(incorporated with limited liability in England and Wales with registration number 4653159)

Commercial Mortgage Backed Floating Rate Notes due 2018

Opera Finance No.1 plc (the ''**Issuer**'') will issue the £282,365,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class A Notes**''), the £36,435,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class B Notes**''), the £19,130,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class C Notes**''), the £20,040,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class D Notes**'') and the £6,365,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class E Notes**'' and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the ''**Notes**''). Application has been made to the Irish Stock Exchange Limited (the ''**Irish Stock Exchange**'') for the Notes to be admitted to the Official List of the Irish Stock Exchange. A copy of this Offering Circular, which comprises approved listing particulars with regard to the Issuer and the Notes in accordance with requirements of the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the ''**Regulations**''), has been delivered to the Registrar of Companies in Ireland in accordance with the Regulations.

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

Class	Initial Principal Amount	Margin	Additional Step-up Margin	Anticipated Ratings S&P	Moody's	Fitch
A	£282,365,000	0.50 per cent.	0.25 per cent.	AAA	Aaa	AAA
B	£36,435,000	0.80 per cent.	0.40 per cent.	AA+	Aa3	AA
C	£19,130,000	1.20 per cent.	0.60 per cent.	A+	A3	A+
D	£20,040,000	2.375 per cent.	1.1875 per cent.	BBB+	–	BBB
E	£6,365,000	2.75 per cent.	1.375 per cent.	BB	–	BB

Interest on the Notes will be payable quarterly in arrear in pounds sterling on the 5th day of February, May, August and November in each year (subject to adjustment for non-business days) (each an ''**Interest Payment Date**''). The first Interest Payment Date will be the Interest Payment Date falling in February 2004 (other than in relation to the Additional Step-up Amounts (as defined below) which shall be payable from (and including) the Interest Payment Date falling in February 2009). The interest rate applicable to the Notes from time to time will be determined by reference to the London Interbank Offered Rate (''**LIBOR**'') for three-month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of two month and three month sterling deposits) plus a margin and, if applicable, the Additional Step-up Margin each of which will be different for each class of Notes, such margins and Additional Step-up Margins being set out in the table above.

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

The Notes will be issued simultaneously on 25th November, 2003 (the ''**Closing Date**''). All Notes will be secured by the same security, subject to the priority described herein. Notes of each class will rank *pari passu* with other Notes of the same class. The Notes will mature on the Interest Payment Date falling in February 2018 (the ''**Maturity Date**''), unless previously redeemed in full. The Notes will be subject to mandatory redemption and/or optional redemption before such date in the specific circumstances and subject to the conditions more fully set out under ''*Transaction Summary – The Notes*''.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the ''**Securities Act**''), and are subject to U.S. tax law requirements. The Notes are being offered by the Issuer only to persons who are not U.S. Persons (as defined in Regulation S under the Securities Act (''**Regulation S**'')) in offshore transactions in reliance on Regulation S (or otherwise pursuant to transactions exempt from the registration requirements of the Securities Act) and in accordance with applicable laws.

The Notes of each class will each initially be represented on issue by a temporary global note in bearer form (each a ''**Temporary Global Note**''), without interest coupons attached, which will be deposited on or about the Closing Date with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System (''**Euroclear**''), and Clearstream Banking, société anonyme (''**Clearstream, Luxembourg**''). Each Temporary Global Note will be exchangeable for interests in a permanent global note (each a ''**Permanent Global Note**''), without interest coupons attached, on or after the date which is expected to be 5th January, 2004 upon customary certification as to non-U.S. beneficial ownership. Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the ''**Global Notes**'') will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. Interests in the Permanent Global Notes will be exchangeable for definitive Notes in bearer form only in certain limited circumstances as set forth therein.

See ''Risk Factors'' for a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes.

EUROHYPO INVESTMENT BANKING
Arranger

THE ROYAL BANK OF SCOTLAND
Joint Bookrunner

CITIGROUP
Joint Bookrunner

The date of this Offering Circular is 20th November, 2003

*THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, NOR WILL THEY BE GUARANTEED BY, EUROHYPO AKTIENGESELLSCHAFT (''**EUROHYPO**''), BY THE MANAGERS, THE ADMINISTRATOR, THE SPECIAL SERVICER, THE TRUSTEE, THE CORPORATE SERVICES PROVIDER, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK, THE LIQUIDITY FACILITY PROVIDER, THE SWAP COUNTERPARTY OR THE ACCOUNT BANK OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THEM.*

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

No person is or has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, Eurohypo, the Managers, the Administrator, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Swap Counterparty or the Account Bank or any of their respective affiliates or advisors. Neither the delivery of this Offering Circular nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or in any of the information contained herein since the date hereof or that the information contained herein is correct as of any time subsequent to its date. Save for obligations of Eurohypo in its capacity as Administrator, Eurohypo expressly does not undertake to review the Loans or the Properties during the life of the Notes or to advise any investor in the Notes of any information coming to its attention. In particular, Eurohypo (other than in the capacity of Administrator) is not required to obtain any valuations of the Properties over and above the Condition Precedent Valuations (as defined below) other than in accordance with the terms of the Loan Agreements (as defined below).

Neither this Offering Circular nor any other information supplied in connection with the Notes should be considered as a recommendation by Eurohypo or any of the Managers that any recipient of this Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation and appraisal of the creditworthiness of the Issuer.

Other than the approval by the Irish Stock Exchange of this Offering Circular as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Circular to the Registrar of Companies in Ireland for registration in accordance with the Regulations, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular (or any part hereof) comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular see ''Subscription and Sale'' below.

This Offering Circular does not constitute an offer of, or an invitation by or on behalf of, the Issuer or the Managers or any of them to subscribe for or purchase any of the Notes.

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

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

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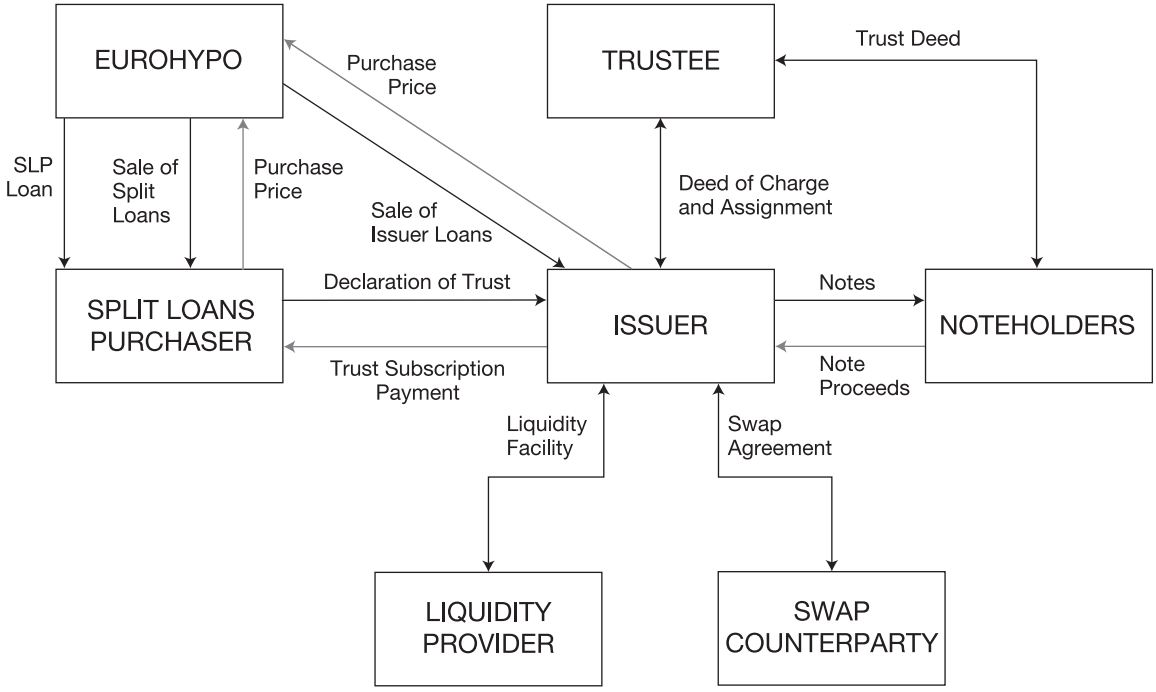
STRUCTURE DIAGRAM



TRANSACTION SUMMARY

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein. Prospective investors are advised to carefully read, and should rely solely on, the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein in making any investment decision. Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular, unless otherwise stated. An index of defined terms is set out at the end of this Offering Circular.

