (b) any amounts that will become due and payable pursuant to the terms of the Senior Facility Agreement in connection with the prepayment of the amount set out in paragraph (a) above.

"Permitted Security" means:

- (a) any easement or other agreement or arrangement having similar effect which:
 - (i) is granted in connection with a Permitted Letting Activity provided that the grant of such easement or arrangement does not adversely affect the value of any Property or restrict the rights of any Finance Party under the Transaction Security Documents;
 - (ii) exists on the First Utilisation Date provided that such easement or arrangement is disclosed in a Report; or
 - (iii) exists on the Second Utilisation Date in respect of a Non-London Property provided that such easement or other arrangement is disclosed in a Report.
- (b) any Security arising under the Finance Documents;
- (c) any Security arising by operation of law and in the ordinary course of trading and not as a result or any default or omission by any member of the Group provided that it is discharged within 60 days of coming into existence;
- (d) any Security that is released on or prior to the First Utilisation Date;
- (e) in respect of any Non-London Group Member, any Security that is released on or prior to the Second Utilisation Date;
- (f) any netting or set off arrangement under the Hedge Documents or entered into by any Obligor to comply with the requirements of the standard terms of business of any Account Bank but only so long as (i) such arrangement does not permit credit balances of any Obligor to be netted or set off against debit balances of persons who are not Obligors and (ii) such arrangement does not give rise to other Security over the assets of Obligors in support of liabilities of persons who are not Obligors; and

- (g) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to an Obligor in the ordinary course of business and on the supplier's standard or usual terms and not arising as a result of any default or omission by an Obligor.

"Planning Laws" means, in relation to a Property, all applicable laws, regulations, by laws, instructions and standards whether national or local with regard to town, country or city planning, building and construction, space occupation, building fire and safety, demolition or employee protection (to the extent dealing with building safety) and listed buildings, historical or monumental status, in each case, binding on that Property.

"Prepayment Account" means the account designated as such required to be opened and maintained on behalf of the Company in accordance with the terms of the Senior Facility Agreement and, in each case, includes the Company's interest in any replacement account or sub-division or sub-account of that account.

"Prepayment Fees" means a prepayment fee in the amount and at the times set out in the Prepayment Fee Letter.

"Prepayment Fee Letter" means the letter dated on or about the date of the Senior Facility Agreement between the Agent and the Company setting out the prepayment fee referred to in the Senior Facility Agreement.

"Proceeds" means any payment for Service Charge Expenses (including any VAT paid in respect thereof).

"Projected ICR" means, on any Interest Payment Date, the ratio of Projected Net Rental Income to Projected Interest Costs, in each case, in respect of the Relevant Period commencing on the Financial Quarter Date falling immediately prior to that Interest Payment Date.

"Projected Interest Costs" means, for any Relevant Period, the sum of all accrued interest on the Loans which shall be payable by the Obligors to the Finance Parties under the Finance Documents during the Relevant Period assuming that:

- (a) Loan LIBOR will be the arithmetic mean of the aggregate of the Relevant Rates for each Loan Interest Payment Date during that Relevant Period;
- (b) in respect of any Relevant Period which includes a period falling after the Final Repayment Date (a **"Post-Maturity Period"**):
- (i) on the Final Repayment Date no amounts are due aggregate outstanding principal amount of the Loans and all other Secured Liabilities (if any);
 - (ii) the Loans outstanding on the first day of the Relevant Period remain outstanding for the duration of the Relevant Period; and
 - (iii) any calculation of interest remains on the same basis in respect of such Post-Maturity Period as the calculation of interest applicable immediately prior to the commencement of the Post-Maturity Period as if the Final Repayment Date had not occurred; and
- (c) an amount equal to the amount standing to the credit of the Prepayment Account, the Cash Trap Account and the Equity Cure Account was applied in prepayment of the Loans on the first day of that Relevant Period.

"Projected Net Rental Income" means, for any period, the Net Rental Income which shall be received by the Obligors under any Occupational Lease in respect of the Properties during that period after:

- (a) deducting:
- (i) any payments for dilapidations under any Occupational Lease; and

- (ii) any deduction or withholding for or on account of Tax from any Rental Income for such period; and
- (b) assuming that:
- (i) break clauses exercisable by the relevant tenant during that period in respect of any Occupational Lease will be treated as having been exercised on the earliest date on which the relevant tenant can exercise such break clause and the relevant Property or portion thereof (as applicable) will be treated as remaining vacant thereafter unless:
 - (A) the period for exercise of such break clause has expired without such break clause being exercised;
 - (B) a binding and unconditional confirmation has been received from the relevant tenant that it will not be exercising such break clause; or
 - (C) such Occupational Lease is being replaced by a new binding and unconditional Occupational Lease (excluding, for the avoidance of doubt, any condition which requires the previous tenant to vacate the Property or portion thereof (as applicable)) following exercise of the relevant break clause, in which case, the amount of Rental Income allocated to the Property or portion thereof (as applicable) shall include the amount of Rental Income receivable under such new Occupational Lease;
 - (ii) Rental Income will only be taken into account where a binding and unconditional Occupational Lease exists (excluding, for the avoidance of doubt, any condition which requires the previous tenant to vacate the Property or portion thereof (as applicable));
 - (iii) if an Occupational Lease (the "**Expiring Occupational Lease**") is due to expire during the Relevant Period, the Property or portion thereof (as applicable) relating to the Expiring Occupational Lease will be treated as remaining vacant thereafter other than to the extent that a new binding and unconditional Occupational Lease exists in relation to the Property (or a portion thereof) (excluding, for the avoidance of doubt, any condition which requires the previous tenant to vacate the Property or portion thereof (as applicable)) in respect of any period falling between the expiry of the relevant Expiring Occupational Lease and the last day of the Relevant Period and provided that the assumptions specified in this paragraph (b) shall apply to that new Occupational Lease;
 - (iv) potential net rental income increases as a result of rent reviews will be ignored unless unconditionally ascertained under the indexation or fixed rental uplift provisions (or other provisions which do not require the consent of the relevant tenant under that Occupational Lease) of the relevant Occupational Lease or as otherwise agreed with the relevant tenant under that Occupational Lease on or before the relevant date on which Projected Net Rental Income is calculated;
 - (v) any portion of Rental Income payable under any Occupational Lease that is turnover rent will not be taken into account;
 - (vi) rent receivable under an Occupational Lease from a tenant in arrears (provided that the term "arrears" shall not include any arrears arising due to informal arrangements between an Obligor (or a Property Managing Agent on its behalf) and a tenant whereby a tenant is permitted to pay rent monthly in advance rather than quarterly in advance) under that Occupational Lease for more than 3 months will not be included (unless a guarantor is keeping such rent current); and
 - (vii) Rental Income in respect of any Occupational Lease in the name of any Obligor or Investor Affiliate will be ignored unless that Obligor or Investor Affiliate is in actual occupation of the part of the Property to which that Occupational Lease relates to.

"Property" means:

- (a) each of the properties listed in Appendix 2 (*The Properties*) of this Offering Circular; and
- (b) any other present or future freehold and/or leasehold property and any other interest in land or buildings and all rights relating thereto, in each case howsoever described in which an Obligor has an interest from time to time,

provided that:

- (i) prior to the Second Utilisation Date, **"Property"** excludes a Non-London Property;
- (ii) in each case any such property shall cease to be included in this definition following completion of a Permitted Property Disposal of that property; and
- (iii) in the case of a Residential Unit, (A) each Residential Unit shall be deemed to form part of the Property to which it relates; (B) each Residential Unit shall be deemed to be a separate Property; and (C) no Property (including a Residential Unit) (or any amount related thereto) shall be included more than once in any calculation where to do so would result in double counting of any amount.

"Property Management Agreement" means each Initial Property Management Agreement and each New Property Management Agreement, as the case may be.

"Property Managing Agent" means each of, from time to time:

- (a) the Initial Property Managing Agent;
- (b) CB Richard Ellis, Jones Lang LaSalle, Savills and Knight Frank;
- (c) any Investor Affiliate whose primary business is to act as managing agent of commercial properties; and/or
- (d) any other person as may be agreed from time to time between the Company and the Facility Agent (acting on the instructions of the Majority Lenders, each acting reasonably),

in each case, to the extent appointed as a managing agent of any Property (or any part thereof) pursuant to a Property Management Agreement (which has not been terminated) provided that there may be multiple Property Managing Agents in respect of different responsibilities in relation to any Property at any time.

"Protected Party" means a Finance Party which is or will be, for or on account of Tax, subject to any liability or required to make any payment in relation to a sum received or receivable (or any sum deemed for the purposes of Tax to be received or receivable) under a Finance Document.

"Provincial Borrower" means Provincial Office 2 LP, a limited partnership registered in England and Wales with registered number LP016340, acting through its general partner Max Office (Provincial) General Partner Ltd, upon it becoming an additional borrower under and in accordance with the Senior Facility Agreement.

"Qualifying Lender" means:

- (a) a Lender which is beneficially entitled to interest payable to that Lender in respect of an advance under a Finance Document and is:
 - (i) a Lender:
 - (1) which is a bank (as defined for the purpose of section 879 of the Income Tax Act 2007 (the **"ITA"**)) making an advance under a Finance Document and is within the charge to United Kingdom corporation tax as respects any payments of interest made

in respect of that advance or would be within such charge as respects such payments apart from section 18A of the Corporation Tax Act 2009 (the "CTA"); or

- (2) in respect of an advance made under a Finance Document by a person that was a bank (as defined for the purpose of section 879 of the ITA) at the time that that advance was made and which is within the charge to United Kingdom corporation tax as respects any payments of interest made in respect of that advance; or
- (ii) a Lender which is:
 - (1) a company resident in the United Kingdom for United Kingdom tax purposes;
 - (2) a partnership each member of which is:
 - (a) a company so resident in the United Kingdom; or
 - (b) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account in computing its chargeable profits (within the meaning of section 19 of the CTA) the whole of any share of interest payable in respect of that advance that falls to it by reason of Part 17 of the CTA; or
 - (3) a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a permanent establishment and which brings into account interest payable in respect of that advance in computing the chargeable profits (within the meaning of section 19 of the CTA) of that company;
 - (iii) a Treaty Lender; or
 - (b) a Lender which is a building society (as defined for the purpose of section 880 of the ITA) making an advance under a Finance Document; or
 - (c) a Lender which is entitled to the benefit of sovereign immunity in respect of United Kingdom Tax and is entitled on that basis to receive payments of interest under a Finance Document without a Tax Deduction imposed by the United Kingdom.

"Quarterly Management Report" means a quarterly management report in respect of the Property and the business of each of the Obligors in the form set scheduled to the Senior Facility Agreement, in each case, for the Financial Quarter ending on the Financial Quarter Date falling immediately prior to delivery of that quarterly management report.

"Quotation Day" means, in relation to any period for which an interest rate is to be determined, the first day of that period.

"Rate Fixing Time" means, on any day, 11.00 a.m. on that day.

"Receiver" means a receiver, manager or receiver and manager or administrative receiver of the whole or any part of the Charged Property.

"Recoverable Service Charge Project" means a Capex Project if the entire cost of such Capex Project is recoverable from the tenants of any Property by way of Service Charge Proceeds.

"Recovery Claim" has the meaning given to such term in the definition of Recovery Proceeds.

"Recovery Proceeds" means the proceeds of a claim (a **"Recovery Claim"**) against the Vendor or any of its Affiliates (or any of their respective employees, officers or advisers) in relation to an Acquisition Agreement (provided that such proceeds relate to the Properties and/or the Obligors) or against the provider of any Report (in its capacity as a provider of that Report) or against any counterparty to a construction contract or collateral

warranty (in its capacity as counterparty to that construction contract or collateral warranty (as applicable)) with, or benefitting, an Obligor except for Excluded Recovery Proceeds, and after deducting:

- (a) any reasonable fees, costs and expenses which are incurred by any member of the Group to persons who are not members of the Group (other than an Investor Affiliate); and
- (b) any Tax incurred and required to be paid by a member of the Group (on the basis of existing rates and taking into account any available credit, deduction or allowance), in each case in relation to that Recovery Claim.

"Reference Banks" means the principal office in London of Barclays Bank PLC, HSBC Bank plc and Lloyds Bank plc or such other banks as may be appointed by the Facility Agent in consultation with the Company.

"Reference Day" means, in relation to any Relevant Period, the Quotation Day in respect of the Loan Interest Period ending on the first Loan Interest Payment Date during that Relevant Period.

"Release Price" means:

- (a) in respect of Devon House or a High Holborn Estate Property, 120% of the Allocated Loan Amount in respect of that Property;
- (b) in respect of a SKD Property (other than Devon House), 115% of the Allocated Loan Amount in respect of that Property; or
- (c) in respect of a Non-London Property, 110% of the Allocated Loan Amount in respect of that Property.

"Relevant Jurisdiction" means, in relation to an Obligor:

- (a) its jurisdiction of incorporation or formation;
- (b) the jurisdiction of its Centre of Main Interest;
- (c) any jurisdiction where any asset subject to or intended to be subject to the Transaction Security to be created by it is situated;
- (d) any jurisdiction where it conducts its business; and
- (e) the jurisdiction whose laws govern the perfection of any of the Transaction Security Documents entered into by it.

"Relevant Period" means each period of 12 months commencing on a Financial Quarter Date and ending on the anniversary of that Financial Quarter Date.

"Relevant Rate" means:

- (a) in respect of the first Loan Interest Payment Date in any Relevant Period, the lower of the rate equal to that shown by paragraph (a) of the definition of Annual Forward Looking three-Month LIBOR for that Relevant Period and the interest rate strike rate for that Loan Interest Payment Date under the relevant Hedge Document (if any);
- (b) in respect of the second Loan Interest Payment Date in any Relevant Period the lower of the rate equal to that shown by paragraph (b) of the definition of Annual Forward Looking three-Month LIBOR for that Relevant Period and the interest rate strike rate for that Loan Interest Payment Date under the relevant Hedge Document (if any);
- (c) in respect of the third Loan Interest Payment Date in any Relevant Period the lower of the rate equal to that shown by paragraph (c) of the definition of Annual Forward Looking three-Month LIBOR for that Relevant Period and the interest rate strike rate for that Loan Interest Payment Date under the relevant Hedge Document (if any); and

- (d) in respect of the fourth Loan Interest Payment Date in any Relevant Period the lower of the rate equal to that shown by paragraph (d) of the definition of Annual Forward Looking three-Month LIBOR for that Relevant Period and the interest rate strike rate for that Loan Interest Payment Date under the relevant Hedge Document (if any).

"Rent Deposit Account" means an account (other than a Control Account) with a bank which has a Requisite Rating in which an Obligor has an interest which is solely maintained for the purpose of holding rent deposits in respect of Occupational Leases.

"Rental Income" means the aggregate of all sums paid or payable to or for the benefit of any Obligor arising from the letting, use or occupation of all or any part of the Properties, including (without limitation and without double counting):

- (a) rents, licence fees and equivalent sums reserved, paid or made payable;
- (b) any sums received or receivable from any deposit held as security for performance of any tenant's obligations;
- (c) any other monies paid or payable in respect of occupation and/or usage of a Property and any fixture and fitting on a Property including any fixture on a Property for display or advertisement, on licence or otherwise;
- (d) proceeds of insurance in respect of loss of rent or interest on rent;
- (e) any Service Charge Proceeds;
- (f) payments made in respect of a breach of covenant or dilapidations under any Occupational Lease in relation to a Property and for expenses incurred in relation to any such breach;
- (g) any contribution to a sinking fund paid by an occupational tenant under an Occupational Lease;
- (h) any contribution by a tenant of a Property to ground rent (and other sums payable under any Headlease) due under any Lease out of which an Obligor derives its interest in that Property;
- (i) any receipts from or the value of consideration given for the surrender or variation of any Occupational Lease;
- (j) interest, damages or compensation in respect of any of the items in this definition;
- (k) any payment from a guarantor or other surety in respect of any of the items listed in this definition;
- (l) any break payments that are payable following the actual exercise of any break option under any Occupational Lease and which are referable to that period; and
- (m) any amount in respect of or which represents VAT in respect of any of the sums set out in paragraphs (a) to (l) above,

but, in each case, excluding, for the avoidance of doubt, any amount held or received as a deposit or security under an Occupational Lease.

"Rental Income Account" means each account designated as such required to be opened and maintained on behalf of each Borrower in accordance with the Senior Facility Agreement and, in each case, includes the interests of such Borrower in any replacement account or sub-division or sub-account of that account.

"Reports" means:

- (a) the Legal Due Diligence Reports;
- (b) the London Closing Certificates of Title;

- (c) the Non-London Closing Certificates of Title;
- (d) the technical due diligence report dated on or about the date of the Senior Facility Agreement;
- (e) the environmental due diligence report dated on or about the date of the Senior Facility Agreement;
- (f) the financial and tax due diligence reports dated on or about the date of the Senior Facility Agreement; and
- (g) the Tax Structure Paper, and Report means any of them.

"Reports Side Letter" means the letter dated on or about the date of the Senior Facility Agreement between the Company, The Blackstone Group International Partners LLP and the Facility Agent.

"Requisite Rating" means, the rating of long or short term (as appropriate) unsecured debt instruments in issue by a person (which are neither subordinated nor guaranteed) which meet the following requirements:

- (a) in relation to a bank or financial institution at which a Control Account, a Rent Deposit Account or a Collection Account is held (provided that for the purposes of determining the Requisite Rating of an Account Bank, the ratings held by a Holding Company of such Account Bank may be used), the rating of short term instruments with any one of the following ratings: F1 (or better) by Fitch, P-1 (or better) by Moody's or A-1 (or better) by S&P;
- (b) in relation to any insurance company or underwriter, long term instruments or an insurer financial strength rating with one of the following ratings: A (or better) by AM Best, A (or better) by Fitch, A2 (or better) by Moody's or A (or better) by S&P; and
- (c) in relation to a Counterparty, long term instruments with any two of the following ratings: A- (or better) by Fitch, A3 (or better) by Moody's or A- (or better) by S&P.

"Residential Unit" means each separate residential unit of any Property.

"Residential Unit Percentage" means, in respect of a Residential Unit (the **"Specific Residential Unit"**):

- (a) the square metre area of the Specific Residential Unit; divided by:
- (b) the square metre area (as at the date of the disposal of such Specified Residential Unit) of the Property in which the Specific Residential Unit is located.

"Restricted Party" means any person that is:

- (a) listed on, or owned or controlled by a person listed on, a Sanctions List,
- (b) a government of a Sanctioned Country,
- (c) an agency or instrumentality of, or an entity directly or indirectly owned or controlled by, a government of a Sanctioned Country,
- (d) resident or located in, operating from, or incorporated under the laws of, a Sanctioned Country; or
- (e) to the best knowledge of any Obligor (acting with due care and enquiry), otherwise subject to Sanctions.

"Sanctions" means economic or financial sanctions or trade embargoes imposed, administered or enforced from time to time by any Sanctions Authority.

"Sanctions Authority" means:

- (a) the United States;

- (b) the United Nations Security Council;
- (c) the European Union;
- (d) the United Kingdom; or
- (e) the respective governmental institutions of any of the foregoing including, without limitation, Her Majesty's Treasury, the Office of Foreign Assets Control of the US Department of the Treasury (OFAC), the US Department of Commerce, the US Department of State and any other agency of the US government.

"Sanctions List" means any of the lists of specifically designated nationals or designated or sanctioned individuals or entities (or equivalent) issued by any Sanctions Authority, each as amended, supplemented or substituted from time to time.

"Sanctioned Country" means any country or other territory which at the time of an applicable acquisition or accession is the subject of Sanctions.

"Screen Rate" means, in relation to Loan LIBOR, the London interbank offered rate administered by ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) for the relevant currency and period displayed on pages LIBOR01 or LIBOR02 of the Reuters screen (or any replacement Reuters page which displays that rate) or, on the appropriate page of such other information service which publishes that rate from time to time in place of Reuters provided that if such page or service ceases to be available, the Facility Agent may specify another page or service displaying the relevant rate after consultation with the Company.

"Second Asset Management Agreement" means each property advisers agreement between a Non-London Group Member and Blackstone Property Management Limited in relation to certain advisory services relating to the Non-London Properties and delivered to the Facility Agent pursuant to conditions precedents applicable to the Second Utilisation under the Senior Facility Agreement

"Second Transaction Security Documents" means each of the following Transaction Security to be provided for the Second Utilisation in favour of the Security Agent:

- (a) with respect to each Additional Borrower, each Additional Guarantor and Max Office Limited, an English law governed debenture over all of its assets not otherwise secured under any other Transaction Security Document (including, in relation to Max Office Limited, shares in any of its direct Subsidiaries incorporated in England and Wales which are Non-London Group Obligor); and
- (b) with respect to each Additional Borrower, each Additional Guarantor and Max Office Limited, a Jersey law governed security interest agreement over all of its intangible movable assets located in Jersey or otherwise subject to Jersey law (including, in relation to Max Office Limited, shares in any of its direct Subsidiaries incorporated in Jersey which are Non-London Group Obligor).

"Second Utilisation" means the second Utilisation.

"Second Utilisation Date" means the second Utilisation Date.

"Secured 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 and whether originally incurred by an Obligor or by some other person) of each Obligor to the Finance Parties (or any of them) under or in connection with any of the Finance Documents.

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any easement or other agreement or arrangement having a similar effect.

"Service Charge Expenses" means (including any VAT paid in respect thereof):

- (a) any expense or liability incurred by a tenant under an Occupational Lease:

- (i) by way of reimbursement of expenses incurred, or on account of expenses to be incurred, by or on behalf of an Obligor in the management, maintenance and repair or similar obligation of, or the provision of services specified in that Occupational Lease in respect of, a Property and the payment of insurance premiums for that Property; or
 - (ii) to, or for expenses incurred by or on behalf of, an Obligor for a breach of covenant where such amount is or is to be applied by that Obligor in remedying such breach or discharging such expenses;
- (b) any contribution to a sinking fund paid by a tenant under its Occupational Lease; and
- (c) any contribution paid by a tenant to ground rent and other sums due under any Lease (including for the avoidance of doubt, any Headlease) out of which a Borrower derives its interest in a Property.

"Service Charge Proceeds" means any payment for Service Charge Expenses (including any VAT paid in respect thereof).

"SKD Property" means each Property set out in Part 1 (*St Katharine's Dock*) of Appendix 2 (*The Properties*) of this Offering Circular.

"Silbury Property" means the Property set out in Part 10 (*Silbury*) of Appendix 2 (*The Properties*) to this Offering Circular.

"Subordinated Creditor" has the meaning given to such term in the Subordination Agreement.

"Subordinated Creditor Accession Deed" has the meaning given to such term in the Subordination Agreement.

"Subordination Agreement" means the subordination agreement dated on or prior to the First Utilisation Date between, amongst others, the Company and the Facility Agent.

"Subordinated Loan" means any Financial Indebtedness owed by a member of the Group to another member of the Group which has been subordinated to the Secured Liabilities under the terms of the Subordination Agreement and the rights of the creditor in respect of such Financial Indebtedness have been assigned by way of Security or are otherwise subject to Transaction Security in favour of the Security Agent under the Transaction Security Documents.

"Subsidiary" means in relation to any partnership, company, corporation, unit trust or an unincorporated corporation (in this definition, an entity), an entity:

- (a) which is controlled, directly or indirectly, by the first mentioned entity;
- (b) more than half of the issued shares of which is beneficially owned, directly or indirectly by the first mentioned entity; or
- (c) which is a Subsidiary of another Subsidiary of the first mentioned entity,

and for this purpose, an entity shall be treated as being controlled by another if that other entity is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Super Majority Lenders" means:

- (a) if there are no Loans then outstanding, a Lender or Lenders whose Commitments aggregate more than 85% of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 85% of the Total Commitments immediately prior to the reduction); or
- (b) at any other time, a Lender or Lenders whose participations in the Loans then outstanding aggregate more than 85% of all the Loans then outstanding.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Tax Deduction" means a deduction or withholding for or on account of Tax from a payment under a Finance Document, other than a FATCA Deduction.

"Tax Structure Paper" means the tax structuring report dated on or about the date of the Senior Facility Agreement relating to the reorganisation of the Group.

"Topco" means MPG OPCO Limited, a company incorporated under the laws of Jersey with company number 101799.

"Total Commitments" means the aggregate of the Commitments.

"Transaction" means the Acquisition (including the financing thereof) and the other transactions contemplated by the Transaction Documents.

"Transaction Costs" means all fees, costs and expenses and stamp, transfer, registration, notarial and other Taxes incurred by a member of the Group directly or indirectly in connection with the Transaction and the Transaction Documents.

"Transaction Document" means:

- (a) each Acquisition Agreement;
- (b) each Finance Document;
- (c) each Property Management Agreement;
- (d) each Asset Management Agreement;
- (e) each Hedge Document;
- (f) each Headlease;
- (g) each Occupational Lease;
- (h) each Agreement for Lease; and
- (i) any other document designated as such by the Facility Agent and Company.

"Transaction Obligor" means each Obligor and each Subordinated Creditor.

"Transaction Security" means the Security created or expressed to be created pursuant to a Transaction Security Document.

"Transaction Security Document" means each of:

- (a) the First Transaction Security Documents;
- (b) the Second Transaction Security Documents;
- (c) any other document entered into at any time by a Transaction Obligor creating any guarantee, indemnity, Security or other assurance against financial loss in favour of any of the Finance Parties as Security for any of the Secured Liabilities; and
- (d) any Security granted under any covenant for further assurance in any of those documents.

"Transfer Certificate" means a certificate substantially in the form scheduled to the Senior Facility Agreement or any other form agreed between the Facility Agent (acting on the instructions of the Majority Lenders) and the Company.

"Treasury Transaction" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (including any currency or interest purchase, cap or collar agreement, forward rate agreements, interest rate or currency future or option contract, foreign exchange or currency purchase or sale agreement, interest rate swap, currency swap or combined interest rate and currency swap agreement and any other similar agreement) (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account).

"Treaty Lender" means a Lender which:

- (a) is treated as a resident of a Treaty State for the purposes of the Treaty;
- (b) does not:
 - (i) carry on a business in the United Kingdom through a permanent establishment; or
 - (ii) act from a Facility Office in the United Kingdom,in each case, with which that Lender's participation in the Loans is effectively connected; and
- (c) meets all other conditions in the relevant Treaty for full exemption from Tax imposed by the United Kingdom on interest which solely relate to the Lender (subject to completion of any necessary procedural formalities) except that for this purpose it shall be assumed that any condition which relates (expressly or by implication) to there being (or not being) a special relationship between any Obligor and a Lender is satisfied.

"Treaty State" means a jurisdiction having a double taxation agreement (a **"Treaty"**) with the United Kingdom which makes provision for full exemption from tax imposed by the United Kingdom on interest.

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

"Utilisation" means a utilisation of the Facility.

"Utilisation Date" means each date on which a Loan is to be made.

"Utilisation Request" means a notice substantially in the form scheduled to the Senior Facility Agreement.

"Valuation" means:

- (a) the Initial Valuation; and
- (b) any subsequent valuation instructed by (in accordance with and subject to the terms of the Senior Facility Agreement) and in form and substance satisfactory to the Facility Agent and prepared and issued by a Valuer and addressed to, and/or capable of being relied upon by, amongst others, each Finance Party valuing an Obligor's interests in each Property then owned by it and which is carried out on a "market value" basis (as defined in the then current Statements of Assets Valuation Practice and Guidance Notes issued by the Royal Institution of Chartered Surveyors' (or its successors)).

"Valuation Date" means each date on which is delivered to the Facility Agent in accordance with the terms of the Senior Facilities Agreement.

"Valuer" means each of Knight Frank, Savills, Cushman & Wakefield, Jones Lang LaSalle or CB Richard Ellis or any other firm of chartered surveyors as may be agreed from time to time between Company and the Facility Agent (acting on the instructions of the Majority Lenders) in each case as appointed by the Facility Agent (for and on behalf of the Lenders) to act as valuer for the purposes of the Senior Facility Agreement.

"VAT" means:

- (a) any tax imposed in compliance with the EC Directive 2006/112 of 28 November 2006 on the common system of value added tax; and
- (b) any other tax of a similar nature, whether imposed in a member state of the European Union in substitution or replacement for, or levied in addition to, such tax referred to in paragraph (a) above, or elsewhere.

"VAT Group" means a group (or fiscal unity) for the purposes of VAT.

"Vendor" means Max Property Group PLC.

"Workplace Property" means the Property set out in Part 9 (*Workplace*) of Appendix 2 (*The Properties*) to this Offering Circular.

DESCRIPTION OF THE PORTFOLIO

All of the information in this "Description of the Portfolio" section is current as of 19 December 2014.

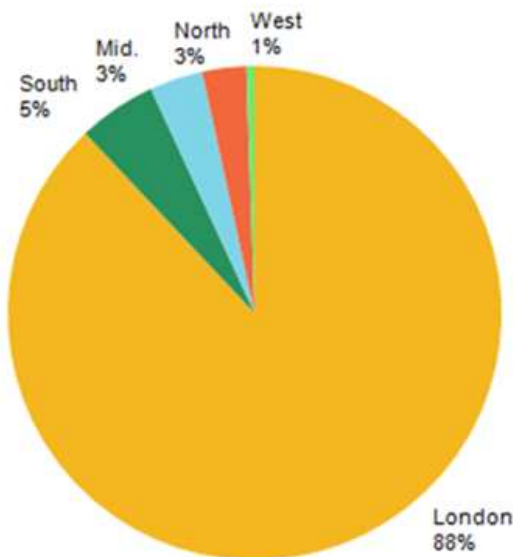
The below description of the portfolio (the "**Portfolio**") is largely based on information obtained from the Group, The Blackstone Group L.P and the Initial Appraisal.

As at 19 December 2014:

- (a) the Portfolio comprised of 10 assets across the United Kingdom and ranging in value from £2,075,000 to £309,550,000;
- (b) the aggregate value of the Portfolio was £477,544,000, which represents an average capital value of £362/sq ft. The Portfolio produces a Contracted Annual Gross Rental Income of £22,545,626, which represents an actual Gross Rental Income of £18,175,128
- (c) the average occupancy of the Portfolio is 80 per cent. (weighted by square foot). The weighted average unexpired lease term to first break of the Portfolio was 6.7 years (weighted by contracted rent). The tenant base was granular comprising more than 100 tenants across the portfolio. The top 5 tenants account for approximately 34 per cent. of the income profile (gross rent), with the largest tenant, Clarkson PLC, contributing 15 per cent. of the total gross rent.

The portfolio is mostly comprised of offices, with a small component of residential and retail. Geographically, the portfolio is diversified across the UK. The charts below show the portfolio breakdowns (by market value) by location.

Property OMV* by Region



* OMV denotes Original Market Value.

The following table contains information on the composition of the Portfolio by sector and region, in each case as of 19 December 2014:

Address	Tenure	Type	Region	Area (SqFt)	Vacancy Rate (by sq ft)	Current Gross Contractual Rent(pa)	Market Rent (pa)	WAULT to Break
The High Holborn Estate,	Freehold	Office	London	136,792	33%	£1,346,201	£6,062,342	5.4
St Katharine's Dock.....	Freehold	Office	London	556,123	8%	£16,095,750	£19,471,948	8.84
New Bond House, Bristol	Freehold	Office	West	34,979	16%	£178,085	£233,604	1.81
Berkeley House, Bristol.....	Freehold	Office	West	10,019	0%	£85,000	£75,000	2.02
Concord Business Park, Manchester ..	Leasehold	Office	North	129,537	33%	£1,233,378	£2,038,949	3.57
Overbridge House, Newbury.....	Freehold	Office	South	57,453	37%	£539,735	£740,000	1.2
Solent Business Centre, Fareham.....	Freehold	Office	South	69,142	0%	£645,864	£698,309	3.4
Broadlands Business Campus, Horsham.....	Freehold	Office	South	115,779	14%	£1,126,000	£1,022,750	3.0
The Workplace Building, Milton Keynes.....	Freehold	Office	Midlands	25,460	0%	£184,250	£173,000	8.0
Silbury Court, Milton Keynes.....	Freehold	Office	Midlands	77,796	7%	£882,038	960,250	3.0
Centric MK, Milton Keynes.....	Freehold	Office	Midlands	105,393	65%	£229,325	£1,044,000	4.2
				<u>1,318,473</u>		<u>£22,545,626</u>	<u>£32,520,152</u>	

SALE OF ASSETS

Loan Sale Agreement

On or prior to the Closing Date, the Originator will transfer by novation the Loan to the Seller and the Seller will acquire from the Originator the rights, title, interests and benefits of the Originator in the Loan and its interest in the Related Security with respect to the Loan. Prior to the transfer from the Originator to the Seller, the Originator was the sole lender with respect to the Loan. On the Closing Date, the Issuer, the Issuer Security Trustee, the Facility Agent, the Cash Manager, the Agent Bank and the Seller will enter into a loan sale agreement (the "**Loan Sale Agreement**") and, in the case of the Issuer and the Seller, a transfer certificate relating to the Loan, pursuant to the terms of which, among other things, the Seller will transfer, and the Issuer will acquire from the Seller the right, title, interests and benefits of the Seller in the Loan and its interest in the Related Security with respect to the Loan.

Pursuant to the terms of the Loan Sale Agreement the transfer of the Loan and the Related Security will be effected by means of the transfer certificate envisaged by the Senior Facility Agreement and in consideration for the sale of the Loan, the Issuer will pay on the Closing Date, £100,000,000 to the Seller (the "**Initial Purchase Price**").

In addition to the Initial Purchase Price, the Issuer will pay to the Seller additional amounts (the "**Stripped and Accrued Interest Payments**"), which comprises, with respect to:

- (a) the first Distribution Date falling in May 2015 only, accrued but unpaid interest or fees on the Loan up to (and excluding) one Business Day prior to the Closing Date ("**Accrued Interest Payments**"); and
- (b) each Distribution Date, any surplus Available Funds following the prior application of such Available Funds sequentially:
 - (i) prior to the service of a Note Acceleration Notice, in accordance with:
 - (A) paragraphs (a) to (g) of the Pre-Enforcement Revenue Priority of Payments; and
 - (B) paragraph (a) of the Pre-Enforcement Principal Priority of Payments; and
 - (ii) following the service of a Note Acceleration Notice, in accordance with paragraphs (a) to (f) of the Post Enforcement Priority of Payments,

(such payments, the "**Stripped Interest Payments**").

Following the transfer of the Loan to the Issuer, (i) as and from the Closing Date, the Issuer will be the lender under the Senior Facility Agreement in respect of the Loan, and (ii) the original loan and security documents will be held by the Security Agent on behalf of the Issuer.

Pursuant to the Loan Sale Agreement the Issuer is restricted from agreeing to any amendment or modification or entering into any agreement or arrangement with any party which would have the effect of (i) reducing or cancelling the amount of Stripped and Accrued Interest Payments due and payable to the Seller; (ii) modifying the method of calculating the Stripped and Accrued Interest Payments; (iii) postponing any date on which the payment of the Stripped and Accrued Interest Payments are to be made or (iv) adversely affecting the right of the Seller to receive payment of the Stripped and Accrued Interest Payments under the Loan Sale Agreement, in each case, without the Seller's prior written consent (in the Seller's absolute discretion).

Seller's Representations and Warranties

None of the Issuer or the Issuer Related Parties has made or will make any of the enquiries, searches or investigations which a prudent purchaser of similar assets would normally make, nor has any such entity made any enquiry at any time in relation to compliance by the Originator with its lending criteria or the legality, validity, perfection, adequacy or enforceability of the Issuer Assets or the transfer thereof pursuant to the Loan Sale Agreement.

In relation to all of the foregoing matters, the Issuer will, in relation to the Loan and the Related Security rely on the representations and warranties given by the Seller in the Loan Sale Agreement. None of the Issuer Related Parties will be obliged to verify compliance by the Seller with such representations and warranties.

In the event of a Material Breach of Loan Warranty (as defined below), the Seller will be required, within 60 days (or such longer period not exceeding 90 days as the Issuer may agree) of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer, to remedy the matter giving rise to such breach of representation or warranty, if such matter is capable of remedy.

If a Material Breach of Loan Warranty is not capable of remedy or is not remedied within the specified period, the Seller will (subject to the repurchase provision below) be required to indemnify on demand the Issuer against all losses, claims, demands, taxes and all other expenses or other liabilities incurred by the Issuer as a result of such Material Breach of Loan Warranty.

Neither the Issuer nor the Issuer Security Trustee will have any claim in respect of any breach of any Loan Warranty that is not a Material Breach of Loan Warranty.

In the event that the Issuer makes a demand for indemnity in respect of a Material Breach of Loan Warranty, the Seller will be entitled (but will not be obliged), as an alternative to the Seller being required to indemnify the Issuer, to repurchase the Loan and the Related Security pertaining to it on a date not later than the second Distribution Date following the demand. The consideration payable in these circumstances will be an amount equal to the principal balance of the Loan then outstanding, any accrued but unpaid interest thereon plus all other amounts outstanding to the Issuer as a Finance Party under the Senior Facility Agreement.