GENERAL

On the Closing Date Eurohypo (in its capacity as the transferor, the ''**Transferor**'') proposes to sell its legal and beneficial interest in a portfolio of 11 loans, nine of which loans (the ''**Issuer Loans**'') will be purchased by the Issuer, and two of which loans (the ''**Split Loans**'') will be purchased by Opera SLP No.1 Limited (the ''**Split Loans Purchaser**''). The Issuer Loans each comprise a fully drawn term loan, or a participation in a fully drawn term loan, and the Split Loans each comprise a participation in a fully drawn term loan element and a revolving loan element. Seven of the Issuer Loans (the ''**Syndicated Issuer Loans**'') and both Split Loans (together with the Syndicated Issuer Loans, the ''**Syndicated Loans**'') are interests in loans that have been documented on a syndicated lending basis. Two of the Syndicated Issuer Loans and both Split Loans are syndicated loans and in the case of the remaining Syndicated Issuer Loans the Transferor is the sole lender. The Transferor is the sole lender under the remaining two Issuer Loans (the ''**Bilateral Loans**''). The Split Loans are to be purchased by the Split Loans Purchaser so as to avoid the obligation to make advances to the relevant Borrowers pursuant to the revolving loan elements of the Split Loans falling upon the Issuer and to allow receipts in respect of the term loan elements of the Split Loans to be divided from receipts in respect of the revolving loan elements of the Split Loans and to allow such receipts to be made available to the Issuer. Receipts in respect of the revolving elements of the Split Loans will be retained by the Split Loans Purchaser or paid to Eurohypo.

On the Closing Date the Issuer proposes to issue the Notes. The Issuer will use part of the Note issue proceeds to acquire, from the Transferor, the Transferor's legal and beneficial interests in the Issuer Loans, together with the Transferor's beneficial interests in the Loan Security (including the relevant mortgages) for such Issuer Loans (the ''**Issuer Loan Security**'').

The Issuer will pay the remainder of the Note issue proceeds to the Split Loans Purchaser as consideration for the Split Loans Purchaser making a declaration of trust pursuant to an agreement for declaration of trust (the ''**Agreement for Declaration of Trust**'') in respect of the Split Loans. The Split Loans Purchaser will use the sum received from the Issuer pursuant to the Agreement for Declaration of Trust, together with an amount lent to it by Eurohypo, to acquire, from the Transferor, the Transferor's legal and beneficial interests in the Split Loans, together with the Transferor's beneficial interests in the Loan Security (including the relevant mortgages) for such Split Loans (the ''**Split Loan Security**''). Opera SLP No. 1 Limited will (in its capacity as trustee under the declaration of trust (the ''**Declaration of Trust**'') made pursuant to the Agreement for Declaration of Trust, the ''**Split Loans Trustee**'') hold the Split Loans Trust Property on trust for the Split Loans Purchaser and the Issuer. The Issuer and the Split Loans Purchaser will each have a joint and undivided beneficial interest in the Split Loans Trust Property. Payments of interest and principal arising from the Split Loans and received by the Split Loans Trustee will be allocated to the Issuer and the Split Loans Purchaser as described in the section ''*The Split Loans Trust*''.

In the case of the Syndicated Issuer Loans, the Issuer Loan Security is held by the relevant facility agent (in each case an ''**Issuer Loan Facility Agent**'') and in the case of the Bilateral Loans it is held by the current chargee (in each case an ''**Issuer Loan Security Trustee**''), in all cases on trust for, amongst others, the lender (which the Issuer will become) under the relevant Issuer Loans (in the case of the Bilateral Loans as a result of a declaration of trust by the current chargee in relation to the relevant Loan Security). In the case of the Split Loans, the Split Loan Security is held by the relevant facility agent (in each case a ''**Split Loan Facility Agent**'' and, together with the Issuer Loan Facility Agents, the ''**Facility Agents**'' and any one of them a ''**Facility Agent**'') on trust for, amongst others, the lender (which the Split Loan Trustee will become) under the Split Loans.

Each Issuer Loan and each Split Loan is a ''**Loan**'' and the Loans together constitute the ''**Loan Pool**''. The Loans have each been made to a different borrower (each a ''**Borrower**'') and together, as at

31st July, 2003 (the ''**Cut-Off Date**''), had an outstanding aggregate principal amount of £365,381,737. However, the outstanding aggregate principal amount of the Loans is likely to be less on the Closing Date as a result of amortisation prior to the Closing Date (see ''*Risk Factors – Changes to the Loan Pool*'' below). Since the Cut-Off Date, in relation to one Loan, one of the Properties and one of the units of one of the Properties, in each case against which that Loan was secured, were sold and two corresponding prepayments were made. One of the prepayments was, however, taken into account in calculating the outstanding aggregate principal of the Loan Pool stated above. The amount prepaid in respect of the other prepayment, which was not taken into account in such calculation, was in an amount of £807,500.

The Loan Agreements variously provide for the Borrowers to pay either a floating or a fixed rate of interest, or a combination of the two, and each Loan Agreement is governed by English law. All of the Loans are denominated in sterling and are obligations of the relevant Borrowers. All the Loans are secured by first legal mortgages or first ranking standard securities over, *inter alia*, commercial properties (the ''**Properties**'') given by a Borrower and/or a party related to the Borrower (each a ''**Mortgagor**'').

The rates of interest on the Loans will not necessarily equal the floating rates applicable to the Notes. In order to provide a hedge against any difference, the Issuer will enter into Swap Transactions. Under these Swap Transactions the Issuer will pay to the Swap Counterparty an amount calculated by reference to the revenue receipts paid to the Issuer in respect of the Issuer Loans and the Split Loans, and the Swap Counterparty will pay to the Issuer an amount calculated by reference to the floating rates of interest payable on the Notes.

The obligations of the Issuer under the Notes to the Noteholders and to the other secured parties will be secured pursuant to a deed of charge and assignment governed by English law or, to the extent applicable, Scots law. The Issuer will create in favour of the Trustee, *inter alia*, (a) an assignment by way of security of the Issuer Loans and the Issuer's rights under the Issuer Loan Agreements; (b) an assignment by way of security of the Issuer's beneficial interest in the Issuer Loan Security; (c) an assignment by way of security of the Issuer's beneficial interests in, *inter alia*, the Split Loans Trust Property; (d) an assignment by way of security of the Issuer's rights under certain contracts and agreements entered into in connection with the issuance of the Notes; (e) an assignment by way of security of the Issuer's interests in the Transaction Account, the Stand-by Account, the Swap Collateral Cash Account, the Swap Collateral Custody Account, the Reserve Account and certain other accounts in which the Issuer may place and hold cash; (f) a charge over any other Eligible Investments from time to time held by or on behalf of the Issuer and (g) a floating charge over the whole of the undertaking and assets of the Issuer (other than those assets that are otherwise secured by way of an effective fixed security interest, but extending over any undertaking or assets situated in Scotland, or otherwise governed by the laws of Scotland, (in either case, ''**Scottish Assets**'') of the Issuer).

THE KEY TRANSACTION PARTIES

Issuer:	Opera Finance No. 1 plc (the ''**Issuer**'') is a public company incorporated in England and Wales with limited liability under registration number 4653159. The entire issued share capital of the Issuer is held by SFM Corporate Services Limited or its nominee ultimately for charitable purposes.
Split Loans Purchaser:	Opera SLP No. 1 Limited (in its capacity as split loans purchaser, the ''**Split Loans Purchaser**'') is a company incorporated in England and Wales with limited liability under registration number 4653666. The entire issued share capital of the Split Loans Purchaser is held by SFM Corporate Services Limited ultimately for charitable purposes.
Split Loans Trustee:	Opera SLP No.1 Limited (in its capacity as split loans trustee, the ''**Split Loans Trustee**'') will act as trustee under the Declaration of Trust pursuant to the Agreement for Declaration of Trust.
Transferor:	Eurohypo Aktiengesellschaft, London Branch, whose principal office is at 4th Floor, 90 Long Acre, London WC2E 9RA, will, pursuant to the Issuer Loan Sale Agreement, transfer to the Issuer its interests in the Issuer Loans and, pursuant to the Split Loan Sale Agreement, novate to the Split Loans Purchaser its interests in the Split Loans.
Trustee:	Deutsche Trustee Company Limited (the ''**Trustee**'') will act as trustee for the holders of the Notes pursuant to a trust deed (the ''**Trust Deed**'') between the Trustee and the Issuer to be dated on or prior to the Closing Date.
Administrator:	Eurohypo Aktiengesellschaft, London Branch (in its capacity as administrator, the ''**Administrator**'') will, pursuant to an administration agreement (the ''**Administration Agreement**'') to be dated on or prior to the Closing Date between, *inter alios*, the Administrator, the Trustee, the Issuer and the Split Loans Purchaser, act as the loan administrator and have responsibility for, *inter alia*, the investment and application of moneys in accordance with the relevant priority of payments in respect of the Loans.
Special Servicer:	Eurohypo Aktiengesellschaft, London Branch (in its capacity as special servicer, the ''**Special Servicer**'') will, pursuant to the Administration Agreement, act as the special servicer in relation to Specially Serviced Loans.
Principal Paying Agent and Agent Bank:	Deutsche Bank AG London acting through its branch at Winchester House, 1 Great Winchester Street, London EC2N 2DB will be principal paying agent (in such capacity, the ''**Principal Paying Agent**'') and agent bank (in such capacity, the ''**Agent Bank**'') under an agency agreement (the ''**Agency Agreement**'') to be dated on or prior to the Closing Date.
Irish Paying Agent:	Deutsche International Corporate Services (Ireland) Limited will be Irish paying agent (the ''**Irish Paying Agent**'') under the Agency Agreement. The Irish Paying Agent together with the Principal Paying Agent and any other paying agent(s) that may be appointed pursuant to the Agency Agreement are together referred to as the ''**Paying Agents**''.
Account Bank:	Deutsche Bank AG London will act as account bank (in its capacity as account bank, the ''**Account Bank**'') under an account bank agreement (the ''**Account Bank Agreement**'') to be dated on or prior to the Closing Date.