The representations and warranties (the "**Loan Warranties**") to be given by the Seller in the Loan Sale Agreement, which are qualified as set out in this section below, will include statements to the following effect:

- (a) *No Governmental Authority approval*: other than as specified in the Finance Documents, no notice to, registration with, consent or approval of or any other action by any relevant Governmental Authority is or will be required for the Seller to execute, deliver and perform its obligations under the Loan Purchase Agreement.
- (b) *Unencumbered title*: it is the sole legal and beneficial owner of the Loan and is the sole beneficial owner of the interest in the Related Security, insofar as it pertains to the Loan, in each case free and clear of all encumbrances, claims and equities.
- (c) *No other documents*: other than the Finance Documents, there are no other documents executed by it which would materially and adversely affect the Loan or the Related Security and (other than the documentation contemplated by the Finance Documents) it has not executed any other documentation relating to the Finance Documents except for those documents that are required to be executed in the Seller's capacity as Lender.
- (d) *No default*: it is not in material default of any of its obligations in relation to the Loan and Related Security.
- (e) *Alienability*: subject to the obtaining of any necessary consents, licenses, and authorisations, all rights and benefits (including proprietary rights under any relevant security documentation) and, where applicable, all obligations under the Finance Documents which the parties have agreed will be novated, assigned or otherwise effectively transferred or participated to the Issuer pursuant to the transaction are capable of being so novated, assigned or otherwise transferred or participated.
- (f) *No acceleration or payment default*: so far as it is aware, no decision has been taken to accelerate or enforce its rights under the Finance Documents and no amount of principal or interest is due and unpaid under the Finance Documents.
- (g) *No set-off*: pursuant to the terms of the Finance Documents, no Obligor is entitled to exercise any right of set-off (except to the extent required by law) against the Seller under the Finance Documents.

Pursuant to the Loan Sale Agreement the Loan Warranties are qualified by reference to all general principles of law limiting the same as set out in the legal opinions referred to in the Finance Documents.

Where:

"Governmental Authority" means any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government;

"Material Breach of Loan Warranty" means a breach of any of the Loan Warranties in any material respect where the facts and circumstances giving rise to that breach have a material adverse effect on the ability of the Issuer to make timely payment in full of its obligations under the Notes.

"Related Security" means all right, title and interest of the Seller or all rights, title and interest of the Issuer following the execution of the Loan Sale Agreement, present and future, in, to and under the Transaction Security Documents and any other security agreements as they relate to the Loan;

"Issuer Assets" means the Loan and the Issuer's interest in the Related Security and all monies derived therefrom from time to time, all of which will be sold and transferred to the Issuer on the Closing Date pursuant to the Loan Sale Agreement; and

"Security Interest" means any mortgage or sub-mortgage, standard security, fixed or floating charge or sub-charge, pledge, lien, assignment or assignation by way of security or subject to a proviso for redemption, encumbrance, hypothecation, retention of title, or other security interest whatsoever howsoever created or arising and its equivalent or analogue whatever called in any other jurisdiction, and any agreement or arrangement having substantially the same economic or financial effect as any of the foregoing.

AVAILABLE FUNDS AND THEIR PRIORITY OF APPLICATION: THE NOTES

Source of Funds

The repayment of principal and the payment of interest by the Borrowers in respect of the Loan will provide the only source of funds for the Issuer to make payments of interest on and repayments of principal in respect of the Notes.

Determination Date

On the date which is one Business Day prior to each Distribution Date (each, a "**Determination Date**") the Cash Manager will be required to calculate and/or determine, based on information provided to it by the Issuer or the Facility Agent, the following:

- (a) the amount and allocation of Revenue Receipts and Principal Receipts received or expected to be received and that are payable into the Issuer Transaction Account on or prior to the Distribution Date immediately following a Determination Date;
- (b) the Available Funds available to the Issuer for distribution on the following Distribution Date; and
- (c) all amounts due according to the applicable Issuer Priority of Payments.

Funds Paid into the Issuer Transaction Account

On each Loan Interest Payment Date, the Cash Manager (on behalf of the Issuer) will request that the Facility Agent transfers from the relevant Rental Income Account, the Prepayment Account, the Cash Trap Account and the Equity Cure Account or any other relevant Obligor bank account to the Issuer Transaction Account an amount equal to the aggregate amounts in respect of interest, principal, fees and other amounts, if any, then payable under the Senior Facility Agreement to which the Issuer, as a lender, is entitled to receive.

The Issuer's interest and income receipts (the "**Revenue Receipts**") will comprise, on any day, the sum of all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with the Loan (other than Principal Receipts), and including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) Interest payments received under the Loan;
- (b) any Default Interest;
- (c) Exit Fees received under the Loan;
- (d) Break Costs received under the Loan;
- (e) any costs, expenses, commissions and other sums, in each case made by the Borrowers in respect of the Loan or the Related Security (other than any repayments in respect of Principal Receipts); and
- (f) interest on amounts standing to the credit of the Issuer Transaction Account and any cash deposits held in a bank account of the Issuer) received during the Interest Period immediately preceding a Determination Date.

Where:

"**Break Costs**" means the breakage costs payable to the Issuer corresponding to the Issuer's interest in the Loan repaid or prepaid on an Intra- Loan Interest Payment Date provided that the Noteholder Representative has provided a break cost determination to the Facility Agent in accordance with Clause 11.4 (*Break Costs*) of the Senior Facility Agreement;

"Default Interest" means, with respect to any unpaid sums which an Obligor fails to pay under a Finance Document, the interest accrued and payable by the Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement; and

"Exit Fee" means the portion of the Prepayment Fees corresponding to the Issuer's interest in the Loan to be paid to the Issuer.

"Prepayment Fees" means a prepayment fee in the amount and at the times set out in the Prepayment Fee Letter.

"Prepayment Fee Letter" means the letter dated on or about the date of the Senior Facility Agreement between the Agent and the Company setting out the prepayment fee referred to in the Senior Facility Agreement.

The Issuer's principal receipts (the **"Principal Receipts"**) will comprise on any day all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with the Loan and standing to the credit of the Issuer Transaction Account, including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) amounts recovered in respect of the Loan which are applied towards the reduction of outstanding principal as a result of any action taken to enforce the Loan and/or the Related Security (including any amounts standing to the credit of the Capex Backlog Account);
- (b) any mandatory prepayment amounts of a principal nature as a result of: illegality, mandatory prepayment from insurance proceeds or recovery claims, disposals, expropriation proceeds, change of control, a cash trap event or a cure payment or, replacement or repayment and cancellation in relation to a single lender or the occurrence of any other mandatory prepayment event following which amounts are allocated towards the prepayment of principal on the Loan, subject to, in each case, the conditions set out in the Senior Facility Agreement;
- (c) voluntary repayments or prepayments in respect of the principal outstanding under the Loan made on notice in accordance with the Senior Facility Agreement;
- (d) payments received by or on behalf of the Issuer as a result of an indemnity payment from or the repurchase of the Loan by the Seller pursuant to the Loan Sale Agreement which, in each case, do not constitute Revenue Receipts; and
- (e) any repayments or prepayments made by or on behalf of the Borrowers in connection with a restructuring of the Senior Facility Agreement or as a condition to any waiver of a Event of Default under the Senior Facility Agreement.

Where:

"Available Funds" means as at a Distribution Date, an amount equal to the aggregate of the Revenue Receipts and the Principal Receipts received or expected to be received and that are payable into the Issuer Transaction Account on or prior to such Distribution Date.

"Capex Backlog Account" means the account designated as such required to be opened and maintained on behalf of the Company in accordance with the Senior Facility Agreement and includes the interests of the Company in any replacement account or sub-division or sub-account of that account.

Default Interest

Upon receipt of any Default Interest by or on behalf of the Issuer during an Interest Period, the amount of Default Interest shall on the immediately following Distribution Date be payable by the Cash Manager to the Noteholders pursuant to Condition 5(d) (*Default Interest*) in accordance with the applicable Issuer Priority of Payments. For further details of the rate and method of calculating Default Interest in respect of the Whole Loan see the section entitled *"THE LOAN AND RELATED SECURITY – Interest"* of this Offering Circular.

Principal Distributions

On each Distribution Date, the Notes will be subject to a mandatory redemption in part in an amount up to the sum of the Principal Receipts available to pay principle subject to the Pre-Enforcement Principal Priority of Payments or the Post-Enforcement Priority of Payments, as applicable.

Issuer Priority Payments

Prior to the service of a Note Acceleration Notice, the Cash Manager will apply all Revenue Receipts received by the Issuer on or prior to each Distribution Date, as determined on the immediately preceding Determination Date in the following manner and order of priority, including, other than where expressly set out below, any value added tax (including any reverse-charge value added tax) properly payable thereon (the "**Pre-Enforcement Revenue Priority of Payments**") (in each case only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the fees or other remuneration of (and amounts payable in respect of indemnity protection) and any costs, charges, liabilities and expenses incurred by the Note Trustee and the Issuer Security Trustee (and, in each case, including any attorney, agent, manager, delegate, nominee or other person appointed by the Note Trustee under the Note Trust Deed or any receiver, agent, delegate, nominee, custodian or other person appointed by the Issuer Security Trustee under the Deed of Charge and Assignment) (the "**Appointees**");
- (b) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the amounts, including, but not limited to, tax adviser fees, costs of tax compliance, legal fees, audit fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange where the Notes are then listed and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Deed of Charge and Assignment and not provided for payment elsewhere, and to provide for any such amounts expected to become due and payable by the Issuer after that Distribution Date, and (to the extent that the same cannot be paid or provided for by funds standing to the credit of the Issuer Transaction Account) to provide for the Issuer's liability or possible liability for corporation tax;
- (c) *third*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) all amounts due to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement, (ii) fees, costs and expenses of the directors of the Issuer and any advisors appointed by them, if any, (iii) all amounts due to the Operating Bank under the Cash Management Agreement, (iv) all amounts due to the Cash Manager under the Cash Management Agreement and (v) all amounts due to the Agents under the Agency Agreement;
- (d) *fourth*, to pay a £1000 per annum, retained profit to the Issuer, quarterly (the "**Issuer's Profit**") to be credited to a separate ledger and segregated from all other amounts standing to the balance of the Issuer Transaction Account (the "**Issuer Profit Ledger**");
- (e) *fifth*, in or towards satisfaction of any Exit Fees due or overdue in respect of the Notes;
- (f) *sixth*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) interest due and overdue on the Notes, and (ii) (only on the first Distribution Date falling in May 2015) the Accrued Interest Payments to the Seller;
- (g) *seventh*, in or towards satisfaction of Default Interest due or overdue in respect of the Notes; and
- (h) *eighth*, the surplus (if any) to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.

Application of Principal Receipts Prior to Enforcement

Prior to the service of a Note Acceleration Notice, the Cash Manager will apply Principal Receipts received by the Issuer on or prior to each Distribution Date, as determined on the immediately preceding Determination Date in the following manner and order of priority (the "**Pre-Enforcement Principal Priority of Payments**",

together with the Pre-Enforcement Revenue Priority of Payments, the "**Pre-Enforcement Priority of Payments**") (only if and to the extent that payments or provisions of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction of all principal due or overdue in respect of the Notes until the Notes have been repaid in full; and
- (b) *second*, the surplus (if any) to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.

Post-Enforcement Priority of Payments

Following the service of a Note Acceleration Notice, the Issuer Security Trustee will apply all monies and receipts, received by the Issuer and/or the Issuer Security Trustee or a receiver appointed by it, on each Distribution Date, other than amounts constituting tax credits (whether of principal or interest or otherwise) in the following manner and order of priority, including, other than where expressly set out below, any value added tax (including any reverse-charge value added tax) properly payable thereon (the "**Post-Enforcement Priority of Payments**" and together with the Pre-Enforcement Revenue Priority of Payments and the Pre-Enforcement Principal Priority of Payments, the "**Issuer Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been made in full):

- (a) *first*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the fees or other remuneration of (and amounts payable in respect of indemnity protection) and any costs, charges, liabilities and expenses incurred by the Note Trustee and the Issuer Security Trustee (and, in each case, including any Appointee);
- (b) *second*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of the amounts, including, but not limited to, tax adviser fees, costs of tax compliance, legal fees, audit fees, anticipated winding-up costs of the Issuer, fees due to the stock exchange where the Notes are then listed and company secretarial expenses, which are payable by the Issuer to third parties and incurred without breach by the Issuer of the Note Trust Deed or the Deed of Charge and Assignment and not provided for payment elsewhere, and to provide for any such amounts expected to become due and payable by the Issuer after that Distribution Date, and (to the extent that the same cannot be paid or provided for by funds standing to the credit of the Issuer Transaction Account) to provide for the Issuer's liability or possible liability for corporation tax;
- (c) *third*, in or towards satisfaction on a *pro rata* and *pari passu* basis, according to the respective amounts due and payable, of (i) all amounts due to the Issuer Corporate Services Provider under the Issuer Corporate Services Agreement, (ii) fees, costs and expenses of the directors of the Issuer and any advisors appointed by them, if any, (iii) all amounts due to the Operating Bank under the Cash Management Agreement, (iv) all amounts due to the Cash Manager under the Cash Management Agreement and (v) all amounts due to the Agents under the Agency Agreement;
- (d) *fourth*, in or towards satisfaction of any Exit Fees due or overdue in respect of the Notes;
- (e) *fifth*, in or towards satisfaction of all interest and Default Interest due or overdue in respect of the Notes;
- (f) *sixth*, in or towards satisfaction of all principal due or overdue in respect of the Notes; and
- (g) *seventh*, the surplus (if any) to the Seller as Stripped Interest Payments in accordance with the Loan Sale Agreement.

Description of Note Trust Deed

The Note Trustee will be appointed pursuant to the Note Trust Deed to represent the interests of the Noteholders. The Note Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Note Trust Deed on behalf of itself and on trust for the Noteholders.

Among other things, the Note Trust Deed:

- (a) sets out when, and the terms upon which, the Note Trustee will be entitled or obliged, as the case may be, to take steps to enforce the Issuer's obligations under the Notes (or certain other relevant documents);
- (b) contains various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;
- (c) provides for the remuneration of the Note Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Note Trustee against liabilities, losses and costs arising out of the Note Trustee's exercise of its powers and performance of its duties;
- (d) provides that so long as any Notes are outstanding and there is a conflict between the interests of the Noteholders and any other Issuer Secured Creditor, the Note Trustee will take into account only the interests of the Noteholders in the exercise of its discretions, rights or powers;
- (e) provides that the determinations of the Note Trustee will be conclusive and binding on the Noteholders;
- (f) sets out the extent of the Note Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;
- (g) sets out the scope of the Note Trustee's liability for any fraud, gross negligence or wilful default in connection with the exercise of its duties;
- (h) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that a Note Event of Default or an event which will become a Note Event of Default with the giving of notice or the passage of time will not be treated as such;
- (i) sets out the terms upon which the Note Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Note Trust Deed or certain other relevant documents; and
- (j) sets out the requirements for and organisation of Noteholder meetings and the provisions for appointing a Noteholder Representative.

The Note Trust Deed also contains provisions governing the retirement or removal of the Note Trustee and the appointment of a successor Note Trustee. The Note Trustee may at any time and for any reason resign as Note Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes acting together by Ordinary Resolution may together remove the Note Trustee from office. No retirement or removal of the Note Trustee (or any successor Note Trustee) will be effective until a trust corporation has been appointed to act as successor Note Trustee.

The appointment of a successor Note Trustee will be made by the Issuer or, where the Note Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Note Trustee itself.

NOTEHOLDER COMMUNICATIONS

Any Verified Noteholder will be entitled from time to time to request the Cash Manager to request other Noteholders to contact it subject to and in accordance with the following provisions.

For these purposes "**Verified Noteholder**" means a Noteholder which has satisfied the Cash Manager in accordance with Conditions 12(ix) and 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) that it is a Noteholder.

Following receipt of a request for the publication of a notice from a Verified Noteholder, the Cash Manager will publish such notice on its investor reporting website and as an addendum to any report to Noteholders due for publication within 2 Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:

- (a) an invitation to other Noteholders to contact the Verified Noteholder;
- (b) the name of the Verified Noteholder and the address, phone number, website or email address at which the Verified Noteholder can be contacted;
- (c) the date(s) from, on or between which the Verified Noteholder may be so contacted; and
- (d) a request that a Noteholder wishing to be in contact with the Verified Noteholder confirm its holding in accordance with Condition 12(ix) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) and confirm that it has not been disenfranchised pursuant to Condition 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Cash Manager will not be permitted to publish any further or different information through this mechanism.

The Cash Manager will have no responsibility or liability for the contents, completeness or accuracy of any such published information and will have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

CASH MANAGEMENT

Cash Manager

Pursuant to the Cash Management Agreement to be entered into on or prior to the Closing Date between the Issuer, the Issuer Security Trustee, the Note Trustee, the Cash Manager and the Operating Bank, the Issuer will appoint Elavon Financial Services Limited, UK Branch (the "**Cash Manager**") to be its agent to provide certain cash management services (the "**Cash Management Services**") in relation to the Issuer Transaction Account, and any other Issuer Accounts. The Cash Manager will undertake with the Issuer and the Issuer Security Trustee that in performing the services to be performed and in exercising its discretions under the Cash Management Agreement, the Cash Manager will perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will comply with any directions, orders and instructions which the Issuer or the Issuer Security Trustee may from time to time give to the Cash Manager in accordance with the Cash Management Agreement.

Operating Bank and Issuer Accounts

Pursuant to the Cash Management Agreement, Elavon Financial Services Limited, UK Branch will act as operating bank (the "**Operating Bank**") and, as such, will open and maintain (a) the "**Issuer Transaction Account**" and (b) such other accounts as may be required to be opened for or on behalf of the Issuer from time to time, each in the name of the Issuer (together, the "**Issuer Accounts**"). The Operating Bank has agreed to comply with any direction of the Cash Manager or the Issuer Security Trustee to effect payments from the Issuer Transaction Account or any other Issuer Accounts if such direction is made in accordance with the Cash Management Agreement and the mandate governing the applicable account.

Calculation of Amounts and Payments

On each Determination Date, the Cash Manager is required to determine the various amounts required to pay interest due on the Notes on the immediately following Distribution 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 the Interest Period commencing on such forthcoming Distribution Date and the amount of each principal payment (if any) due on the Notes on the next following Distribution Date, in each case pursuant to Condition 6(d) (*Principal Amount Outstanding*).

In addition, the Cash Manager will:

- (a) from time to time, pay on behalf of the Issuer all payments and expenses required to be paid by the Issuer to third parties by way of Issuer Priority of Payments or otherwise; and
- (b) make all payments required to carry out an optional redemption of Notes pursuant to and in accordance with the provisions of Condition 6(c) (*Optional Redemption for Tax or Other Reasons*).

For further information on the responsibility of the Cash Manager in respect of the Notes, see "*TERMS AND CONDITIONS OF THE NOTES*" at page 146.

If the Issuer or the Facility Agent fails to supply the Cash Manager with any information it requires to make these determinations, it will make its determinations based on the information provided to it by the Issuer or the Facility Agent on the three preceding Determination Dates and will not be liable to any person (in the absence of material breach, negligence, fraud or wilful default) for the accuracy of such determinations.

Furthermore, if for whatever reason an incorrect payment is made to any party entitled thereto pursuant to the Pre-Enforcement Priority of Payments, the Cash Manager will rectify the same by increasing or reducing payments to such party, as appropriate, on each subsequent Distribution Date or Distribution Dates (if applicable) to the extent required to correct the same. Where such an adjustment is required to be made, the Cash Manager will notify Noteholders of the same in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*). Neither the Issuer nor the Cash Manager will have any liability to any person for making any such correction.

Cash Manager Quarterly Report

The Cash Manager has agreed on each Distribution Date to make available electronically to the Arranger, the Issuer, the Issuer Security Trustee and the Note Trustee (for the benefit and on behalf of each Noteholder) a statement to the Noteholders in respect of each Distribution Date in which it will notify the recipients of, among other things, all amounts received in the Issuer Transaction Account and payments made with respect thereto (the "**Cash Manager Quarterly Report**").

The Cash Manager will publish each Cash Manager Quarterly Report at www.usbank.com/abs and registration may be required for access to such website. It is not intended that any Cash Manager Quarterly Report will be made available in any other format, save in certain limited circumstances with the Cash Manager's agreement. The Cash Manager's website does not form part of the information provided for the purposes of this Offering Circular and disclaimers may be posted with respect to the information posted thereon.

Loan Level Information Reporting

The Cash Manager will make available all information in respect of the Loan provided to it by the Issuer or directly by the Facility Agent in relation to the immediately preceding Loan Interest Payment Date to the Noteholders by posting it on its website at www.usbank.com/abs in accordance with the Cash Management Agreement. Such loan level information (the "**Loan Level Information**") will include:

- (a) a compliance certificate delivered by the Borrowers to the Facility Agent setting out the minimum interest coverage ratio, loan to value ratio and other financial ratio covenant compliance of the Whole Loan calculated in accordance with the methodologies for determining compliance with the related covenants and provisions pursuant to the Senior Facility Agreement together with an appendix setting out the calculations used by the Borrowers in establishing the figures referred to in such certificate;
- (b) a quarterly information report in respect of the Properties and the business of the Borrowers; and
- (c) to the extent deliverable by any of the Borrowers on or prior to a particular Loan Interest Payment Date, all other information provided by the Borrowers pursuant to the information covenants contained in the Senior Facility Agreement.

On the Closing Date each of the Seller, the Issuer, the Cash Manager, the Agent Bank, the Issuer Security Trustee and the Facility Agent shall enter into the Loan Sale Agreement pursuant to which the Issuer, as a lender under the Senior Facility Agreement, will instruct the Facility Agent to make all notices and other information in connection with a Loan Level Matter to which the Issuer is entitled to receive available to the Cash Manager as agent of the Issuer. All information received by the Cash Manager will be disclosed to the Noteholder Representative and the Noteholders by the Cash Manager pursuant to the Cash Management Agreement by making it available on its website www.usbank.com/abs. Persons wishing to access Loan Level Information made available on the website will be required to certify that they are the Noteholder Representative or a Noteholder, as applicable,

For so long as the Notes are admitted to trading on the regulated market of the Irish Stock Exchange, in the event that the Cash Manager comes into possession of information as a result of performing its services pursuant to the Cash Management Agreement which amounts to inside information (for the purpose of Directive 2003/6/EC of 28 January 2003 and relevant implementing measures (the "**Market Abuse Directive**")) relating to the Notes, the Cash Manager shall promptly notify the Issuer of such information and the Issuer (if its directors determine in accordance with their obligations under the Market Abuse Directive) shall file that information with the Companies Announcement Office of the Irish Stock Exchange.

To the extent that the Cash Manager receives any notification by the Facility Agent or the Issuer in connection with any amendment or waiver of, or in relation to, any term of any Finance Documents or request to exercise any vote by the Issuer in relation to a Loan Level Matter, the Cash Manager shall not later than one Business Day after the receipt of any such notification or request make that information available to the Noteholder Representative by electronic mail.

Delegation by the Cash Manager

The Cash Manager is not permitted to subcontract or delegate the performance of any of its obligations under the Cash Management Agreement to any subcontractor, agent, representative or delegate without the prior written consent of the Issuer and the Issuer Security Trustee, such consent not to be unreasonably withheld. Subject to the provisions of the Cash Management Agreement, any delegated or subcontracted obligations, when the necessary consent is given, will not relieve the Cash Manager from any liability under the Cash Management Agreement.

Fees

Pursuant to the Cash Management Agreement, the Issuer will pay to the Cash Manager in advance an annual cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all costs and expenses properly incurred by the Cash Manager in the performance of the Cash Management Services.

Termination of Appointment of the Cash Manager

The appointment of Elavon Financial Services Limited, UK Branch as Cash Manager under the Cash Management Agreement may be terminated by virtue of its resignation or its removal by the Issuer or the Issuer Security Trustee. The Issuer (prior to a Note Acceleration Notice being given and not withdrawn) or the Issuer Security Trustee may terminate the Cash Manager's appointment upon not less than 90 days' written notice or immediately upon the occurrence of a termination event as prescribed under the Cash Management Agreement, including, among other things, (a) provided there are sufficient funds available a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager in accordance with the Cash Management Agreement, (b) a failure by the Cash Manager to maintain all appropriate licences, consents, approvals and authorisations required to perform its obligations under the Cash Management Agreement, (c) a material default by the Cash Manager in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days, or (d) a petition is presented or an effective resolution passed or any order is made by a competent court for the winding up (including, without limitation, the filing of documents with the court or the service of a notice of intention to appoint an administrator) or dissolution (other than in connection with a reorganisation, the terms of which have previously been approved in writing by the Issuer Security Trustee or by Extraordinary Resolutions of the Noteholders and where the Cash Manager is solvent) of the Cash Manager or the appointment of an administrator or similar official in respect of the Cash Manager or other creditor enforcement proceedings or arrangements are taken or instituted with respect to its assets. On the termination of the appointment of the Cash Manager by the Issuer Security Trustee, the Issuer may, subject to certain conditions, appoint a successor cash manager, as applicable.

The Cash Manager may resign as Cash Manager, upon not less than 90 days' written notice of resignation to each of the Issuer, the Operating Bank and the Issuer Security Trustee provided that a suitably qualified successor Cash Manager, has been appointed and if no replacement has been appointed after two months, it may appoint the successor itself.

The Noteholders may by an Ordinary Resolution require the removal and replacement of the Cash Manager provided that a suitably qualified successor Cash Manager has been appointed.

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank is, except in certain limited circumstances, a bank which meets at least two of the following three long-term rating for its unguaranteed, unsecured and unsubordinated debt obligations of at least (i) "A3(LT)" by Moody's Investors Service Ltd, (ii) "A-(LT)" by Standard and Poor's Credit Market Services Europe Limited and (iii) "A-(LT)" by Fitch Ratings Ltd, (the "**Operating Bank Required Ratings**").

If the Operating Bank ceases to have the Operating Bank Required Ratings, the Operating Bank will give written notice of such event to the Issuer, the Cash Manager and the Issuer Security Trustee, and the Operating Bank shall, within 30 days of such downgrade procure the transfer of any account held by the Issuer with the Operating Bank to another bank with the Operating Bank Required Ratings after having obtained the prior written consent of the Issuer and the Issuer Security Trustee and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement. If at the time when a transfer of such

account or accounts would otherwise have to be made, there is no other bank with the Operating Bank Required Ratings or if no other bank with the Operating Bank Required Ratings agrees to such a transfer, the Operating Bank will consult with the Issuer and the Issuer Security Trustee to consider alternative criteria for a replacement and shall consider any views they may express during the consultation. Following such consultation, if a replacement entity is appointed, such appointment will be notified by the Operating Bank to the Issuer, the Note Trustee and the Issuer Security Trustee promptly. Neither the Operating Bank nor the Cash Manager will have any liability to any person for any delay or failure to procure such transfer.

The Operating Bank may resign as Operating Bank, upon not less than three months' written notice of resignation to each of the Issuer, the Issuer Security Trustee and the Cash Manager provided that a suitably qualified successor Operating Bank has been appointed and if no replacement has been appointed after two months, it may appoint the successor itself.

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

The Noteholders may by an Ordinary Resolution require the prompt removal and replacement of the Operating Bank provided that by such Ordinary Resolution, the Noteholders ratify the appointment of a suitably qualified successor Operating Bank, and such replacement is appointed by the Issuer prior to the removal of the existing Operating Bank.

YIELD, PREPAYMENT AND MATURITY CONSIDERATIONS

Yield

The yield to maturity on the Notes will depend upon the price paid by the Noteholders, the interest rate thereof from time to time, the rate and timing of the distributions in reduction of the Principal Amount Outstanding of the Notes and the rate, timing and severity of losses on the Loan, as well as prevailing interest rates at the time of payment or loss realisation.

The distributions of principal that Noteholders receive in respect of the Notes are derived from principal repayments on the Loan.

The rate of distributions of principal in reduction of the Principal Amount Outstanding of the Notes, the aggregate amount of distributions in principal on the Notes and the yield to maturity on the Notes will be directly related to the rate of payments of principal on the Loan, the amount and timing of defaults by a Borrower and the severity of losses occurring upon a default.

In addition, such distributions in the reduction of the Principal Amount Outstanding of the Notes may result from the repurchase of the Loan by the Seller in accordance with the Loan Sale Agreement following a breach by the Seller of the representations and warranties that it has given under that agreement in relation to the Loan.

Losses with respect to the Loan may occur in connection with a default on the Loan.

Noteholders will only receive distributions of principal or interest when due to the extent that the related payments under the Loan and the Related Security are actually received. Consequently, any defaulted payment will, to the extent of the principal portion thereof, tend to extend the weighted average lives of the Notes.

The rate at which voluntary prepayments occur on the Loan will be affected by a variety of factors, including, without limitation, the terms of the Senior Facility Agreement, the level of prevailing interest rates, the availability of mortgage credit, the occurrence of casualties or natural disasters and economic, demographic, tax, legal and other factors, and no representation is made as to the anticipated rate of prepayments on the Loan.

The rate of payments (including voluntary and involuntary prepayments) on the Loan is influenced by a variety of economic, geographic, social and other factors, including the level of interest rates, the amount of prior refinancing effected by the Borrowers and the rate at which the Borrowers default on their loan. The terms of the Senior Facility Agreement and, in particular, the extent to which the Borrowers are entitled to prepay the Loan, the ability of the Borrowers to realise income from the Properties in excess of that required to meet scheduled payments of interest on the Loan, the obligation of the Borrowers to ensure that certain debt service coverage tests are met as a condition to the disposal of the Properties, the risk of compulsory purchase of the Properties and the risk that payments by the Borrowers may become subject to tax or result in an increased cost for the Issuer may affect the rate of principal payments on the Loan and, consequently, the yield to maturity of the Notes.

The timing of changes in the rate of prepayment on the Loan may significantly affect the actual yield to maturity experienced by an investor even if the average rate of principal payments experienced over time is consistent with such investor's expectation. In general, the earlier a prepayment of principal on the Loan, the greater the effect on such investor's yield to maturity. As a result, the effect on such investor's yield of principal payments occurring at a rate higher (or lower) than the rate anticipated by the investor during the period immediately following the issuance of the Notes would not be fully offset by a subsequent like reduction (or increase) in the rate of principal payments.

No representation is made as to the rate of principal payments on the Loan or as to the yield to maturity of any of the Notes. An investor is urged to make an investment decision with respect to the Notes based on the anticipated yield to maturity of the Notes resulting from its purchase price and such investor's own determination as to anticipated prepayment rates in respect of the Loan under a variety of scenarios. The extent to which any of the Notes is purchased at a discount or a premium and the degree to which the timing of payments on such Notes is sensitive to prepayments will determine the extent to which the yield to maturity of such Notes may vary from the anticipated yield. An investor should carefully consider the associated risks, including, in the case of any Notes purchased at a discount, the risk that a slower than anticipated rate of principal payments on the Loan could result in an actual yield to such investor that is lower than the anticipated

yield and, in the case of any Notes purchased at a premium, the risk that a faster than anticipated rate of principal payments could result in an actual yield to such investor that is lower than the anticipated yield.

An investor should consider the risk that rapid rates of prepayments on the Loan, and therefore of amounts distributable in reduction of the principal balance of the Notes may coincide with periods of low prevailing interest rates. During such periods, the effective interest rates on securities in which an investor may choose to reinvest such amounts distributed to it may be lower than the applicable rate of interest on the Notes. Conversely, slower rates of prepayments on the Loan, and therefore, of amounts distributable in reduction of principal balance of the Notes entitled to distributions of principal, may coincide with periods of high prevailing interest rates. During such periods, the amount of principal distributions resulting from prepayments available to an investor in Notes for reinvestment at such high prevailing interest rates may be relatively small.

Weighted Average Life of the Notes

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

For the purposes of preparing the following tables, it was assumed that:

- (a) the initial Principal Amount Outstanding of, and the interest rates for, the Notes are as set forth herein;
- (b) the scheduled quarterly payments for the Loan are based on stated quarterly interest payments;
- (c) all scheduled quarterly payments are assumed to be timely received on the due date of each quarter commencing on the first Distribution Date;
- (d) there are no delinquencies or losses in respect of the Loan, there are no extensions of maturity in respect of the Loan and there are no casualties or compulsory purchases affecting the Properties;
- (e) no prepayments are made on the Loan (except as otherwise assumed in the Scenarios);
- (f) the Issuer does not exercise the right of optional termination described herein and in Condition 6(c) (*Optional Redemption for Tax or Other Reasons*), as applicable;
- (g) the Loan is not required to be repurchased by the Seller;
- (h) there are no additional unanticipated administrative expenses;
- (i) interest payments on the Notes are made on each Distribution Date, commencing in May 2015;
- (j) the prepayment provisions for the Loan are as set forth in this Offering Circular, assuming the term for the prepayment provisions begin on the Loan's first Loan Interest Payment Date;
- (k) the Closing Date is 24 April 2015; and
- (l) no Note Acceleration Notice has been served.

Assumptions (i) through (xiii) above are collectively referred to as, the "**Modelling Assumptions**".

Scenario 1: it is assumed that the Loan is repaid in full on its scheduled maturity date.

Scenario 2: it is assumed that the Loan is prepaid in full on the first Loan Interest Payment Date on which prepayments can be made without any prepayment penalties.

Scenarios 1 and 2 are collectively referred to herein as, the "**Scenarios**".

Based on the Modelling Assumptions, the following table indicates the resulting weighted average lives of the Notes.

Yield, Prepayment and Maturity Considerations

Yield Scenario	Notes	WALL
1	2%	4.78 years
2	2%	1.24 years

THE ISSUER

Introduction

Midas Funding UK PLC (the "**Issuer**") was incorporated in England and Wales on 30 March 2015 (registered number 9517620) as a public limited company under the Companies Act 2006. The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP. The telephone number of the Issuer's registered office is +44 (0)20 7398 6300. The share capital of the Issuer is £50,000, divided into 50,000 ordinary shares of £1 each, all of which are issued and paid up (49,999 as to £0.25 each and one fully paid up) and held by Issuer Holdco, a limited liability company. The Issuer has no subsidiaries.

Principal Activities

The principal business of the Issuer is to raise or borrow money and to grant security over its assets for such purposes and to lend money with or without security.

Since its incorporation, the Issuer has not engaged in any activities other than those incidental to its incorporation and registration under the Companies Act 2006, the authorisation of the Notes and of the other documents and matters referred to or contemplated in this Offering Circular and matters which are incidental or ancillary to the foregoing. No financial statements for the Issuer have been made up as at the date of this Offering Circular.

The Issuer will covenant to observe certain restrictions on its activities which are detailed in Condition 4 (*Covenants*).

There is no intention to accumulate surplus in the Issuer (other than amounts in respect of the Issuer's Profit).

Directors and Secretary

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

Name	Role	Business address	Other principal activities
SFM Directors Limited	Director	35 Great St. Helen's London EC3A 6AP	Acting as corporate directors for special purpose companies
SFM Directors (No. 2) Limited	Director	35 Great St. Helen's London EC3A 6AP	Acting as corporate directors for special purpose companies
Claudia Wallace	Director	35 Great St. Helen's London EC3A 6AP	Acting as a director for special purpose companies
SFM Corporate Services Limited	Secretary	35 Great St. Helen's London EC3A 6AP	Acting as a secretary for special purpose companies

The Issuer has no employees.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers, who are chartered accountants and are a member firm of the Institute of Chartered Accountants in England and Wales and registered auditors qualified to practise in England and Wales.

Issuer Corporate Services Agreement

Pursuant to the terms of the Issuer Corporate Services Agreement, the Issuer Corporate Services Provider will perform various management functions on behalf of the Issuer and the Issuer Holdco, including the provision of certain administrative, accounting and other services until termination of the Issuer Corporate Services Agreement. In consideration of the foregoing, the Issuer Corporate Services Provider receives various fees and other charges payable by the Issuer at rates agreed upon from time to time plus expenses.

The terms of the Issuer Corporate Services Agreement provide that:

- (a) each of the Issuer, the Issuer Holdco or the Issuer Corporate Services Provider may terminate the Issuer Corporate Services Agreement upon the occurrence of certain stated events, including any material breach by the other party of its obligations under the Issuer Corporate Services Agreement which is not remedied by a party within 30 days (or such other period as shall be agreed between the parties) of being required to do so;
- (b) each of the Issuer, the Issuer Holdco or the Issuer Corporate Services Provider may terminate the Issuer Corporate Services Agreement at any time by giving not less than 90 days' written notice to the other party; or
- (c) the Noteholders can (acting by Ordinary Resolution) direct that the Issuer Corporate Services Provider be terminated.

Any such termination will not take effect until a replacement corporate services provider has been appointed.

ISSUER HOLDCO

Introduction

Midas Funding UK Holdings Limited (the "**Issuer Holdco**") was incorporated in England and Wales on 30 March 2015 (registered number 9517581) as a limited liability company under the Companies Act 2006. The registered office of Issuer Holdco is at 35 Great St. Helen's, London EC3A 6AP. The telephone number of Issuer Holdco's registered office is +44 (0)20 7398 6300.

The share capital of the Issuer Holdco is one ordinary share which is fully paid up and held by the Share Trustee.

Principal activities

The business of Issuer Holdco is solely to hold the shares of the Issuer.