Swap Counterparty: The Royal Bank of Scotland plc (in its capacity as swap counterparty, the ''**Swap Counterparty**'') will enter into a swap agreement (the ''**Swap Agreement**'') in the form of an International Swaps and Derivatives Association Inc. (''**ISDA**'') 1992 Master Agreement (Multicurrency-Cross Border) dated on or prior to the Closing Date with the Issuer.

Liquidity Facility Provider: The Royal Bank of Scotland plc (in its capacity as the liquidity facility provider, the ''**Liquidity Facility Provider**'') will, under a liquidity facility agreement to be dated on or prior to the Closing Date and between the Liquidity Facility Provider, the Issuer and the Trustee (the ''**Liquidity Facility Agreement**''), provide a liquidity facility with an initial maximum aggregate principal amount of £22,500,000 (the ''**Liquidity Facility**'') (such amount being subject to reduction in certain specified circumstances). The Liquidity Facility will only be available to meet an Income Deficiency as set out in ''*Credit Structure – Liquidity Facility*'' and will be subject to additional terms and conditions. The Liquidity Facility will not be available to meet any payments of principal in respect of any class of Notes or to pay any Additional Step-up Amounts.

Corporate Services Provider: Structured Finance Management Limited (in its capacity as the corporate services provider, the ''**Corporate Services Provider**'') will, pursuant to the corporate services agreement to be dated on or prior to the Closing Date between the Corporate Services Provider, the Share Trustee, the Trustee and the Issuer (the ''**Issuer Corporate Services Agreement**'') and the corporate services agreement to be dated on or prior to the Closing Date between the Corporate Services Provider, the Share Trustee, the Trustee and the Split Loans Purchaser (the ''**Split Loans Purchaser Corporate Services Agreement**'' and, together with the Issuer Corporate Services Agreement, the ''**Corporate Services Agreements**''), provide certain services to the Issuer and the Split Loans Purchaser respectively.

Share Trustee: SFM Corporate Services Limited (in its capacity as the share trustee, the ''**Share Trustee**'') will, pursuant to a charitable declaration of trust (the ''**Share Declaration of Trust**''), provide certain services as trustee of the Opera No. 1 Securitisation Trust (the ''**Securitisation Trust**'').

THE LOANS

The Loan Pool: All the Loans are obligations of the related Borrowers and are secured by first priority mortgages or first ranking standard securities on 74 commercial properties which are located in England, Wales and Scotland. 55.3 per cent. of the Properties secured or mortgaged are office properties, 38.1 per cent. are retail properties, 4.7 per cent. are warehouse properties and 1.8 per cent. are mixed use properties, in each case by property value (calculated by reference to the relevant Condition Precedent Valuations) and adjusted to reflect the Transferor's participation in the Syndicated Loans.

The Loans were originated by the Originators (as defined in ''*Origination of Loans and Eurohypo Succession*'' below) in all material respects in accordance with the procedure described in ''*The Loans and the Loan Security*'' below (save for such material variations as are referred to in that section) as applied by the relevant Originator in advancing loans (the ''**Lending Criteria**''), subject to such variations or waivers as would have been

acceptable to a reasonably prudent lender of money secured on commercial property.

The following is a summary of certain characteristics of the Loan Pool:

Size of Loan Pool at Cut-Off Date	£365,381,737
Minimum Cut-Off Date balance	£7,800,000
Maximum Cut-Off Date balance	£59,490,000
Average Cut-Off Date balance	£33,216,522
Minimum term to maturity	2.4 yrs
Maximum term to maturity	12.4 yrs
Average life of loan pool	5.7 yrs
Minimum seasoning	0.7 yrs
Maximum seasoning	4.6 yrs
Average seasoning	1.8 yrs
Minimum Cut-Off Date loan rate	4.31%
Maximum Cut-Off Date loan rate	6.76%
Weighted average Cut-Off Date loan rate	5.41%
Minimum Cut-Off Date ICR	1.46x
Maximum Cut-Off Date ICR	2.96x
Weighted average Cut-Off Date ICR	2.20x
Minimum Cut-Off Date DSCR	1.32x
Maximum Cut-Off Date DSCR	2.96x
Weighted average Cut-Off Date DSCR	2.16x
Minimum Cut-Off Date LTV	50.7%
Maximum Cut-Off Date LTV	74.0%
Weighted average Cut-Off Date LTV	60.7%
Estimated minimum balloon LTV	36.0%
Estimated maximum balloon LTV	73.2%
Estimated weighted average balloon LTV	56.7%

Since the Cut-Off Date there have been no material changes to the Loan Pool or material prepayments in relation to a Loan other than in relation to one Loan, where one of the Properties and one of the units of one of the Properties, in each case against which that Loan was secured, were sold and corresponding prepayments were made after the Cut-Off Date. One of the prepayments was, however, taken into account in the statistics which are given as at the Cut-Off Date (notwithstanding the fact that it occurred after that date). The amount prepaid in respect of the other prepayment was £807,500.

See further ''*The Loan Pool*'' below.

Valuations: In relation to each Loan, prior to making the initial advance, the relevant Originator (or, in the case of a Syndicated Loan, a Facility Agent on behalf of the syndicate banks) obtained an independent valuation of the Property or Properties charged as security as a condition precedent to the making of the advance to the relevant Borrower (each a ''**Condition Precedent Valuation**''). No further independent valuations of the Properties will be obtained for this transaction and accordingly all references herein to valuations (including LTVs and property values) are references to the Condition Precedent Valuations.

Payments on the Loans: All of the Loans have been current since origination and were still current as at the Cut-Off Date. The Loans are repayable at their respective final maturity dates, subject in some cases to earlier amortisation although, in the case of one Loan, the Borrower has limited rights to extend the date of repayment (see further ''*The Loans and the Loan Security – The Loan Agreements – Terms of the Loan Agreements*'' below). Five of the Loans have principal repayment obligations arising before their respective final maturity date and all of the Loans are prepayable by the related Borrower, in part or in full, upon prior written notice varying from five business days to 30 business days, subject, in the case of six Loans, to the payment of a prepayment fee (see ''*The Loans and the Loan Security – The Loan Agreements – Amortisation Payments/ Prepayments*'')

Representations and Warranties: The loan sale agreement pursuant to which the Issuer will purchase the Issuer Loans and the beneficial interests in the Issuer Loan Security from the Transferor (the ''**Issuer Loan Sale Agreement**''), contains certain warranties given by the Transferor in respect of the Issuer Loans and the Issuer Loan Security, including certain warranties in relation to the Lending Criteria, which are summarised in ''*The Loans and the Loan Security – Acquisition of the Loans – Representations and Warranties*''. The Transferor will be required (should the Issuer exercise this right), in the event that there has been a material breach of any such warranty, which breach (if capable of remedy) has not been remedied within the time specified in the Issuer Loan Sale Agreement, to repurchase any relevant Issuer Loan together with the beneficial interest in the relevant Issuer Loan Security. The consideration for such repurchase shall be the principal amount of the relevant Issuer Loan together with an amount in respect of interest accrued (including interest accrued but not yet paid) up to (but excluding) the date of completion of such repurchase and costs of the Issuer in relation to such repurchase. Any such repurchase would result in redemption of the Notes in whole or in part in accordance with Condition 5(b).

The loan sale agreement pursuant to which the Split Loans Purchaser will purchase the Split Loans and the beneficial interests in the Split Loan Security from the Transferor (the ''**Split Loan Sale Agreement**'' and, together with the Issuer Loan Sale Agreement, the ''**Loan Sale Agreements**''), contains certain warranties given by the Transferor in respect of the Split Loans and the Split Loan Security, including certain warranties in relation to the Lending Criteria, which are summarised in ''*The Loans and the Loan Security – Acquisition of the Loans – Representations and Warranties*''. The Transferor will be required (should the Split Loans Trustee exercise this right), in the event that there has been a material breach of any such warranty, which breach (if capable of remedy) has not been remedied

within the time specified in the Split Loan Sale Agreement, to repurchase any relevant Split Loan together with the beneficial interest in the relevant Split Loan Security. The consideration for such repurchase shall be the principal amount of the relevant Split Loan together with an amount in respect of interest accrued (including interest accrued but not yet paid) up to (but excluding) the date of completion of such repurchase and costs of the Split Loans Trustee in relation to such repurchase. Any such repurchase would result in redemption of the Notes in whole or in part in accordance with Condition 5(b).

The Loan Security:

For all of the Loans, the Borrowers have executed a debenture over all (or, in the case of one Loan, substantially all) of their assets as security for the Borrower's obligations under the relevant Loan and other liabilities owing from time to time to the lender or lenders in respect of such Loan (the ''**Debentures**'').

In some circumstances, the Borrower and the Mortgagor securing the applicable Loan are the same legal entity. In other circumstances, the Borrower and the Mortgagor are not the same legal entity; in such cases the Mortgagor will be the owner of the relevant Property and will be a subsidiary or associated company of the Borrower. Alternatively, nominee companies hold the Property as bare trustees for the Borrower or a subsidiary or associated company of the Borrower, typically in the context of loans to limited partnerships. Where a Property is owned by a Mortgagor, the Mortgagor has executed a separate Debenture. The Debenture entered into by a Mortgagor (other than a Borrower) contains a first fixed charge over, *inter alia*, the Mortgagor's interest in the relevant Property (situated in England and Wales) together with a floating charge over all or substantially all of its assets which are not subject to a fixed charge.

In the case of a Property situated in Scotland (a ''**Scottish Property**'') the relevant Borrower or Mortgagor has granted a separate standard security over the relevant Property in addition to the Debenture (the ''**Standard Securities**'') and a separate assignation in security of the rents receivable from the relevant Property (the ''**Rent Assignations**''). The floating charge contained in the relevant Debenture will extend over all of the Scottish Assets of the relevant Borrower or Mortgagor (including those charged by the Standard Securities and the Rent Assignations).

All of the Loans are secured by first legal mortgages or first ranking Standard Securities over the relevant Property. Security for a Loan may also include the benefit of a subordination agreement under which any other debt of the relevant Borrower is subordinated to the lender under that Loan or a deed of priority pursuant to which the other debt of the relevant Borrower is effectively subordinated to the lender under that Loan (a ''**Subordination Agreement**'') or a duty of care agreement from a managing agent of the relevant Properties (a ''**Duty of Care Agreement**''). The Debentures, Standard Securities, Rent Assignations, Subordination Agreements and Duty of Care Agreements to the extent that they secure the obligations of the Borrowers under the Loans and any other security securing the obligations of the Borrowers under the Loans are referred to herein as ''**Loan Security**''.

Further Advances:

The Issuer is not required to make any further advance to a Borrower pursuant to any of the Issuer Loans. However, the Split

Loans Purchaser is obliged in relation to its participation in the Split Loans to make advances pursuant to the revolving loan element of such Split Loans. The amount of such obligation is to be paid by the Split Loans Purchaser from funds previously drawn under the SLP Loan or otherwise available to the Split Loans Purchaser (see further ''*The Split Loans Trust*'' below). The Administrator is not permitted under the Administration Agreement, subject to the terms thereof (see ''*Administration*''), to agree to an amendment of the terms of a Loan that would require the Issuer or the Split Loans Purchaser to make a further advance to a Borrower.

Insurance: Each Property that is charged is covered by a buildings insurance policy maintained by the relevant Borrower or another person with an appropriate insurable interest in the relevant Property. The Facility Agent's or the Issuer Loan Security Trustee's interest has been noted or is in the course of being noted on such policy or it is named or is in the course of being named as co-insured or its interest is included in the relevant policy under a ''*general interest noted*'' provision.

For a more detailed description of the insurance arrangements and the risks in relation thereto see ''*Risk Factors – Factors Relating to the Loans – Insurance*'' and ''*The Loans and the Loan Security – Insurance*''.

THE NOTES

Status, Form and Denomination: The Notes constitute secured, direct and unconditional obligations of the Issuer. The Notes will not be obligations or responsibilities of, or guaranteed by, any person other than the Issuer. The Notes will be constituted by the Trust Deed. The Notes of each class will rank *pari passu* without any preference or priority among themselves. The Notes will have the benefit of the same security, but, in the event of the security being enforced, the Class A Notes will rank senior in priority to the Class B Notes as to payment of both principal and interest, the Class B Notes will rank senior in priority to the Class C Notes as to payment of both principal and interest, the Class C Notes will rank senior in priority to the Class D Notes as to payment of both principal and interest and the Class D Notes will rank senior in priority to the Class E Notes as to payment of both principal and interest.

The Notes of each class will initially be represented by a temporary global note in bearer form (each a ''**Temporary Global Note**'') without coupons or talons attached and which will represent the aggregate principal amount outstanding of each class. Each Temporary Global Note will be deposited on behalf of the subscribers of the relevant class of Notes with a common depositary (the ''**Common Depositary**'') for Clearstream Banking, société anonyme (''**Clearstream, Luxembourg**'') and Euroclear Bank S.A./N.V., as operator of the Euroclear System (''**Euroclear**''), on the Closing Date. Interests in each Temporary Global Note will be exchangeable from and including the date which is 40 days after the Closing Date (the ''**Exchange Date**''), upon certification as to non-U.S. beneficial ownership by the relevant Noteholders, for interests in a permanent global note (each a ''**Permanent Global Note**'') representing the same class of Notes, in bearer form without coupons or talons attached, which will also be deposited with the Common Depositary. The

Permanent Global Notes will be exchangeable for notes in definitive form (''**Definitive Notes**'') of the same class only in certain limited circumstances.

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the holders of the Class A Notes (the ''**Class A Noteholders**''), the holders of the Class B Notes (the ''**Class B Noteholders**''), the holders of the Class C Notes (the ''**Class C Noteholders**''), the holders of the Class D Notes (the ''**Class D Noteholders**'') and the holders of the Class E Notes (the ''**Class E Noteholders**'' and, together with the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, the ''**Noteholders**''), but where there is, in the Trustee's opinion, a conflict between such interests, the Trustee will be required to have regard to only the interests of the holders of the most senior class of Notes then outstanding. Certain classes of Noteholders are restricted in their ability to pass Extraordinary Resolutions.

Limited Recourse: Claims against the Issuer by Noteholders will be limited to the assets of the Issuer that are secured pursuant to the Deed of Charge and Assignment. The proceeds of realisation of such Issuer Security may, after paying or providing for all prior-ranking claims, be less than the sums due to Noteholders or certain of the Noteholders.

Security for the Notes: The obligations of the Issuer to the Noteholders and to each of the Administrator, the Transferor, the Special Servicer, the Trustee, the Corporate Services Provider, the Paying Agents, the Liquidity Facility Provider, the Swap Counterparty, the Agent Bank and the Account Bank (all of such persons or entities being, collectively, the ''**Secured Parties**'') will be secured by and pursuant to a deed of charge and assignment to which the Issuer is a party (the ''**Deed of Charge and Assignment**'') governed by English law (or Scots law in relation to such of the security created pursuant thereto as relates to Scottish Assets of the Issuer) to be entered into on the Closing Date.

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

(i) an assignment by way of security of the Issuer's right, title, interest and benefit in, to and under the Issuer Loans, and the Issuer's rights under the Issuer Loan Agreements;

(ii) an assignment by way of security over the Issuer's beneficial interest in the Issuer Loan Security;

(iii) an assignment by way of security of the Issuer's beneficial interest in the Declaration of Trust, the Split Loans Trust Property and all property rights and assets constituting and comprised in the Split Loans Trust Property from time to time;

(iv) an assignment by way of security of the Issuer's rights under, *inter alia*, the Issuer Loan Sale Agreement, the Administration Agreement, the Issuer Corporate Services Agreement, the Share Declaration of Trust, the Agreement for Declaration of Trust, the Agency Agreement, the Liquidity Facility Agreement, the Swap Agreement, the Swap Credit Support Document, the Account Bank Agreement, the Master Definitions Agreement and all other contracts, agreements, deeds and documents,

present and future, to which the Issuer is or may become a party;

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

(vi) a charge over any other Eligible Investments from time to time held by or on behalf of the Issuer; and

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

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

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties (other than the Noteholders) will rank higher in priority to payments of principal of or interest on the Notes, except for amounts owed to the Transferor under the Issuer Loan Sale Agreement and, in the case of the Liquidity Facility Provider and the Swap Counterparty, any amounts due to either of them as described in items (vii) and (viii) of ''*Cashflows – Payments paid out of the Transaction Account Post-Enforcement of the Notes*'', respectively.