Directors

The directors and a secretary of Issuer Holdco and their respective business addresses and other principal activities are:

Name	Role	Business address	Other principal activities
SFM Directors Limited	Director	35 Great St. Helen's London EC3A 6AP	Acting as corporate directors for special purpose companies
SFM Directors (No. 2) Limited	Director	35 Great St. Helen's London EC3A 6AP	Acting as corporate directors for special purpose companies
Claudia Wallace	Director	35 Great St. Helen's London EC3A 6AP	Acting as a director for special purpose companies
SFM Corporate Services Limited	Secretary	35 Great St. Helen's London EC3A 6AP	Acting as a secretary for special purpose companies

The Issuer Holdco has no employees.

DESCRIPTION OF THE NOTES

The Issuer accepts responsibility for the accurate reproduction of the information contained in this section which, insofar as it relates to the rules and procedures governing the operations of the Clearing Systems, has been sourced from the Clearing Systems. As far as the Issuer is aware and is able to ascertain from information published by the Clearing Systems, no facts have been omitted which would render the reproduced information inaccurate or misleading. However, prospective Noteholders are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect, and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Registrar, the Note Trustee, the Issuer Security Trustee, the Seller, any Agent party to the Agency Agreement or the Arranger or the Lead Manager (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act) will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

General

The £100,000,000 Commercial Mortgaged Back Floating Rate Notes due 2022 (the "**Notes**") are constituted by a trust deed (the "**Trust Deed**") dated on or about the Closing Date between the Issuer and U.S. Bank Trustees Limited (the "**Note Trustee**"), which expression includes the trustee or trustees for the time being under the Trust Deed, as trustee for the Noteholders.

The holders of the Notes (the "**Noteholders**" and each a "**Noteholder**") are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, the provisions of the Trust Deed, the Paying Agency Agreement and the Deed of Charge and Assignment.

The Notes shall be represented by a Global Note in registered form, without coupons or talons in the principal amount of £100,000,000. The Global Note will be deposited on or around the Closing Date with and registered in the name of a nominee for the Common Depositary.

Upon confirmation by the Common Depositary that it has custody of the Global Note, Euroclear or Clearstream, Luxembourg, as the case may be, will credit each subscriber of the Notes with the principal amount of Notes equal to the aggregate principal amount thereof for which it had subscribed and paid ("**Book-Entry Interest**").

Title to the Global Note will pass upon registration of transfers in the Register. The Global Note will only be exchangeable for Definitive Notes (without coupons and talons) in certain limited circumstances described in the section entitled "*Issuance of Definitive Notes*" below.

Holding of Beneficial Interests in Global Note

Ownership of beneficial interests in respect of the Global Note will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg ("**direct participants**") or persons that hold beneficial interests or Book-Entry Interests in the Global Note through direct participants ("**Indirect Participants**" and, together with direct participants, "**participants**"), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such participants. Beneficial interests or Book-Entry Interests in the Global Note will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge beneficial interests or Book-Entry Interests in the Global Note.

Except as set forth below under "*Issuance of Definitive Notes*" at page 144, participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Note Trust Deed. Accordingly, each person holding a beneficial interest or Book-Entry Interest in the Global Note must rely on

the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the direct participant or indirect participants through which such person owns its beneficial interest or Book-Entry Interest in the Global Note to exercise any rights and obligations of a holder of Notes under the Note Trust Deed.

Unlike legal owners or holders of the Notes, holders of beneficial interests or Book-Entry Interests in the Global Note will not have the right under the Note Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of a beneficial interest or Book-Entry Interest in the Global Note will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg (as the case may be) and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in the Global Note to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Note Event of Default under the Notes, holders of beneficial interests or Book-Entry Interests in the Global Note will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear, and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Note Trust Deed.

Unless and until Book-Entry Interests are exchanged for Definitive Notes, the Notes held by the Common Depository may not be transferred except as a whole by that Common Depository to a successor of the Common Depository.

Purchasers of Book-Entry Interests in the Notes will hold Book-Entry Interests in the Global Note relating thereto. Investors may hold their Book-Entry Interests in respect of the Global Note directly through Euroclear or Clearstream, Luxembourg (in accordance with the provisions set forth in the section entitled "*Transfers*" below), if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold Book-Entry Interests in the Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of beneficial interests or Book-Entry Interests in the Global Note among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Registrar, the Agents or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on the Global Note

Each payment of interest on and repayment of principal of the Notes shall be made in accordance with the Agency Agreement (as defined below).

Payments of any amounts owing in respect of the Global Note will be made by or on behalf of the Issuer following receipt of any principal or interest on the Global Note, in sterling as follows: payments of such amounts in respect of the Global Note to be made to the Common Depository for Euroclear or Clearstream, Luxembourg, or its nominee which will distribute such payments to participants who hold beneficial interests or Book-Entry Interests in the Global Note in accordance with the procedures of Euroclear or Clearstream, Luxembourg.

Under the terms of the Note Trust Deed, the Issuer and the Note Trustee will treat the registered holders of the Global Note as the owners thereof for the purposes of receiving payments and for all other purposes. Consequently, none of the Issuer, the Issuer Security Trustee or the Note Trustee or any agent of the Issuer, the Issuer Security Trustee or the Note Trustee has or will have any responsibility or liability for:

- (a) any aspect of the records of Euroclear or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest or Book-Entry Interest in the Global Note or for maintaining, supervising or reviewing any of the records of Euroclear or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest or Book-Entry Interest in the Global Note; or

(b) Euroclear or Clearstream, Luxembourg or any participant or indirect participant.

The Note Trustee is entitled to rely on any certificate or other document issued by Euroclear, Clearstream or Luxembourg for determining the identity of the several persons who are for the time being the beneficial holders of any beneficial interest or Book-Entry Interest in the Global Note.

All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment by the Common Depository or its nominee, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of beneficial interests or Book-Entry Interests in the Global Note as shown in the records of Euroclear or of Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests or Book-Entry Interests in the Global Note held through such participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers in bearer form or registered in "street name" or in the names of nominees for such customers. Such payments will be the responsibility of such participants. None of the Issuer, the Note Trustee, the Issuer Security Trustee, the Registrar, the Agents or any other agent of the Issuer, the Note Trustee, the Issuer Security Trustee or the Registrar will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream, Luxembourg relating to or payments made by Euroclear or Clearstream, Luxembourg on account of a participant's ownership of beneficial interests or Book-Entry Interests in the Global Note or for maintaining, supervising or reviewing any records relating to a participant's ownership of beneficial interests or Book-Entry Interests in the Global Note.

Book-Entry Ownership

The Global Note will have an ISIN and a Common Code and will be deposited with, and registered in the name of a nominee for the Common Depository for Euroclear and Clearstream, Luxembourg.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Global Note and secondary market trading of beneficial interests in the Global Note.

Clearstream, Luxembourg and Euroclear each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Clearstream, Luxembourg and Euroclear provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg and Euroclear also deal with domestic securities markets in several countries through established depository and custodial relationships. Clearstream, Luxembourg and Euroclear have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Clearstream, Luxembourg and Euroclear customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Clearstream, Luxembourg and Euroclear is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective account holders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not account holders with Euroclear or Clearstream, Luxembourg to pledge interests in the Global Note to persons or entities that are not account holders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the Global Note, may be limited.

The Issuer understands that, under existing industry practices, if either the Issuer or the Note Trustee requests any action of owners of beneficial interests in the Global Note or if an owner of a beneficial interest in the Global Note desires to give instructions or take any action that a holder is entitled to give or take under the Note Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the direct participants owning the relevant beneficial interests to give instructions or take such action, and such direct participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

Redemption

For any redemptions of the Global Note in part, selection of the book-entry interests relating thereto to be redeemed will be made by Euroclear or Clearstream, Luxembourg, as the case may be, on a *pro rata* basis (or on such other basis as Euroclear or Clearstream, Luxembourg deems fair and appropriate) provided that only Book-Entry Interests in the original principal amount of £1,000,000 (and integral multiples of £1,000 in excess thereof) or integral multiples of such original principal amount will be redeemed. Upon any redemption in part, the Paying Agent will mark down or cause to be marked down the schedule to the Global Note by the principal amount so redeemed.

Transfers

All transfers of beneficial interests in the Global Note will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants.

For further information about transfers of beneficial interests in the Global Note and the records thereof, see "*Important Notice*" at page v.

Issuance of Definitive Notes

Holders of beneficial interests in the Global Note will be entitled to receive Definitive Notes representing Notes in registered form in exchange for their respective holdings of beneficial interests only if:

- (a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Note Trustee is available; or
- (b) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction (or of any political sub-division thereof or of any authority therein or thereof having power to tax) or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

Definitive Notes will be issued in definitive form in minimum denominations of £1,000,000 and in integral multiples of £1,000 thereafter and will be serially numbered and will be issued (without coupons and talons). Title to the Definitive Notes shall pass upon registration of transfers in the Register.

The "**holder**" of any Note shall (to the fullest extent permitted by applicable laws) be deemed and treated at all times, by all persons and for all purposes (including the making of any payments), as the absolute owner of such Note, as the case may be, regardless of any notice of ownership, theft or loss, of any trust or other interest therein or of any writing thereon and no person shall be liable for so treating such holder.

Any Definitive Notes issued in exchange for beneficial interests or Book-Entry Interests in the Global Note will be registered by the Registrar in such name or names as instructed by Euroclear or Clearstream, Luxembourg. It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their participants with respect to ownership of the relevant beneficial interests or Book-Entry Interests.

Action in Respect of the Global Note and the Book-Entry Interests

Not later than 10 days after receipt by the Issuer of any notice in respect of the Notes or any notice of solicitation of consents or requests for a waiver or other action by the holder of the Notes, the Issuer will deliver to Euroclear and Clearstream, Luxembourg a notice containing (a) such information as is contained in such notice, (b) a statement that at the close of business on a specified record date Euroclear and Clearstream, Luxembourg will be entitled to instruct the Issuer as to the consent, waiver or other action, if any, pertaining to the Book-Entry Interests or the Notes and (c) a statement as to the manner in which such instructions may be given. Upon the written request of Euroclear or Clearstream, Luxembourg, as applicable, the Issuer shall endeavour insofar as practicable to take such action regarding the requested consent, waiver or other action in respect of the Book-Entry Interests or the Notes in accordance with any instructions set forth in such request. Euroclear or Clearstream, Luxembourg are expected to follow the procedures described above, with respect to soliciting instructions from their respective Participants.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form in which they will be set out in the Note Trust Deed.

The £100,000,000 Commercial Mortgage Backed Floating Rate Notes due 2022 (the "**Notes**") of Midas Funding Limited (the "**Issuer**") are constituted by a trust deed dated on or about the Closing Date (the "**Note Trust Deed**", which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and U.S. Bank Trustees Limited (the "**Note Trustee**", which expression includes its successors or any further or other trustee under the Note Trust Deed) as trustee for the holders for the time being of the Notes.

In these Conditions (as defined below) the holders of the Notes are each referred to as a "**Noteholder**" and, collectively, the "**Noteholders**"

The security for the Notes is constituted by, and on terms set out in, an English law governed deed of charge and assignment dated on or about the Closing Date (the "**Deed of Charge and Assignment**", which expression includes such deed of charge and assignment as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified, the "**Issuer Security Documents**") and made in each case between, among others, the Issuer and U.S. Bank Trustees Limited (the "**Issuer Security Trustee**", which expression includes its successors or any further or other trustee under the Note Trust Deed). By an agency agreement dated on or about the Closing Date (the "**Agency Agreement**", which expression includes such agency agreement as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified) and made between, among others, the Issuer, the Note Trustee, Elavon Financial Services Limited, UK Branch in its separate capacities under the same agreement as principal paying agent (the "**Principal Paying Agent**", which expression includes its successor or any other principal paying agent appointed in respect of the Notes) and the agent bank (the "**Agent Bank**", which expression includes its successor or any other agent bank appointed in respect of the Notes) (the Principal Paying Agent being, together with any further or other paying agents for the time being appointed in respect of the Notes, the "**Paying Agents**") and Elavon Financial Services Limited as registrar (the "**Registrar**" (which expression includes any other registrar appointed in respect of the Notes) and, together with the Agent Bank, the Registrar and the Paying Agents, the "**Agents**"), provision is made for, among other things, the repayment of principal of and payment of interest on the Notes.

The provisions of these terms and conditions (the "**Conditions**" and any reference to a "**Condition**" shall be construed accordingly) include summaries of, and are subject to, the detailed provisions of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement, the Share Declaration of Trust and the Master Definitions and Construction Schedule (as defined below). Copies of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement and the Master Definitions and Construction Schedule (as defined below) are available for inspection during normal business hours and upon request at the specified office of each of the Paying Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of and definitions contained in the Note Trust Deed, the Agency Agreement, the Issuer Security Documents, the Cash Management Agreement, the Issuer Corporate Services Agreement, the Loan Sale Agreement, the Share Declaration of Trust, and a master definitions and construction schedule dated the Closing Date and signed for identification purposes only by each of the Issuer, the Seller, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Note Trustee, the Issuer Security Trustee and the Issuer Corporate Services Provider (the "**Master Definitions and Construction Schedule**", which expression includes such master definitions and construction schedule as from time to time modified in accordance with the provisions therein contained and any agreement, deed or other document expressed to be supplemental thereto as from time to time so modified).

The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 20 April 2015.

Capitalised terms used and not otherwise defined in these Conditions shall bear the meanings given to them in the Master Definitions and Construction Schedule.

References herein to an "**Extraordinary Resolution**" in respect of the Noteholders means;

- (a) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by holders consisting of not less than 75 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by holders consisting of not less than 75 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in aggregate Principal Amount Outstanding of the Notes which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) of the Notes in relation to the Negative Consent process) an Extraordinary Resolution (other than in respect of a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security) will be deemed to have been passed unless 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes have informed the Note Trustee in the prescribed manner of their objection to such Extraordinary Resolution within 15 days after the date on which a notice containing the text of such Extraordinary Resolution which acts as an invitation to Noteholders to object to that Extraordinary Resolution and details the manner in which such objections should be made has been given to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) provided that any such notice shall in all cases also be delivered through the systems of Bloomberg L.P. (or such other medium as may be approved in writing by the Note Trustee) by the Issuer, the Note Trustee or the Cash Manager and for so long as the Notes are listed in the Irish Stock Exchange, by making it available to any Regulatory Information Service maintained by the Irish Stock Exchange.

References herein to an "**Ordinary Resolution**" in respect of the Noteholders means;

- (a) a resolution passed at a duly convened meeting of the Noteholders and held in accordance with the provisions of the Note Trust Deed by holders consisting of not less than 50.1 per cent. of the persons voting thereat upon a show of hands, or if a poll is demanded, by a holders consisting of not less than 50.1 per cent. of the votes cast on such poll; or
- (b) a resolution in writing signed by or on behalf of the holders of not less than 50.1 per cent. in aggregate Principal Amount Outstanding of the Notes, which resolution may be contained in one document or in several documents in like form each signed by or on behalf of one or more of such holders,

and (in the circumstances set out in Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) of the Notes in relation to the Negative Consent process) an Ordinary Resolution will be deemed to have been passed unless 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes have informed the Note Trustee in the prescribed manner of their objection to such Ordinary Resolution within 15 days after the date on which a notice containing the text of such Ordinary Resolution which acts as an invitation to Noteholders to object to that Ordinary Resolution and details the manner in which such objections should be made has been given to such Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*) provided that any such notice shall in all cases also be delivered through the systems of Bloomberg L.P. (or such other medium as may be approved in writing by the Note Trustee) by the Issuer, the Note Trustee or the Cash Manager and for so long as the Notes are listed in the Irish Stock Exchange, by making it available to any Regulatory Information Service maintained by the Irish Stock Exchange.

1. **Global Note**

(a) **Form**

The Notes will be represented by a Global Note in registered form without coupons or talons attached and which will represent the aggregate principal amount outstanding of the Notes. On the Closing Date, the Global Note will be deposited on behalf of the subscribers of the Notes with and registered in the name of a nominee for the Common Depositary. Upon deposit of the Global Note, Euroclear or Clearstream, Luxembourg, as applicable, will credit the account of the holders of Book-Entry Interests with the principal amount of Notes for which it has subscribed and paid.

For so long as the Notes are represented by the Global Note, interests in the Notes will be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

The Global Note shall be tradable only in minimum denominations of £1,000,000 and integral multiples of £1,000 thereafter.

(b) **Title to the Global Note**

Ownership of beneficial interests or Book-Entry Interests in the Global Note will be shown on, and transfers of beneficial interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants (with respect to the interests of their participants).

Title to the Notes will pass upon registration of transfers in the register (the "**Register**") which the Issuer will cause to be kept by the Registrar at its specified office outside of the United Kingdom. The person in whose name a Note is registered at that time in the Register will, to the fullest extent permitted by applicable law, be deemed and be treated as the absolute owner of such Note by all persons and for all purposes regardless of any notice to the contrary, any notice of ownership, theft or loss, or of any trust or other interest in that Note or of any writing on that Note (other than the endorsed form of transfer).

No transfer of a Note will be valid unless and until entered on the Register. Transfers and exchanges of beneficial interests in the Global Note and entries on the Register relating to the Notes will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Note Trust Deed and the relevant legends appearing on the face of the Notes (such regulations and legends being the "**Transfer Regulations**"). Each transfer or purported transfer of a beneficial interest in the Global Note or a Definitive Note made in violation of the Transfer Regulations shall be void *ab initio* and will not be honoured by the Issuer or the Note Trustee. The Transfer Regulations may be changed by the Issuer with the prior written approval of the Note Trustee, acting in accordance with the provisions of Condition 12(iv) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*). A copy of the current Transfer Regulations will be sent by the Registrar to any holder of a Note who so requests and by the Principal Paying Agent to any holder of a Note who so requests, at the cost of the relevant Noteholder making such request.

Ownership of interests in respect of the Global Note (the "**Book-Entry Interests**") will be limited to persons who have accounts with Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by Euroclear Bank S.A./N.V. ("**Euroclear**", which term shall include any successor operator of the Euroclear System) and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**", which term shall include any successor thereto) and their participants. Beneficial interests in the Global Note may not be held by a U.S. Person (as defined in Regulation S under the Securities Act) at any time.

2. **Definitive Notes**

(a) **Issue of Definitive Notes**

The Global Note will be exchanged for definitive Notes in registered form ("**Definitive Notes**") in an aggregate principal amount equal to the Principal Amount Outstanding (as defined in Condition 6(d) (*Principal Amount Outstanding*)) of the Global Note only if, 40 days or more after the Closing Date, any of the following circumstances apply:

- (i) in the case of the Global Note held by the Common Depositary (or its nominee) for their account, either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system acceptable to the Note Trustee is in existence; or

- (ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

If Definitive Notes are issued in accordance with the Note Trust Deed, the Book-Entry Interests represented by the Global Note shall be exchanged by the Issuer for Definitive Notes. The Definitive Notes will be issued in registered form only.

Definitive Notes, if issued, will be available at the offices of any Paying Agent.

If the Issuer fails to meet obligations to issue Notes in definitive form in exchange for the Global Note, then the Global Note shall remain in full force and effect.

(b) **Title to and Transfer of Definitive Notes**

Title to a Definitive Note will pass upon registration in the Register. Each Definitive Note will have a minimum denomination of £1,000,000 and will be serially numbered. A Definitive Note may be transferred in whole or in part provided that any partial transfer relates to a minimum denomination of at least £1,000,000 upon surrender of such Definitive Note, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the Transfer Regulations.

Each new Definitive Note to be issued upon the transfer, in whole or in part, of a Definitive Note will, within five Business Days (as defined in Condition 5(c) (*Rate of Interest*)) of receipt of the Definitive Note to be transferred, in whole or in part, (duly endorsed for transfer) at the specified office of the Registrar, be available for delivery at the specified office of the Registrar or be posted at the risk of the holder entitled to such new Definitive Note to such address as may be specified in the form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other government charges which may be imposed in relation to it and, only if the relevant Definitive Note is presented or surrendered for transfer and endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the transferor Noteholder (or his attorney duly authorised in writing) and upon receipt of such certificates and other documents as shall be necessary to evidence compliance with the restrictions on transfer contained in the relevant Definitive Note, the Note Trust Deed and the Agency Agreement.

No transfer of a Definitive Note will be registered in the period beginning 15 Business Days before, or ending on the fifth Business Day after, each Distribution Date.

For the purposes of these Conditions:

- (i) the "**holder**" of a Note or "**Noteholder**" means the several persons who are for the time being holders of the Notes (being the several persons whose names are entered in the register of holders of the Notes as holders thereof) save that, for so long as the Notes or any part thereof are represented by the Global Note deposited with a common depository for Euroclear and Clearstream, Luxembourg or, in respect of Notes in definitive form held in an account with Euroclear or Clearstream, Luxembourg, each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (other than Clearstream, Luxembourg, if Clearstream, Luxembourg shall be an accountholder of Euroclear, and Euroclear, if Euroclear shall be an accountholder of Clearstream, Luxembourg) as the holder of a particular nominal amount of the Notes shall be deemed to be the holder of such nominal amount of such Notes (and the holder of the Global Note shall be deemed not to be the holder) for all purposes of the Note Trust Deed and the Agency Agreement other than with respect to the payment of principal or interest on such nominal amount of such Notes, the rights to which shall be

vested, as against the Issuer and the Note Trustee, solely in such common depositary and for which purpose such common depositary shall be deemed to be the holder of such nominal amount of such Notes in accordance with and subject to its terms and the provisions of the Note Trust Deed and the Agency Agreement, and the words "**holder**" and "**holders**" and related expressions shall (where appropriate) be construed accordingly; and

- (ii) references herein to "**Notes**" shall include the Global Note and the Definitive Notes.

3. **Status, Security and Priority**

(a) **Status and Relationship among the Notes**

- (i) The Notes constitute direct, limited recourse and secured obligations of the Issuer and are secured by the Issuer Security (as more particularly described in Condition 3(b) below). The Notes rank pari passu and without preference or priority among themselves as to payments on interest, principal and other amounts at all times.
- (ii) The Note Trust Deed contains provisions requiring the Note Trustee to have regard to the interests of the Noteholders but not to the interests of any other Issuer Secured Creditor for as long as the Notes are outstanding as regards all rights, powers, trusts, authorities, duties and discretions of the Note Trustee. Accordingly, if, in the opinion of the Note Trustee, there is a conflict between the interests of the Noteholders on the one hand and the interests of the other Issuer Secured Creditors on the other hand, the Note Trustee shall have regard only to the interests of the Noteholders.
- (iii) Nothing in the Note Trust Deed or the Notes shall be construed as giving rise to any relationship of agency or partnership between the Noteholders and any other person and each Noteholder shall be acting entirely for its own account in exercising its rights under the Note Trust Deed or the Notes.

(b) **Security and Priority of Payments**

The security interests granted in respect of the Notes are set out in the Deed of Charge and Assignment governed by English law which will be entered into on the Closing Date.

Pursuant to the Issuer Security Documents, the Issuer will grant the Issuer Security in favour of the Issuer Security Trustee for itself and on trust for the Noteholders and the Issuer Related Parties (the Issuer Security Trustee and all of the Issuer Related Parties and, including the Noteholders, being collectively, the "**Issuer Secured Creditors**").

Pursuant to the Deed of Charge and Assignment, the Issuer with full title guarantee has created the following security in favour of the Issuer Security Trustee for itself and on trust for the other Issuer Secured Creditors:

- (i) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future in, to and under the Loan and the Related Security;
- (ii) an assignment by way of first-ranking security of the Issuer's rights, title, interest and benefit, present and future, in, to and under, among other things, the Cash Management Agreement, the Agency Agreement, the Transaction Documents, the Note Trust Deed, the Issuer Corporate Services Agreement, the Loan Sale Agreement and all other Issuer Transaction Documents and other contracts, agreements, deeds and documents present and future, to which the Issuer is or may become a party (other than any Issuer Security Document);
- (iii) a first fixed charge over the Issuer's rights, title, interest and benefit, present and future, in, to and under the Issuer Transaction Account and any other bank account in England and Wales and in which the Issuer may at any time acquire any right, title, interest or benefit or otherwise place and hold its cash, and in the funds from time to time standing to the credit of such accounts and in the debts represented thereby (excluding the amounts recorded in the Issuer Profit Ledger); and

- (iv) a first-ranking floating charge governed by English law over the whole of the undertaking and assets of the Issuer, present and future (other than the fixed charges and assignments set out in paragraphs (i) to (iii) above) (such floating charge collectively with (i), (ii), and (iii)) above, the "**Issuer Security**").

The Deed of Charge and Assignment contains provisions regulating the priority of application of the Issuer Security (and the proceeds thereof) by the Cash Manager among the persons entitled thereto prior to the service of a Note Acceleration Notice or the Issuer Security otherwise becoming enforceable. The Deed of Charge and Assignment contains provisions regulating such application by the Issuer Security Trustee after the service of a Note Acceleration Notice or the Issuer Security becoming otherwise enforceable.

If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Issuer Security Trustee will not be entitled to dispose of the undertaking, property or assets secured under the Issuer Security or any part thereof or otherwise realise the Issuer Security unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes or (ii) the Issuer Security Trustee is of the opinion, which shall be binding on the Noteholders and the Issuer Related Parties, reached after considering at any time and from time to time the advice of such professional advisors as are selected by the Issuer Security Trustee (at the cost of the Issuer), upon which the Issuer Security Trustee shall be entitled to rely absolutely and without liability, that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes, or (iii) the Issuer Security Trustee considers, in its sole discretion, that not to effect such disposal or realisation would place the Issuer Security in jeopardy, and, in any event, the Issuer Security Trustee has been indemnified and/or secured and/or pre-funded to its satisfaction, provided that, this restriction will not affect the ability of the Issuer Security Trustee to enforce the security in respect of the Issuer, by appointing an administrative receiver, if it has actual notice of either: (i) an application for the appointment of an administrator; or (ii) the giving of a notice of intention to appoint an administrator, in respect of the Issuer, such appointment of an administrative receiver to take effect upon the final day by which the appointment of an administrative receiver must be made in order to prevent an administration proceeding or (where the Issuer or the directors of the Issuer have initiated the administration) not later than that final day, as required pursuant to, but subject to the provisions of Condition 11 (*Enforcement*).

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets of the Issuer (including the amounts standing to the credit of the Issuer Profit Ledger in accordance with the Issuer Transaction Documents) will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne among the Issuer Secured Creditors and amongst the Noteholders as provided in these Conditions and the Deed of Charge and Assignment. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Issuer Security Trustee, the Note Trustee, the Noteholders and the other Issuer Secured Creditors will have no further claim against the Issuer in respect of such unpaid amounts.

Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that:

- (A) in the event of realisation or enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the undertaking, property and assets of the Issuer comprised in the Issuer Security;
- (B) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the payment priorities of the Deed of Charge and Assignment and all claims in respect of any shortfall will be extinguished and discharged; and

- (C) in the event that a shortfall in the amount available to pay principal of the Notes exists on the Distribution Date falling on the Final Maturity Date or on any earlier date for redemption in full of the Notes, after payment on the Final Maturity Date or such date of earlier redemption in full of all other claims ranking higher in priority to or pari passu with the Notes, and the Issuer Security has not become enforceable as at the Final Maturity Date or such date of earlier redemption, the liability of the Issuer to make any payment in respect of such shortfall will cease and all claims in respect of such shortfall will be extinguished.

Where:

"Distribution Date" has the meaning given to it in Condition 5(b) (*Distribution Dates and Interest Periods*);

"Final Maturity Date" means the Distribution Date falling on 6 December 2022.

4. **Covenants**

(a) **Restrictions**

Save with the prior written consent of the Note Trustee or unless otherwise provided in or envisaged by these Conditions or the Issuer Transaction Documents, the Issuer shall, so long as any Note remains outstanding:

(i) **Negative Pledge**

not create or permit to subsist any mortgage, sub-mortgage, standard security, assignment, assignation, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignment by way of security or any other security interest whatsoever over any of its assets, present or future, (including any uncalled capital);

(ii) **Restrictions on Activities**

- (A) not to engage in any activity whatsoever which is not incidental or necessary in connection with any of the activities which the Issuer Transaction Documents or Finance Documents provide or envisage that the Issuer will engage in;
- (B) not have any subsidiaries (as defined in the Companies Act 2006), any subsidiary undertakings (as defined in the Companies Act 2006) or any employees or own, rent, lease or be in possession of any buildings or equipment;
- (C) not amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents; or
- (D) not enter into any transaction or arrangement otherwise than by way of bargain made at arm's length;

(iii) **Corporation Tax**

Not to do anything to prejudice its eligibility for its corporation tax liability to be calculated in accordance with regulation 14 of the Taxation of Securitisation Companies Regulations 2006 (S.I. 2006/3296);

(iv) **VAT**

not apply to become part of any group for the purposes of section 43 to 43D of the Value Added Tax Act 1994 with any other company or group of companies;

(v) **Surrender of group relief**

not offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within Part 5 of the Corporation Tax Act 2010;

(vi) **Disposal of Assets**

not 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 other than as expressly contemplated by the Issuer Transaction Documents, provided that the Issuer shall have the right to sell or agree to the sale of the Issuer Assets if:

- (A) such sale, realisation or disposal is made with the prior written consent of the Issuer Security Trustee;
- (B) in the case of a sale, realisation or disposal of part only of the Issuer Assets, such sale, realisation or disposal is being made only for the purposes of, and in connection with, a redemption of the Notes pursuant to Condition 6 (*Redemption and Cancellation*);
- (C) such sale, realisation or disposal is made for an amount which is not less than the aggregate outstanding principal amount of the Issuer Assets disposed of; and
- (D) the amount which would be payable to the Issuer from such sale, realisation or disposal would be sufficient, after deducting any costs and expenses incurred by the Issuer or the Issuer Security Trustee in connection with such sale, realisation or disposal, to enable the Issuer to pay or discharge all of its secured obligations in full;

(vii) **Dividends or Distributions**

not pay any dividend or make any other distribution to its shareholders or issue any further shares;

(viii) **Borrowings**

not incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(ix) **Merger**

not consolidate or merge with any other person or convey or transfer all or substantially all of its property or assets to any other person;

(x) **Variation**

not permit any of the Issuer Transaction Documents to become invalid or ineffective, or the priority of the security interests created or evidenced thereby to be reduced, amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of the Note Trust Deed, these Conditions, the Issuer Security Documents or any of the other Issuer Transaction Documents, or permit any party to any of the Issuer Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(xi) **Bank Accounts**

not have an interest in any bank account other than the Issuer Transaction Account, unless such account or interest therein is charged or security is otherwise provided to the Issuer Security Trustee on terms acceptable to it;

(xii) **Assets**

not own assets other than those representing its share capital, the proceeds of the Issuer's Profit and any interest thereon, 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 Issuer Transaction Documents, 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;

(xiii) **Equitable Interest**

not permit any person other than the Issuer Security Trustee to have any equitable or beneficial interest in any of its assets or undertakings or any interest, estate, right, title or benefit therein except as otherwise provided for in the Issuer Transaction Documents;

(xiv) **U.S. Activities**

not engage, or permit any of its affiliates, to engage, in any activities in the United States (directly or through agents), derive, or permit any of its affiliates to derive, any income from sources within the United States as determined under United States federal income tax principles, and hold, or permit any of its affiliates to hold, the Properties that would cause it or any of its affiliates to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States federal income tax principles;

(xv) **Purchase of Notes**

not purchase any of the Notes;

(xvi) **Residence**

(A) maintain its central management and control and its place of effective management only in England and in particular shall not be treated under any of the double taxation treaties entered into by the United Kingdom as resident in any other jurisdiction nor shall the Issuer have a permanent establishment or a branch or agency in any jurisdiction other than England under the laws or guidelines of any jurisdiction other than England;

(B) conduct its affairs in accordance with its memorandum and articles of association from within England, all the directors of the Issuer are and shall remain United Kingdom tax resident, all the directors of the Issuer shall exercise their control over the business of the Issuer independently and all meetings of the directors shall be held in England and all the directors of the Issuer (acting independently) shall exercise their authority only from and within England by taking all key decisions relating to the Issuer in England;

(xvii) **Centre of Main Interests**

conduct its business and affairs such that, at all times, its centre of main interests for the purposes of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000 shall be and remain in England;

(xviii) **Independent Directors**

ensure that at all times all of its directors are independent of the Seller, the Originator and the Obligors. Any of its direct or indirect shareholders or creditors or their respective affiliates;

(xix) **Separate Accounts**

maintain its records, books of account and bank accounts separate and apart from those of any of its direct or indirect shareholders or creditors or their respective affiliates or any other person or entity and maintain such books and records in the ordinary course of its business;

(xx) **Separate Identity**

- (A) correct any known misunderstandings regarding its separate identity from any of its members, general partners, principals or affiliates thereof or any other person;
- (B) not fail to hold itself out to the public as a legal entity separate and distinct from any other person, fail to conduct its business solely in its own name, mislead others as to the identity with which such other party is transacting business; become responsible for, guarantee, or become obliged to pay the debts of any third party (including any of its members, general partners, principals or affiliates thereof) or hold out credit as available to satisfy the obligations of others; fail to pay its own liabilities out of its funds;
- (C) not share any common logo with or hold itself out as or be considered as a department or division of (i) its shareholder(s), (ii) any of its general partners, principals, members or affiliates thereof, or (iii) any other person and maintain (if applicable) an arm's length relationship with its affiliates;
- (D) not have its assets listed on the accounts or financial statement of any other entity; or commingle its assets with those of any other person or entity;
- (E) use separate stationery, invoices, and cheques bearing its own name;
- (F) allocate fairly and reasonably any overhead for shared office space; and
- (G) not acquire obligations or securities of its own direct or indirect shareholders.

In giving any consent to the foregoing, the Note Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Note Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders.

(b) **Paying Agent**

The Issuer will provide the Paying Agents with copies of the Note Trust Deed, the Agency Agreement, the Issuer Security Documents and the other Issuer Transaction Documents, which will be available for collection during normal business hours at the specified office for the time being of the Paying Agents.

(c) **Cash Manager**

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a cash manager in respect of the monies from time to time standing to the credit of the Issuer Transaction Account and any other account of the Issuer from time to time. The Cash Manager will not be permitted to terminate its appointment unless a replacement cash manager has been appointed in accordance with the Cash Management Agreement.

5. **Interest**

(a) **Period of Accrual**

The Notes bear interest on their Principal Amount Outstanding from (and including) the Closing Date. The Notes (or, in the case of the redemption of part only of the Notes, that part only of the Notes) shall cease to bear interest from its due date for redemption unless, in the case of the Global Note, upon due presentation, or otherwise in the case of a Definitive Note, payment of the relevant amount of principal or any part thereof is improperly withheld or refused on the Global Note or any Definitive Note, as applicable.

Whenever it is necessary to compute an amount of interest for any period (including any Interest Period (as defined below)), such interest shall be calculated on the basis of actual days elapsed and a 365 day year.

(b) **Distribution Dates and Interest Periods**

Interest on the Notes is payable quarterly in arrear on the Business Day immediately following each Loan Interest Payment Date occurring up to (and including) the Final Maturity Date (or, if any such day is not a Business Day, the next following Business Day unless such Business Day falls in the next following calendar month in which case the immediately preceding Business Day) (each, a "**Distribution Date**") in respect of the Interest Period ending immediately prior thereto. The first Distribution Date in respect of the Notes will be the Distribution Date falling in May 2015 in respect of the period from (and including) the Closing Date and ending on the first Loan Interest Payment Date.

In these Conditions, "**Interest Period**" shall mean, in respect of the payment of the first Interest Amount (as defined in Condition 5(e) (*Determination of Rate of Interest and Calculation of Interest Amounts for Notes*) below) on the Determination Date falling in May 2015, the period commencing on the Closing Date and ending on the Loan Interest Payment Date falling in May 2015 and each successive Interest Period shall start on the day after the last day of the immediately preceding Loan Interest Period for the Whole Loan and end on the next Loan Interest Payment Date except that, where an Interest Period would overrun the Expected Maturity Date or the Final Maturity Date, that Interest Period shall be shortened so that it ends on the Expected Maturity Date or the Final Maturity Date, as the case may be (or, if such date is not a Business Day, the immediately preceding Business Day).

Where

"**Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for business in London, St Helier and New York.

"**Expected Maturity Date**" means the Distribution Date falling on 6 December 2019.

"**Loan Interest Payment Date**" means, in relation to the Whole Loan, 15 February, 15 May, 15 August and 15 November in each year occurring up to (and including) the Final Repayment Date provided that the first Loan Interest Payment Date shall be 15 May 2015 (or, if any such day is not a Business Day, the next following Business Day, unless such Business Day falls in the next following calendar month, in which case the immediately preceding Business Day).

"**Loan Interest Period**" means in relation to the Whole Loan, each interest period determined in accordance with the terms of the Senior Facility Agreement.

"**Final Repayment Date**" means 5 December 2019.

"**Whole Loan**" means the £330,000,000 whole Loan originated by the Originator under the Senior Facility Agreement.

(c) **Rate of Interest**

Rate of Interest

The rate of interest payable from time to time in respect of the Notes (the "**Rate of Interest**") will be determined by the Agent Bank on the basis of this Condition 5(c).

The Agent Bank will at, or as soon as practicable after, 11.00 a.m. (London time) on the first day of an Interest Period for which the rate will apply (each, an "**Interest Rate Determination Date**"), determine the Rate of Interest applicable to, and calculate the amount of interest payable on the Notes, for the Interest Period immediately following such Interest Rate Determination Date.

The Rate of Interest applicable to the Notes for any Interest Period will be equal to (A) LIBOR as determined in accordance with this Condition 5(c) plus (B), the Margin.

Rate of Interest for the first Interest Period

The Rate of Interest applicable to the Notes for the first Interest Period shall be determined by the Agent Bank on the Closing Date on the basis of the LIBOR rate then applicable to the Whole Loan. For the first Interest Period LIBOR is 0.64608%.

Rate of Interest for each subsequent Interest Period

For the purposes of determining the Rate of Interest in respect of the Notes for each Interest Period occurring after the first Distribution Date in May 2015, the LIBOR component of the Rate of Interest will be equal to the LIBOR rate then applicable to the Whole Loan for the corresponding Loan Interest Period and as notified by the Facility Agent to the Agent Bank on, or as soon as practicable after the relevant Interest Rate Determination Date.

If the Facility Agent fails to notify the Agent Bank of the LIBOR rate (which will include in respect of the Interest Period commencing prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date the linear interpolation of the rates for one-month and two-month sterling deposits) applicable to the Whole Loan by 5.00 p.m. (London time) on the Business Day immediately following an Interest Rate Determination Date, then after that time the Agent Bank shall promptly request that the Facility Agent provides the Agent Bank with the LIBOR rate applicable to the Whole Loan. If the Facility Agent fails to respond to such a request by 5.00pm on the second Business Day immediately following an Interest Rate Determination Date then LIBOR for the purpose of calculating the Rate of Interest will be determined by the Agent Bank on the basis of the following provisions:

- (i) the Agent Bank will determine at or about 11.00 a.m. (London time) on the third Business Day immediately following an Interest Rate Determination Date, the interest rate for three month sterling deposits in the London inter-bank market which appears on the Reuters Screen LIBOR01 or LIBOR02 Page (the "**LIBOR Screen Rate**") (or, in respect of the Interest Period commencing immediately prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date, the arithmetic mean of a linear interpolation of the rates for one-month and two-month sterling LIBOR deposits) (or (i) such other page as may replace the Reuters screen LIBOR01 or LIBOR02 Page for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Note Trustee). in each case only after a request has been made by the Agent Bank to the Facility Agent to provide it with the page or service displaying the relevant rate as specified by the Facility Agent in accordance with the terms of the Senior Facility Agreement;
- (ii) if the LIBOR Screen Rate is not then available, and only after a request has been made by the Agent Bank to the Facility Agent to provide it with the arithmetic mean of the rates supplied to the Facility Agent by the relevant reference banks in accordance with the terms of the Senior Facility Agreement, the arithmetic mean (rounded upwards to four decimal places) of the rates notified to the Agent Bank at its request by each of three Reference Banks as the rate

at which three month deposits in reasonable market size in sterling are offered for the same period as that Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that date (or, in respect of the Interest Period commencing immediately prior to and following the Expected Maturity Date and the Interest Period commencing immediately prior to the Final Maturity Date, the arithmetic mean of a linear interpolation of the rates for one-month and two-month sterling LIBOR deposits). If, on any such 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 date, only one or none of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Issuer for the purposes of agreeing one or, as the case may be, two additional bank(s) to provide such a quotation or quotations to the Agent Bank and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such Reference Bank and/or banks as so agreed. If no such bank or banks is or are so agreed or such bank or banks as so agreed does not or do not provide such a quotation or quotations, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded upwards to four decimal places) of the rates quoted by major banks in the London inter-bank market, selected by the Agent Bank (at its sole discretion), at approximately 11.00 a.m. (London time) on the relevant date, for Loans in sterling in reasonable market size to leading London banks for a period of three months. If the Rate of Interest cannot be determined in accordance with the above provisions, the Rate of Interest shall be determined as at the last preceding Interest Determination Date.

If the rate of LIBOR calculated by the Agent Bank pursuant to this Condition 5(c) is less than zero, LIBOR will be deemed to be zero.

If at any time prior to a Distribution Date immediately following an Interest Rate Determination Date, the Agent Bank determines LIBOR for the purpose of calculating the Rate of Interest in accordance with this Condition 5(c), and the Facility Agent subsequently notifies the Agent Bank of the LIBOR rate then applicable to the Whole Loan, the Agent Bank shall apply the LIBOR component notified to it by the Facility Agent for the purpose of calculating the Rate of Interest then applicable to the Notes for the relevant Interest Period.

Where:

"**LIBOR**" means the London Interbank Offered Rate for three month sterling deposits.

"**Margin**" means, 2.05 per cent. per annum.

(d) **Default Interest**

Upon receipt of any Default Interest by the Issuer (the date on which the Default Interest is paid by the Obligors is referred to as the "**Default Interest Payment Date**"), the amount of Default Interest shall, on the Distribution Date on which the Default Interest Payment Date falls or if the Default Interest Payment Date does not fall on a Distribution Date, the Distribution Date immediately following the Default Interest Payment Date, be paid pursuant to this Condition 5(d) to the Notes in accordance with the applicable Issuer Priority of Payments.

Where:

"**Default Interest**" means, with respect to any unpaid sums which an Obligor fails to pay under a Finance Document, the interest accrued and payable by an Obligor to the Facility Agent on any such overdue amount as calculated in accordance with the default interest provisions of the Senior Facility Agreement.

(e) **Determination of Rate of Interest and Calculation of Interest Amounts for Notes**

The Agent Bank shall, on or as soon as practicable after each Interest Rate Determination Date, but in no event later than one Business Day prior to a Distribution Date, notify the Issuer, the Note Trustee, the Cash Manager, the Paying Agents and each of the clearing systems in writing of (i) the Rate of

Interest applicable to the Interest Period immediately following such Interest Rate Determination Date, in respect of the Notes and (ii) the amount of interest (the "**Interest Amount**") payable, subject to Conditions 5(b) above, in respect of such Interest Period in respect of the Notes. Each Interest Amount in respect of the Notes shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest pence.

(f) **Adjusted Interest on account of Loan payments**

- (i) If the Issuer receives payments under the Senior Facility Agreement on account of a repayment or prepayment of all or part of the Loan or any unpaid sum (a "**Prepaid Amount**") on any date other than a Loan Interest Payment Date (excluding any payments received on the Expected Maturity Date and the Final Maturity Date) (such date referred to as an "**Intra-Loan Interest Payment Date**") the Interest Amount payable on the Notes on the immediately following Distribution Date shall be calculated by the Agent Bank as follows:

$$(A + B) - C$$

(the "**Adjusted Interest Amount**")

Where:

A = the Interest Amount as calculated in accordance with Condition 5(e) above.

B = Break Costs (if any).

C = LIBOR and Margin on the Prepaid Amount, which would have accrued, for the period from (but excluding) the Intra-Loan Payment Date up to (and including) the last date of the then applicable Interest Period but for the repayment or prepayment referred to in this Condition 5(f)(i).

The positive difference between the Interest Amount that would be payable on the Notes on the immediately following Distribution Date but for the repayment or prepayment referred to in Condition 5(f)(i) above and the Adjusted Interest Amount shall not be due and payable to the Noteholders on the Distribution Date immediately following the Intra-Loan Interest Payment Date and none of the Noteholders shall have any claim against the Issuer in respect of such amount.

To the extent that the Noteholder Representative does not provide a break cost determination to the Facility Agent in accordance with Clause 11.4 (*Break Costs*) of the Senior Facility Agreement then Break Costs will be deemed to be zero.

Where:

"**Break Costs**" means the breakage costs payable to the Issuer corresponding to the Issuer's interest in the Loan repaid or prepaid on an Intra-Loan Interest Payment Date provided that the Noteholder Representative has provided a break cost determination to the Facility Agent in accordance with Clause 11.4 (*Break Costs*) of the Senior Facility Agreement.

- (ii) Any payments received by the Issuer on the Final Repayment Date shall be paid on the Distribution Date falling on the Expected Maturity Date and the Interest Amount payable on the Expected Maturity Date shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days elapsed from the commencement of the relevant Interest Period up to (and including) the Expected Maturity Date divided by 365 and rounding the resultant figure downward to the nearest pence.
- (iii) With respect to any payments to be made on the Notes on the Final Maturity Date, the Interest Amount shall be calculated by applying the Rate of Interest to the Principal Amount Outstanding of the Notes and multiplying such sum by the actual number of days elapsed from

the commencement of the relevant Interest Period up to (and including) the Final Maturity Date divided by 365 and rounding the resultant figure downward to the nearest pence.

(g) **Publication of Rates of Interest, Interest Amounts and other Notices**

As soon as practicable after receiving notification thereof but in no event later than two Business Days prior to a Distribution Date, the Agent Bank on behalf of the Issuer will cause the Rate of Interest and the Interest Amount applicable to the Notes for each Interest Period and the Distribution Date in respect thereof to be notified in writing to the Irish Stock Exchange plc (the "**Irish Stock Exchange**") (for so long as the Notes are listed on the Irish Stock Exchange) and will cause notice thereof to be given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*). The Interest Amounts, Distribution Date and other determinations so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes.

(h) **Determination and/or Calculation by the Note Trustee**

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for any of the Notes and/or make any other necessary calculations in accordance with the foregoing Conditions, the Note Trustee shall (or shall appoint an agent at the cost of the Issuer, on its behalf to do so) (i) determine the Rate of Interest at such rate as is, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances, and/or (as the case may be), (ii) calculate the Interest Amount for the Notes in the manner specified in Condition 5(d) above and/or (as the case may be) and any such determination and/or calculation shall be deemed to have been made by the Agent Bank and the Note Trustee shall have no liability in respect thereof.

(i) **Notifications to be Final**

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (as defined below) (or any of them) or the Agent Bank or the Note Trustee shall (in the absence of wilful default, fraud or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Note Trustee, the Cash Manager, the Paying Agents and all Noteholders and (in the absence of wilful default or fraud) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Note Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(j) **Reference Banks and Agent Bank**

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there shall, at all times, be three Reference Banks and an Agent Bank. The initial Reference Banks are to be the principal London offices of three major banks in the London interbank market chosen by the Agent Bank (the "**Reference Banks**"). In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Note Trustee to act as such in its place. Any purported resignation or removal by the Agent Bank shall not take effect until a successor so approved by the Note Trustee has been appointed.

6. **Redemption and Cancellation**

(a) **Final Redemption**

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Maturity Date (being the Distribution Date falling on 6 December 2022).

The Issuer may not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in this Condition but without prejudice to Condition 10 (*Note Events of Default*).

(b) **Mandatory Redemption from Principal Receipts**

Unless the Notes are previously redeemed in full and cancelled as provided in this Condition 6(b), the Notes are subject to mandatory early redemption in full or, as the case may be, in part on each Distribution Date in an amount not exceeding the Principal Receipts received and allocated to the Notes in accordance with the provisions of the Cash Management Agreement and as described in this Offering Circular subject to the Issuer Priority of Payments.

If the Borrowers repay the whole or part of the Loan on an Intra-Loan Interest Payment Date an amount equal to the Principal Receipts received by or on behalf of the Issuer attributable to such repayment shall be applied to redeem the Notes on the date that falls one Business Day following an Intra-Loan Interest Payment Date in accordance with the applicable Issuer Priority of Payments, as if such date on which the Notes are to be redeemed is a Distribution Date.

(c) **Optional Redemption for Tax or Other Reasons**

If the Issuer at any time satisfies the Note Trustee (who will be so satisfied if it receives a legal opinion to its satisfaction confirming such matters) immediately prior to giving the notice referred to below that either:

- (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Distribution Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of the Notes (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes and other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it; or
- (ii) if any amount payable by the Borrowers in respect of the Issuer Assets is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Distribution Date,

and in any such case, the Issuer has, prior to giving the notice referred to below, certified to the Note Trustee that it will have the necessary funds on such Distribution Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 6(c) and any amounts required under the Cash Management Agreement, the Note Trust Deed and the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that on the Distribution Date on which such notice expires, no Note Acceleration Notice has been served, then the Issuer may, but shall not be obliged to, on any Distribution Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice ending on such Distribution Date to the Note Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*), redeem the Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Notes plus interest accrued and unpaid thereon.

(d) **Principal Amount Outstanding**

On each Determination Date, the Cash Manager shall determine (i) the Principal Amount Outstanding of the Notes on the next following Distribution Date (after deducting any principal payment to be paid on such Notes on that Distribution Date). Each determination by the Cash Manager of the Principal Amount Outstanding of the Notes shall (in the absence of wilful default or manifest error) be final and binding on all persons.

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

The Issuer (or the Cash Manager on its behalf) will cause each determination of a Principal Amount Outstanding to be notified in writing forthwith to the Note Trustee, the Paying Agents, the Agent Bank and (for so long as the Notes are listed on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Principal Amount Outstanding to be given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*) as soon as reasonably practicable thereafter.

If the Issuer (or the Cash Manager on its behalf) does not at any time for any reason determine a Principal Amount Outstanding in accordance with the preceding provisions of this Condition 6(d), such Principal Amount Outstanding may be determined by the Note Trustee, in accordance with this Condition 6(d), and each such determination or calculation shall be conclusive and shall be deemed to have been made by the Issuer or the Cash Manager, as the case may be and the Note Trustee shall have no liability in respect thereof.

(e) **Notice of Redemption**

Any such notice as is referred to in Condition 6(d) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes in the amounts specified in this Condition. As soon as reasonably practicable after becoming aware that the same will occur, the Issuer will cause notice of the proposed redemption of the Notes to be given to the Irish Stock Exchange (for so long as the Notes are listed on the Irish Stock Exchange). Any certificate or legal opinion given by or on behalf of the Issuer pursuant to Condition 6(c) above may be relied on by the Note Trustee without further investigation and shall be conclusive and binding on the Noteholders.

(f) **Cancellation**

All Notes redeemed in full pursuant to the foregoing provisions will be cancelled forthwith by the Issuer or on its behalf in accordance with the Issuer Transaction Documents and may not be resold or re-issued.

(g) **No Purchase by Issuer**

The Issuer will not purchase any of the Notes.

7. **Payments**

(a) **Global Note**

Payments of principal and interest in respect of the Global Note will be made by transfer to the registered account of the Noteholder.

Subject to Condition 7(b) below, interest will be paid to the holder (or the first named if joint holders) shown on the Register at the close of business on the Business Day before the due date for payment thereof.

Payments in respect of the Global Note will be made in sterling to holders of interests in the Notes (such holders being, the "**Euroclear/Clearstream Holders**").

A Euroclear/Clearstream Holder may receive payments in respect of its interest in the Global Note in dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

(b) **Definitive Notes**

Payments of principal and interest (except where, after such payment, the unpaid principal amount of the Note would be reduced to zero (including as a result of any other payment of principal due in respect of the Note), in which case the relevant payment of principal and interest, as the case may be, will be made against surrender of such Note) in respect of Definitive Notes, will be made to the holder of a Definitive Note upon presentation of the relevant Definitive Note(s) at the specified office of the Registrar not later than the Definitive Note Record Date (as defined below) for payment in respect of

such Definitive Note or by transfer to a sterling denominated account nominated in writing by the payee to the Registrar and maintained with a branch of a bank in London not later than the due date for such payment. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, so paid. For the purposes of this Condition 7(b), the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (in relation to the Definitive Notes, the "**Definitive Note Record Date**").

(c) **Laws and Regulations**

Payments of principal, and interest in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(d) **Overdue Principal Payments**

If repayment of principal is improperly withheld or refused on or in respect of the Notes or part thereof, the interest which continues to accrue in respect of the Notes or part thereof in accordance with Condition 5(a) (*Period of Accrual*) will be paid against presentation of the Notes at the specified office of any Paying Agent, and in the case of any Definitive Note, will be paid in accordance with Condition 7(b) above.

(e) **Change of Agents**

The Principal Paying Agent is Elavon Financial Services Limited, UK Branch. The Issuer reserves the right, subject to the prior written approval of the Note Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent, the Registrar and the Agent Bank and to appoint additional or other Agents. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or the Registrar or their specified offices to be given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*). The Issuer will maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to European Union Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to such Directive.

(f) **Presentation on Non-Business Days**

If the Notes are presented (if required) for payment on a day which is not a business day in the place where it is so presented, payment shall be made on the next succeeding day that is a business day (unless such business day falls in the next succeeding calendar month in which event the immediately preceding business day) and no further payments of additional amounts by way of interest, principal or otherwise shall be due in respect of the Notes. For the purposes of Condition 6 (*Redemption and Cancellation*) and this Condition 7, "**business day**" shall mean, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(g) **Accrual of Interest on Late Payments**

If any payment of interest, principal or any other amount is not paid in respect of the Notes on the date when due and payable (other than because the due date is not a business day (as defined in Condition 7(f) above) or by reason of non-compliance with Condition 7(a) or 7(b) above), then such unpaid amount shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*), provided that such interest and interest thereon are, in fact, paid.

(h) **Incorrect Payments**

The Cash Manager will, from time to time, notify Noteholders in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*) of any over-payment or under-payment of which it has actual notice made on any Distribution Date to any party entitled to such payment pursuant to the Pre-Enforcement Priority of Payments. Following the giving of such a notice, the Cash Manager shall rectify such over-payment or under-payment by increasing or, as the case may be decreasing payments to the relevant parties on any subsequent Distribution Date. Any notice of over-payment or under-payment pursuant to this Condition 7 shall contain reasonable details of the relevant amount, the relevant parties and the adjustments to be made to future payments to rectify the over-payment or under-payment, as applicable. Neither the Issuer nor the Cash Manager shall have any liability to any person for making any such correction.

8. **Taxation**

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any relevant Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent nor any other person will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

9. **Prescription**

Claims for principal in respect of the Global Note shall become void unless the Global Note is presented for payment within ten years of the appropriate relevant date. Claims for interest in respect of the Global Note shall become void unless the Global Note is presented for payment within five years of the appropriate relevant date.

Claims for principal and interest in respect of Definitive Notes shall become void unless made within ten years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date.

In this Condition 9, the "**relevant date**" means the date on which a payment first becomes due, but if the full amount of the moneys payable has not been received by the relevant Paying Agent or the Note Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*).

10. **Note Events of Default**

(a) **Note Event of Default**

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below shall occur (each such event being a "**Note Event of Default**"), the Note Trustee at its absolute discretion may, and if so requested in writing by the "**Eligible Noteholders**", being the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Notes or if so directed by or pursuant to an Extraordinary Resolution of the Noteholders shall, and in any case aforesaid, subject to the Note Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, give notice (a "**Note Acceleration Notice**") to the Issuer and the Issuer Security Trustee declaring all the Notes to be immediately due and repayable and the Issuer Security enforceable:

- (i) either, in respect of the Notes, the Issuer defaults:
 - (A) for a period of three days in the payment of the principal when and as it becomes due and payable in accordance with these Conditions; or

- (B) for a period of five days in the payment of any interest (including any Exit Fees or Default Interest) when due on a Distribution Date or any date on which the Notes are required to be redeemed in accordance with these Conditions; or
- (ii) the Issuer defaults in the performance or observance of any other obligation binding upon it under the Notes, the Note Trust Deed, the Issuer Security Documents or the other Issuer Transaction Documents to which it is party and, in any such case (except where the Note Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days (or such longer period as the Note Trustee may permit) following the service by the Note Trustee on the Issuer of notice requiring the same to be remedied; or
- (iii) the Issuer, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 10(a)(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer, threatens to cease to carry on business or (in the opinion of the Note Trustee based upon any financial advice which the Note Trustee may require) a substantial part of its business or the Issuer is or is deemed unable to pay its debts as and when they fall due; or
- (iv) an order is made or an effective resolution is passed for the winding-up of the Issuer except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by an Extraordinary Resolution of the Noteholders; or
- (v) proceedings shall be initiated against the Issuer under any applicable liquidation, insolvency, examinership, composition, reorganisation or other similar laws (including, but not limited to, presentation of a petition for an administration order, the filing of documents with the court for the appointment of an administrator or the service of a notice to appoint an administrator) and such proceedings are not being disputed in good faith with a reasonable prospect of success, or an administration order shall be granted or the appointment of an administrator takes effect or an administrative receiver or other receiver, liquidator, examiner or other similar official shall be appointed (or formal notice is given of an intention of appoint an administrator) in relation to the Issuer or any part of its undertaking, property or assets, or an encumbrancer shall take possession of all or any part of the undertaking, property or assets of the Issuer, or a distress, execution, diligence or other process shall be levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer and such appointment, possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer (or the shareholders of the Issuer) initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of or a composition or similar arrangement with its creditors generally or takes steps with a view to obtaining a moratorium in respect of any of the indebtedness of the Issuer,

provided that in the case of each of the events described in Condition 10(a)(ii) above, the Note Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders then outstanding.

(b) **Effect of Declaration by Note Trustee**

Upon any declaration being made by the Note Trustee in accordance with Condition 10(a) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest as provided in the Note Trust Deed and the Issuer Security shall become enforceable.

11. **Enforcement**

The Note Trustee may, at its discretion and without notice, take such proceedings and/or other action or steps against or in relation to the Issuer or any other person as it may think fit to enforce the provisions of the Notes, the Note Trust Deed, these Conditions and the other Issuer Transaction Documents to which it is a party and the Note Trustee may direct the Issuer Security Trustee at any time after the Issuer Security has become enforceable, at its discretion and without notice, to take such steps as it may

think fit to enforce the Issuer Security, but neither the Note Trustee nor the Issuer Security Trustee shall be bound to take any such proceedings, actions or steps, unless:

- (i) it shall have been requested in writing by the Eligible Noteholders or if directed by or pursuant to an Extraordinary Resolution of the Noteholders; and
- (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including without limitations in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof as legal fees and expenses on a full indemnity basis which it may incur by so doing.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Issuer Transaction Documents or to enforce the Issuer Security unless the Note Trustee or, as the case may be, the Issuer Security Trustee, having become bound to do so, fails to do so within a reasonable period and such failure shall be continuing provided that no Noteholder shall be entitled to take proceedings for the winding up, examination or administration of the Issuer. The Issuer Security Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Issuer Secured Creditor under the Issuer Security Documents, as applicable.

The Deed of Charge and Assignment will provide that the Issuer Security Trustee shall enforce the security in respect of the Issuer, by appointing an administrative receiver (where possible), if it has actual notice of either: (i) an application for the appointment of an administrator; or (ii) the giving of a notice of intention to appoint an administrator, in respect of the Issuer, such appointment to take effect upon the final day by which the appointment must be made in order to prevent an administration proceeding or (where the Issuer or the directors of the Issuer have initiated the administration) not later than that final day.

In addition, the Issuer Security Trustee may (subject to the matters described in paragraphs below), following the service of a Note Acceleration Notice, enforce the security in respect of the Issuer by the appointment of an administrative receiver (where possible) (if the Issuer Security Trustee has not already done so pursuant to the foregoing) subject to being indemnified and/or secured and/or prefunded to its satisfaction.

The Issuer Security Trustee shall not be liable for any failure to appoint an administrative receiver, save in the case of its own gross negligence, wilful default or fraud.

The Issuer Security Trustee will not be obliged to appoint an administrative receiver unless it is indemnified and/or secured and/or pre-funded to its satisfaction. However, the Deed of Charge and Assignment will provide that if the Issuer Security Trustee is required to enforce the security by appointing an administrative receiver following receipt of actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, the Issuer Security Trustee will agree that it is adequately indemnified and secured in respect of such appointment by virtue of its rights against the Issuer under the Deed of Charge and Assignment and the security which it has in respect of such rights. The Issuer will covenant in the Deed of Charge and Assignment that, if the Issuer Security Trustee appoints an administrative receiver by reason of having actual notice of an application for the appointment of an administrator or actual notice of the giving of a notice of intention to appoint an administrator, it waives any claim against the Issuer Security Trustee in respect of such appointment.

12. **Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties**

- (i) The Note Trust Deed contains provisions for convening meetings of the Noteholders, to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution or Ordinary Resolution, as appropriate, of, among other things, the removal of the Note Trustee, the Issuer Security Trustee, the Cash Manager, the Operating Bank, the Agent Bank, the Principal Paying Agent, the Registrar or the Issuer Corporate Services Provider, a

modification of the Notes or the Note Trust Deed (including these Conditions) or the provisions of any of the other Issuer Transaction Documents.

- (ii) These provisions allow the Issuer, the Note Trustee or the Cash Manager to convene Noteholder meetings for any purpose including consideration of Extraordinary Resolutions or Ordinary Resolutions and provided that at least 10 days (or, in the case of an adjourned meeting at least 5 days) notice of such meeting be given to Noteholders in accordance with Condition 15 (*Notice to and Communication between Noteholders*). The Issuer shall be obliged to convene a meeting of Noteholders if requested to do so in writing by not less than ten per cent. of the holders of the Notes.
- (iii) Subject as provided below, the quorum at any meeting of the Noteholders or persons present holding voting certificates or being proxies or at any adjourned meeting, for passing an Extraordinary Resolution or an Ordinary Resolution shall be one or more persons holding or representing not less than 50.1 per cent. in Principal Amount Outstanding of the Notes.

The quorum at any meeting of the Noteholders for passing an Extraordinary Resolution that would have the effect of (i) modifying the date of maturity of the Notes; (ii) modifying any day for the payment of interest on the Notes; (iii) reducing the amount of principal or the rate of interest payable in respect of the Notes; (iv) modifying the method of calculating the amount payable or the date of payment in respect of any interest or principal in respect of the Notes; (v) modifying the definition of "Basic Terms Modification"; (vi) altering the currency of payment of the Notes referable thereto; or (vii) releasing any of the Issuer Security (or any part thereof) other than in accordance with the Issuer Transaction Documents (and without prejudice to the Note Trustee's and the Issuer Security Trustee's ability to exercise their respective powers and discretions under the Issuer Transaction Documents) (each, a "**Basic Terms Modification**"), shall be one or more persons holding Notes or voting certificates in respect thereof or proxies representing not less than 75 per cent. of the Principal Amount Outstanding of the Notes for the time being outstanding, or at any adjourned such meeting, not less than 75 per cent. of the Principal Amount Outstanding of the Notes for the time being outstanding. A Basic Terms Modification may only be effected by an Extraordinary Resolution.

To the extent that any modification, waiver or consent to any Finance Document involved any interaction with any Noteholders, including but not limited to any Extraordinary Resolution or Ordinary Resolution pursuant to which Noteholders provided any consent or direction with respect to any proposed modification, waiver or consent of the Finance Documents, the Issuer must require the Borrowers, as a condition to effectiveness of any such modification, waiver or consent, to covenant that neither the Borrowers nor any of their respective affiliates participated in any such interaction or vote of the Noteholders.

An Extraordinary Resolution or an Ordinary Resolution passed at any meeting or duly signed by the required majority of Noteholders shall be binding on all Noteholders whether or not they are present at such meeting or signed such resolution.

The Issuer, the Note Trustee or the Cash Manager may propose an Extraordinary Resolution or an Ordinary Resolution, other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security, of the Noteholders relating to any matter for consideration and approval by Negative Consent by the Noteholders.

"**Negative Consent**" means, in relation to an Extraordinary Resolution (other than an Extraordinary Resolution relating to a Basic Terms Modification, the waiver of any Note Event of Default, the acceleration of the Notes or the enforcement of the Issuer Security), an Ordinary Resolution of the Noteholders, the process whereby such Extraordinary Resolution or Ordinary Resolution shall be deemed to be duly passed and shall be binding on all of the Noteholders in accordance with its terms where:

- (A) notice of such Extraordinary Resolution or Ordinary Resolution, as applicable, (including the full text of the same) has been given by the Issuer, the Note Trustee or

the Cash Manager to the Noteholders in accordance with the provisions of Condition 15 (*Notice to and Communication between Noteholders*);

- (B) such notice contains a statement requiring such Noteholders to inform the Note Trustee in writing (or otherwise in accordance with the then current practice of any applicable clearing system through which such Notes may be held) if they object to such Extraordinary Resolution or Ordinary Resolution, stating that unless holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes; or (ii) in the case of an Ordinary Resolution, 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes, make such objection, the Extraordinary Resolution or Ordinary Resolution will be deemed to be passed by the Noteholders and specifying the requirements for the making of such objections (including addresses, email addresses and deadlines) further as set out in the following paragraph; and
- (C) holders of (i) in the case of an Extraordinary Resolution, 25 per cent. or more in aggregate Principal Amount Outstanding of the Notes or (ii) in the case of an Ordinary Resolution, 50.1 per cent. or more in aggregate Principal Amount Outstanding of the Notes, have not informed the Note Trustee in writing of their objection to such Extraordinary Resolution or Ordinary Resolution within 15 days of the date of the relevant notice.

Negative Consent shall not apply to any Loan Level Matters.

- (iv) The Note Trustee may agree or may direct the Issuer Security Trustee to agree, without the consent of the Noteholders (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes, the Note Trust Deed (including these Conditions) or any of the other Issuer Transaction Documents which, in the opinion of the Note Trustee, is not materially prejudicial to the interests of the Noteholders; (ii) to any modification of the Notes, the Note Trust Deed (including these Conditions) or any of the other Issuer Transaction Documents (including determination that a Note Event of Default shall not be treated as such) which, in the opinion of the Note Trustee, is to correct a manifest error or a proven (to the satisfaction of the Note Trustee) error or is to conform the Issuer Transaction Documents to be consistent with the disclosure in this Offering Circular dated 22 April 2015 relating to the issuance of the Notes (as certified to the Note Trustee by the Issuer and upon which the Note Trustee may rely absolutely) or to comply with mandatory provisions of law (as confirmed by a legal opinion provided to the Note Trustee upon which the Note Trustee may rely absolutely) or is (in the opinion of the Note Trustee) of a formal, minor or technical nature; provided always that the Note Trustee shall not exercise such powers of modification, waiver, authorisation or determination in contravention of any express written direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Noteholders then outstanding (provided that no such direction or restriction shall affect any authorisation, modification, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Note Trustee agrees otherwise, any such modification shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 15 (*Notice to and Communication between Noteholders*).
- (v) Notwithstanding Condition 12(iv) above, the Issuer is restricted from agreeing to any amendment or modification or entering into any agreement or arrangement with any party which would have the effect of (i) reducing or cancelling the amount of Stripped and Accrued Interest Payments due and payable to the Seller; (ii) modifying the method of calculating the Stripped and Accrued Interest Payments; (iii) postponing any date on which the payment of the Stripped and Accrued Interest Payments are to be made or (iv) adversely affecting the right of the Seller to receive payment of the Stripped and Accrued Interest Payments under the Loan Sale Agreement, in each case, without the Seller's prior written consent (in the Seller's absolute discretion).
- (vi) Where the Note Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders it shall

have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Note Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Note Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Note Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

- (vii) The Note Trustee shall be entitled to determine, in its own opinion, for the purposes of exercising any power, trust, authority, duty or discretion under or in relation to the Notes, the Conditions or any of the Issuer Transaction Documents, that such exercise will not be materially prejudicial to the interests of the Noteholders.
- (viii) The Note Trustee may (subject to such amendments of these Conditions and of any of the Issuer Transaction Documents, and to such other Conditions as the Note Trustee may require), without the consent of the Noteholders or any other Issuer Secured Creditor agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this condition) as the principal debtor in respect of the Notes and the Note Trust Deed of another body corporate (being a single purpose vehicle) provided that such substitution would not in the opinion of the Note Trustee be materially prejudicial to the interests of the Noteholders and subject to certain conditions set out in the Note Trust Deed being complied with (or suitable arrangements in place to ensure compliance with such conditions). In the case of substitution of the Issuer, the Irish Stock Exchange shall be notified by the Issuer of such substitution, a supplemental offering circular will be prepared by the new principal debtor and filed with the Irish Stock Exchange and notice of the substitution will be given to the Noteholders by the Issuer in accordance with Condition 15 (*Notice to and Communication between Noteholders*).
- (ix) Where for the purposes of these Conditions the Note Trustee or any other party to the Issuer Transaction Documents requires a Noteholder holding Notes through Euroclear or Clearstream, Luxembourg to establish its holding of the Notes to the satisfaction of such party (including, without limitation, for the purposes of Condition 18 (*Noteholder Representative*)), such holding shall be considered to be established if such Noteholder provides to the requesting party:
 - (A) a Euclid Statement or a screenshot of the Euclid screen (in the case of Euroclear) or a Creation Online Statement or a screenshot of the Creation screen (in the case of Clearstream, Luxembourg) providing confirmation at the time of issue of the same of such person's holding in the Notes;
 - (B) if the relevant Notes are held through one or more custodians, a signed letter from each such custodian confirming on whose behalf it is holding such Notes such that the Note Trustee is able to verify to its satisfaction the chain of ownership to the beneficial owner; and
 - (C) any other evidence of holding of such interest in the relevant Notes in a form acceptable to the Note Trustee.

If in connection with verifying its holding the Note Trustee requires a Noteholder to temporarily block its Notes in Euroclear or Clearstream, Luxembourg, such Noteholder will be required to instruct Euroclear or Clearstream, Luxembourg (via its custodian, if applicable) to do so.

- (x) For the purposes of determining:
 - (1) the quorum at any meeting of Noteholders considering an Extraordinary Resolution or an Ordinary Resolution or the majority of votes cast at such meeting;

- (2) the holders of Notes for the purposes of giving any direction to the Note Trustee (or any other party);
- (3) the majorities required for any written resolutions, including the majority required for passing a Written Ordinary Resolution for the purpose of appointing a Noteholder Representative;
- (4) any discretion, power or authority (whether contained in any of the Issuer Transaction Documents or conferred on it by operation of law) which the Note Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Noteholders;
- (5) the determination by the Note Trustee whether any event or potential event is or would be materially prejudicial to the interests of the Noteholders;
- (6) the objection by Noteholders for the purpose of Negative Consent; or
- (7) the determination of how many and which Notes are for the time being outstanding in accordance with the Note Trust Deed

any Notes held beneficially by or for the account of (whether directly or indirectly or in relation to which the exercise of the right to vote is directed or otherwise controlled by):

- (A) any member of the Group;
- (B) any Investor Affiliate; or
- (C) the Issuer or its Affiliates (if any),

in each case, shall have no voting rights or any right to pass an Extraordinary Resolution or an Ordinary Resolution and shall be treated as if such Notes were not outstanding and the holder of any of those Notes will not be entitled to attend or exercise or count in or towards any required quorum or majority with respect to such Notes for so long as those Notes are so held or remain uncanceled.

The Note Trust Deed contains provisions requiring any Noteholder wishing to vote to confirm to the Principal Paying Agent that such Noteholder is not disenfranchised from voting pursuant to this Condition 12(x).

13. **Indemnification and Exoneration of the Note Trustee and Issuer Security Trustee**

The Note Trust Deed, the Issuer Security Documents and certain of the other Issuer Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of each of the Note Trustee and the Issuer Security Trustee and for indemnification in certain circumstances, including provisions relieving them from taking enforcement proceedings or, in the case of the Issuer Security Trustee, enforcing the Issuer Security unless indemnified and/or secured and/or pre-funded to its satisfaction. Neither the Note Trustee nor the Issuer Security Trustee will be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Issuer Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Note Trustee or the Issuer Security Trustee.

The Note Trust Deed and the Deed of Charge and Assignment contain provisions pursuant to which each of the Note Trustee and the Issuer Security Trustee or any of its related companies is entitled, among other things, (a) to enter into business transactions with the Issuer and or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Issuer Transaction Documents or whose obligations are comprised in the Issuer Security and/ or any of

their subsidiaries or associated companies, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders or any other Issuer Secured Creditor, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Deed of Charge and Assignment provides that the Issuer Security Trustee shall accept without investigation, requisition or objection such right and title as the Issuer may have to the Issuer's property secured pursuant to the Issuer Security Documents and shall not be bound or concerned to examine such right and title, and the Issuer Security Trustee shall not be liable for any defect or failure in the right or title of the Issuer to the property secured pursuant to the Issuer Security Documents whether such defect or failure was known to the Issuer Security Trustee or might have been discovered upon examination or enquiry and whether capable of remedy or not. Neither the Note Trustee nor the Issuer Security Trustee has any responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. Neither the Note Trustee nor the Issuer Security Trustee will be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured and/or pre-funded to its satisfaction or to supervise the performance by the Cash Manager or any other person of their obligations under the Issuer Transaction Documents and each of the Note Trustee and the Issuer Security Trustee shall assume, until it has actual knowledge or express notice to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of the Global Note and Definitive Notes

If the Global Note or Definitive Note is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar, the Paying Agent or the Note Trustee may reasonably require. The mutilated or defaced Global Note or Definitive Notes must be surrendered before replacements will be issued.