Priority of Payments:

Prior to the service of a Note Enforcement Notice, the Issuer will, on each Interest Payment Date, apply Available Interest Receipts and Available Principal in accordance with the relevant priority of payments set out in ''*Cashflows*''.

Following the service of a Note Enforcement Notice, the Issuer will apply Available Interest Receipts and Available Principal in accordance with the relevant priority of payments set out in ''*Cashflows*''.

The Notes will be limited recourse obligations solely of the Issuer. The payment of principal and interest by Borrowers under the Loans will be the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes. The Issuer will not as of the Closing Date have any significant assets other than the Issuer Loans, the Issuer Loan Security, its beneficial interest in the Split Loans Trust Property and its rights under any of the documents listed under items (iii) and (iv) of paragraph 9 of ''*General Information''* the ''**Transaction Documents**'') to which it is a party. Consequently, the Noteholders (or the holders of certain classes of Notes) may in certain circumstances receive by way of principal repayment an amount less than the face value of the Notes upon issuance and the Issuer may be unable to pay interest in full on the Notes.

On enforcement of the security for the Notes, the Trustee and the Noteholders will only have recourse to the Issuer Security. In the event that the proceeds arising upon enforcement of such security are insufficient (after payment of all claims ranking higher in priority to, or any payment of any relevant amounts in respect of claims ranking *pari passu* with, amounts due under the Notes), then the Issuer's obligation to pay such amount will cease and the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts.

Interest:

Interest will be payable on the Principal Amount Outstanding of each Note quarterly in arrear on the 5th day in February, May, August and November in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each an ''**Interest Payment Date**''). The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in February 2004.

The interest rate applicable to the Notes from time to time will be determined by reference to the London interbank offered rate (''**LIBOR**'') for three-month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of two month and three month sterling deposits) plus, in each case, the Relevant Margin.

The margins applicable to each class of Notes will be as follows (each a ''**Relevant Margin**''):

Class	***Relevant Margin***
A	0.50 per cent. per annum from (and including) the Closing Date (to but excluding) the Interest Payment Date falling in February 2009 (the ''**Step-up Date**'') and from (and including) the Step-up Date a margin of 0.75 per cent. per annum (the amount resulting from the difference between the aforesaid margins being the ''**Class A Additional Step-up Margin**'')
B	0.80 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 1.20 per cent. per annum (the amount resulting from the difference between the aforesaid margins being the ''**Class B Additional Step-up Margin**'')
C	1.20 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 1.80 per cent. per annum (the amount resulting from the difference between the aforesaid margins being the ''**Class C Additional Step-up Margin**'')
D	2.375 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 3.5625 per cent. per annum (the amount resulting from the difference between the aforesaid margins being the ''**Class D Additional Step-up Margin**'')
E	2.75 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of

4.125 per cent. per annum (the amount resulting from the difference between the aforesaid margins being the ''**Class E Additional Step-up Margin**'' and, together with the Class A Additional Step-up Margin, the Class B Additional Step-up Margin, the Class C Additional Step-up Margin and the Class D Additional Step-up Margin, the ''**Additional Step-up Margins**'').

Interest on the Notes will be calculated on the basis of actual days elapsed and a 365-day year.

Failure by the Issuer to pay interest on the Most Senior Class of Notes when due and payable may result in the Trustee enforcing the Issuer Security. To the extent that funds available to the Issuer on any Interest Payment Date, after paying interest then, due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Interest Payment Date but will only be paid on any subsequent Interest Payment Date if cashflow is available after the Issuer's other higher priority liabilities have been discharged (and, in the case of the Class D Notes and the Class E Notes, subject as described below), although after the Step-up Date amounts standing to the credit of the Reserve Account will also be available to pay any such shortfall in the payment of interest on any class of Notes in order of seniority. The Issuer's obligations to pay interest in respect of the Class D Notes and the Class E Notes are limited, on each Interest Payment Date, to an amount equal to the lesser of (a) the Interest Amount (as defined in Condition 4(d)) in respect of such class of Notes for that Interest Payment Date, and (b) the Adjusted Interest Amount (as defined in Condition 1). The debt that would otherwise be represented by the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class D Notes or the Class E Notes exceeds the Adjusted Interest Amount (which amount may include funds available in the Reserve Account) in respect of such class of Notes, shall be deemed to be extinguished on such Interest Payment Date, and the affected Noteholders shall have no claim against the Issuer in respect thereof. Such extinguished amounts may however be payable on future Interest Payment Dates to the extent that Noteholder Shortfall Amounts have arisen (see further ''*Risk Factors – Factors Relating to the Notes – Interest Payments on the Class D Notes and the Class E Notes*'' and ''*Terms and Conditions of the Notes – Condition 4(i)*'').

Withholding Tax: 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 unless the Issuer or a Paying Agent is required by applicable law to make any such payment subject to any such withholding or deduction. In that event, the Issuer or the Paying Agent will make any relevant payments after such withholding or deduction has been made. In such circumstances, neither the Issuer nor any other party will be obliged to pay an additional amount as a consequence.

Principal Amount Outstanding: The ''*Principal Amount Outstanding*'' of a Note on any date will be its face amount less (a) the aggregate amount of principal repayments that have been paid in respect of that Note and (b) an amount equal to the sum of Applicable Principal Losses (as defined in Condition 1) applied to that Note.

Scheduled Redemption: Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in February 2018 (the ''**Maturity Date**'').

Mandatory Partial Redemption: Prior to the service of a Note Enforcement Notice, the Notes will be subject to redemption in part on each Interest Payment Date in accordance with the Pre-Enforcement Principal Priority of Payments.

Mandatory Redemption in full: Prior to the service of a Note Enforcement Notice:

(a) the Issuer shall redeem all but not some only of the Notes if all the Notes are held by a single Noteholder and such holder gives not less than 30 nor more than 60 days' notice to the Issuer and deposits all the Notes with the Paying Agent in accordance with Condition 5(*f*); or

(b) the Issuer shall on an Interest Payment Date, redeem all, but not some only, of the Notes in the event:

(i) the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes) (other than in respect of default interest) any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to the Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer or the Split Loans Trustee;

(ii) a Tax Event occurs under the Swap Agreement and (i) the Swap Counterparty is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Tax Event, and (ii) the Issuer is unable to find a replacement Swap Counterparty (the Issuer being obliged to use reasonable efforts to find a replacement Swap Counterparty to cure the Tax Event)

provided further that in each case the Issuer has first certified to the Trustee that either (x) it will have sufficient funds available to it on the relevant Interest Payment Date to discharge all of its liabilities in respect of the Notes and any amounts required under the Deed of Charge and Assignment to be paid in

priority to, or *pari passu* with, the Notes on such Interest Payment Date, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior class of Notes then outstanding, and that the Issuer has obtained the written consent of the Trustee and all of the Noteholders of such most junior class of Notes to the redemption at such lower amount; or

(c) the Issuer shall on an Interest Payment Date occurring on or after the 5th anniversary of the Closing Date obtain, from one or more third parties, one or more offers to purchase the Loans, and the Issuer shall accept any such offer provided that the purchase price to be paid pursuant to such offer will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors of the Issuer who rank in priority and such purchase price is, in the reasonable opinion of the Issuer, a fair market value for the Loans, then, on giving not more than 60 nor less than 30 days written notice to the Trustee, the Paying Agents and the Noteholders and provided that no Note Enforcement Notice has been served on the Interest Payment Date on or following the date on which such notice expires, the Issuer shall redeem all, but not some only, of the Notes.

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

	Expected Rating		
Class	***S&P***	***Moody's***	***Fitch***
A	AAA	Aaa	AAA
B	AA+	Aa3	AA
C	A+	A3	A+
D	BBB+	–	BBB
E	BB	–	BB

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning Rating Agencies. The ratings from the Rating Agencies only address the likelihood of timely receipt by any Noteholder of interest on the Notes (other than in relation to any amounts of interest due in respect of the Additional Step-up Margins (''Additional Step-up Amounts'')) and the likelihood of receipt by any Noteholder of principal in respect of the Notes by the Maturity Date and do not address the likelihood of receipt by any Noteholder of principal prior to the Maturity Date. Furthermore, the ratings on the Notes only address the credit risks associated with the underlying transaction and do not address the non-credit risks which may have a significant effect on the receipt by Noteholders of interest and principal.

The ratings of the Notes are dependent upon, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the short term and long term unsecured, unguaranteed and unsubordinated debt ratings of the Swap Counterparty. Consequently, a qualification, downgrade or withdrawal of any

	such rating by a Rating Agency may have an adverse effect on the ratings of the Notes.
Transfer Restrictions:	Subject to applicable laws and regulations, there are no transfer restrictions in respect of the Notes.
Listing:	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange.
Governing Law:	The Notes will be governed by English law.