15. Notice to and Communication between Noteholders

(a) All notices, other than notices given in accordance with any one or more of the following paragraphs of this Condition 15, to Noteholders shall be deemed to have been validly given if:

(i) for so long as the Notes are represented by a Global Note and listed on a stock exchange and the rules of such stock exchange so allow:

(A) subject to the requirements of the Market Abuse Directive, at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange; and

(B) if delivered to Euroclear and/or Clearstream, Luxembourg for communication by them to their participants and for communication by such participants to entitled account holders; and

(C) if delivered to the electronic communications systems maintained by Bloomberg L.P. for publication on the relevant page for the Notes or such other medium for the electronic display of data as may be previously approved in writing by the Note Trustee; or

(ii) for so long as the Notes are in definitive form and listed on a stock exchange and the rules of such stock exchange so allow, subject to the requirements of the Market Abuse Directive, at the option of the Issuer, if delivered through the announcements section of the relevant stock exchange and a regulated information service maintained or recognised by such stock exchange.

Any such notice shall be deemed to have been given on:

- (A) in the case of a notice delivered to the regulated information service of a stock exchange, the day on which it is delivered to such stock exchange;
 - (B) in the case of a notice delivered to Euroclear and/or Clearstream, Luxembourg, the day on which it is delivered to Euroclear and/or Clearstream, Luxembourg; and
 - (C) in the case of a notice delivered to Bloomberg L.P., the day on which it is delivered to Bloomberg L.P..
- (b) If it is impossible or impractical to give notice in accordance with paragraphs (A), (B) or (C) of Condition 15(a)(i) above then notice of the relevant matters shall be given in accordance with Condition 15(a)(ii) above.
 - (c) The Note Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Note Trustee shall require. The Note Trustee shall give notice to the Noteholders in accordance with this Condition 15 of any additions to, deletions from or alterations to such methods from time to time.
 - (d) Any Verified Noteholder shall be entitled from time to time to request the Cash Manager to post a notice on its investor reporting website requesting other Verified Noteholders to contact it subject to and in accordance with the following provisions.

For these purposes "**Verified Noteholder**" means a Noteholder which has satisfied the Cash Manager that it is a Noteholder in accordance with Conditions 12(ix) and 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

- (e) Following receipt of a request for the publication of a notice from a Verified Noteholder, the Cash Manager shall publish such notice on its investor reporting website as an addendum to any report to Noteholders due for publication within 2 Business Days of receipt of the same (or, if there is no such report, through a special notice for such purpose as soon as is reasonably practical after receipt of the same) provided that such notice contains no more than:
 - (i) an invitation to other Noteholders to contact the Verified Noteholder;
 - (ii) the name of the Verified Noteholder and the address, phone number, website or email address at which the Verified Noteholder can be contacted; and
 - (iii) the date(s) from, on or between which the Verified Noteholder may be so contacted; and
 - (iv) a request that a Noteholder wishing to be in contact with the Verified Noteholder confirm its holding in accordance with Condition 12(ix) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) and confirm that it has not been disenfranchised pursuant to Condition 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Cash Manager shall have no responsibility or liability for the contents, completeness or accuracy of any such published information and shall have no responsibility (beyond publication of the same in the manner described above) for ensuring Noteholders receive the same.

16. **Privity of Contract**

The Notes do not confer any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

17. **Governing Law**

The Note Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Issuer Transaction Documents and the Notes are governed by English law.

18. **Noteholder Representative**

(a) **Appointment of the Noteholder Representative and general voting provisions in relation to Loan Level Matters**

The Noteholders may acting by Written Ordinary Resolution, elect by notice in writing to the Facility Agent, the Issuer Security Trustee, the Note Trustee and the Issuer with a copy to the Cash Manager (attaching a copy of the relevant Written Ordinary Resolution) (subject to each of the relevant Noteholders establishing its holding in such Notes to the satisfaction of the Note Trustee in accordance with the provisions of Condition 12 (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*)), appoint not more than one person to be the Noteholder Representative for the purposes of either directing:

- (i) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice);
or
- (ii) the Note Trustee itself (following the delivery of a Note Acceleration Notice),

in each case, to exercise the Issuer's voting rights under the Senior Facility Agreement and the Finance Documents in respect of Loan Level Matters.

Subject to the restrictions set out below in Condition 18(c) below, the Noteholder Representative need not itself be a Noteholder.

The Noteholder Representative will be deemed to hold and to have voting rights in respect of 100 per cent. of the aggregate voting rights held and that are exercisable by the Issuer as a lender of record under the Senior Facility Agreement and the other Finance Documents corresponding to the Issuer's participation in the Whole Loan. A Noteholder Representative shall be entitled in its sole discretion to exercise all of the rights conferred on it under these Conditions to either direct:

- (i) the Note Trustee to on-direct the Issuer (prior to the delivery of a Note Acceleration Notice);
or
- (ii) the Note Trustee itself (following the delivery of a Note Acceleration Notice),

in each case, to act in relation to any consent, waiver, amendment or other vote in relation to any Loan Level Matter to the extent exercisable by the Issuer under the Senior Facility Agreement or any other Finance Document.

When directed to act in relation to a Loan Level Matter, the Issuer (prior to the delivery of a Note Acceleration Notice) or the Note Trustee (following the delivery of a Note Acceleration Notice) shall for any of those purposes independently exercise all of the voting rights conferred on the Issuer as a lender under the Senior Facility Agreement and the Finance Documents in accordance with, in the case of the Note Trustee, the instructions received by it from the Noteholder Representative and, in the case of the Issuer, in accordance with the on-direction delivered to it from the Note Trustee.

Neither the Issuer Security Trustee nor the Note Trustee shall have any obligation to identify the Noteholders from time to time, to inform them of their rights as such or to assist them in the appointment of a Noteholder Representative.

The Noteholder Representative shall not have any liability to the Issuer, any Noteholder, the Note Trustee, the Issuer Security Trustee or any other party for any action taken or for refraining from taking any action in good faith or for any errors of judgment.

The appointment of the Noteholder Representative shall not take effect until each of the Issuer Security Trustee, the Note Trustee, the Facility Agent (with a copy to the Cash Manager) and the Issuer have been notified by the Noteholder Representative in writing of its appointment.

The Noteholders may acting by Written Ordinary Resolution, elect by notice in writing to the Issuer Security Trustee, the Note Trustee, the Facility Agent and the Issuer (with a copy to the Cash Manager) (attaching a copy of the relevant Written Ordinary Resolution) to terminate the appointment of the Noteholder Representative. The Noteholder Representative may retire by giving not less than 21 days' notice in writing to: (a) the Noteholders (in accordance with the terms of Condition 15 (*Notice to and Communication between Noteholders*)), the Issuer, the Note Trustee, the Issuer Security Trustee, the Facility Agent (with a copy to the Cash Manager).

If at any time the Noteholders fail to appoint a Noteholder Representative (or the Noteholder Representative resigns or whose appointment is terminated and is not subsequently replaced), the Noteholders will be deemed to have waived their rights under these Conditions, including any rights to authorise the Note Trustee to on-direct the Issuer or to direct the Note Trustee itself to vote with respect to any Loan Level Matters in accordance with these Conditions and the Issuer Transaction Documents. The Note Trustee shall not be required to (i) exercise any Loan Level Matters directly under the Senior Facility Agreement or (ii) exercise any of the functions of a Noteholder Representative, in each case, in the absence of the appointment of a Noteholder Representative but only insofar as it relates to the Noteholder Representative that has not been appointed.

If the Noteholders do not appoint a Noteholder Representative to direct the Issuer (prior to the delivery of a Note Acceleration Notice) or the Note Trustee (following the delivery of a Note Acceleration Notice), this will result in an abstention by the Issuer or the Note Trustee, as the case may be, in relation to a Loan Level Matter.

Following the results of the vote with respect to any Loan Level Matters, the Noteholder Representative will, to the extent that it has been appointed, determine whether any amendment to these Conditions and/or the Issuer Transaction Documents is required and may request the Issuer to convene a meeting of the Noteholders in connection with such amendment.

The Noteholders shall only be entitled to receive Loan Level Information or any information or communication in relation to a Loan Level Matter in accordance with the provisions of these Conditions and the Issuer Transaction Documents. For the avoidance of doubt no Loan Level Information or information in relation to a Loan Level Matter shall be made available or notified to the Noteholders pursuant to the Condition 15 (*Notice to and Communication between Noteholders*), subject to compliance with any applicable law or regulation.

Where:

"Noteholder Representative" means the representative appointed by the Noteholders acting by a Written Ordinary Resolution.

"Loan Level Information" means, each of the following items of information:

- (i) a compliance certificate delivered by the Borrowers to the Facility Agent setting out the minimum interest coverage ratio, loan to value ratio and other financial ratio covenant compliance of the Whole Loan calculated in accordance with the methodologies for determining compliance with the related covenants and provisions pursuant to the Senior Facility Agreement together with an appendix setting out the calculations used by the Borrowers in establishing the figures referred to in such certificate;
- (ii) a quarterly information report in respect of the Properties and the business of the Borrowers; and
- (iii) to the extent deliverable by any of the Borrowers on or prior to a particular Loan Interest Payment Date, all other information provided by the Borrowers pursuant to the information covenants contained in the Senior Facility Agreement.

"Loan Level Matters" means one or more of the following (and each a **"Loan Level Matter"**):

- (i) the exercise of any rights, powers and discretions of the Issuer in relation to the Loan and the Related Security that can only be exercised by a lender of record of the Loan or a beneficial owner of the Related Security; or
- (ii) any rights of consultation relating to the administration of the Loan (to the extent that the Issuer as lender of record has a corresponding consultation right under the Senior Facility Agreement or the Finance Documents).

"Written Ordinary Resolution" means a resolution in writing by holders of not less than 50.1 per cent. of the Principal Amount Outstanding of the Notes.

(b) **Note Trustee bound to act in accordance with a direction given by the Noteholder Representative**

At any time after the delivery of a Note Acceleration Notice, the Note Trustee shall be bound to vote in relation to Loan Level Matters if directed by the Noteholder Representative provided always that no direction shall be effective if it relates to a matter in respect of a Basic Terms Modification which modifications shall only be made at all times in accordance with Condition 12(iii) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*).

The Note Trustee shall assume that any Noteholder Representative has not ceased to be Noteholder Representative unless and until notified in writing in the contrary and the Note Trustee shall have no liability to the Noteholders, Issuer or any other person for acting on the instructions of the Noteholder Representative.

(c) **Disenfranchisement of Restricted Lenders**

The right of a Noteholder to appoint, acting alone or with one or more Noteholders, a Noteholder Representative for the purpose of directing the Note Trustee to either on-direct the Issuer to exercise or to exercise directly, as the case may be, the Issuer's votes under the Finance Documents in respect of Loan Level Matters pursuant to these Conditions shall not extend to or be exercisable by:

- (i) any member of the Group; or
- (ii) any Investor Affiliate.

The Noteholder Representative must not at any time be a member of the Group or an Investor Affiliate.

19. **Limited Recourse and Non-Petition**

Notwithstanding any other provision of these Conditions or the Note Trust Deed, any other Issuer Transaction Document or otherwise, the obligations of the Issuer to make any payment under the Notes will be equal to the nominal amount of such payment or, if less, the actual amount received or recovered from time to time by or on behalf of the Issuer which consists of funds which are required to be applied by the Issuer in making such payment in accordance with the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments, as applicable, upon enforcement of the Issuer Security constituted by the Deed of Charge and Assignment. The obligations of the Issuer under these Conditions and Note Trust Deed in respect of the Notes will be limited to such amounts from time to time and none of the Noteholders, Note Trustee or the Issuer Security Trustee will have any further recourse to the Issuer in respect of such obligations.

On enforcement of the Issuer Security and distribution of its proceeds in accordance with the Deed of Charge and Assignment, none of the Noteholders, the Note Trustee or the Issuer Security Trustee may take any further steps against the Issuer in respect of any amounts payable on the Notes or any other amounts and all claims against the Issuer in respect of those payments shall be extinguished and discharged.

None of the Note Trustee, the Issuer Security Trustee, the Noteholders or the other parties to the Issuer Transaction Documents will be entitled to petition or take any action or other steps or legal proceedings

for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of an administrator, manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets provided that the Note Trustee or the Issuer Security Trustee may prove or lodge a claim in the liquidation of the Issuer initiated by another party and provided further that the Note Trustee or the Issuer Security Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Deed of Charge and Assignment.

None of the Noteholders or any of the other parties to the Issuer Transaction Documents will have any recourse against any director, shareholder, or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of the Notes, the Deed of Charge and Assignment, or any other Issuer Transaction Document to which it is a party or any notice or documents which it is requested to deliver hereunder or thereunder.

Nothing in this Condition shall affect a payment under the Notes from falling due for the purposes of Condition 10 (*Note Events of Default*).

The provisions of this Condition 19 shall survive the redemption in full of the Notes.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be approximately £100,000,000 and this sum will be applied by the Issuer to pay the Initial Purchase Price to the Seller for the purchase of the Loan and the interest in the Related Security on the Closing Date pursuant to the Loan Sale Agreement.

FEES AND EXPENSES

Fees and expenses relating to the application for admission of the Notes to trading on the regulated market of the Irish Stock Exchange are expected to be approximately €6,800.

UNITED KINGDOM TAXATION

The following applies only to persons who are the beneficial owners of the Notes and is a summary of the Issuer's understanding of current United Kingdom law and published HMRC practice relating only to the United Kingdom withholding tax treatment of payments of interest in respect of the Notes. References in this section to "interest" shall mean amounts that are treated as interest for the purposes of United Kingdom taxation. This section does not deal with any other United Kingdom taxation implications of acquiring, holding or disposing of the Notes. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

This section assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the Conditions of the Notes).

Interest on the Notes

Payments of interest on the Notes may be made by the Issuer without withholding or deduction for or on account of United Kingdom income tax in the following circumstances:

- (a) where the Notes are listed on a "recognised stock exchange", within the meaning of section 1005 of the Income Tax Act 2007. The Irish Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Ireland in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the main market of the Irish Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax; and
- (b) where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount on account of United Kingdom income tax must generally be withheld from payments of interest on the Notes that has a United Kingdom source at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to that Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("**FATCA**") impose a new reporting regime and potentially a 30 per cent. withholding tax with respect to certain payments to (i) any non-U.S. financial institution (a "foreign financial institution", or **FFI** (as defined by FATCA)) that does not become a **Participating FFI** by entering into an agreement with the U.S. Internal Revenue Service (the "**IRS**") to provide the IRS with certain information in respect of its account holders and investors or is not otherwise exempt from or deemed to be in compliance with FATCA and (ii) any investor (unless otherwise exempt from FATCA) that does not provide information sufficient to determine whether the investor is a U.S. person or should otherwise be treated as holding a "United States account" of the Issuer (a "**Recalcitrant Holder**"). The Issuer may be classified as an FFI.

The new withholding regime is now in effect for payments from sources within the United States and will apply to **foreign passthru payments** (a term not yet defined) no earlier than 1 January 2017. This withholding would potentially apply to payments in respect of (i) any Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued after the **grandfathering date**, which is the date that is six months after the date on which final U.S. Treasury regulations defining the term foreign passthru payment are filed with the Federal Register, or which are materially modified after the grandfathering date and (ii) any Notes characterised as equity or which do not have a fixed term for U.S. federal tax purposes, whenever issued. Consequently, if the Notes are characterised as debt for U.S. federal tax purposes, withholding under FATCA would not apply to foreign passthru payments made in respect of the Notes absent a material modification or further issuance after the grandfathering date.

The United States and a number of other jurisdictions have announced their intention to negotiate intergovernmental agreements to facilitate the implementation of FATCA (each, an "**IGA**"). Pursuant to FATCA and the "Model 1" and "Model 2" IGAs released by the United States, an FFI in an IGA signatory country could be treated as a **Reporting FI** not subject to withholding under FATCA on any payments it receives. Further, an FFI in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA (or any law implementing an IGA) (any such withholding being **FATCA Withholding**) from payments it makes. Under each Model IGA, a Reporting FI would still be required to report certain information in respect of its account holders and investors to its home government or to the IRS. The United States and the United Kingdom have entered into an agreement (the "**U.S.-U.K. IGA**") based largely on the Model 1 IGA.

If the Issuer is treated as a Reporting FI pursuant to the U.S.-U.K. IGA, it does not anticipate that it will be obliged to deduct any FATCA Withholding on payments it makes. There can be no assurance, however, that the Issuer will be treated as a Reporting FI, or that it would in the future not be required to deduct FATCA Withholding from payments it makes. Accordingly, the Issuer and financial institutions through which payments on the Notes are made may be required to withhold FATCA Withholding if (i) any FFI through or to which payment on such Notes is made is not a Participating FFI, a Reporting FI, or otherwise exempt from or in deemed compliance with FATCA or (ii) an investor is a Recalcitrant Holder.

Whilst the Notes are in global form and held within the Clearing Systems, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any Paying Agent or the common depository, given that each of the entities in the payment chain between the Issuer and the participants in the Clearing Systems is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the Clearing Systems. If this were to happen, then a non-FATCA – compliant holder could be subject to FATCA Withholding. However, definitive Notes will only be printed in remote circumstances.

SUBSCRIPTION AND SALE

Morgan Stanley & Co. International plc (the "**Lead Manager**") has agreed, pursuant to a subscription agreement dated on or about the Closing Date (the "**Subscription Agreement**"), between the Lead Manager and the Issuer, subject to certain conditions, to subscribe and pay for agreed amounts of each of the Notes at 100 per cent. of their principal amount.

The Issuer has agreed to reimburse the Lead Manager for certain of its expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

United States of America

The Lead Manager has acknowledged with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Accordingly, the Lead Manager has agreed that it will only offer, sell or deliver the Notes outside the United States in offshore transactions in reliance on Regulation S.

In connection with sales outside the United States, the Lead Manager has agreed under the Subscription Agreement that, except for sales described in the preceding paragraph, it will not offer, sell or deliver the Notes to, or for the account or benefit of U.S. persons (a) as part of the Lead Manager's distribution at any time or (b) otherwise prior to the date that is 40 days after the later of the commencement of the offering and the closing date for the offering of the Notes (the "**Distribution Compliance Period**") and, accordingly, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and that it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable.

The Lead Manager under the Subscription Agreement has also agreed that, at or prior to confirmation of sales of any Notes, it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells any Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the end of the Distribution Compliance Period, the offer or sale of any Notes within the United States by a distributor, dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act.

United Kingdom

The Lead Manager has represented and agreed that except as permitted by the Subscription Agreement:

- (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 Financial Services and Markets Act 2000, as amended ("**FSMA**")) received by it in connection with the issue or sale of the 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 FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), the Lead Manager has represented and agreed that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular to the public in that Relevant Member State other than:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the Issuer for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes will require the Issuer or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression of an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State. The expression "**Prospectus Directive**" means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

Ireland

Subscription and Sale: Ireland

The Lead Manager has further represented and agreed that:

- (a) it has not offered, sold or placed and will not offer, underwrite, sell or place any Notes otherwise than in conformity with the provisions of the Prospectus (Directive 2003/71/EC) Regulations 2005, as amended, of Ireland and the provisions of the Irish Companies Acts, including any rules issued under Section 51 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank of Ireland;
- (b) it has not and will not offer, sell, underwrite or place any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005, as amended, of Ireland and any rules issued under Section 34 of the Investments Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland by the Central Bank of Ireland;
- (c) it will not underwrite the issue of, or place the Notes, otherwise than in conformity than with the provisions of the European Communities (Markets in Financial Instruments) Regulations 2007 (Nos. 1 to 3) and they will conduct themselves in accordance with any codes and rules of conduct and any conditions and requirements and any other enactment imposed or approved by the Central Bank with respect to anything done by them in respect of the Notes, and the provisions of the Investor Compensation Act 1998 (as amended) of Ireland;
- (d) it will not underwrite the issue of, or place, the Notes, otherwise than in conformity with the provisions of the Central Bank Acts 1942-2014), and any codes of conduct rules made under Section 117(1) thereof;
- (e) to the extent applicable it has complied with and will comply with all applicable provisions of the Irish Companies Acts 1963-2013; and
- (f) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, any document received by it in connection with the issue of the Notes to persons who are persons to whom the documents may otherwise lawfully be issued or passed on,

as each of the foregoing may be amended, restated, varied, supplemented and/or otherwise replaced from time to time.

General

Other than the approval by the Central Bank of Ireland of this Offering Circular as a prospectus in accordance with the requirements of the Prospectus Directive and implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market and the filing of this Offering Circular as a prospectus with the Companies Registration Office in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

The Lead Manager has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 20 April 2015.
2. It is expected that admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its regulated market will be granted on or about the Closing Date, subject only to the issue of the Global Note. The listing of the Notes will not occur if the Global Note is not issued. Transactions will normally be effected for sterling in sterling and for delivery on the third working day after the day of the transaction.
3. The Global Note have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

Common Code	ISIN
121117029	XS1211170292

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. For so long as the Notes are admitted on the Official List of the Irish Stock Exchange and to trading on its regulated market, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified office of the Paying Agent. The Issuer does not publish interim accounts.
5. The Issuer is not, and has not been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position or profitability.
6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.
7. Copies of the following documents may be inspected by Noteholders in physical form during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) and upon request by Noteholders at the specified offices of the Principal Paying Agent and at the registered office of the Issuer for the life of this Offering Circular:
 - (a) the memorandum and articles of association of the Issuer;
 - (b) the constitutional documents of each of the SKD Borrower Partners, the HHE Borrower Partners, the Office Borrower Partners and the Provincial Borrower Partners;
 - (c) the following documents and any amendments thereto from time to time (together, the "**Issuer Transaction Documents**"):
 - (i) the Note Trust Deed;
 - (ii) the Loan Sale Agreement;
 - (iii) the Deed of Charge and Assignment;
 - (iv) the Cash Management Agreement;
 - (v) the Issuer Corporate Services Agreement;
 - (vi) the Agency Agreement; and
 - (vii) the Master Definitions and Construction Schedule;

- (d) the Partnership Agreements;
- (e) the Initial Appraisal; and
- (f) the Senior Facility Agreement and the Transaction Security Documents (and any amendments thereto from time to time),

save that any such document will, only be available for inspection during the abovementioned hours at the specified offices of the Principal Paying Agent and at the registered office of the Issuer and in no circumstances will copies of the same be available physically, electronically or through any website.

For the purposes of this paragraph 7, only those Noteholders which have satisfied the Principal Paying Agent in accordance with Conditions 12(ix) and 12(x) (*Meetings of Noteholders, Modification and Waiver, Substitution and Termination of Issuer Related Parties*) that they are a Noteholder will be entitled to inspect copies of the documents referred to above.

8. PricewaterhouseCoopers LLP have been appointed as auditors to the Issuer. PricewaterhouseCoopers are a member of the Institute of Chartered Accountants in England and Wales, and their address is PricewaterhouseCoopers LLP, 7 More London Riverside, London, SE1 2RT.
9. The Note Trust Deed and the Deed of Charge and Assignment will provide that the Note Trustee and the Issuer Security Trustee may rely on reports or other information from professional advisors or other experts (whether addressed to or obtained by the Issuer, the Note Trustee, the Issuer Security Trustee or any other person) in accordance with the provisions of the Note Trust Deed and the Deed of Charge and Assignment respectively, whether or not such report or other information or engagement letter or other document entered into by the Note Trustee or the Issuer Security Trustee (as the case may be) and the relevant person in connection thereto, contains any monetary or other unit as the liability of the relevant professional advisor or expert.
10. Except as is outlined in the sections of this Offering Circular entitled "*CASH MANAGEMENT*", the Issuer does not intend to provide any post-issuance information in relation to the Notes.
12. No website referred to in this Offering Circular forms part of this Offering Circular for the purposes of the listing of the Notes on the Irish Stock Exchange or for the purposes of the approval of this Offering Circular as a Prospectus.
13. Knight Frank, the Valuer who carried out the Initial Appraisal, is a member of the RICS. Its business address is 55 Baker Street, London W1U 8AN.
14. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the regulated market of the Irish Stock Exchange for the purposes of the Prospectus Directive.

**APPENDIX 1
INITIAL APPRAISAL**



Valuation report

MAX Office Portfolio

Prepared on behalf of

Morgan Stanley & Co. International plc and

Hatfield Philips Agency Services Limited and

U.S. Bank Trustees Limited and

Midas Funding UK PLC

Date of issue: 10 April 2015

Contact details

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KF ref: 340199

Knight Frank LLP is a limited liability partnership registered in England with registered number OC36924.
Our registered office is 55 Baker Street, London, W1U 8AN where you may look at a list of members' names.

Executive summary

The executive summary below is to be used in conjunction with the valuation report to which it forms part and is subject to the assumptions, caveats and bases of valuation stated herein and should not be read in isolation.

Address

The portfolio comprises of the following properties:

- **The High Holborn Estate**
18-21 Hand Court; 22-23 Hand Court; 45 Bedford Row; 46 Bedford Row; 47-47A Bedford Row; 48 Bedford Row, Brownlow House, High Holborn; Caroline House, High Holborn; High Holborn House, London
- **St Katherine's Dock, London**
Commodity Quay; The Ivory House; International House; Devon House; Dickens House; Marble Quay; Cloisters Walk and The Haven.
- **New Bond House, Blocks A&B and Berkeley House, Bristol**
- **Concord Business Park, Manchester**
- **Overbridge House, Newbury**
- **Solent Business Centre, Solent**
- **Broadlands Business Campus, Horsham**
- **The Workplace Building, Milton Keynes**
- **Centric MK, Milton Keynes**
- **Silbury Court, Milton Keynes**

Tenure

The interests to be valued are:

Property	Tenure
The High Holborn Estate	
18-21 Hand Court	Freehold
22-23 Hand Court	Freehold
45 Bedford Row	Freehold
46 Bedford Row	Freehold
47-47A Bedford Row	Freehold
48 Bedford Row	Freehold

Executive summary cont.

Brownlow House, High Holborn	Freehold
Caroline House, High Holborn	Freehold
High Holborn House, London	Freehold
St Katherine's Dock, London	
Commodity Quay;	Freehold
The Ivory House;	Freehold
International House;	Freehold
Devon House;	Freehold
Dickens House;	Freehold
Marble Quay;	Freehold
Cloisters Walk	Freehold
The Haven.	Freehold
New Bond House, Blocks A&B	Freehold
Berkeley House, Bristol	Freehold
Concord Business Park, Manchester	Long leasehold
Overbridge House, Newbury	Freehold
Solent Business Centre, Solent	Freehold
Broadlands Business Campus, Horsham	Freehold
The Workplace Building, Milton Keynes	Freehold
Silbury Court, Milton Keynes	Freehold
Centric MK, Milton Keynes	Freehold

Valuation date | 21 November 2014

Current rent | The current gross total income across the portfolio is:
£18,175,128 per annum (Actual)
£22,545,626 per annum (Contracted)

Executive summary cont.

Property Address	Current Gross Rent p.a.	Market Rent p.a.
The High Holborn Estate		
18-21 Hand Court;	£162,427	£302,750
22-23 Hand Court;	£140,367	£273,357
45 Bedford Row;	£69,000	£171,250
46 Bedford Row;	Vacant	£0
47-47A Bedford Row;	Vacant	£0
48 Bedford Row,	£32,158	£63,250
Brownlow House, High Holborn;	£122,166	£490,750
Caroline House, High Holborn;	£20,400	£1,111,750
High Holborn House, London	£799,683	£3,649,235
Sub-Total	£1,346,201	£6,062,342
St Katherine's Dock, London		
Commodity Quay	£0*	£6,096,183
The Ivory House	£890,746	£1,002,375
International House	£6,963,038	£7,836,890
Devon House	£2,751,982	£3,319,250
Dickens House	£485,000	£485,000
Marble Quay	£123,800	£334,250
Cloisters Walk	£98,000	£100,000
The Haven	£45,000	£23,000
Various car parking	£347,686	£275,000
	*£4,370,498 after rent free	
Sub-Total	£11,725,252	
	(£16,095,750 – contracted)	£19,471,948
New Bond House, Blocks A&B		
Berkeley House, Bristol	£178,085	£233,604
	£85,000	£75,000
Concord Business Park, Manchester		
	£1,233,378	£2,038,949
Overbridge House, Newbury		
	£539,735	£740,000

Executive summary cont.

Property Address	Current Gross Rent p.a.	Market Rent p.a.
Solent Business Centre, Solent	£645,864	£698,309
Broadlands Business Campus, Horsham	£1,126,000	£1,022,750
The Workplace Building, Milton Keynes	£184,250	£173,000
Silbury Court, Milton Keynes	£882,038	£960,250
Centric MK, Milton Keynes	£229,325	£1,044,000
Total	£18,175,128 Actual £22,545,626 Contracted	£32,520,152

Market Rent | **£32,520,152 per annum**
(Thirty Two Million, Five Hundred and Twenty Thousand, One Hundred and Fifty Two Pounds)

Market Value | We are of the opinion that the aggregate Market Value of the freehold and leasehold interests in the properties, subject to the existing tenancies, as at the date of valuation is:
£477,544,000
(Four Hundred and Seventy Seven Million, Five Hundred and Forty Four Thousand Pounds)

Market Value Assumption | The aggregate Market Value has been reached on the basis of various assumptions, including but not limited to, Knight Frank's knowledge of the local markets and information provided by Blackstone, including (but not limited to) any void periods, void costs, rent free periods, asset specific capital expenditure required, and assumptions as to the local leasing and investment market conditions.

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Appendices

Appendix 1 - Instruction documentation

Appendix 2 - Commercial Market Commentary

1 Instructions

Engagement of Knight Frank LLP

- Instructions**
- 1.1 We refer to your instruction email of 27 February 2015 and to our subsequent Terms of Engagement letter and General Terms of Business for Valuations of 10 March 2015, to provide you with a valuation of the properties as at 21 November 2014 for the purpose of inclusion in an Offering Circular in relation to the securitisation of a loan. This Offering Circular valuation report (the "Initial Appraisal") is prepared in conjunction with the original Max Office Portfolio Overview Report dated 4 December 2014 and the individual property reports dated 19 December 2014 (both the "original Valuation Report").
- 1.2 Knight Frank accepts responsibility for the Initial Appraisal which is contained in the Offering Circular only and the information contained in the Initial Appraisal is at the valuation date and with the exception of the Initial Appraisal, Knight Frank does not accept any liability in relation to the information contained in the Offering Circular or any other information provided by the Issuer or any other party in connection with the issue of the Notes.
- 1.3 Knight Frank does not have any material interest in the Issuer or any member of the Group.

Knight Frank (a) has given and has not withdrawn its written consent both to the inclusion in the Offering Circular of the Initial Appraisal and to references to the Initial Appraisal in the form and context in which they appear, and (b) has authorised and accepts responsibility for the Initial Appraisal. With the exception of the Initial Appraisal, Knight Frank does not accept any liability in relation to the information contained in the Offering Circular or any other information provided by the Issuer or any other party in connection with the Notes. Furthermore Knight Frank has provided confirmation that it has not been informed or has been made aware of any material change in any matter relating to the Properties since 21 November 2014 which would have a significant effect on the Initial Appraisal.

Prospective Noteholders should be aware that the Initial Appraisal was prepared prior to the date of the Offering Circular. Knight Frank has not been requested to update or revise any of the information contained in the Initial Appraisal, nor will it be asked to do so prior to the issue of the Notes. Accordingly, the information included in the Initial Appraisal may not reflect the current physical, economic, competitive, market or other conditions with respect to the Properties. None of the Borrowers, Morgan Stanley & Co. International plc as Arranger and Lead Manager,

the Originator, the Seller, the Cash Manager, the Note Trustee, the Issuer Security Trustee, the Security Agent, the Facility Agent, the Corporate Services Provider, the Principal Paying Agent, the Agent Bank, the Account Bank, the Registrar or any Issuer Related Party or any other party referred to in the Offering Circular are responsible for the information contained in Initial Appraisal.

The information contained in the Initial Appraisal must be considered together with all the information contained elsewhere in the Offering Circular, including without limitation, the statements made in the section entitled "RISK FACTORS – D. LEGAL AND REGULATORY REQUIREMENTS - Valuations". All of the information contained in the Initial Appraisal is subject to the same limitations, qualifications and restrictions contained in the other portions of the Offering Circular. Prospective Noteholders are strongly urged to read this Offering Circular in its entirety prior to considering this Initial Appraisal.

Client	1.4	<p>Our client for this instruction is:</p> <ul style="list-style-type: none"> • Hatfield Philips Agency Services Limited, as Facility Agent of the Lenders and Security Agent under (and as such terms are defined in) the Facility Agreement; • U.S Bank Trustees Limited, as the Note Trustee and Issuer Security Trustee in relation to the proposed securitisation of the Loan and issue of the Notes; • Morgan Stanley and Co. International plc; • Midas Funding UK PLC <p>together, the "Client", in connection with the proposed securitisation of loans (or parts of loans) originally advanced by Morgan Stanley Bank, N.A. (the "Loan") and secured by the properties.</p>
Your borrower	1.5	We understand that your customer is Blackstone ("the Borrower").
Valuation standards	1.6	This valuation has been undertaken in accordance with the Royal Institution of Chartered Surveyors (RICS) Valuation - Professional Standards 2014 Global & UK edition ("the Red Book") including the International Valuation Standards.
Purpose of valuation	1.7	You have confirmed that the Initial Appraisal is provided solely for the purpose of consideration of issuance of £100,000,000 (One Hundred Million Pounds) of notes by the Issuer in connection with the proposed securitisation of the Loan, or part of the Loan, which are five year loans to the Borrowers in order to refinance the properties.
	1.8	Although we comment on the suitability of the Properties as loan security, we do not in the context of the specific loan terms.
Conflict of	1.9	We confirm that we do not have any material connection or involvement giving rise

Interest	<p>to a conflict of interest and are providing an objective and unbiased valuation.</p> <ul style="list-style-type: none"> • With the exception of New Bond House, Bristol where Knight Frank are are instructed as leasing agents on the vacant suite (c. 5,500 sq. ft.) on behalf of Blackstone. <p>We have previously disclosed this to you and you have confirmed that notwithstanding this matter, you are content for us to proceed with this instruction. We are in a position to provide an unbiased valuation.</p> <p>1.10 We are acting as External Valuers, as defined in the Red Book.</p>
Responsibility to third parties	<p>1.11 Additionally, as stated in Clause 3.1 of our General Terms of Business for Valuations, no liability is accepted to any third party for the whole or any part of the valuation report.</p> <p>1.12 If permission is granted to any third party to rely upon the Initial Appraisal this shall only be on the basis that such parties shall become subject to the terms (Terms of Engagement letter) concerning the liability and legal responsibility of Knight Frank and our General Terms of Business for Valuations. Without limitation, such permission shall be given only on the express basis that any and all claims against Knight Frank relating in any way to the valuation reports shall be brought exclusively in the Courts of England and Wales, subject only to English law, and subject to the agreed aggregate liability cap.</p> <p>1.13 Notwithstanding the foregoing, permission shall not be given in any circumstances for any third party to rely upon the Initial Appraisal or to become party to this engagement, or for the Initial Appraisal to be referred to in or included in any offering circular etc, that may have the effect of exposing Knight Frank to liability for actual or alleged violations of the Securities Act 1933 as amended, the Securities Exchange Act 1934 as amended, any state Blue Sky or securities law or similar federal, state, provincial, municipal or local law, regulation or order in either the United States of America or Canada or any of their respective territories or protectorates.</p> <p>1.14 Nothing in this letter or in our General Terms of Business for Valuations excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of law.</p>
Disclosure & publication	<p>1.15 The Initial Appraisal will form part of the Offering Circular., Other than as set out in Clause 1 of our Terms of Engagement letter, a copy of which is attached at Appendix 1, neither the whole, nor any part, of the valuation report nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written approval of the form or context in which it may appear.</p>

- 1.16 Knight Frank accepts that the Initial Appraisal will need to be disclosed to rating agencies but for the avoidance of doubt this is to be on a non-reliance basis.
- Limitations on liability** 1.17 Notwithstanding Clause 3.3. of our General Terms of Business for Valuations attached at Appendix 1, it has been agreed between us that our maximum liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise on a property by property basis will in no circumstances exceed in total the amount specified against each property as set out in the attached schedule in the Terms of Engagement and in no circumstances exceed £75,000,000 for this instruction in aggregate and that this shall apply to all subsequent valuations undertaken under this Engagement (unless varied by agreement between us).
- Expertise** 1.18 The valuers, on behalf of Knight Frank LLP, with the responsibility for the individual reports are listed below. We confirm that the valuers meet the requirements of RICS Valuation – Professional Standards VS 1.6, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently and are RICS Registered Valuers.

Property	Valuer
The High Holborn Estate	Roger Meeds MRICS
St Katherine's Dock	Andrew Low MRICS
New Bond House and Berkeley House, Bristol	Samantha Ripley MRICS
Concord Business Park, Manchester	Charles Ardern MRICS
Overbridge House, Newbury	Aimee Gosling MRICS
Solent Business Centre, Solent	Robert Walker MRICS
Broadlands Business Campus, Horsham	Moray Pike MRICS
The Workplace Building, Milton Keynes	Aimee Gosling MRICS
Silbury Court, Milton Keynes	Mark Stebbings MRICS
Centric MK, Milton Keynes	Mark Stebbings MRICS

- Vetting** 1.19 This report has been vetted as part of Knight Frank LLP's quality

assurance procedures.