RISK FACTORS

The following is a summary of certain issues of which prospective Noteholders should be aware, but it is not intended to be exhaustive and prospective Noteholders should also read the detailed information set out elsewhere in this document and reach their own views prior to making any investment decision.

FACTORS RELATING TO THE LOANS

Default by Borrowers

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt by it of funds from the Borrowers under the Issuer Loans and the Issuer Loan Security, as well as payments under the Swap Agreement and, where necessary and applicable, the Liquidity Facility under the Liquidity Facility Agreement. In addition, the Issuer's ability to meet its obligations under the Notes will, in part, be dependent on it receiving funds from the Split Loans Trustee, the Split Loans Trustee initially receiving such funds from the relevant Borrowers under the Split Loans and the Split Loan Security. If, on default by the Borrowers and following the exercise by the Administrator, the Facility Agent or the Issuer Loan Security Trustee, as the case may be, of all available remedies in respect of the Loans, the Issuer or the Split Loans Trustee does not receive the full amount due from the Borrowers, then Noteholders (or the holders of certain classes of Notes) may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay interest due on the Notes in full. The Issuer does not guarantee or warrant full and timely payment by the Borrowers of any sums.

Each Loan Agreement contains provisions requiring the relevant Borrower to make a repayment of principal on the final maturity date of the relevant Loan. The Borrower's ability to repay its Loan on final maturity may be dependent upon its ability to refinance its Loan or the Borrower's or Mortgagor's ability to sell the Property providing security for that Loan. None of the Borrowers, the Issuer, the Split Loans Purchaser or the Transferor is under any obligation to provide any such refinancing and there can be no assurance that a Borrower would be able to refinance its Loan or that a Borrower or Mortgagor would be able to sell its Property.

Failure by a Borrower to refinance the relevant Loan or by the Borrower or Mortgagor to sell its Property at final maturity may result in such Borrower defaulting on such Loan. In the event of such a default, the Noteholders, or the holders of certain classes of Notes, may receive by way of principal repayment an amount less than the face value of their Notes and the Issuer may be unable to pay interest due on the Notes in full.

The Properties

The Loans are secured by, amongst other things, mortgages or Standard Securities over the Properties and the repayment of each Loan and the payment of interest on each Loan is dependent on the ability of the applicable Property to produce cash flow.

The income-producing capacity of the Properties may, however, be adversely affected by a large number of factors. Some of these factors relate to a Property itself, such as: (i) the age, design and construction quality of the Property; (ii) perceptions regarding the safety, convenience and attractiveness of the Property; (iii) the proximity and attractiveness of competing properties; (iv) the adequacy of the Property's management and maintenance; (v) increases in operating expenses; (vi) an increase in the capital expenditure needed to maintain the Property or make improvements; (vii) a decline in the financial condition of a major tenant; (viii) an increase in vacancy rates; (ix) a decline in rental rates as leases are renewed or entered into with new tenants; (x) the length and the terms of tenant leases; and (xi) the creditworthiness of tenants.

Other factors are more general in nature, such as: (i) national, regional or local economic conditions (including plant closures, industry slowdowns and unemployment rates); (ii) local property conditions from time to time (such as an over supply or under supply of retail or office space); (iii) demographic factors; (iv) consumer confidence; (v) consumer tastes and preferences; (vi) retrospective changes in building codes or other regulatory changes; (vii) changes in governmental regulations, fiscal policy, planning/zoning or tax laws; (viii) potential environmental legislation or liabilities or other legal liabilities; (ix) the availability of refinancing; and (x) changes in interest rate levels or yields required by investors in income-producing commercial properties.

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

Any one or more of the above described factors could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the relevant Borrower to default on its Loan, reduce the chances of a Borrower refinancing a Loan or reduce a Borrower's or Mortgagor's ability to sell a Property.

The Tenants and Landlord's Liability to Provide Services

A Borrower's ability to make payments under a Loan where the Property is let to tenants will generally be dependent on the receipt of rental income from tenants. If a Borrower or Mortgagor is in default of its obligations as landlord, a right of set-off against rental obligations could be exercised by a tenant, notwithstanding that the terms of many of the tenancies specifically exclude such tenants' right of set-off.

There are parts of certain multi-tenanted properties (in particular large retail developments) which are not intended to be let to tenants, but instead comprise common areas such as service ways, public arcades and other communal areas which are used by tenants and visitors to the property collectively, rather than being attributable to one particular unit or tenant. Occupational tenancies will usually contain provisions for tenants to make a contribution towards the cost of maintaining common areas calculated by reference, *inter alia*, to the size of the premises demised to that tenant and the amount of use which such tenant is reasonably likely to make of the common areas. The contribution forms part of the service charge payable by the tenant to the landlord (in addition to the principal rent).

The landlord's liability to provide such services and maintain the common areas is, however, not conditional upon all such contributions being made and consequently failure by a tenant to pay the service charge contribution on the due date or at all would mean that the landlord would have to make good the shortfall from its own monies. The landlord would also need to pay service charge contributions in respect of any vacant units from its own monies. This may therefore have the effect of reducing amounts available to a Borrower to make payments under a Loan.

Where leasehold Properties in England and Wales are sublet, there is a risk of the rents being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 if the Borrower fails to pay the relevant headlease rent. In the case of leasehold Scottish Properties in equivalent circumstances a superior landlord has the right at common law to arrest the rents in the hands of the sub-tenants and thereafter make court application to have such rents paid over to it. In each such case the amounts should not, however, reduce the amount that would otherwise have been available to the Borrower to make payments under the Loan, since such payments would in any event have been payable to a superior landlord.

Rent Accounts

The position in relation to the establishment of rent and other accounts pursuant to the loan documentation is set out below (see ''*The Loans and the Loan Security – Secured Accounts*'').

In relation to one Loan (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) there is no obligation to pay rent into a charged rent deposit account over which the Facility Agent has sole signing rights until there has been an event of default under the Loan. Prior to an event of default, the Borrower can pay rental income into an account from which it can make payments to a subordinated creditor. If, as a result of these payments being made to the subordinated creditor, there are insufficient monies to pay interest and other sums due under the Loan on the relevant interest payment date, then this would constitute an event of default under the Loan, which would entitle the Facility Agent to serve notice on the relevant occupational tenants, with a request that they pay rent directly into the charged Rent Account, over which the Facility Agent has sole signing rights. The risk should therefore be limited to the equivalent of one quarter's rental income.

In relation to two Loans (accounting for 25.7 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), a managing agent has been appointed, but the managing agent has not entered into a Duty of Care Agreement. There is therefore a risk that if the managing agent was or became insolvent at the time it was holding rents from the Properties, those monies would form part of its insolvent estate. However, the risk is mitigated by the fact that the managing agents should not be holding more than one quarter's rental income at any time.

In relation to all of the Loans, the charges over the Rent Accounts are expressed to be fixed charges. However, under English law, whether or not a charge over book debts, such as Rent Accounts, is fixed or floating will depend on the circumstances of the case, and it is possible that such fixed charges will only take effect as floating charges. In relation to seven of the Loans (which include the two Loans where the managing agents have not entered into a Duty of Care Agreement referred to in the preceding paragraph) the Borrower or Mortgagor or the managing agent of the Borrower or Mortgagor has sole signing rights over the relevant Rent Account prior to an event of default under the Loan. In such cases, following an event of default under the Loan, the Facility Agent or the Issuer Loan Security Trustee (as applicable) is able in each case to give notice that it will assume the signing rights and control over the relevant Rent Account forthwith. Prior to such notice, there is a risk that the fixed charge will only take effect as a floating charge. In such circumstances rent paid into the Rent Account could be diverted to pay preferential creditors or holders of fixed charges over the Rent Accounts.

The factors described above could operate to have an adverse effect on the amount of income derived from a Property or the income capable of being generated from that Property, which could in turn cause the Borrower in respect of such Property to default on its Loan, reduce the chances of a Borrower refinancing a Loan or reduce a Borrower's or Mortgagor's ability to sell a Property.