Scope of enquiries & investigations

Inspection 1.20 We were instructed to carry out an internal and external inspection of the properties. Our inspections of the properties were undertaken as follows:

Property	Valuer	Date
The High Holborn Estate	Roger Meeds, Simon Gillespie and Matthew Cripps	14 th November 2014
St Katherine's Dock	Andrew Low, Simon Gillespie and Guy Schiess	19 th November 2014
New Bond House and Berkeley House, Bristol	Samantha Ripley	17 th and 18 th November 2014
Concord Business Park, Manchester	Charles Ardern and Aaron Graham	17 th November 2014
Overbridge House, Newbury	Aimee Gosling and Simon Gillespie	18 th November 2014
Solent Business Centre, Solent	Robert Walker	17 th November 2014
Broadlands Business Campus, Horsham	Moray Pike	18 th November 2014
The Workplace Building, Milton Keynes	Aimee Gosling and Jeremy Tham	20 th November 2014
Silbury Court, Milton Keynes	Mark Stebbings and Jeremy Tham	20 th November 2014
Centric MK, Milton Keynes	Mark Stebbings and Jeremy Tham	20 th November 2014

Source: Knight Frank

Investigations 1.21 The extent of enquiries/investigations made is set out in our General Terms of Business. In carrying out this instruction we have undertaken verbal / web based enquiries referred to in the relevant sections of this report. We have relied upon this

information as being accurate and complete.

Information provided	1.22	We have relied on information provided to us by you (or a third party) and have assumed it to be correct. This information is highlighted in the original Valuation Report. This information has been relied upon by us in our Initial Appraisal, subject only to the verification we agreed to take.
	1.23	Our Initial Appraisal will necessarily be based upon a number of assumptions, as set out in the General Terms of Business for Valuations, the Terms of Engagement letter and within the Initial Appraisal.
	1.24	In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section in the previously provided long form reports which should be read in-conjunction with this report.

Valuation bases

	1.25	In accordance with your instructions, we have provided opinions of value on the following bases:-
Market Value (MV)	1.26	The aggregate Market Value of the freehold and leasehold interests in the properties in their current physical condition, subject to the existing tenancies.
Market Rent (MR)	1.27	The aggregate Market Rent of the properties. Our letting assumptions have previously been provided within the long form reports and we refer you to the assumptions highlighted at the date of valuation and contained within these reports.
Market Rent as if completed	1.28	The aggregate Market Rent as if the proposed schemes have been completed at the valuation date. Our letting assumptions are set out in the Valuation Section of the report.
Valuation date	1.29	The valuation date is 21 November 2014. <ul style="list-style-type: none"> • We draw to your attention that property values can change over a relatively short period. We have not taken any action to review or to update the valuations contained in this Initial Appraisal since 21 November 2014.

2 The portfolio

Location

- 2.1 As can be seen from the map below, the Portfolio is mainly located in London, accounting for 87.96% by Market Value. The remainder of the portfolio is located

across England.



The properties

2.2 We summarise the properties as below and set out a summary of the floor areas in the following table:

Property Address	Floor Area sq ft
The High Holborn Estate	
18-21 Hand Court;	8,342 sq ft
22-23 Hand Court;	8,429 sq ft
45 Bedford Row;	4,658 sq ft
46 Bedford Row;	3,650 sq ft
47-47A Bedford Row;	2,226 sq ft
48 Bedford Row,	2,505 sq ft
Brownlow House, High Holborn;	6,839 sq ft (Office) / 3,429 sq ft (Retail)
Caroline House, High Holborn;	13,789 sq ft (Office) / 5,224 sq ft (Retail)
High Holborn House, London	67,007 sq ft (Office) / 10,694 sq ft (Retail)
Sub-Total	136,792 sq ft
St Katherine's Dock, London	
Commodity Quay	142,082 sq ft
The Ivory House	36,358 sq ft (Office) and 36,358 sq ft (Resi)
International House	
Devon House	214,682 sq ft
Dickens House	90,449 sq ft
Marble Quay	22,506 sq ft
Cloisters Walk	10,674 sq ft
The Haven	1,694 sq ft
	1,320 sq ft
Sub-Total	556,123 sq ft
New Bond House, Blocks A&B, Bristol	34,979 sq ft
Berkeley House, Bristol	10,019 sq ft
Concord Business Park, Manchester	129,537 sq ft

Property Address	Floor Area sq ft
Overbridge House, Newbury	57,453 sq ft
Solent Business Centre, Solent	69,142 sq ft
Broadlands Business Campus, Horsham	115,779 sq ft
The Workplace Building, Milton Keynes	25,460 sq ft
Silbury Court, Milton Keynes	77,796 sq ft
Centric MK, Milton Keynes	105,393 sq ft
Total	1,318,473 sq ft

The High Holborn Estate, London WC1

- 2.3 • Situated on an island site to the north of High Holborn between Holborn and Chancery Lane Underground Stations within the Central London district of Midtown.

The Estate comprises 9 properties:

High Holborn House is predominantly an office building with retail on the ground floor to the High Holborn frontage;

Caroline House is a comprehensively refurbished office building with retail to the ground floor fronting High Holborn;

Brownlow House is a corner office building with a retail unit to High Holborn with return frontage to Brownlow street;

18-21 Hand Court is a two storey office building;

22-23 Hand Court has office accommodation to the ground floor with residential flats above;

45 Bedford Row is currently used as offices but with residential potential;

46 Bedford Row is a vacant period office, formerly a townhouse, as is 47-47a Bedford Row;

48 Bedford Row is, again, a period former townhouse currently occupied and used as offices.

- 2.4 • The whole Estate comprises 136,792 sq ft of which 113,769 sq ft is office accommodation, 19,347 sq ft retail and 3,676 sq ft residential.



High Holborn House originally constructed in the 1920s is of steel frame construction with brick and stone elevations, together with single-glazed metal-framed windows (secondary glazing to part) beneath a flat asphalt roof. The accommodation provides a combination of open plan and cellular offices with a varied specification throughout. There is a main entrance off High Holborn to the front and a secondary entrance to Bedford Row to the rear.



Caroline House was originally constructed in the 1960s and is of steel-frame construction with concrete stone cladding and a glazed façade. The office accommodation and reception has recently been comprehensively refurbished. The accommodation now provides double glazing, parquet flooring, wall-mounted air conditioning and heating units, together with new WCs and showers. The unit immediately to the left of the office entrance is currently vacant and adjacent to this is Davy's Wine Bar with sales space to the ground floor and a wine bar to the basement.



Brownlow House was built in the late 19th Century and is of brick construction with partial stone cladding, together with single-glazed timber and metal windows beneath a tiled mansard roof. The office accommodation is accessed via a small ground floor reception area on Brownlow Street which, via a dated small lift, provides access to the four floors above. The floors are irregular in shape and are of similar specification to include solid timber floors, perimeter trunking, strip lighting and are centrally heated. To the ground floor is a prominent retail unit with frontage both to High Holborn and Brownlow Street.



18-21 Hand Court was originally constructed in the 19th Century and is of traditional brick construction with glazed timber-framed windows beneath a mansard roof. The building provides office accommodation on the ground to 2nd floors with basement storage.



22-23 Hand Court is a period property with residential accommodation on part 1st to 4th floors with self-contained office accommodation with a retail frontage located to the basement, ground and part 1st floor.

The residential accommodation comprises 6 flats (3 one-bedroom flats, 2 two-bedroom flats and 1 three-bedroom flat).



45 Bedford Row is a period building with frontage onto Hand Court and accommodation over basement, ground and 5 upper floors. It is of traditional brick construction with stone cladding onto the Bedford Row elevation with full height windows to the ground floor and timber-framed sash windows to the upper floors beneath a mansard tile roof. Internally, the office accommodation is accessed via the ground floor reception via a small 3-person lift and stairs up to the 5 floors above. All the floors are similar having been refurbished in 2011 with solid floors and central heating radiators to the walls, up-lights together with a plaster-board ceiling with spotlights and floor boxes. The floor to ceiling height is 2.5 metres.

Some of the floors are open-plan and some cellular. There are WCs on each floor.



46 Bedford Row; 47-47a Bedford Row; and 48 Bedford Row - all three properties are self-contained, Grade II listed, mid-terraced buildings built originally as typical London town-houses. They are arranged over basement, ground and 3 upper floors. They are of traditional brick construction with brick elevations and single-glazed timber-framed sash windows beneath pitched tiled roofs. Each building is divided into a series of rooms with number 48 being the only building that is currently occupied. Each building has a basement with natural light but no views. Each floor generally has a room to the front and one/two rooms to the rear with the floor to ceiling height getting lower the higher up the building. The buildings which are currently vacant are in a very poor condition with damp noted throughout.



- 2.5
- The various properties are let to 34 tenants with Caroline House, 46 and 47-47a Bedford Row being wholly vacant. There are a number of floors within other buildings on the Estate which are vacant, however, these are either under offer or in the course of being refurbished and re-let. The weighted unexpired term of the estate assuming breaks are exercised is 3.6 years which in the current occupational market could be seen as an opportunity.
 - Current gross rent is £1,346,201 per annum. Net rent is £372,158 per annum due to landlord shortfalls on vacant space; total Market rent is £6,062,342 per annum

Property	Gross Passing Rent
High Holborn House	£799,683 (including substantial rent free periods) – see below **
Caroline House	£20,400 (vacant)
Brownlow House	£122,166
18-21 Hand Court	£162,427

22-23 Hand Court	£140,367
45 Bedford Row	£69,000
46, 47-47a & 48 Bedford Row	£32,158 (48 occupied, 46-47a vacant)
Total	£1,346,201 **

- 2.6 ** - The gross passing rent on High Holborn House is distorted due to the valuation date being at the start of 5 new tenancies and thus being within the rent free periods. On expiry of the rent free periods, by 31/10/2015 at the latest, the rent rises to £1,793,098, showing a total for the whole property of £2,339,646.
- 2.7
- Take-up totalled in quarter 3 2014 totalled 280,908 which was down from the previous quarter of 2014 at 392,064 but up from Quarter 1 which stood at 163,375 sq ft. Availability in Q3 fell marginally from 949,585 in Q2 to 858,834 sq ft representing a vacancy rate of 5.1% compared to 5.0% at year end 2013. Prime headline rents remained at £62.50-£65 per sq ft at the City end of Midtown towards the West End of Midtown, non Tower rents were at £77 per sq ft for grade space.
- 2.8
- Investment turnover in the City totalled £2.1 bn in the third quarter, equalling the volume of assets traded in the preceding quarter and above the long-term average of £1.8 bn. An on-going theme in this market is the effect of limited supply on turnover levels. At the end of the third quarter, availability had risen significantly; we estimate that £4.3 bn of assets were available to purchase compared to an average of around £2.7 bn. Much of this increase is in large lot size assets, with almost three quarters of availability involving assets over £100 m.
 - Overseas purchasers accounted for 71% of sales by value, with the majority of interest focused on larger lot sizes. However, domestic investors remained very active, accounting for more than half of all transactions by number of deals. The prime yield remained at 4.50% in the third quarter, although we expect further downward pressure towards the end of the year.
- High Holborn House** 2.9
- In arriving at our valuation we have assumed that the floors currently being refurbished are completed and that those floors, save for the fifth floor north, that has not been refurbished will be refurbished in the near future. We understand from Blackstone that all these works are contained within the outstanding Capex amount of £2,250,000. We understand, equates to approximately £55.00 per sq ft on the office floors.

- 2.10 • As a consequence, we have adopted refurbished ERVs across the building where our assumption is that space becomes vacant on a lease expiry. Where we have assumed that a tenant stays (in these cases the tenants are located on recently refurbished floors) we have assumed a net effective rent. This only applicable at rent review/lease renewal. The net effective rent is calculated by deducting a market 'net rent free' period over the term of the lease, in this instance 5 years. The rent free period is reduced by a notional 'fit out' period to arrive at the 'net rent free' period.

- 2.11 For ease of reference we set out below how we have treated each floor:

Table 1:

Floor	Rent adopted	Headline rent per sq ft	Net Effective Rent per sq ft
6th floor South	Net effective	£58.00	£52.00
6th floor North	Headline	£60.00	£54.00
5th floor North	Net effective	£58.00	£52.00
5th floor South	Net effective	£58.00	£52.00
5th floor West	Net effective	£48.00	£42.50
4th floor West	Net effective	£52.50	£47.00
4th floor East, North & South	Headline	£52.50	£47.00
3rd floor South	Headline	£52.50	£47.00
3rd floor East, West & North	Net effective	£52.50	£47.00
2nd floor North	Headline	£52.50	£47.00
2nd floor South	Net effective	£52.50	£47.00
2 nd floor East and West	Net Effective	£52.50	£47.00
1st floor East, West & North	Net effective	£52.50	£47.00

Floor	Rent adopted	Headline Rent per sq ft	Net Effective Rent per sq ft
Ground floor North	Headline	£47.50	

- 2.12
- There remains a high level of interest from all investor types in the Midtown subsector of Central London due to its relative affordability compared to the West End. The tenant mix has changed somewhat over the last 5 years with more media style companies settling in the area.
 - Midtown has the lowest supply in Central London and, therefore, there has been extreme pressure on rents particularly in the last 6 months where there has been substantial rental growth.
 - An asset such as the High Holborn Estate, whilst 5 years ago would be seen as a secondary asset, now lies within a rapidly developing and improving location. If marketed, we are of the opinion it would attract great interest, particularly as the buildings can be split and sold separately.
 - There is a wide range of opportunities to include refurbishment and re-letting of floors in High Holborn House to drive rents forward; capitalising on the lack of refurbished space in Midtown by letting Caroline House; and capitalising on the strong Central London residential market.
 - In respect of market rents, the retail accommodation has recently or is to be imminently let and, therefore, provides ideal market evidence. Whilst there has been evidence of office lettings within High Holborn House, there has been little if no evidence within Brownlow House, 45 Bedford Row and Hand Court or in similar buildings surrounding the estate. Whilst there have been no lettings within Caroline House there have been comparable deals in the vicinity.
 - There are a number of vacant floors within the estate but we are confident that in the current market it will not take long to secure tenants for these and therefore voids will be minimal.
 - We have adopted the outstanding costs provided by Blackstone. Future costs have been budgeted based on actual recent expenditure and therefore we consider this appropriate.
 - The residential market continues to be strong in Central London and we anticipate that should the Bedford Row properties come to the market in the near future then they will receive a great deal of interest. It cannot however be guaranteed that this level of interest can be maintained for the long term as there remains uncertainty as to what the local authority policies on conversions from office to residential will be in the future.

St Katherine's Dock, St Katherine's Way, London E1

- 2.13 • The property forms part of an island site bounded by The Highway to the north, Thomas More Street to the east, the River Thames to the south and St Katherine's Way and Tower Bridge to the west. The property is located just outside the eastern fringe of the City of London within the E1 postcode within the The London Borough of Tower Hamlets. Immediately adjacent to the property is the Tower of London and Tower Bridge.

The Estate comprises 8 properties:

Commodity Quay – an office and restaurant property arranged over ground and seven upper floors.

International House – a predominately office property with some retail at ground arranged over basement, vault, ground and six upper floors that overlooks the Tower of London.

Devon House – an office property that has a frontage onto the River Thames arranged over ground and five upper floors.

Ivory House - a historic building office, retail and residential building. In total there are 10 units.

The Dickens Inn – a public house.

Marble Quay – a brick office, restaurant and residential building.

The Haven – a restaurant building overlooking the docks.

Cloisters Walk – two retail units.



Commodity Quay was originally constructed in the 1980's and has recently undergone a substantial refurbishment to provide 142,082 sq ft of office, restaurant and ancillary accommodation arranged over quay side and seven upper floors. The property is of part reinforced concrete and part steel framed construction with brick elevations and double glazed metal windows under a flat roof.



International House was constructed in the 1980's and comprises office and restaurant accommodation arranged over ground, mezzanine and six upper floors totalling 214,682 sq ft. The property is of concrete frame construction with brickwork elevations, punched arched windows from first floor with full height glazing at ground level.



Devon House was constructed in the 1980's and comprises office accommodation arranged around three wings with basement, ground floor and five upper floors. In total there is 90,449 sq ft of accommodation. The property is of concrete cased steel columns with a mix of brick and stone cladding and metal framed double glazed windows.



Ivory House was originally constructed in 1850's as a warehouse and provides retail, office and residential accommodation. In total there is 35,879 sq ft of commercial accommodation and 36,358 sq ft of residential accommodation. There are 10 retail units arranged over lower ground and ground floor, office accommodation is arranged over first floor with residential over three upper floors. The property would appear to be of a solid brick construction under a pitched slate tiled roof.



Cloisters Walk is a small self-contained retail unit measuring 1,694 sq ft arranged over ground and first floor. The tenant has fitted the unit out to suit their occupational requirements. There is a further ground floor only art gallery included within this demise.



Marble Quay is split into residential and commercial use with the commercial, measuring 10,674 sq ft, to the west end of the property. It would appear that the property is of steel framed construction with brick elevations underneath a tiled pitched roof.



Dickens Inn is in two sections, the north being exposed timber framing comprising the public house and restaurants, the south housing the main bar and banqueting facilities, together measuring 22,506 sq ft.



The Haven is low level, being generally single storey and up to two storeys centrally and to the north. The north building houses the Harbour Master's Office, including the turret feature and the south provides restaurant facilities which has been fitted out to suit their own corporate requirements and measuring 1,320 sq ft.



2.14 • Title to the property is a combination of freehold and leasehold interests.



- 2.15 We understand that the property comprises the following:
- The Freehold Property under Title Number NGL93942 – this is the area tinted navy blue on the plan above.
 - Ground, first, second and third floor flats of Ivory House under Title Numbers EGL437446 and AGL279492. Held Leasehold for a term expiring 24 December 2154 at a peppercorn. This is an underlease to EGL319232.
 - Ivory House under title numbers EGL319232, EGL326746 and EGL537101. EGL319232 is held leasehold for a term expiring 6 December 2992 at a fixed ground rent of £50.00 per annum.
 - International House under Title Numbers AGL291357 and EGL318871. Both interests held Leasehold for a term expiring 6 December at a fixed ground rent of £50.00 per annum.
 - Commodity Quay under Title Number EGL319233. Held Leasehold for a term expiring 6 December 2992 at a fixed ground rent of £50.00 per annum.
 - Devon House under Title Number EGL318576. Held Leasehold for a term expiring 6 December 2992 at a fixed ground rent of £50.00 per annum.
 - The Dock under Title Number EGL317555 and EGL430260. Both interests held Leasehold for a term expiring in 2992 at a peppercorn.
- 2.16 The property is multi-tenanted on a mix of full repairing and insuring and internal repairing terms. We have set out below a summary of the total passing rents for each asset:

Property	Total Gross Passing Rent (per annum)
Commodity Quay	£0 (rising to £4,370,498 per annum on expiry of contracted rent frees)
International House	£6,963,038
Devon House	£2,751,982
Ivory House	£890,746
Cloisters Walk	£98,000
Marble Quay	£123,800

The Dickens Inn	£485,000
The Haven	£45,000
Various Car Parking	£347,686

- 2.17 • The Estate is multi let with a money weighted average unexpired lease term of 8.84 years to the earlier of breaks or leases.
- 2.18 • Leasing activity in the City, in the third quarter reached levels not witnessed for more than a decade as demand strengthened across the market. Take-up totalled in excess of 3.0 m sq ft, the highest quarterly total since Q3 2000 and 73% higher than the long-term average.
- City availability fell by 8% to 8.7 m sq ft as the increased occupier activity continued to place pressure on supply. Supply is now 18% below long-term average levels, while the vacancy rate is 7.3%, the lowest since 2007. The sustained levels of occupier demand will continue to erode availability into the final quarter.
 - Although demand for City space remains strong, prime headline rents have remained stable at £60.00 per sq ft for the fourth consecutive quarter, with rent free periods remaining at 24 months on a ten-year term certain.
 - Compared to the rest of Central London, the eastern City fringe has seen very little new speculative development stock built in recent years. In the eastern fringe, there has been less than 200,000 sq ft of new space delivered in the last five years, which is the equivalent of just 3% of total stock. In comparison, the neighbouring City Core has seen almost 7.0 m sq ft of speculative completions during the last five years, the equivalent of 11% of stock.
 - This helped to keep vacancy rates in the eastern fringe relatively low; at the end of 2012 the vacancy rate was just 7.1%, significantly lower than the 8.4% recorded across the wider City market.
- 2.19 Our opinion of the Market Rent of Commodity Quay, International House, Devon House and Ivory House is based upon the following:

Commodity Quay Market Rent workup

Floor	Area Sq Ft	Valuation Rent per sq ft	Market Rent
7 th	9,496	£60.00	£569,760

6 th	13,093	£60.00	£720,115
5 th	13,188	£50.00	£659,400
4 th	12,820	£47.00	£602,540
3 rd	24,178	£44.00	£1,063,832
2 nd	25,938	£43.00	£1,115,334
Part 1 st	4,964	£40.00	£198,560
Part 1 st & Ground	20,934	£31.64	£662,392
Storage Areas	977	£10.00	£9,750
Restaurant 1	5,644	£31.89	£180,000
Restaurant 2	5,943	£28.10	£167,000
Car Parking Spaces	59 Space	£2,500	£147,500
Say			£6,096,183

International House Market Rent workup

Floor	Area Sq Ft	Valuation Rent per sq ft	Market Rent
6 th	27,424	£38.25	£1,010,722
5 th	28,202	£36.00	£1,143,500
4 th	30,976	£34.00 to £40.00	£1,161,600
3 rd	29,852	£40.00	£1,143,250
2 nd	30,424	£37.50	£1,095,000
1 st	22,302	£31.85 to £37.50	£853,000
Mezzanine	20,063	£35.00	£689,899
Quay	18,917	£29.75 to £35.00	£655,701
Basement	2,086	£10.00 to £17.50	£20,650
Vaults	4,443	£10.00	£44,430

Say			£7,836,890
<i>Devon House Market Rent workup</i>			
Floor	Area Sq. Ft.	Valuation Rent per sq. ft.	Say Market Rent
5 th Office	3,383	£40.00	£134,000
4 th Office	10,381	£37.50	£389,500
3 rd Office	17,697	£37.50	£663,500
2 nd Office	21,181	£37.50	£794,500
1 st Office	22,160	£37.50	£830,500
Ground Office	15,622	£32.50	£507,250
Say			£3,319,250

- 2.20
- Investment turnover totalled £2.1 bn in the third quarter, equalling the volume of assets traded in the preceding quarter and above the long-term average of £1.8 bn. An on-going theme in this market is the effect of limited supply on turnover levels. At the end of the third quarter, availability had risen significantly; we estimate that £4.3 bn of assets were available to purchase compared to an average of around £2.7 bn. Much of this increase is in large lot size assets, with almost three quarters of availability involving assets over £100 m.
 - Overseas purchasers accounted for 71% of sales by value, with the majority of interest focused on larger lot sizes. However, domestic investors remained very active, accounting for more than half of all transactions by number of deals. The prime yield remained at 4.50% in the third quarter, although we expect further downward pressure towards the end of the year.

Silbury Court, Silbury Boulevard, Central Milton Keynes



- 2.21
- The property is located Milton Keynes, in Buckinghamshire and is well located 53 miles north west of London, 67 miles south east of Birmingham, 20 miles south of Northampton and mid-way between Oxford and Cambridge.
 - Located on Silbury Boulevard within the central business district in Milton Keynes. It is within walking distance from the main shopping centre and the retail and leisure quarter, The Hub and is close to Milton Keynes railway station. The surrounding area is typified by 1980s and 1990s office accommodation. Silbury Boulevard which is considered one of the best office locations in central Milton Keynes.
 - The Property comprises a modern freehold office assets arranged over ground and three upper floors. The Property comprises two adjoining buildings, known as Silbury Court East and Silbury Court West.
 - Each building has a core with passenger lifts and staircases. Silbury Court East is arranged over two wings and as such can be multi-let around a central core.
 - Together, the property totals 77,796 sq ft, comprising 42,918 sq ft (Silbury Court East) and 34,878 sq ft (Silbury Court West). Suite sizes range from 733 sq ft to 10,205 sq ft.
 - The Property is held with good and marketable freehold title under title numbers BM229176 and BM371077.
 - The Property is multi-tenanted on full repairing and insuring terms. The current total gross passing rent is £740,398 per annum (£10.55 per sq ft based on the let accommodation). Two tenants are currently receiving the benefit of reduced rent incentives and as such, the contracted rent is £882,038 per annum, equating to £12.58 per sq ft on the let accommodation. The WAULT is 3.0 years, or 4.6 years

disregarding the effect of the tenant break options.

- Considered well-let with a current vacancy level of 9.7% by floor area (including tenant in administration).
- A number of tenants have been in occupation for a long time, including solicitors, accountancy firms and recruitment agents. Tenants are of varying covenant strengths, albeit we consider this normal for the multi-let building of this age, type and location.
- Our opinion of Market Rent equates to £12.00 per sq ft on the upper floors and £14.00 per sq ft on the ground floor. We consider the property to be approximately 29% reversionary (on the let accommodation).
- Milton Keynes occupational demand is still considered relatively subdued despite an improvement since the recession, however small suite demand in central Milton Keynes has improved. Occupiers are still considered to be pricing sensitive and well located affordable accommodation which is well specified is seeing more demand.
- Relatively high level of available second-hand buildings in Milton Keynes, albeit of varying specifications and locations. The subject Property is considered to provide some of the best located second-hand accommodation in central Milton Keynes.
- We would expect the Property to be purchased by a range of purchasers including funds and property companies. It provides a high yielding well let asset, albeit will require a high level of asset management going forwards.
- We consider demand for an asset of this type to be good and would expect the Property to require a 3-6 month marketing period to achieve a sale.
- We have applied an average letting void of 12 months to the vacant accommodation.

The Workplace, Precedent Drive, Rooksley Industrial Estate, Milton Keynes



- 2.22
- The property is located Milton Keynes, in Buckinghamshire and is well located 53 miles north west of London, 67 miles south east of Birmingham, 20 miles south of Northampton and mid-way between Oxford and Cambridge.
 - The property is situated within the area of Rooksley at the junction of the V6 Grafton Street and Precedent Drive. Rooksley is an established industrial area to the north west of Milton Keynes. Nearby tenants include, Nordpack (UK) Ltd, Prodrive, ABB Ltd and Hitachi (UK) Ltd.
 - The office building provides two storey accommodation and is of steel frame construction under a flat roof with part glazed elevations. Internally the accommodation is generally open plan across two floors with some partitioned offices. General specification includes, raised floors with carpet tile covering, painted plaster walls, low suspending ceilings with category II lighting, cassette air conditioning, wall mounted radiators and double glazed opening windows.
 - The industrial unit comprises steel portal frame construction with two bay pitched roof, with corrugated elevations. There is roller shutter access into each bay which will allow for sub-division of the unit. The general specification includes: concrete floors, natural roof light panels, sodium lights and has an eaves height of 7.26m.
 - There is a large brick paved car park to the front of the office building providing approximately 47 parking spaces.
 - The office building comprises 10,589 sq ft (NIA) arrange over two floors and the industrial unit comprises 14,871 sq ft (GIA) on a single storey.
 - We understand that the property is held freehold.
 - The property is let in its entirety to Workplace Systems International Limited for a

term of 10 years from 22 November 2012 at a passing rent of £184,250 per annum, equating to £6.90 per sq ft. The lease thus expires in eight years. The lease is subject to five yearly rent reviews and is on full repairing and insuring terms. In our opinion the investment market would consider Workplace Systems International Limited to be of reasonable covenant strength.

- The market for secondary investments remains difficult, albeit investors are increasingly willing to consider properties which, although secondary, have reasonably strong investment fundamentals such as a strong location, let to tenants of reasonable/strong covenant or providing long term income streams. Where these fundamentals are not met, demand remains limited and pricing needs to be competitive to stimulate investor interest.
- Our opinion of Market Rent is £10.00 per sq ft for the office accommodation and £5.00 per sq ft for the industrial space. This equates to £6.80 per sq ft overall. The total Market Rent is £173,000 per annum.

Centric MK, Foxhunter Drive, Linford Wood, Milton Keynes



- 2.23
- The property is located Milton Keynes, in Buckinghamshire and is well located 53 miles north west of London, 67 miles south east of Birmingham, 20 miles south of Northampton and mid-way between Oxford and Cambridge.
 - The property is situated approximately 2.5 miles to the north of Milton Keynes town centre and railway station. The property lies close to the intersection of Monks Way and Marlborough Street, and can be accessed from Foxhunter Drive and Capital Drive (Capital Drive provides access to the main car parking area).
 - The property comprises a modern three storey office building arranged over ground and two upper floors. The building is of steel frame construction with brick external elevation cladding. Each floor is split into two wings (north and

south) with a central core area. There is a reception located at each wing (north and south) with 2 passenger lifts and staircases to the upper floors.

- The building totals 105,393 sq ft split between the north wing (55,184 sq ft) and the south wing (50,209 sq ft).
- The Property is held with good and marketable freehold title under title number BM248543.
- The Property is multi-tenanted on full repairing and insuring terms. We highlight that the ground floor is currently let to Computacenter (UK) Ltd for a remaining term of 4.2 years. The first and second floors are currently vacant (65% by floor area). The total gross passing rent is £229,325 per annum (£4.61 per sq ft - £7.85 per sq ft).
- The asset is located in one of the main out of town office locations in Milton Keynes. However, occupational demand is still considered relatively subdued despite an improvement since the recession.
- Relatively high level of available second-hand buildings in Milton Keynes, albeit of varying specifications and locations. The subject Property is considered to provide some of the newer, higher quality second-hand accommodation.
- We would expect the Property to be purchased by a property company with an appetite for risk, given the high level of vacancy and potential landlord shortfalls. We consider investor demand to be relatively subdued for an asset of this type, albeit we note that the investment market has improved significantly over the past 12-18 months.
- We anticipate an average letting void of 18 months for the vacant accommodation.
- We have assumed capital expenditure for refurbishment of £25 per sq ft to prepare the upper floors for letting.
- We would expect the Property to require a 6-12 month marketing period to achieve a sale.

Overbridge Square, Hambridge Lane, Newbury



- 2.24
- Newbury is a prosperous market town strategically located along the M4 western corridor, 21 miles west of Reading and 28 miles east of Swindon and 59 miles west of London.
 - The town has excellent transport connections being located at the junction of the M4 and A34. The A34 dual carriageway is a major route linking the Channel ports of Southampton and Portsmouth to The Midlands, and intersects the M4 for fast connections to Bristol and London/M25 at Junction 13 approximately four miles north of the Newbury town centre.
 - Overbridge Square is situated on Hambridge lane, located directly off Hambridge Road (B3421) approximately half a mile south of the A4 and lies approximately 2 miles east of the town centre. The subject property is also situated within close proximity to Newbury Racecourse and The Nuffield Health/ Leisure centre. The park has attracted a range of high profile occupiers including, Alcatel-Lucent Telecom Ltd, N-Tegra, Checkpoint Systems (UK) Ltd and Ericsson Ltd.
 - Overbridge Square comprises five self-contained office buildings constructed in the 1980's. Accommodation in each of the buildings is split over ground and first floors with plant rooms at second floor level. They are of similar design and are of concrete frame construction, with brick and steel cladding, under raised flat roof and pitched perimeter roofs.
 - The property totals 57,453 sq ft, comprising Weir House (14,739 sq ft), Bridge House (10,871 sq ft), Lock House (1,091 sq ft), Leat House (14,276 sq ft) and Mill House (16,476 sq ft).
 - The Property is held freehold under title number BK238916.
 - The property is multi-let. Mill House and Leat House are multi-let on Internal

Repairing terms, Lock House and Bridge House are currently vacant and Weir House is let on Full Repairing and Insuring terms. The total of passing rents is £539,735 per annum. Tenants include Ericsson Limited, Alcatel-Lucent Telecom Ltd, Capita Business Services Ltd and N-Tegra. The weighted average unexpired lease term is 1.92 year to breaks and 3.91 years to lease expiries. Tenants are considered to range from good to strong covenants strengths.

- The market for secondary investments remains difficult, albeit that investors are increasingly willing to consider properties which although secondary have reasonably strong investment fundamentals. Such as a strong location, let to tenants of reasonable/strong covenant or providing long term income streams. Where these fundamentals are not met, demand remains limited and pricing needs to be competitive to stimulate investor interest.
- Office availability within Newbury is broadly in line with the wider south east market area. Much of the office stock is dated and there is no new speculative office accommodation under construction at present. Therefore, future take up is likely to erode availability at least for the short term. Reducing availability in the market will potentially erode the level of incentives required to secure lettings and instigate rental growth.
- In the event that any more of the office units become vacant, it is likely that a period of circa 18-24 months could be required to secure a re-letting, assuming that no more than two units are available within the development.
- We have assumed that tenants vacate at the earlier of tenant's break options or lease expiry. We have allowed a 12-18 month re-letting void followed by a 12-18 months rent free incentive in respect of each office suite within the subject buildings.
- We have adopted a headline rent of £8.50 per sq ft to £12.50 per sq ft reflecting the quality of the accommodation from building to building. This gives a total Market Rent is £740,000 per annum.

Building 3500, 3600, 3700 Parkway, The Solent Centre, Solent Business Park, Fareham



- 2.25
- Solent Business Park is in Whiteley within the district of Fareham in the County of Hampshire. It is located immediately to the north of Junction 9 of the M27 Motorway, and is between the two principle south coast towns of Southampton (12 miles north west) and Portsmouth (15 miles south east).
 - Solent Business Park (130 acres) is regarded as the premier out of town business location in the south east. The Property is situated on the eastern side of the Park and is bordered by the Parkway to the north, south east and west.
 - Major occupiers on the Park include National Air Traffic Services, Zurich Insurance, Shoosmiths, Northrop Grumman. The locality has been enhanced through the opening of the British Land owned Whiteley Village Outlet which accommodates 60 national retailers including Marks & Spencer, Next and TopShop.
 - The title to Property is held freehold under title number HP384036 with title absolute.
 - Built in 1990, the Property comprises 3 detached, pavilion style buildings (3500, 3600 and 3700). Each building provides retail/office on the ground floor with office accommodation on the upper 2 levels.
 - Specification comprises: Comfort cooling and ventilation (Buildings 3600 and 3700) with only some ventilation to Building 3500; heating systems to each building; Building Management System, suspended ceilings incorporating recessed lighting; raised access floors; 2.7m floor to ceiling height and 1 no.

passenger lift to each building.

- The Property extends to 69,142 sq ft, comprising Building 3500 (19,743 sq ft), Building 3600 (28,574 sq ft) and Building 3700 (20,825 sq ft).
- The Property benefits from an attractive landscaped environment with a good car parking ratio of 1 space per 168 sq ft.
- The Property is fully multi-let let to 22 tenants on 25 leases with leases expiries ranging from 21 March 2015 to 28 September 2028. Leases are generally on full repairing and insuring terms with 5 yearly rent reviews on an upward only basis. Common parts covered by a proportionate service charge and 10 of the leases contain break options.
- The total gross contracted rent is £654,864 per annum, rising to £701,567 per annum on expiry of rent free periods and stepped rents. There is a small service charge shortfall and as such, the total net contracted income on expiry of rent free periods is £692,778 per annum.
- The Property has a Weighted Average Lease Term (WALT) of 3.8 years (3.4 years assuming all breaks are exercised). Around 50% of the income is secured to 5 tenants and all of this income being short-dated with term certainties (i.e. to break options) being generally less than 2 years.
- Recent lettings in the Property range from £8.21 to £9.85 per sq ft and lettings in the area for secondary space range from £12.50 per sq ft to £14 per sq ft. The Property presents well although is a 1990s building with dated mechanical and electrical systems.
- We consider the Market Rent on a headline basis of Building 3600 and Building 3700 to equate to a rent of £10.00 per sq ft. This assumes a 5 year lease term, subject to 12 months rent free. Building 3500 is inferior specification so we have assumed a lower rent of £9.00 per sq ft on a headline basis.
- In arriving at our opinion of Market Rent, we have assumed that tenants in occupation renew at lease expiry to the lower of the passing rent and our opinion of Market Rent, whilst also benefiting from a 12 month renewal rent free. Where there are tenant break options, we have assumed that these are not exercised and the tenant receives a rent free period as according to their lease terms.

Concord Business Park, Threapwood Road, Wythenshawe, Manchester,



- 2.26
- The property is located 8 miles south of Manchester city centre in the Heald Green area, within 2 miles east of junction 4 of the M56 motorway via Simonsway to the north. Heald Green railway station is within one mile east providing a direct service into the city centre. Manchester Airport is within one mile south via Shadowmoss Road.
 - Atlas Business Park is located to the eastern side of Shadowmoss Road. The immediate locality is predominantly residential with commercial uses to the main arterial routes. Local amenities are at Heald Green and Wythenshawe, together with the nearby Cheadle Royal which includes John Lewis, Sainsbury's and a David Lloyd Health Club.
 - Concord Business Park comprises five office buildings and one standalone café. The park was constructed in phases during the early 1990's with the most recent addition in 2009 being the café. Construction of the individual buildings is generally steel frame with concrete floors and brick and block elevations housing powder coated aluminium window units under hipped tiled roofs.
 - Car parking is generally block paved to the front of individual buildings providing 621 spaces and a ratio of 1:208 sq ft overall.
 - The property extends to 129,537 sq ft, comprising Maple House (24,376 sq ft).