Rent Assignments

Each Loan generally requires an assignment of rents payable under any lease to which a Property is subject. In such cases (and where no receiver has been appointed and the mortgagee is not in possession), in England and Wales, notice of the assignment is not normally given to the tenant and, accordingly, the assignment will take effect as an equitable assignment only. Accordingly, the assignment will be subject to any equities or claims, such as rights of set-off between the landlord and the relevant tenant. Where there has been no assignment or where there has been an assignment without notice to the relevant tenant, there is also a risk of the Borrower or Mortgagor charging or assigning the rents to a third party, despite the Borrower's or Mortgagor's covenant not to do so. Unless a receiver has been appointed or the mortgagee has taken possession, any such charge or assignment would rank ahead of any assignment pursuant to the Loan or other rent assignment if notice of such charge or assignment is given prior to notice being given to the tenant of the assignment pursuant to the Loan or other rent assignment. In Scotland notice of the relevant assignment has in some cases been given to the tenants of the relevant Scottish Properties which will in such cases perfect the legal assignment and thereby exclude rights of set-off or other claims between the Borrower's or Mortgagor's landlord and the relevant tenant after the date of notification. In relation to the remainder of the Scottish Properties (secured under one of the Loans accounting for 16.3 per cent. (by value) of the Loan Pool as at the Cut-Off Date, which is secured against Properties in both England and Scotland), the rent assignment has not been intimated to the relevant occupational tenants. Intimations to each of the relevant occupational tenants were signed by the Borrower and delivered to the solicitors acting on the origination of the Loan but have not been served upon the tenants. Without intimation the assignment is ineffective against third parties. However, the assignment can be perfected at any time by service of the intimation, without further recourse to the Borrower, and is thus within the control of the Facility Agent. Until the assignment thereby created is perfected it would be possible for a competing assignment to be completed which would rank in priority to the original rent assignment. This could however only arise in the event of the Borrower granting a subsequent assignment in breach of its obligation not to do so. Additionally, it should be noted that the Scottish Properties against which the relevant Loan is secured comprise approximately 6 per cent. of the total value of the Properties against which that Loan is secured.

Transfers of and Rights in respect of Loans

The Issuer will acquire interests in the Issuer Loans by way of assignment. On an assignment the purchaser typically succeeds to all the rights of the assigning entity and becomes entitled to the benefit of the Loans and the other rights of the assigning entity as a lender under the Loan Agreement.

The Issuer will generally have the right to receive from the Borrower all payments of principal and interest to which it is entitled (subject to any deductions which a Facility Agent is entitled to make). Nine of the Loans are drafted on a syndicated basis with a Facility Agent appointed (each a Syndicated Loan); two Issuer Loans are drafted on a bilateral basis with a security trustee (resulting from Eurohypo's declarations of trust in relation to the relevant Loan Security (the ''**Security Trustee Declarations of Trust**'')). Payments due under the Loans will either be made, in the case of the Syndicated Loans, by the relevant Borrower to the Facility Agent (who will pay amounts due to the

Issuer to the Administrator) or, in the case of the Bilateral Loans, payment will be made by the relevant Borrower directly to the Administrator.

In so far as the Transferor's interest in a Loan is as a syndicated lender, then following the acquisition of such Loans by the Issuer or the Split Loans Purchaser respectively, the Administrator on their behalf will have voting rights in relation to each such Loan, subject to the amount of principal lent by each such lender, equivalent to the voting rights of other lenders. (See further ''*The Loans and the Loan Security – The Loan Agreements – Syndication*'').

As a purchaser of interests in the Split Loans by way of novation, the Split Loans Purchaser will, in addition to the rights referred to above, assume the obligations of the Transferor under the applicable Loan Agreement. However, the Split Loans Purchaser will only acquire Split Loans that have both a fully-drawn term facility (and there will therefore be no obligation on its part to make further term facility advances in respect of such term facilities) and a revolving facility (where the Split Loans Purchaser holds sufficient funds to fully cash-collateralise all its obligations under the revolving facility part of the Loan). In addition, the Split Loans Purchaser is likely to be subject to certain obligations under the applicable Loan Agreement, including indemnity provisions granted by the lenders in favour of the relevant Facility Agent for loss and liability suffered or incurred by such Facility Agent in acting as agent of the lenders, certain loss sharing arrangements between the lenders and the requirement to file various tax forms to enable the Borrower to make payments in respect of the applicable Loan free of withholding tax.

The Facility Agent in relation to eight of the nine Syndicated Loans is Eurohypo and in relation to the remaining Syndicated Loan (the ''**Wuerttem Loan**'') the Facility Agent is Wuerttembergische Hypothekenbank Aktiengesellschaft (''**Wuerttem**''). In relation to each of the Syndicated Loans such Facility Agent acts as trustee for the lenders with respect to the relevant Loan Security. In relation to the two Bilateral Loans, where no facility agent has been appointed, Eurohypo shall act as Issuer Loan Security Trustee in relation to the relevant Loan Security pursuant to the Security Trustee Declarations of Trust.

German Insolvency Law

Under German insolvency law, in insolvency proceedings of a debtor, a creditor who is secured by the assignment of receivables by way of security will have a preferential right to such receivables (*Absonderungsrecht*). The insolvency administrator appointed in respect of the estate of the debtor (and not the secured creditor) will be entitled to enforce such preferential right. The insolvency administrator will be obliged to transfer the proceeds from such enforcement to the creditor, but may deduct from the enforcement proceeds fees that may amount to up to 4 per cent. plus up to 5 per cent. (in certain cases more than 5 per cent.) of such proceeds.

The Issuer and the Split Loans Purchaser may have to share in the costs of any insolvency proceedings of the Transferor in Germany, reducing the funds available upon enforcement of the Issuer Security to redeem the Notes, if the sale and assignment or novation of the Loans by the Transferor were to be regarded as a secured lending rather than a receivables sale. The Issuer and the Split Loans Purchaser have been advised, however, that the transfer of the Loans (other than the revolving element of the Split Loans) would be construed such that the risk of the insolvency of the Borrowers lies with the Issuer or the Split Loans Purchaser (as relevant) and that, therefore, the Issuer and the Split Loans Purchaser would have the right to segregation (*Aussonderungsrecht*) of such Loans from the estate of the Transferor in the event of its insolvency and that, consequently, the cost sharing provisions described above would not apply with respect thereto.

Risks relating to Loan Concentration

In relation to any pool of loans, loan losses will be more severe: (i) if the pool is comprised of a small number of loans, each with a relatively large principal amount; or (ii) if the losses relate to loans that account for a disproportionately large percentage of the pool's aggregate principal balance outstanding. As there are only 11 underlying Loans, losses on any Loan may have a substantial adverse effect on the ability of the Issuer to make payments under the Notes. In addition, concentrations of Properties in geographic areas may increase the risk that adverse economic or other developments or a natural disaster affecting a particular region could increase the frequency and severity of losses on loans secured by such Properties. Details of the location of the various Properties are set out in ''*The Loan Pool*''.

Changes to the Loan Pool

The composition of the Loan Pool will change from time to time after the Closing Date as a result of the repayment or prepayment of the Loans, any default under a Loan resulting in enforcement of the relevant Loan Security and any repurchase by the Transferor of Loans pursuant to the Loan Sale Agreements. The periodic composition of the Loan Pool will be described in a quarterly report provided by the Administrator to the Trustee.

Principal Losses

The Principal Amount Outstanding of each Note will be reduced by the amount of Applicable Principal Losses that are applied against each Note of the relevant class. Noteholders will have no claim against the Issuer in respect of the amount by which the Principal Amount Outstanding of any Notes has been so reduced.

Compulsory Purchase

Any property in the United Kingdom may at any time be compulsorily acquired by, *inter alia*, a local or public authority or a governmental department, generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposals have been revealed in any of the certificates of title issued in relation to the Properties.

However, if a compulsory purchase order is made in respect of a Property (or part thereof), compensation would be payable on the basis of the open market value of all of the relevant Borrower's or Mortgagor's and the tenants' proprietary interests in the Property at the time of the purchase following which tenants would cease to be obliged to make any further rental payments to the Borrower or Mortgagor (as applicable) under the relevant tenancy (or rental payments would be reduced to reflect the compulsory purchase of a part of a Property). Following payment of compensation, the Borrower will be required to prepay an equivalent amount under the Loan Agreement and the prepayment will be used by the Issuer to redeem the Notes (in whole or in part). The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold, heritable or leasehold estate of a Property may be less than the original value ascribed to such Property.

A further consideration is that there is often a delay between the compulsory purchase of a property and the payment of compensation, which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value of the property. Such a delay may, unless the Borrower has other funds available to it, give rise to an event of default under the relevant Loan Agreement.

Frustration

In exceptional circumstances, a tenancy could be frustrated under English or Scots law, with the result that the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party 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 relevant Borrower to default on its Loan.

Yield and Prepayment Considerations

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of payment of principal (including prepayments, sale proceeds arising on enforcement of Loan Security and repurchases due to breaches of representations and warranties) on the Loan and the price paid by the holders of the Notes. Such yield may be adversely affected by a higher or lower than anticipated rate of prepayments on the Loans.

The rate of prepayment of Loans cannot be predicted and is influenced by a wide variety of economic and other factors, including prevailing interest rates, the buoyancy of the commercial property market, the availability of alternative financing and local and regional economic conditions. Therefore, no assurances can be given as to the level of prepayment that the Loan Pool will experience.