Brabazon House (34,200 sq ft), Caravelle Court (10,504 sq ft), Dakota House (40,743 sq ft), Rowan Court (17,669 sq ft) and Concord Café (2,045 sq ft).

- The property is held leasehold from The Council of the City of Manchester for a term of 125 years (from 1989 – 1991) at a peppercorn rent.
- The property is multi-tenanted on full repairing and insuring terms generating a total passing rent of £1,223,379 per annum. Tenants include Serco Limited (sub-underlet to The Secretary of State for Communities and Local Government), Shell UK Limited, LCS Manchester Limited and Thyssenkrupp Elevator UK Limited.
- The largest percentage of income is secured against Serco Limited (SOS) at 32.90% of the total income followed by Shell UK Limited at 28.87%. The Weighted Average Unexpired Lease Term across the whole is 6.46 years (or 3.57 years excluding break options).
- The market of secondary investments remains difficult, albeit that investors are increasingly willing to consider properties which although secondary have reasonably strong investment fundamentals. Such as a strong location, let to tenants of reasonable/strong covenant or providing long term income streams. Where these fundamentals are not met, demand remains limited and pricing needs to be competitive to stimulate investor interest.
- Office availability within South Manchester is broadly in line with the wider OOT market area. Much of the office stock is dated and there is no new speculative office accommodation under construction at present. Therefore, future take up is likely to erode availability at least for the short term. Reducing availability in the market will potentially erode the level of incentives required to secure lettings and instigate rental growth.
- We have allowed a 24 month total void period to reflect re-letting void and rent free incentive in respect of each office building.
- We have adopted a headline rent of £15.00 per sq ft to £16.50 per sq ft reflecting the quality of the accommodation from building to building.
- In respect of the assumed refurbishment of Dakota House we understand that the property is currently being marketed quoting an aspirational £16.50 per sq ft. The top rent in South Manchester historically achieved for Grade A accommodation is £18.00 per sq ft and we have therefore adopted a more conservative £16.50 per sq ft as a rental level on completion of the development to reflect the assumed Grade A specification and lack of current stock of the subject size, c. 40,000 sq ft.
- The property offers a number of asset management opportunities and the five

buildings are being “worked” to maximise income and to offset holding costs.

- The property is let to six tenants ranging from poor to strong covenants strengths which would be attractive to investors, however the short term income and the required refurbishment of Dakota House would be considered of greater risk.

Broadlands Business Campus, Langhurst Wood Road, Horsham, West Sussex



- 2.27
- The Property is located in a semi-rural location, with the village of Kingsfold as the closest town. The Property lies c.4 miles north of Horsham, c.8 miles west of Crawley and c.35 miles south of Central London.
 - The immediate surrounding area is not a recognised office location. However, the Property does neighbour some other employment areas, albeit noted to be of a rather unusual nature including: Broadhurst Wood Landfill and Langhurst House which we understand to be a government occupied testing and research facility for police enforcement and counter-terrorism.
 - The Property is accessed via Langhurst Wood Road which adjoins the A246 c.1 mile to the south. This junction restricts a driver to turn left (east) only meaning the connection to the nearby A24 is c.2 miles by car, or c.1 mile by foot.
 - The Property comprises a substantial site with 2 office buildings, landscaping, surface car parking and potential development land.
 - The Property houses two multi let office buildings; Holmwood House and Ashurst House. Both buildings are late 1980's / early 1990s build 3 storey office buildings with lower ground floor parking provision recently converted in part by tenants into additional office / laboratory / storage space.
 - The office accommodation comprises of an open plan office throughout with intermittent supporting columns surrounding a single central open air atrium

which houses a stair case providing emergency access for all floors to the ground floor. Offices benefit from an electricity cupboard, stairway and WC facilities to the western side of every floor (the opposite side of the main atrium entrance).

- The majority of the M&E installations are at the end of their economic life and will require replacement within the next 5 years. The capital cost for this is likely to be high. There are a number of tenants who have provisions in their lease which cap their service charge liability meaning the shortfall in cost of these upgrades will be met by the Landlord.
- There is a development plot measuring 4.763 acres which we consider could be subject to future development.
- The Property extends to 115,779 sq ft, comprising Holmwood House (79,488 sq ft) and Ashurst House (57,159 sq ft). Note that for the purpose of our valuation, we have relied upon the total areas excluding the Lower Ground Floors as we understand that these areas comprise tenant's alterations (additional 20,868 sq ft).
- The Property is held both freehold and long leasehold (999 years from 20 March 2000 at a fixed annual rent of £10 pa), both of which are held by the borrower and as such, we have valued the freehold interest in the Property.
- The Property is let to 7 tenants on 8 leases with a MWALUT of c.3 years to the break options and c.4 years to the lease expiries. The total gross contracted rent of the Property is £1,141,988 per annum equating to £9.87 per sq ft overall and the net income after deduction of service charge shortfalls is £1,119,868 per annum. Tenants include Rockwell Automation Ltd, CMED (Clinical Research Services) Ltd, The Born Free Foundation Ltd, Damavo UK Ltd, Interiors Manufacturing Ltd t/a Komfort, Loesche Energy Systems Ltd and Fender Musical Instruments Europe Ltd. Tenant covenant strengths range from poor to good.
- Demand for leasing office space in the vicinity is poor as is evidenced by the low rents recently achieved within the Property. Although it provides an option for rent sensitive occupiers and is currently fully let.
- We have applied a Market Rent of £8.50 per sq ft - £9.00 per sq ft depending on specification and micro location. This gives a Market Rent of £1,032,500 per annum.
- In our opinion, this property is a secondary investment. It suffers from low rents and therefore a low overall income. It also has high anticipated capital expenditure costs both in replacement and renewal of the buildings' M&E services, as well as potential land remediation costs prior to any future development / redevelopment. On this basis, the likely purchaser profile for the

property would be investors with a high risk profile most likely an Opportunity Fund or Property Company.

- The majority of South Eastern office investment and rental evidence referred to in this report are of a similar quality to the subject Property. However, they benefit from better (in some circumstances, substantially better) locations and so have to be significantly adjusted to be considered comparable to the subject Property.

New Bond House, A&B, Berkeley and Norfolk House, New Foundland Street, Bristol



- 2.28
- The property is located in central Bristol. Bristol is one of the country's oldest cities, with a long tradition as a major trading, financial and industrial centre, and additionally as a port. The city dominates the industrial economy of the South West, being located at the 'gateway' to Wales and the South West as well as enjoying fast links to London, the South East and the Midlands by both road and rail.
 - Bristol is the dominant city of the South West, located at the intersection of the M4 and M5 motorways, approximately 118 miles west of London, 88 miles south west of Birmingham and 44 miles east of Cardiff. Berkeley House and New Bond House are situated on Newfoundland Street between St Paul Street and Pitchard Street, with Norfolk House adjoining New Bond House to the north. Newfoundland Street acts as the entrance to Bristol city centre and links to the M32 within ¼ mile via Newfoundland Way.
 - New Bond House comprises an end of terrace office building of reinforced concrete frame construction with a brick, period style façade incorporating double glazed sash windows, all under a mansard roof with clay tile coverings. The property is understood to have been built in the 1990s and is arranged as two adjoining blocks, over lower ground, ground and three upper floors, with the top

floor within the roof space.

- The accommodation has undergone comprehensive refurbishment in 2009, to provide raised floors with under floor power, radiators and suspended ceilings with integral diffuse lighting, air conditioning units and sprinklers. There is a modern, prominent corner reception and two separate central stair/lift cores each with male and female WC's on alternate floors, allowing for the potential to split individual floors into smaller self-contained suites.
- Berkeley House comprises an end of terrace period office building, built in the 19th century and understood to have been refurbished in the 1990s. The property is of brick construction (rendered to the rear elevations) incorporating double glazed sash windows, all under a mansard roof with clay tile coverings. The property is arranged over lower ground, ground and three upper floors, with the top floor within the roof space. Internally the accommodation is of a basic specification throughout. There is a central stair/lift core with male and female WC's on alternate floors.
- Norfolk House has been sold on a long leasehold interest for 150 years from 2006 at a peppercorn ground rent and therefore has been excluded from our valuation.
- The properties provide a total of approximately 20 external car parking spaces and 13 undercroft car parking spaces plus a bike store beneath New Bond House. This provides a parking ratio of 1:1,364 sq ft.
- The property extends to 44,998 sq ft, comprising Block A New Bond House (21,923 sq ft), Block B New Bond House (13,056 sq ft) and Berkeley House (10,019 sq ft).
- The Property is held Freehold and part leasehold under nine Titles: AV163504 (freehold), AV132191 (freehold), BL37276 (freehold), AV77524 (freehold), BL30149 (freehold), BL34368 (freehold), AV149342 (freehold), BL28055 (freehold), AV165951 (leasehold).
- The property is multi-tenanted on internal repairing and insuring terms generating a total passing rent of £263,085 per annum. Tenants include First Sight Studios, Sitecore UK Ltd, Premier Veterinary Group, Shelter, T27 Systems (Brightpearl), Citibase, Sage and Office Response Ltd. The weighted average unexpired lease term for New Bond House is 1.81 years and 2.02 years for Berkeley House. Of the total income from the asset 63% of the current income is provided by leases which expire either on break option or lease expiry within the next 2 years. 16 % of the income is provided by leases expiring in the next year and a further 19% of the income is reliant on leases which expire within the next 4

years.

- Tenant covenant strengths range from poor to good.
- The Market Rent for New Bond House ranges from £7.50 per sq ft to £8.00 per sq ft depending on the floor and quality of accommodation (12 month average void with 10 months average rent free). Berkeley House is considered slightly over rented (by 12%) based on a Market Rent of £7.50 per sq ft (12 month average void with 12 months average rent free).
- We are not aware of any lease renewal negotiations with First Sight Studios (New Bond House) and we have assumed they are vacating in January 2015.
- For Berkeley House, we have included capital expenditure of £15.00 per sq ft for lift replacement and refurbishment on expiry as this is not included within the service charge budget.

Services

- 2.29 In accordance with the General Terms of Business enclosed at Appendix 1, no tests have been undertaken on any of the services.

Legal title

Land register searches

- 2.30 As stated in our General Terms of Business, we do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

Sources of Information

- 2.31 We have been provided with draft Certificates of on Title prepared by professional legal advisers, on which we have relied. We confirm that the properties valued, are the properties described in the Reports on Title. We also confirm that we have taken the Reports on Title into account in arriving at our valuation and that there is nothing contained within the Reports on Title that would cause us to alter our valuation report.
- 2.32 We recommend that our understanding of all legal title issues is referred to your legal advisers for their confirmation that our understanding is correct. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the properties which reveal price paid information which we should be made aware of.
- 2.33 If any matters come to light as a result of your legal adviser's review of these issues,

we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

Tenure 2.34 The tenure of the properties is as follows:

Property	Tenure
The High Holborn Estate	
18-21 Hand Court	Freehold
22-23 Hand Court	Freehold
45 Bedford Row	Freehold
46 Bedford Row	Freehold
47-47A Bedford Row	Freehold
48 Bedford Row	Freehold
Brownlow House, High Holborn	Freehold
Caroline House, High Holborn	Freehold
High Holborn House, London	Freehold
St Katherine's Dock, London	
Commodity Quay;	Freehold
The Ivory House;	Freehold
International House;	Freehold
Devon House;	Freehold
Dickens House;	Freehold
Marble Quay;	Freehold
Cloisters Walk	Freehold
The Haven.	Freehold
New Bond House (Blocks A&B), Berkeley House, Bristol	Freehold Freehold
Concord Business Park, Manchester	Long leasehold
Overbridge House, Newbury	Freehold
Solent Business Centre, Solent	Freehold
Broadlands Business Campus, Horsham	Freehold
The Workplace Building, Milton Keynes	Freehold
Silbury Court, Milton Keynes	Freehold
Centric MK, Milton Keynes	Freehold

Tenancies

Tenancy information 2.35 We have been provided with the tenancy information by the borrower your solicitors upon which we have relied on as being correct. No additional verification has been undertaken.

Condition

Scope of inspection 2.36 As stated in the General Terms of Business attached, we have not undertaken a building or site survey of the properties.

2.37 During our limited inspection we did not inspect any inaccessible areas. We are unable to confirm whether the properties are free from urgent or significant defects or items of disrepair.

Comments 2.38 Apart from any matters specifically referred to in the individual property reports, we have assumed that the properties are in sound order and free from structural faults, rot, infestation or other defects, and that the services are in a satisfactory condition.

2.39 During our inspection, no major defects or serious items of disrepair were noted which would be likely to give rise to a substantial capital expenditure in the foreseeable future or which fall outside the scope of the normal annual maintenance programme.

2.40 We have been provided with Building Surveys for each property on which we have relied. These reports have been prepared by Waterman Building Services Limited.

Environmental considerations

Flooding 2.41 We have used the website of the Environment Agency's Indicative Floodplain Maps to provide a general overview of lands in natural floodplains and therefore potentially at risk of flooding from rivers or the sea. The maps use the best information currently available, based on historical flood records and geographical models. They indicate where flooding from rivers, streams, watercourses or the sea is possible.

Contamination 2.42 As stated in the General Terms of Business, investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank LLP is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.

2.43 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the properties that would give cause for

concern as to possible environmental contamination. Our valuation is provided on the assumption that the properties are unaffected. We have been provided with copies of environmental reports.

- Asbestos** 2.44 Since 1999, the use within a building of asbestos containing materials (ACMs) has been banned. These are commonly found although are often in areas not visible from an inspection of the surface elements. While these can be sealed in place, public alarm is such that their removal and safe disposal is the more likely course of action and this can be particularly expensive. Removal and disposal will require specialist advice. Knight Frank LLP does not specifically inspect for ACMs. We have assumed that no ACMs are contained within the properties within the portfolio.

Planning

- Sources of planning information** 2.45 We have made informal enquiries of the planning authorities for the properties, by telephone and/or their websites.
- 2.46 These enquiries should not be taken as personal searches and information on the relevant website is assumed to be both accurate and up to date. For a formal planning enquiry to be made, the planning authority will require written representation which has not been possible as part of our valuation.

Highways and access

- Highways** 2.47 We have endeavoured to make verbal enquiries of relevant Highways Authorities for the properties.
- 2.48 We have assumed that there are no current highway proposals in the immediate vicinity likely to have a detrimental effect upon the properties within the foreseeable future.
- Access** 2.49 In reporting our opinion of value, we have assumed that there are no third party interests between the boundary of the properties and the adopted highways and that accordingly the properties have unfettered vehicular and pedestrian access.

Statutory licences & certificates

- Fire safety** 2.50 It is a requirement for a fire safety risk assessment to be carried out and for a fire management plan to be maintained. These requirements, which were introduced in 2006 replace the previous requirement for a Fire Certificate. We have not viewed any such documents relating to the Portfolio and have assumed for the purposes of our valuation that the relevant requirements have been fully complied with.

Access for disabled persons 2.51 Disability discrimination legislation provides that the majority of organisations must make provision for disabled persons to have access to the goods and services they provide. This may require an access audit of a property to be undertaken and for specific arrangements relating to physical aspects of the building. We have not been provided with any information in this respect and our valuation has been undertaken on the assumption that the properties are either fully compliant or capable of being made fully compliant at no significant additional cost with all relevant disability access requirements.

3 Building reinstatement cost guidance

Purpose, scope & reliance 3.1 You have requested that we provide you with an indication of the current likely reinstatement cost of the properties set out below for insurance purposes. We do not hold ourselves out to be construction cost advisers and a formal estimate can only be given by a specialist construction cost consultant. We would emphasise that this figure is for guidance only, to assist you in your assessment of the adequacy of the existing cover. Our reinstatement assessment should be compared with the existing cover and if there is a material difference you should consider commissioning a building reinstatement assessment from a suitably qualified specialist.

Items included 3.2 Our estimate is inclusive of demolition costs, site clearance costs and professional fees.

Items excluded 3.3 Our estimate excludes VAT, loss of rent, the cost of alternative accommodation for the reinstatement period and any allowance for inflation. The addition of VAT and an allowance for inflation should be discussed with insurers. Our estimate also excludes furniture and other contents, process plant or machinery or trade fixtures and fittings and any consequential loss.

Reinstatement guidance 3.4 We estimate that the current indicative reinstatement cost, for insurance purposes, is set out below on a property by property basis. We emphasise that these figures should be used for general guidance only.

Property	Indicative reinstatement figures
New Bond House (Blocks A&B) and Berkeley House, Bristol	£7,490,000 £2,000,000
Concord Business Park, Manchester	£21,797,000

Property	Indicative reinstatement figures
Overbridge House, Newbury	£13,700,000
Solent Business Centre, Solent	£12,000,000
Broadlands Business Campus, Horsham	£22,500,000
The Workplace Building, Milton Keynes	£3,250,000
Silbury Court, Milton Keynes	£17,250,000
Centric MK, Milton Keynes	£25,150,000

- 3.5 Formal assessments of reinstatement, particularly on buildings of this individual nature are normally undertaken by a qualified quantity surveyor or equivalent expert following inspection of the entire building. It is not therefore considered appropriate within a report of this type to estimate the figure for the Listed / period nature / unusual design / specialist nature.

4 Market analysis

UK commercial market commentary

- 4.1 A copy of the UK Investment Market Overview dated November 2014, prepared by Knight Frank LLP is attached at Appendix 2.
- 4.2 It should be appreciated that this report is published for general information only and while rigorous research has been used in preparing this analysis, the views and projections provided in the report should not form the basis of any formal decision. Being a general report, the material does not necessarily represent the view of Knight Frank LLP in relation to specific properties or projects and no responsibility can be accepted by Knight Frank LLP resulting from the contents of the document.
- Source of information** 4.3 Our market analysis has been undertaken using market knowledge within Knight Frank LLP, enquiries of other agents, searches of property databases, as appropriate and any information provided to us.

5 Valuation

Methodology

	5.1	Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.
Comparative method	5.2	In undertaking our valuation of the properties, we have made our assessment on the basis of a collation and analysis of appropriate comparable transactions, together with evidence of demand within the vicinity of the subject properties. With the benefit of such transactions we have then applied these to the properties, taking into account size, location, aspect and other material factors.
Investment method	5.3	Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the properties, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental transactions, together with evidence of demand within the vicinity of the subject properties. With the benefit of such transactions we have then applied these to the properties, taking into account size, location, terms, covenant and other material factors.

Valuation bases

Market Value	5.4	Market Value is defined within RICS Valuation – Professional Standards as: “The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”
Portfolios	5.5	In a valuation of a property portfolio, we have valued the individual properties separately and we have assumed that the individual properties have been marketed in an orderly way.
Market Rent	5.6	The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation – Professional Standards as: “The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”

Valuation date

Valuation date 5.7 The valuation date is 21 November 2014.

Market Value

Assumptions 5.8 Our valuation is necessarily based on a number of assumptions which have been drawn to your attention in our General Terms of Business, Terms of Engagement Letter and within this report.

Market Value 5.9 We are of the opinion that the aggregate Market Value of the freehold and leasehold interests in the properties, subject to the existing tenancies, as at the valuation date is:

£477,544,000

(Four Hundred and Seventy Seven Million, Five Hundred and Forty Four Thousand Pounds)

5.10 The above figures have been calculated with purchasers' costs at 5.80%.

Market Rent

5.11 We are of the opinion the aggregate Market Rent of the properties, as at the valuation date, is:

£32,520,152 per annum

(Thirty Two Million, Five Hundred and Twenty Thousand, Hundred and Fifty Two Pounds)

6 Property risk analysis

General comments

- General comments**
- 6.1 You have asked us to comment on the suitability of the properties for loan security purposes.
- 6.2 In this section of our report we summarise the property related risks which we have identified as part of our valuation report and which we consider should be drawn to your attention. This summary should not be taken to be exhaustive and must be considered in conjunction with the remainder of the report and most particularly, the comments in the individual property reports. Nothing in this section should be construed as being a recommendation of taking any particular course of action.

Economic & property market risks

- Supply of similar properties** 6.3 It is reported that there is around £2.7bn of UK commercial property is up for sale across more than a dozen live portfolio deals, with the vast majority of vendors targeting an end of year disposal as they seek to capitalise on the feeding frenzy driven by the need to deploy capital.
- 6.4 While there is a spread of deals on the market by size, sector, geography and yield profile, there is a discernible trend towards industrial portfolio sales, with more than £1.1bn up for grabs across nine separate portfolios.
- 6.5 Notably, some of the portfolios currently contested by deal-hungry investors are not distressed assets or forced sales, but instead are fairly fully-valued secondary portfolios from vendors seeking an investment exit to crystallise profit.
- Investor demand** 6.6 Within the current investment climate, it is notable that there is a sharpening yield at which some portfolios are trading at, which, together with the return to punchy financial engineering, is counter-intuitively enabling opportunistic funds to outbid lower-leveraged institutional investors, despite the latter having considerably lower costs of capital.
- 6.7 Ultimately, there remains a greater weight of capital chasing stock than there is stock for sale, which is encouraging some vendors looking to sell into a market awash with capital which needs deployment.
- 6.8 The run up in pricing has been dramatic across 2014, in possibly one of the fastest Bull markets ever recorded, but investors still believe attractive deals can be done and in some instances some of the froth can be knocked off the aspirational asking pricing set.
- 6.9 It is anticipated that the final weeks of 2014 will be busy for investors' across the spectrum as they try to wade through the raft of opportunities and dodge signs of exuberant bidding wars.
- Availability of finance** 6.10 All of this is aided by a fully resurgent lending environment, in which complex capital stacks are on offer. Indeed one or two of the portfolios have different iterations of pre-arranged high LTV capital structures with a mix of senior, mezzanine and preferred equity terms ready in the wings, to facilitate vendor sales. All of this is aided by a fully resurgent lending environment, in which complex capital stacks are on offer. Indeed one or two of the portfolios have different iterations of pre-arranged high LTV capital structures with a mix of senior, mezzanine and preferred equity terms ready in the wings, to facilitate vendor sales.
- 6.11 As well as this continual influx of equity, the available debt for US Opportunity Funds

continues, all following the borrower into secondary markets funding loans at threshold levels.

- Liquidity of the property type / Time to sell**
- 6.12 The Portfolio has a predominantly Central London focus, with 87.96% of Market Value contained within the High Holborn Estate and St Katherine's Dock. The remainder of the portfolio is divided across England.
 - 6.13 Foreign investors have overtaken UK institutions to become the largest owners of UK commercial property, data from the Property Industry Alliance has revealed. Almost a quarter of all commercial property is now owned by foreign investors, which have grown the value of their UK portfolios by 129% over the past decade to £94bn, according to the Property Data Report 2014. By contrast, UK institutions' ownership has fallen 16% to £75m over the same period, to account for just 19% of the £385bn invested in the sector.
 - 6.14 Given the acquisition of the Loan Books and the very substantial quasi direct portfolios - Moon, Aviemore, Acom, Tree etc. we believe that the U.S. Opportunity Funds are now the biggest single group of owners of secondary regional property.

Suitability for loan purposes

- 6.15 We have not been provided with accounts or other financial information on your Customer, and are unable to comment on their financial strength. We would recommend that you satisfy yourselves that your Customer has the necessary capability to meet the intended repayments.
- 6.16 We have not been asked to comment on the adequacy of capital or income cover afforded by the properties as security for the loan, and you should satisfy yourselves in this regard. Our assessment is made upon the properties and no recommendation is given by Knight Frank LLP in respect of the length of term considered appropriate or sum to be advanced and any decision in this respect should be subject to the usual lending criteria of the lender.

6.17 Subject to the comments in this report, overall, we consider the properties are suitable security for loan purposes, in the context of the overall portfolio.

Signature

Reviewed (but not undertaken) by:



Jeremy Tham FRICS
RICS Registered Valuer
Partner, Valuations

Simon Gillespie MRICS
RICS Registered Valuer
Partner, Valuations

For and on behalf of Knight Frank LLP

For and on behalf of Knight Frank LLP

Appendix 1 - Instruction documentation

Harry Morten

From: Grimshaw, Tim [<mailto:Tim.Grimshaw@morganstanley.com>]
Sent: 27 February 2015 12:44
To: Jeremy Tham
Cc:
Subject: Project Max Instructions

Hi Jeremy,

I've summarised below our discussion earlier this morning. For an example of a short-form report (and 'responsibility language') please see PDF pages 6, 11 and 284 et seq. of the attached.

Form of report

- We are asking Knight Frank to prepare a "short-form" of the valuation report that was prepared 4 December 2014 (the "long-form report") in relation to the Max properties. In essence, the short-form report would be a summary of the long-form report.
- The short-form report would be dated near to the date of the offering circular, but the valuations would be "as at" the date specified in the long-form report.
- The short-form report would be prepared by the same Knight Frank entity that completed the long-form report.

Disclosure and reliance

- The short-form report would be annexed to a publically available offering circular (to be made available on the Irish Stock Exchange). (See example attached).
- Knight Frank would be asked to make the following positive statements (exact wording to be confirmed):
 - it accepts responsibility for the short-form valuation as a standalone valuation.
 - to the best of Knight Frank's belief (having taken all reasonable care to ensure that such is the case), the information contained in the short-form valuation does not omit anything material, and Knight Frank isn't aware of any material change in any matter relating to the properties which would have a significant effect on the valuation.
- We would also ask that we are able to make the long-form valuation available to prospective investors, at such prospective investor's request.

Timing

- Apologies that it's earlier than discussed, but please would you aim to provide the short-form report during Monday 9th March?

Cost

- Please revert on the costs once you've had time to consider the above.

I'm happy to arrange a further call to discuss any of the above if it would be helpful.

Many thanks,

Tim

Morgan Stanley & Co. International plc
20 Bank Street
Canary Wharf
London E14 4AD

For the attention of: Stephen Dyer – Executive Director, Fixed Income & Commodities

10 March 2015

Dear Sirs

Our Terms of Engagement for a Valuation of Project Max Portfolio
Borrower: Blackstone

Thank you for your email of 27 February 2015 requesting a short form summary (the "OC Valuation") of the original Valuation Report, issued in Overview form on 4 December 2014 and in individual reports on 19 December 2014 (both the "original Valuation Report") regarding the Project Max Portfolio. We are writing to set out our Terms of Engagement for carrying out the OC Valuation of the properties set out in Schedule 2 to a facility agreement dated 03 December 2014 between Max Office Properties Limited and Morgan Stanley Bank, N.A. (amongst others), as amended and/or restated from time to time (the "Facility Agreement") (together, the "Properties", and each, a "Property").

Our Terms of Engagement for this instruction comprise our "General Terms of Business for Valuations" which are attached to this letter, together with the specific terms contained within this letter. This letter shall take precedence, to the extent that there is any inconsistency with the General Terms of Business for Valuations. A copy of this letter and our General Terms of Business for Valuations are attached for you to sign and return to us, signifying your acceptance of the terms.

References to the "Notes" mean the notes issued in connection with the proposed securitisation of the Loan (as defined below), and references to the "Offering Circular" mean any offering, circular, private placement memorandum, registration statement, prospectus, information memorandum, or supplement thereto in connection with the Notes and published on the Irish Stock Exchange.

In addition to our General Terms of Business for Valuations, our Terms of Engagement for carrying out this instruction are as follows:

1. Our Client

The OC Valuation report is to be addressed to and may be relied upon by:

T +44 20 7629 8171 F +44 20 7493 4114
55 Baker Street London W1U 8AN

KnightFrank.co.uk

Knight Frank LLP is a limited liability partnership registered in England with registered number 00105524. Our registered office is 55 Baker Street, London, W1U 8AN where you may request a list of members names.

- 1) Hatfield Phillips Agency Services Limited, as Facility Agent of the Lenders and Security Agent under (and as such terms are defined in) the Facility Agreement;
- 2) U.S. Bank Trustees Limited, as the note trustee and issuer security trustee in relation to the proposed securitisation of the Loan and issue of the Notes;
- 3) Morgan Stanley & Co. International plc; and
- 4) Midas Funding Limited (the "Issuer"),

together, the "Clients", in connection with a proposed securitisation of loans (or parts of loans) originally advanced by Morgan Stanley Bank, N.A. (the "Loan") and secured by the Properties.

The OC Valuation may be referred to in and included in the Offering Circular, and any materials offering for sale the Loan, the Notes or an interest in the Loan or the Notes, such inclusion to be firstly notified in writing to and such wording to be approved by Knight Frank.

The parties acknowledge that the OC Valuation speaks only as of its valuation date in the absence of a specific written update of the OC Valuation.

To the best of the knowledge and belief of Knight Frank LLP (having taken all reasonable care to ensure that such is the case), the information contained in the OC Valuation will be, as at the date of the OC Valuation (and based on a valuation date of 21 November 2014), in accordance with the facts and will not omit anything likely to affect the import of such information. With the exception of the OC Valuation, Knight Frank LLP does not accept any liability in relation to the information contained in the Offering Circular or any other information provided by the Issuer or any other party in connection with the issue of the Notes.

2. Fees

Our fee for undertaking this instruction will be £62,500 excluding VAT.

Should you require additional advice which we consider to be outside the scope of providing a valuation report, or after the provision of our valuation report, we reserve the right to charge consultancy fees on hourly rates for this work.

In the case of loan security valuations, payment of our fees is not conditional upon the loan being drawn down or any of the conditions of the loan being met.

3. Conflicts of interest

We confirm that we do not have any material connection or involvement giving rise to a conflict of interest and are in a position to provide an objective and unbiased valuation.

- With the exception of New Bond House, Bristol where Knight Frank are instructed as leasing agents on the vacant suite (c. 3,500 sq. ft.) on behalf of Blackstone.

We have previously disclosed this to you and you have confirmed that notwithstanding this matter, you are content for us to proceed with this instruction. We are in a position to provide an objective and unbiased valuation.

4. Limitation of liability and restrictions on use

Clause 3 of our General Terms of Business for Valuations limits our liability under this instruction.

Notwithstanding Clause 3.3. of our General Terms of Business for Valuations, it has been agreed between us that our maximum liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise on a property by property basis will in no circumstances exceed in total the amount specified against each property as set out in the attached schedule and in no circumstances exceed £75,000,000 for this instruction in aggregate and that this shall apply to all subsequent valuations undertaken under this Engagement (unless varied by agreement between us).

Third party liability

Additionally, as stated in Clause 3.1 of our General Terms of Business for Valuations, no liability is accepted to any third party for the whole or any part of the valuation report.

If permission is granted to any third party to rely upon the OC Valuation this shall only be on the basis that such parties shall become subject to the terms of this letter concerning the liability and legal responsibility of Knight Frank and our General Terms of Business for Valuations. Without limitation, such permission shall be given only on the express basis that any and all claims against Knight Frank relating in any way to the valuation reports shall be brought exclusively in the Courts of England and Wales, subject only to English law, and subject to the agreed aggregate liability cap.

Notwithstanding the foregoing, permission shall not be given in any circumstances for any third party to rely upon the OC Valuation or to become party to this engagement, or for the OC Valuation to be referred to in or included in any offering circular etc, that may have the effect of exposing Knight Frank to liability for actual or alleged violations of the Securities Act 1933 as amended, the Securities Exchange Act 1934 as amended, any state Blue Sky or securities law or similar federal, state, provincial, municipal or local law, regulation or order in either the United States of America or Canada or any of their respective territories or protectorates.

Nothing in this letter or in our General Terms of Business for Valuations excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of law.

Disclosure

The OC Valuation report will form part of the Offering Circular. Other than as set out in Clause 1 of this letter, neither the whole, nor any part, of the valuation report nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written approval of the form or context in which it may appear.

Knight Frank accepts that the OC Valuation report will need to be disclosed to rating agencies but for the avoidance of doubt this is to be on a non-reliance basis.

Knight Frank accepts that the original Valuation Report may be disclosed to investors in the Notes upon request but for the avoidance of doubt this is to be on a non-reliance basis.

5. Valuation standards

The valuation will be undertaken in accordance with the RICS Valuation - Professional Standards 2014 Global & UK edition ("the Red Book"), including the International Valuation Standards.

6. Status of valuer

External valuers, as defined in the Red Book.

7. Valuer and Competence Disclosure

The valuer, on behalf of Knight Frank LLP, with responsibility for this report will be Jeremy Tham FRICS, RICS Registered Valuer. Parts of this valuation will be undertaken by additional valuers. We confirm that the valuer and additional valuers collectively meet the requirements of RICS Valuation Standards VPS 1 having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

8. Purpose of valuation

The OC Valuation is provided solely for the purpose of consideration of the issuance of £100,000,000 of notes by the Issuer in connection with the proposed securitisation of the Loan, or a part of the Loan, which are five year loans to the Borrowers in order to refinance the properties.

Our original Valuation Report provides the basis for the OC Valuation. For the avoidance of doubt, the original Valuation Report will still be capable of being relied upon by the original addressees thereof, subject to the terms of engagement relating thereto.

9. Property to be valued

Please see the attached schedule.

10. Interest to be valued

Freehold and leasehold Interests.

11. Property type and use

Retail, Restaurant, Offices and Residential which are tenanted.

12. Basis of valuation

As defined in the RICS Red Book, our OC Valuation will be undertaken on the following bases:

- Market Value
- Market Rent

We will also provide an indicative building reinstatement cost as requested, unless the property is Listed/of a period nature/of unusual design/of a specialist nature. In such cases we would advise that a specialist Building Surveyor is instructed and Knight Frank would be willing to provide a separate quotation.

13. Special Assumptions and Assumptions

In addition to section 12 above, our OC Valuation will be undertaken on the following Special Assumptions:

- That the properties are vacant possession (if required).

Our OC Valuation will necessarily be based upon a number of assumptions, as set out in the General Terms of Business for Valuations, this letter and within our OC Valuation report.

We will value the individual properties separately. The individual valuations assume that the individual properties would be marketed in an orderly way.

14. Valuation date

21 November 2014.

15. Currency to be adopted

Pounds Sterling.

16. Extent of inspection and investigations

Our General Terms of Business set out the scope of our on-site inspection and investigations.

Unless prevented from doing so, we inspected the properties internally, by going onto the site, as well as externally.

17. Information to be relied upon

We have relied on information provided to us by you (or a third party) and have assumed it to be correct. This information is highlighted in the original Valuation Report. This information has been relied upon by us in our final OC Valuation report, subject only to any verification that we agreed to take.

Where we express an opinion of legal issues, any such opinion must be verified by your legal advisers before the valuation can be relied upon or published.

18. Report format

Our OC Valuation report will be prepared in our standard format which will be compliant with VPS 3 of the Red Book.

If any of the details set out above are incorrect please let us know – we will assume they are correct unless you tell us otherwise.

Please will you sign and return the duplicate copy of this Terms of Engagement letter, signifying your agreement to the terms contained therein. We should point out that the report will not be discussed or disclosed before these Terms have been returned.

Thank you for instructing Knight Frank LLP.



Yours faithfully

A handwritten signature in black ink, appearing to read "J Tham".

Jeremy Tham
RICS Registered Valuer
Partner, Commercial Valuations

Jeremy.tham@knightfrank.com
Direct Line: 020 7861 1769

Enclosed: General Terms of Business for Valuations

Signed for and on behalf of Morgan Stanley & Co. International plc

Date

Schedule of Maximum Liability

Property Address	Pf
<ul style="list-style-type: none"> • The High Holborn Estate 	
18 21 Hand Court;	£ 1,000,000.00
22 23 Hand Court;	£ 1,000,000.00
45 Bedford Row;	£ 1,000,000.00
48 Bedford Row;	£ 1,000,000.00
47 47A Bedford Row;	£ 500,000.00
48 Bedford Row;	£ 500,000.00
Brownlow House, High Holborn;	£ 1,000,000.00
Caroline House, High Holborn;	£ 3,000,000.00
High Holborn House, London	£ 10,000,000.00
<ul style="list-style-type: none"> • St Katherine's Dock, London 	
Commodity Quay;	£ 10,000,000.00
The Ivory House;	£ 5,000,000.00
International House;	£ 25,000,000.00
Devon House;	£ 7,000,000.00
Dlokana House;	£ 1,000,000.00
Marble Quay;	£ 1,000,000.00
Clusters Walk	£ 500,000.00
The Haven.	£ 100,000.00
New Bond House, Blocks A&B	£ 500,000.00
Berkley House, Bristol	£ 100,000.00
Broadlands Business Campus, Horsham	£ 1,000,000.00
Concord Business Park, Manchester	£ 1,000,000.00
Overbridge House, Newbury	£ 1,000,000.00
Bolton Business Centre, Bolton	£ 1,000,000.00
The Workplace Building, Milton Keynes	£ 500,000.00
Centric MK, Milton Keynes	£ 1,000,000.00
Billbury Court, Milton Keynes	£ 1,000,000.00
TOTAL	£ 75,700,000.00

£ 75,000,000.00

General Terms of Business for Valuations

These General Terms of Business and our Terms of Engagement letter together form the agreement between us ("Agreement"). The following General Terms of Business apply to all valuations and appraisals undertaken by Knight Frank LLP unless specifically agreed otherwise in the Terms of Engagement letter and so stated within the main body of the valuation report.

1. Knight Frank

Knight Frank LLP is a Limited Liability Partnership with registered number OC305934. This is a corporate body which has "Members" and not "Partners".

Any representative of Knight Frank LLP described as "Partner" is either a Member or an Employee of Knight Frank LLP and is not a Partner in a Partnership. The term "Partner" has been retained because it is an accepted way of referring to senior professionals.

Our VAT registration number is 238 5156 53. The details of our professional indemnity insurance specified in the Provision of Services Regulations 2009 will be provided to you on request by Natalie Vacher, Partner Secretariat & Pensions.

2. Jurisdiction

English law shall apply in every respect in relation to the valuation and the Agreement with the client which shall be deemed to have been made in England. In the event of a dispute arising in connection with a valuation, unless expressly agreed otherwise in writing by Knight Frank LLP, the client, and any third party using the valuation, will submit to the jurisdiction of the English Courts only. This will apply wherever the property or the client is located or the advice is provided.

3. Limitations on Liability

3.1 Our valuation is confidential to the party to whom it is addressed for the stated purpose and no liability is accepted to any third party for the whole or any part of its contents. Liability will not subsequently be extended to any other party save on the basis of written and agreed instructions; this will incur an additional fee. Except as set out in 3.2 below the terms of the Agreement between Knight Frank LLP and the client are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999.

3.2 No claim arising out of or in connection with this Agreement may be brought against any member, employee, partner or consultant of Knight Frank LLP (each called a 'Knight Frank Person'). Those individuals will not have a personal duty of care to the client or any other party and any such claim for losses must be brought against Knight Frank LLP. Any Knight Frank Person may enforce this clause under the Contracts (Rights of Third Parties) Act 1999 but the terms of our Agreement may be varied by agreement between the client and Knight Frank LLP at any time without the need for any Knight Frank Person to consent.

3.3 Our maximum total liability for any direct loss or damage whether caused by our negligence or breach of contract or otherwise is limited to the higher of £1 million or fifty times Knight Frank LLP's fee under the instruction set out in the Terms of Engagement letter which will be sent to the client.

3.4 We do not accept liability for any indirect or consequential loss (such as loss of profits). Nothing in these Terms of Business (or in our Terms of Engagement letter) shall exclude or limit our liability in respect of fraud or for death or personal injury caused by our negligence or for any other liability to the extent that such liability may not be excluded or limited as a matter of law.

4. Severance

If any provision of this Agreement is or becomes invalid, illegal or unenforceable, it shall be deemed modified to the minimum extent necessary to make it valid, legal and enforceable. If such modification is not possible, the relevant provision shall be deemed deleted. Any modification to or deletion of a provision under this clause shall not affect the validity and enforceability of the rest of this Agreement.

If any provision is invalid, illegal or unenforceable, the parties shall negotiate in good faith to amend such provision so that, as amended, it is legal, valid and enforceable and, to the greatest extent possible, achieve the intended commercial result of the original provision.

5. Disclosure and Publication

If our opinion of value is disclosed to persons other than the addressees of our report, the basis of valuation should be stated. Neither the whole or any part of the valuation report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

6. Complaints Procedure

If you have any concerns about our service, please raise them in the first instance with the valuer concerned. If this does not result in a satisfactory resolution, please contact the relevant Head of Department. As required by RICS, we will send you a copy of our Complaints Procedure on request.

7. Our Fees

7.1 If any invoice remains unpaid after the date on which it is due to be paid, we reserve the right to charge interest, calculated daily, from the date when payment was due until payment is made at 4% above the then prevailing bank base rate of National Westminster Bank PLC or (if higher) at the rate provided for under the Late Payment of Commercial Debts (Interest) Act 1998 and its regulations (if applicable). If we should find it necessary to use legal representatives or collection agents to recover monies due, you will be required to pay all costs and disbursements so incurred.

7.2 If before the valuation is concluded:-

- (a) you end this instruction, we will charge abortive fees; or
 - (b) you delay the instruction by more than [1] month or materially alter the instruction so that additional work is required at any stage we will charge additional fees,
- And in each case such fees will be calculated on the basis of reasonable time and expenses incurred.

7.3 Where the valuation is for loan security purposes, and we agree to accept payment of our fee from the borrower, the fee remains due from yourselves until payment is received by us. Additionally, payment of our fee is not conditional upon the loan being drawn down or any conditions of the loan being met.

8. Disclosable Interests

We may offer the following services to prospective purchasers and similarly the services may be offered to them by another organisation in circumstances where we may benefit financially: financial services, property letting and management services, building construction, refurbishment and maintenance services and the sale of the prospective purchaser's property.

9. RICS Valuation – Professional Standards – "The Red Book"

Valuations and appraisals will be carried out in accordance with the relevant edition of the RICS Valuation - Professional Standards by valuers who conform to its requirements and with regard to relevant statutes or regulations. Compliance with The Red Book is mandatory for Chartered Surveyors in the interests of maintaining high standards of service and for the protection of clients.

10. Regulation and Monitoring

Knight Frank LLP is registered for regulation in the UK by RICS. The valuation may be subject to monitoring under the RICS conduct and disciplinary regulations.

11. Valuation Basis

Valuations and appraisals are carried out on a basis appropriate to the purpose for which they are intended and in accordance with the relevant definitions, commentary and assumptions contained in The Red Book. The basis of valuation will be agreed with you in the letter covering the specific terms for the instruction.

12. Portfolios

Where requested to value a portfolio, unless specifically agreed with you otherwise, we will value the individual properties separately, upon the assumption that the properties have been marketed in an orderly manner.

13. Land Register Inspection and Searches

We do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.

14. Title and Burdens

We do not read documents of title although, where provided, we consider and take account of matters referred to in solicitor's reports or certificates of title. We would normally assume, unless specifically informed and stated otherwise, that each property has good and marketable title and that all documentation is satisfactorily drawn and that there are no unusual outgoings, planning proposals, onerous restrictions or local authority intentions which affect the property, nor any material litigation pending.

15. Disposal Costs and Liabilities

No allowance is made in our valuation for expenses of realisation or for taxation which may arise in the event of a disposal and our valuation is expressed as exclusive of any VAT that may become chargeable. Properties are valued disregarding any mortgages or other charges.

16. Sources of Information

We rely upon the information provided to us, by the sources listed, as to details of tenure and tenancies (subject to 'Leases' below), planning consents and other relevant matters, as summarised in our report. We assume that this information is complete and correct.

17. Identity of Property to be Valued

We will exercise reasonable care and skill (but will not have an absolute obligation to you) to ensure that the property, identified by the property address in your instructions, is the property inspected by us and contained within our valuation report. If there is ambiguity as to the property address, or the extent of the property to be valued, this should be drawn to our attention in your instructions or immediately upon receipt of our report.

18. Boundaries

Plans accompanying reports are for identification purposes only and should not be relied upon to define boundaries, title or easements. The extent of the site is outlined in accordance with information given to us and/or our understanding of the boundaries.

19. Planning, Highway and Other Statutory Regulations

Enquiries of the relevant Planning and Highways Authorities in respect of matters affecting the property, where considered appropriate, are normally only obtained verbally or from a Local Authority web site, and this information is given to us, and accepted by us, on the basis that it should not be relied upon. Written enquiries can take several weeks for response and incur charges. Where reassurance is required on planning matters, we recommend that formal written enquiries should be undertaken by the client's solicitors who should also confirm the position with regard to any legal matters referred to in our report. We assume that properties have been constructed, or are being constructed, and are occupied or used in accordance with the appropriate consents and that there are no outstanding statutory notices.

We assume that the premises comply with all relevant statutory requirements including fire and building regulations.

20. Property Insurance

Our valuation assumes that the property would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.

21. Building Areas and Age

Where so instructed, areas provided from a quoted source will be relied upon. Otherwise, dimensions and areas measured on location or from plan are calculated in accordance with the current RICS Code of Measuring Practice and are quoted to a reasonable approximation, with reference to their source. Where the age of the building is estimated, this is for guidance only.

22. Structural Condition

Building, structural and ground condition surveys are detailed investigations of the building, the structure, technical services and ground and soil conditions undertaken by specialist building surveyors or engineers and fall outside the normal remit of a valuation. Since we will not have carried out any of these investigations, except where separately instructed to do so, we are unable to report that the property is free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of deleterious materials. We do reflect the contents of any building survey report referred to us or any defects or items of disrepair of which we are advised or which we note during the course of our valuation inspections but otherwise assume properties to be free from defect.

23. Ground Conditions

We assume there to be no unidentified adverse ground or soil conditions and that the load bearing qualities of the sites of each property are sufficient to support the building constructed or to be constructed thereon.

24. Environmental Issues

Investigations into environmental matters would usually be commissioned of suitably qualified environmental specialists by most responsible purchasers of higher value properties or where there was any reason to suspect contamination or a potential future liability. Furthermore, such investigation would be pursued to the point at which any inherent risk was identified and quantified before a purchase proceeded. Anyone averse to risk is strongly recommended to have a proper environmental investigation undertaken and, besides, a favourable report may be of assistance to any future sale of the property. Where we are provided with the conclusive results of such investigations, on which we are instructed to rely, these will be reflected in our valuations with reference to the source and nature of the enquiries. We would endeavour to point out any obvious indications or occurrences known to us of harmful contamination encountered during the course of our valuation enquiries.

We are not, however, environmental specialists and therefore we do not carry out any scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination. In the absence of appropriate investigations and where there is no apparent reason to suspect potential for contamination, our valuation will be on the assumption that the property is unaffected. Where contamination is suspected or confirmed, but adequate investigation has not been carried out and made available to us, then the valuation will be qualified by reference to appropriate sections of The Red Book.

25. Minerals, Timber, Airspace etc.

Unless specifically agreed otherwise in confirming instructions and so stated within the main body of the valuation report, we do not value or attempt to value or take into account any potential income stream or other beneficial or detrimental effect or other factor relating to undiscovered or unquantified mineral deposits, timber, airspace, sub-ground space or any other matter which would not be openly known in the market and considered to have value.

26. Leases

The client should confirm to us in writing if they require us to read leases. Where we do read leases reliance must not be placed on our interpretation of these documents without reference to solicitors, particularly where purchase or lending against the security of a property is involved.

27. Covenant

We reflect our general appreciation of potential purchasers' likely perceptions of the financial status of tenants. We do not, however, carry out detailed investigations as to the financial standing of the tenants, except where specifically instructed, and assume, unless informed otherwise, that in all cases there are no significant arrears of payment and that they are capable of meeting their obligations under the terms of leases and agreements.

28. Loan Security

Where instructed to comment on the suitability of property as a loan security we are only able to comment on any inherent property risk. Determination of the degree and adequacy of capital and income cover for loans is the responsibility of the lender having regard to the terms of the loan.

29. Build Cost Information

Where our instruction requires us to have regard to build cost information, for example in the valuation of properties with development potential, we strongly recommend that you supply us with build cost and other relevant information prepared by a suitably qualified construction cost professional, such as a quantity surveyor. We do not hold ourselves out to have expertise in assessing build costs and any property valuation advice provided by us will be stated to have been arrived at in reliance upon the build cost information supplied to us by you. In the absence of any build cost information supplied to us, we may have regard to published build cost information. There are severe limitations on the accuracy of build costs applied by this approach and professional advice on the build costs should be sought by you. The reliance which can be placed

upon our advice in these circumstances is severely restricted. If you subsequently obtain specialist build cost advice, we recommend that we are instructed to review our advice.

30. Reinstatement Assessments

A reinstatement assessment for insurance purposes is a specialist service and we recommend that separate instructions are issued for this specific purpose. If advice is required as a check against the adequacy of existing cover this should be specified as part of the initial instruction. Any indication given is provided only for guidance and must not be relied upon as the basis for insurance cover. Our reinstatement assessment should be compared with the owner's and if there is a material difference, then a full reinstatement valuation should be considered.

31. Comparable Evidence

Where comparable evidence information is included in our report, this information is often based upon our oral enquiries and its accuracy cannot always be assured, or may be subject to undertakings as to confidentiality. However, such information would only be referred to where we had reason to believe its general accuracy or where it was in accordance with expectation. In addition, we have not inspected comparable properties.

32. Regulated Purpose Valuations (RPV)

RICS has established particular requirements in circumstances where a valuation although provided for a client may also be of use to third parties, for instance, the shareholders in a company, defined by the RICS as "Regulated Purpose Valuations". Where a valuation is for a Regulated Purpose, in accordance with RICS requirements, Knight Frank LLP is required to make specific disclosures to you.

When instructed in a continuing role as a Valuer it is Knight Frank LLP's policy to rotate persons responsible for valuations and the signatory to the report, on a seven yearly basis, unless specifically agreed otherwise.

Valuation Bases

1. Market Value (MV):

Market Value is defined as:

The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

2. Market Rent (MR):

Market Rent is defined as:

The estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

3. Fair Value

The definition of Fair Value adopted by the International Accounting Standards Board is:

The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.

4. Investment Value

Investment Value (or Worth) is defined as:

Investment Value is the value of an asset to the owner or a prospective owner for individual investment or operational objectives.

5. Projected Market Value (PMV) of Residential Property only

Projected Market Value is designed to provide residential mortgage lenders with a simple numeric indication of the valuer's opinion of short-term market trends and is defined as:

The estimated amount for which an asset is expected to exchange at a date, after the valuation date and specified by the valuer, between a willing buyer and a willing seller, in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion

6. Existing Use Value (EUV)

Existing Use Value is the basis suitable for financial reporting purposes under UK accounting standards only and is defined as:

The estimated amount for which an asset should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had acted knowledgeably, prudently and without compulsion – assuming that the buyer is granted vacant possession of all parts of the asset required by the business, and disregarding potential alternative uses and any other characteristics of the asset that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Appendix 2 - Commercial Market Commentary

Property Investment Market Overview

November 2014

Contact details

Knight Frank Research

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Knight Frank LLP is a limited liability partnership registered in England with registered number OC305624.
Our registered office is 35 Abchurch Lane, London, EC4A 3DF where you may locate a lot of members' homes.

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1. UK Economic Overview

Table 1: Key UK Economic Indicators at a glance

	Quarter / Month (%)	Trend	Annual Rate (%)	Trend
GDP (Q3 14)	0.7%	↓	3.0%	↓
Service Sector Output (Sep 14)	0.5%	↑	3.4%	↑
Manufacturing Output (Sep 14)	0.4%	↑	2.9%	↑
CPI Inflation (Oct 14)	0.1%	↑	1.3%	↑
Unemployment rate (Jul - Sep 14)	6.0%	↔	-	-
Retail Sales Volumes (Oct 14)	0.8%	↑	4.3%	↑

Source: Office of National Statistics. GDP and output figures are estimates and may be revised.

Analysts expect 3.0% GDP growth

The latest Treasury survey of independent forecasts showed sentiment easing off among City analysts on the outlook for the UK economy. The consensus growth rate in November was 3.0% for 2014, which is down on October's figure of 3.0%. Expectations for next year were unchanged, with a consensus figure of 2.6% for 2015.

Q3 GDP down slightly

The second estimate of Q3 GDP growth read at 0.7%, quarter-on-quarter, which was slightly lower than the Q2 figure of 0.9%, but still twice the ten-year average of 0.3%. The annual growth rate at 3.0% was also down on the 3.2% reported for Q2. GDP now stands 3.4% higher than its pre-recession peak, largely thanks to the services sector.

Retail sales rebound in October

Retail sales increased by 0.8% month-on-month in October, following a fall in September. The annual rate of growth accelerated from 2.7% to 4.3%. Using the year-on-year measure, the index has now risen for 19 consecutive months. Interestingly, the figures for internet shopping were disappointing, with a month-on-month fall and the weakest annual growth rate for nearly two years.

Inflation edges up

CPI inflation increased to 1.3% in October, up from 1.2% the previous month, but well below the Bank of England's 2.0% target. In part this was due to fuel costs falling less rapidly than a year ago, but also there was upwards pressure from video games prices as the run-up to Christmas begins.

Unemployment stabilises

The unemployment rate remained steady at 6.0% in September, versus 7.6% a year earlier. Over 30.8m people are now in work, up 694,000 on a year ago. However, the general tone of the recent employment figures has been a levelling out of indicators. Encouragingly, the rate of pay inflation increased to 1.0% per annum, although this is still below the rate of CPI inflation.

**Property total
return reaches
20.1%**

September's IPD Monthly Index reported that the twelve month total return on All Property had increased to an impressive 20.1%, up from 7.4% a year ago and the highest figure since September 2010. Offices continue to lead the recovery with an annual rise in capital values of 18.9%.

2. Offices

Table 1: Offices performance

	Quarterly (%) Q3 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.2	0.4	4.7	5.8	5.7
Capital Growth	3.9	1.3	14.4	18.4	18.9
Rental Growth	1.6	0.7	5.6	6.2	6.7
Equivalent Yield	6.4	6.6	N/A	6.7	6.6
Total Return	5.1	1.8	19.7	25.2	25.6

Source: October 2014 IPD Monthly Digest, IPD Quarterly Digest Q3 2014

All Office returns continue to lead the main sectors

Office returns at their highest since previous 2006 peak

The All Office total return has increased significantly over the past 12 months to reach 25.6% over the year to October, its highest level since the previous market peak of 2006. Offices remain the lead performing sector, significantly ahead of Retail (14.8% y-on-y) but only marginally ahead of Industrial (25.3% y-on-y).

Performance driven by Central London

Strong All Office returns remain driven by the strength of the London markets, with annual returns climbing to 28.0% in the West End, 25.1% in the City and a remarkable 30.5% in the rest of London. However, the rest of UK index has also started to experience a clear upswing, with returns reaching 19.0% over the past 12 months to October.

Capital value growth accelerating

All Office capital values have continued to expand since July 2013, with values rising by 18.9% over the 12 months to October. While rising capital values are mostly driven by the Central London, values are also increasing steadily elsewhere in the UK, with year-on-year capital growth reaching 10.1% on the Rest of UK index.

Average office yields continue to harden

Average equivalent yield for All Offices has hardened by 70bps since the start of the year and 100bps over the past 12 months to stand at 6.6% - its sixteenth successive monthly downward movement. Prime yields remain low by historic standards, while yields for good quality secondary assets have also hardened markedly, more recently in the UK's regional markets.

Office rental growth accelerating

All Office rents rose 0.7% over the month in October, bringing an annual growth to 6.7%. However, overall rental performance continues to be driven by the City and West End markets, recording y-o-y growth of 11.0% and 11.9% respectively. Meanwhile, following a prolonged period of contraction, rents for the rest of the UK moved into positive territory in early 2014, albeit rising only marginally to stand at 0.7% over the year to October.

**Q3 2014
volumes 30%
above average**

Latest figures from Property Data reveal that total Office investment volumes reached £5.82bn in Q3, up 10% on Q2's level and 30% above the ten year quarterly average. The uptick in volumes reflects increased stock being brought to the market, as a number of investors seek to capitalise of significant price increases over the past 12 months.

3. Industrial

Table 2: Industrial performance

	Quarterly (%) Q1 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.5	0.6	5.8	7.2	7.2
Capital Growth	3.9	1.5	13.3	15.3	17.1
Rental Growth	0.7	0.4	2.2	2.4	2.6
Equivalent Yield	7.1	7.2	N/A	7.3	7.2
Total Return	5.4	2.1	19.9	24.6	25.3

Source: October 2014: IPD Monthly Digest, IPD Quarterly Digest; Q3 2014

Industrial total returns continue on the upward trajectory

Returns strongest since the mid-90s

Industrial sector performance has continued to strengthen over the past 12 months, recording returns of 25.3% over the year to October. This latest rise takes the sector's performance to a 20-year high.

Industrial returns only marginally behind offices

Industrial total returns remain significantly ahead of Retail (14.8%) and were only marginally behind Offices (25.6%) in October. However, if the Central London Office markets are taken out of the equation, Industrial is comfortably the lead performing UK sector over the past 12 months.

Capital values rising steadily

Capital values rose 1.5% over the month in October, following 1.3% increase in September. Over the 12 months to October, capital values have increased steadily to reach 17.1% - its strongest rate of growth since the early 1990s.

Rental growth improving

Industrial rental growth moved into positive territory in October 2013, having witnessed a prolonged, albeit gradual period of falling rental values stretching back to 2008. Rents rose by a marginal 0.4% over the month in October. This brought an annual rate of growth to 2.6%, sector's strongest growth since December 2001.

Yields reach their lowest level since March 2008

IPD's average equivalent yield for Industrial hardened further in October. It now stands at 7.2% - 90bps lower compared with the start of the year and its lowest level since March 2008. While prime yields remain under downward pressure, the discount between prime and secondary assets is starting to reduce following significant yield compression in well-positioned secondary markets.

Strong investment volumes in Q3

Latest figures from Property Data reveal that total Industrial investment volumes reached £1.56bn in Q3, up 4% from Q2's total and 52% above the 10-year quarterly average. The substantial levels reflect the renewed appetite for industrial stock, with investors attracted to the positive fundamentals of supply shortages and structural changes in consumption patterns.

All Retail

Table 3: All Retail performance

	Quarterly (%) Q3 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.3	0.5	5.3	6.5	6.5
Capital Growth	2.3	0.5	6.5	7.6	7.9
Rental Growth	0.2	0.01	0.2	0.0	0.1
Equivalent Yield	5.9	5.2	N/A	6.3	6.2
Total Return	3.7	1.0	12.1	14.5	14.8

Source: October 2014 IPD Monthly Digest, IPD Quarterly Digest Q3 2014

Annual total returns were 14.79% in October	The retail sector as a whole recorded 1.03% total returns in October.
Capital values rose by 0.53% over the month	The sector recorded month-on-month total returns of 1.03% in October, up from 1.42% in September. However, on an annual basis, returns for the whole sector have been trending more positively, reaching 14.79% over the 12 months to October, its strongest since November 2010.
Retail rents recorded 0.01% monthly growth	Over the year to October, capital growth reached 7.87%, rising from 7.58% over the 12 months to September. Similarly, on a monthly basis, the rate of growth in capital values was positive, rising by 0.53% in October.
Q3 All retail transaction volumes up	Having been falling for nearly two years, Retail monthly rental growth has returned to positive territory in the last couple of months. Nonetheless, October recorded only a marginal growth of 0.01%. On an annual basis to October, the sector recorded 0.06% growth, following 0.01% over the 12 months to September.
The UK retail sector remains polarised	As at the end of October, figures from Property Data suggest that total retail investment volumes reached £3.94bn in Q3, compared with £2.89bn in Q2 2014 and £2.22bn in Q3 2013.
	Activity from both UK and international occupiers is concentrated on prime streets and centres. Despite the improving economic backdrop, the occupational picture around the UK remains somewhat polarised, with premier locations/assets attracting strong demand from retailers, while secondary pitches/assets still struggle on the back of cautious retailer sentiment. However, on a positive note, leasing activity has picked up in provincial centres, albeit principally in the largest cities.

4. High Street Retail

Table 4: High Street Retail performance

	Quarterly (%) Q3 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.2	0.6	5.0	6.2	6.1
Capital Growth	2.7	0.4	5.5	7.1	7.3
Rental Growth	0.6	0.1	0.5	0.3	0.4
Equivalent Yield	5.6	5.9	N/A	6.0	5.9
Total Return	4.0	0.9	10.8	13.7	13.8

Source: October 2014 IPD Monthly Digest; IPD Quarterly Digest Q3 2014

Annual total returns were 13.80% in October	High Street retail recorded monthly total returns of 0.92% in October. Although returns have generally been picking up since the second half of 2013, the rate of increase has been slow. On an annual basis, high street total returns have performed better on the other hand and recorded 13.80% in October.
Positive capital growth in October	Capital values recorded month-on-month growth of 0.44% in October, down from September's 0.73%. Over the 12 months to October, High Street retail recorded capital growth of 7.27%, the strongest annual growth since December 2010.
Monthly rental growth was positive in October	Average annual rental growth has been in negative territory for over five years. On an annual basis, rental values witnessed a 0.42% increase over the 12 months to October. On a monthly basis, October saw 0.09% rental growth following a 0.21% monthly increase in September.
Investment volumes rise in Q3	As at the end of October, Property Data showed that total high street investment volumes reached £1.39 in Q3, compared with £998m worth of deals transacted in Q2 2014 and £1,258m in Q3 2013.
International retailers targeting London	London's occupational market shows no signs of slowing down, with a long line of retailers from the UK and abroad looking to take space in the capital. Demand generally exceeds supply in the capital's key shopping locations. However, a lack of suitable stock in these areas is creating overspill demand in adjacent locations, where rents are increasing as a result. Outside London, whilst major cities/historic towns are seeing a reasonable level of demand, sentiment is cautious with respect to secondary locations and towns with high vacancy rates.

5. Shopping Centres

Table 5: Shopping Centres performance

	Quarterly (%) Q3 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.3	0.6	6.4	7.8	7.7
Capital Growth	1.8	0.8	5.1	5.8	6.5
Rental Growth	0.2	-0.2	-0.4	-0.6	-0.8
Equivalent Yield	6.6	7.6	N/A	7.7	7.6
Total Return	3.1	1.4	11.8	14.0	14.7

Source: October 2014 IPD Monthly Digest, IPD Quarterly Digest, Q3 2014

Positive total returns in October

Shopping centres continue to deliver positive monthly total returns, with October seeing returns of 1.38%. On an annual basis, total returns were 14.73%, slightly up from 14.04% recorded over the 12 months to September.

Healthy y-o-y capital growth

Capital values have been trending more positively since the second half of 2013. On a monthly basis, capital values recorded a marginal increase of 0.79% in October. On an annual basis, capital values saw 6.54% growth.

Equivalent yields edged down

Shopping centre equivalent yields edged down to 7.55% in October, circa 175bps below the long-term monthly average of 9.30%. Average shopping centre yields continue to edge down, having moved down by 102 bps since the beginning of 2014.

Rents saw -0.71% annual fall

Shopping centre rental growth moved back to negative territory in October and recorded a marginal decrease of -0.17%. Similarly, on an annual basis, shopping centres recorded a -0.82% fall to October.

Buoyant shopping centre investment market

The £1.17bn worth of shopping centres transacted during Q3 2014 is up 16.5% on Q2 2013. Indeed, over the first three quarters of 2014 combined, transactional volumes totalled £3.90bn, 32.2% up on the equivalent period in 2013. Continuing the trend from the past three months, Q3 was characterised by a number of large single-asset transactions and portfolio sales. The current trend to sell via portfolios is growing. Project Leopard and Swallow-Tail are good examples offering varying quality of centres and a choice of yield and UK geographical spread.

6. Retail Warehousing

Table 8: Retail Warehousing performance

	Quarterly (%) Q3 2014	Monthly (%)	Year to date (%)	12 months to September (%)	12 months to October (%)
Income Return	1.4	0.5	5.3	6.4	6.4
Capital Growth	2.8	0.5	7.5	8.4	8.6
Rental Growth	0.1	0.02	0.3	0.1	0.1
Equivalent Yield	5.9	6.0	N/A	6.1	6.0
Total Return	4.3	1.0	13.1	15.3	15.5

Source: October 2014 IPD Monthly Digest, IPD Quarterly Digest Q3 2014

Total returns was 1.01% in October

Monthly total returns for retail warehousing recorded 1.01% in October. On an annual basis, total returns reached 15.52% over the 12 months to October, improving further on the 15.26% recorded over the 12 months to September.

Capital values increased to 8.64% y-o-y

Capital values increased by 0.52% over the month in October, down from the 1.14% recorded in September. On an annual basis, positive capital value growth has continued and reached 8.64% over the 12 months to October – the strongest since January 2011.

Equivalent yields hardening

Average retail warehouse equivalent yields have hardened by 53bps from the start of the year to stand at 6.04%, its eighteenth successive monthly downward shift. Set in an historic context, equivalent yields are now 167bps below the long-term average of 7.71%.

Rental values increased marginally y-o-y

Retail warehousing rental growth bounced back to positive territory during the second half of 2014 and October saw marginal month-on-month growth of 0.02%, following 0.22% growth recorded in September. On an annual basis, rental growth was 0.12% over the 12 months to October.

Q3 transactional volumes amounted to £1.22bn

The level of investment demand for quality space remains healthy. According to Property Data (as at the end of October), approximately £1.22bn worth of retail warehousing changed hands in Q3, compared with £479m in Q2 2014.

7. Property Market Forecasts

Table 7: Property Market Forecasts

	Year	Office	Industrial	High Street	Shopping Centres	Retail Warehouses	All Property
Rental Value Growth (%)	2014	6.7	2.1	1.6	0.3	0.7	2.8
	2015	5.7	2.6	2.1	1.3	1.7	3.1
	2016	4.2	2.5	2.3	1.8	2.1	2.8
	2014/18	4.3	2.3	2.1	1.5	1.8	2.6
Capital Growth (%)	2014	15.0	12.8	8.9	6.1	8.6	10.9
	2015	6.9	6.0	4.4	3.7	4.1	4.8
	2016	2.1	1.4	1.2	1.3	1.2	1.5
	2014/18	4.6	3.9	3.1	2.7	2.8	3.4
Total Return (%)	2014	20.6	19.8	14.4	14.2	14.9	17.0
	2015	12.0	11.3	9.6	9.5	9.8	10.3
	2016	7.0	7.5	6.3	7.0	6.9	7.0
	2014/18	9.8	10.2	8.3	8.4	8.6	9.0

Source: IPF Consensus Forecasts, August 2014

All Property	IPF's consensus forecast for 2014 All Property total returns has strengthened further, rising from 13.7% in May to 17.0% in August. The outlook for returns has improved across the board, with all sectors now expected to see total returns of over 14%. While rental growth prospects continue to improve, returns will be driven mainly by capital growth. The average annual total return forecast for 2014/18 is 9.0% p.a.
Offices	The office sector is forecast to generate the strongest total returns in 2014 (20.6%), on the back of buoyant growth in rents and capital values, particularly in Central London. Short term, offices are expected to outperform, but as capital values improve the office sector will become less dominant.
Industrial	In 2014, industrial is expected to be the second best performer in terms of total returns, marginally behind offices. While rental growth is expected to be comparatively limited, stronger capital growth leads to healthy total returns of 19.8% in 2014. Over the medium term 2014/18 period, total returns are forecast to average 10.2% - outperforming all the other sectors.
Retail	Retail is forecast to be the underperforming sector over the next five years, with the lowest forecast total returns of all the sectors for 2014/18. Retail warehousing is expected to be the best performing retail sub-sector, with solid returns of 8.6% p.a. over the period 2014/18.

**APPENDIX 2
THE PROPERTIES**

**PART 1
ST KATHARINE'S DOCK**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
The Zone A Car Park	MPG St Katharine GP Limited and MPG St Katharine Nominee Limited	SKD Borrower	EGL156443	Lease dated 18 April 1985 between (1) Greater London Council and (2) St. Katharine by the Tower Limited	£2,073,107
Mews Street Garages	MPG St Katharine GP Limited and MPG St Katharine Nominee Limited	SKD Borrower	NGL492927	Lease dated 19 April 1984 between (1) Greater London Council and (2) St. Katharine by the Tower Limited	
The City Quay Car Parking Spaces	MPG St Katharine GP Limited and MPG St Katharine Nominee Limited	SKD Borrower	EGL437446	Lease dated 21 December 2001 between (1) Taylor Woodrow Capital Developments Limited, (2) The City Quay Management Company Limited and (3) St Katharine One Limited and St Katharine Two Limited	
International House	MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited	SKD Borrower	EGL318781 AGL291357	Lease dated 7 December 1993 between (1) St Katharine by the Tower Limited, (2) Clipper Investments Limited and (3) Enfranchise 146 Limited Lease dated 21 August 2013 between (1) MPG St Katharine GP Limited and MPG St Katharine Nominee Limited, (2) MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited and (3) St Katharine's Estate Management Company Limited	£86,724,993
Commodity Quay	MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited	SKD Borrower	EGL319233	Lease dated 7 December 1993 between (1) St Katharine by the Tower Limited, (2) Clipper Investments Limited and (3) Enfranchise 146 Limited	£70,658,411

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Devon House	MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited	SKD Borrower	EGL318576	Lease dated 7 December 1993 between (1) St Katharine by the Tower Limited, (2) Pennant Investments Limited and (3) Enfranchise 146 Limited	£31,925,854
Ivory House and other properties	MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited	SKD Borrower	EGL319232 EGL326748 EGL537101	Lease dated 7 December 1993 between (1) St Katharine by the Tower Limited, (2) Pennant Investments Limited and (3) Enfranchise 146 Limited Lease dated 8 July 1994 between (1) St Katharine by the Tower Limited, (2) Pennant Investments Limited and (3) St Katharine's Estate Management Company Limited Lease dated 20 March 2008 between (1) St Katharine's Investments LP, (2) SKIL One Limited and SKIL Two Limited and (3) St Katharine's Estate Management Company Limited	£11,747,608
The Flats at Ivory House	SKIL Three Limited and SKIL Four Limited	SKD Borrower	EGL494170	Lease dated 5 August 2005 between (1) SKIL One Limited and SKIL Two Limited and (2) SKIL Three Limited and SKIL Four Limited	
The roof space at Flat 30 Ivory House	SKIL Three Limited and SKIL Four Limited	SKD Borrower	AGL279492	Lease dated 1 February 2013 between (1) MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited and (2) SKIL Three Limited and SKIL Four Limited	
The Freehold land being Europe House and Commodity Exchange, East Smithfield, International	MPG St Katharine GP Limited and MPG St Katharine Nominee Limited	SKD Borrower	NGL93942	n/a	£10,780,158

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
House and Devon House, St Katharine's Way, Ivory House, 7 to 19 Tower Walk, 1 to 10 Mews Street and land at St Katharine's Dock, London					
Marina Basin	MPG St Katharine Nominee Limited and MPG St Katharine Nominee Two Limited	SKD Borrower	EGL430260	Lease dated 25 October 2001 between (1) St Katharine's Estate Management Company Limited and (2) St Katharine One Limited and St Katharine Two Limited	

**PART 2
HIGH HOLBORN ESTATE**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
High Holborn House and 48 – 51 Bedford Road	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	276470	n/a	£44,917,326
Caroline House	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	NGL641944	n/a	£12,093,126
Brownlow House	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	309941	n/a	£5,977,460
18-21 Hand Court	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	NGL345792	n/a	£3,386,075
22-23 Hand Court	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	NGL541406 NGL541405		£3,938,904
45 and 46 Bedford Row	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	NGL791115	n/a	£4,733,595
47 Bedford Row	MPG Holborn GP Limited and MPG Holborn Nominee Limited	HHE Borrower	NGL742816	n/a	£1,312,968

**PART 3
MANCHESTER**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Concord Business Park, Threapwood Road, Manchester M22 0RR	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	GM540728 GM540729 GM567292 GM567293 GM567104 GM563603 GM519587	Lease dated 2 July 1990 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 2 July 1990 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 25 March 1991 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 25 March 1991 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 25 March 1991 between (1) The Council of the City of Manchester and (2) Ossory Investments Limited Lease dated 23 January 1991 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 8 September 1989 between (1) (1) The Council of the City of Manchester and (2) St Mowden Developments Limited Lease dated 17 January 1991 between (1) The Council of the City of Manchester and (2) St Mowden Developments Limited	£9,491,377

**PART 4
HORSHAM**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Broadlands Business Campus, Langhurstwood Road, Horsham RH12 4QP	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	WSX142534 WSX242469	In respect of title number WSX242469 only, lease dated 20 March 2000 between (1) Brixton (Horsham Business Park) Limited and (2) Brixton Nominee Horsham Business Park 1 Limited and Brixton Nominee Horsham Business Park 2 Limited	£8,465,189

**PART 5
NEWBURY**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Overbridge Square, Hambridge Lane, Newbury RG14 5UX	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	BK238916	n/a	£3,195,350

**PART 6
FAREHAM**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Solent Centre, Solent Business Park, Whiteley, Fareham, Hampshire PO15 7AL	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	HP384036	n/a	£5,279,514

**PART 7
BRISTOL**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
New Bond House, Newfoundland Street, Bristol BS2 8QR	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	BL37276 AV77524 BL30149 BL34368 AV149342 BL28055 AV165951	In respect of title number AV165951 only, lease dated 25 July 1988 between (1) London & Bristol Developments PLC and (2) BGW Properties Limited	£1,451,175
Berkeley House, Bristol	Max Office GP Limited and Max Office Nominee Limited	Provincial Borrower	AV163504 AV132191	n/a	£324,787

**PART 8
CENTRIC**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Centric MK, Foxhunter Drive, Milton Keynes MK14 6GE	Max Office General Partner Ltd and Max Office Nominee Two Limited	Office Borrower	BM248543	n/a	£4,284,422

**PART 9
WORKPLACE**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Workplace Building, Precedent Drive, Rooksley, Milton Keynes MK13 8PD	Max Office General Partner Ltd and Max Office Nominee Two Limited	Office Borrower	BM140464	n/a	£1,433,899

**PART 10
SILBURY**

Property	Legal Owners	Beneficial Owner	Title Numbers	Lease (if applicable)	Allocated Loan Amount
Silbury Court, Silbury Boulevard, Milton Keynes MK9 2AF	Max Office General Partner Ltd and Max Office Nominee Two Limited	Office Borrower	BM371077 BM229176	n/a	£5,804,701

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