A high prepayment rate in respect of the Loans will result in a reduction in interest receipts on the Loans by the Issuer and therefore may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes as a result of the Issuer still being required to pay certain

payments prior to any payment of interest on the Notes. The prepayment risk will, in particular, be borne by the holders of the most junior classes of Notes then outstanding. See ''*Interest Payments on the Class D Notes and the Class E Notes*'' for the specific risk faced by holders of the Class D Notes and the Class E Notes.

No Independent Investigation/Reliance on Warranties

None of the Issuer, the Split Loans Purchaser, the Trustee or the Managers has undertaken or will undertake any investigations, searches or other actions to verify the details of the Loans or the Loan Security or to establish the creditworthiness of any Borrower. Due diligence was undertaken and valuations were obtained prior to the origination of the relevant Loans (see further ''*The Loans and the Loan Security – Loan Origination Procedure*''). No further due diligence will be undertaken in relation to the Loans and no further or updated valuations will be obtained in connection with the sale and purchase of the Loans. The reports issued by the valuers or solicitors in respect of the Properties are addressed to and may be relied upon by the relevant Originator and/or the Facility Agent only. The benefit of such reports will not be assigned to the Issuer or the Split Loans Purchaser although, in certain cases, the Issuer or the Split Loans Purchaser may indirectly have the benefit of the reports where they are addressed to the Facility Agent. The Issuer and the Split Loans Purchaser will each instead rely solely on the warranties given by the Transferor in respect of such matters in the Loan Sale Agreements.

If any breach of warranty relating to the Loans and the Loan Security is material and (if capable of remedy) is not remedied, the Issuer or the Split Loans Trustee may require the Transferor to repurchase any relevant Loan together with the relevant Loan Security; provided that this shall not limit any other remedies available to the Issuer and/or the Split Loans Trustee if the Transferor fails to repurchase a Loan and the related Loan Security when obliged to do so.

Insurance

Where the Facility Agent and/or the Issuer Loan Security Trustee is not named as the co-insured, the Facility Agent's and/or the Issuer Loan Security Trustee's interest has been noted on each buildings insurance policy maintained in respect of each Property or is in the course of being noted or is otherwise included by the relevant insurers under a ''general interest noted'' provision in the relevant buildings insurance policy.

Noting a party's interest on a policy does not entitle that party to a share in the proceeds, although it is generally the practice for insurers in the United Kingdom to notify the party whose interest is noted if the policy lapses.

On the Closing Date, the Issuer will acquire, *inter alia*, beneficial interests in the Issuer Loan Security and the Split Loans Purchaser will acquire, *inter alia*, beneficial interests in the Split Loan Security (which in each case includes the relevant Facility Agent's or Issuer Loan Security Trustee's interests in the buildings insurance policies), which will form part of the Issuer Security secured under the Deed of Charge and Assignment in favour of the Trustee for the benefit of, *inter alios*, the Noteholders or part of the Split Loans Trust Property, as the case may be. For the reasons described above, the ability of the Facility Agent or the Issuer Loan Security Trustee to make a claim under the relevant buildings insurance policies is not certain.

Privity of Contract

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

To the extent any occupational leases in respect of the Properties as at the Closing Date were entered into before 1st January, 1996 or pursuant to agreements for lease in existence before 1st January,

1996, because the Covenants Act has no retrospective effect, the original tenant of a lease of any such Property in England will remain liable under these leases notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the lease and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, and thereby create a ''chain of indemnity''.

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

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

Statutory Rights of Tenants

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

Appointment of Substitute Administrator

Prior to or contemporaneously with any termination of the appointment of the Administrator, it would first be necessary for the Issuer and the Split Loans Purchaser to appoint a substitute administrator approved by the Trustee. The ability of any substitute administrator to administer the loan portfolio successfully would depend on the information and records then available to it. There is no guarantee that a substitute administrator could be found who would be willing to administer the loan portfolio at a commercially reasonable fee, or at all, on the terms of the Administration Agreement (even though this agreement provides for the fees payable to a substitute administrator to be consistent with those payable generally at that time for the provision of commercial mortgage administration services). The fees and expenses of a substitute administrator performing services in this way would be payable in priority to payment of interest under the Notes.

Risks relating to Conflicts of Interest

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

The Special Servicer is responsible for taking action in relation to a Specially Serviced Loan and its Loan Security. On the Closing Date the Special Servicer will be Eurohypo. However, Eurohypo may, in accordance with the terms of the Administration Agreement, terminate its appointment as Special Servicer and any replacement special servicer may hold some or all of the Class E Notes from time to time. If the Special Servicer is also a Class E Noteholder then such Class E Noteholder may have interests which conflict with the interests of the holders of the other Notes. In addition, such Class E Noteholder may, in its capacity as an investor in the Class E Notes or as Special Servicer, be the recipient of information that is unavailable to the holders of the other Notes which may mean that the

Special Servicer acts in a way that the holders of the other Notes might regard as adverse to their interests.

The Split Loans Trustee and the Split Loans Purchaser are the same entity, and the Split Loans Purchaser as a Beneficiary of the Split Loans Trust may have interests which conflict with the other Beneficiary, being the Issuer.

Mortgagee in Possession Liability

The Issuer, the Split Loans Purchaser or (on enforcement of security granted in respect of the Loans) the Facility Agent or Issuer Loan Security Trustee may be deemed to be a mortgagee in possession (or, in relation to Scottish Properties, a heritable creditor in possession) if there is physical possession of a Property or an act of control or influence which may amount to possession, such as submitting a demand or notice direct to tenants requiring them to pay rents to the Facility Agent, the Issuer Loan Security Trustee, the Issuer or the Split Loans Purchaser (as the case may be). In a case where it is necessary to initiate enforcement procedures against a Borrower, the Facility Agent or the Issuer Loan Security Trustee is likely to appoint a receiver to collect the rental income on behalf of itself, the Issuer or the Split Loans Purchaser (as the case may be) which should have the effect of reducing the risk that the Facility Agent, Issuer Loan Security Trustee, the Issuer or the Split Loans Purchaser (as appropriate) is deemed to be a mortgagee in possession or heritable creditor in possession.

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

Environmental Risks

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

If any environmental liability were to exist in respect of any Property or Borrower or Mortgagor, neither the Facility Agent nor the Issuer Loan Security Trustee should incur responsibility for such liability prior to enforcement of the relevant Loan and Loan Security, unless it could be established that the Facility Agent or the Issuer Loan Security Trustee (as appropriate) had entered into possession of the affected Property or could be said to be in control of the Property. After enforcement the Facility Agent and the Issuer Loan Security Trustee, if deemed to be a mortgagee in possession or heritable creditor in possession, or a receiver appointed on behalf of the Facility Agent or the Issuer Loan Security Trustee, could become responsible for environmental liabilities in respect of a Property. The relevant Facility Agent or Issuer Loan Security Trustee may be indemnified against any such liability under the terms of the relevant Loan Agreement, and amounts due in respect of any such indemnity may be payable in priority to payments to the relevant lenders including the Issuer or the Split Loans Trustee (as the case may be).

If an environmental liability arises in relation to any Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell 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 the Property could result in personal injury or similar claims by private plaintiffs.

Legal Title

All of the English Properties comprise registered land. All of the Scottish Properties comprise land registered in the Land Register of Scotland or recorded in the General Register of Sasines (collectively, the ''**Registers of Scotland**''). In relation to a limited number of Scottish Properties, the relevant Borrower or Mortgagor is not yet registered or (as applicable) recorded as legal proprietor of a Property (following its acquisition of that Property) and the Facility Agent or Issuer Loan Security Trustee as trustee of the relevant Loan Security is not yet registered or recorded as heritable creditor of the Standard Security granted to it by the Borrower or Mortgagor over that Property. The Transferor has

confirmed, following consultation with its external legal advisers, that it is not aware of any reason why in such instances the Borrower or Mortgagor in question should not in due course be registered or (as applicable) recorded as legal proprietor of the Property to which they are acquiring legal title or why the Facility Agent or the Issuer Loan Security Trustee should not in due course be registered or recorded as heritable creditor of the Standard Security over the Property.

In the case of each such Property (i) the completed transfer or transfers or conveyance or conveyances have been duly stamped and (ii) appropriate application has been made to the Registers of Scotland for the registration or recording of transfer of the title and the relevant Standard Security. The Transferor holds funds sufficient to pay the fees or has received solicitors' undertakings to pay the fees in relation to all necessary applications to the Registers of Scotland to the extent the same have not already been paid. The Transferor anticipates, following consultation with its external legal advisers, that all applications should be completed within eighteen months of the Closing Date.

Following the merger of Eurohypo Europaeische, Rheinhyp and Deutsche Hyp (each as defined below) in August 2002 (see further ''*Origination of Loans and Eurohypo Succession*'') Eurohypo has succeeded Eurohypo Europaeische and Rheinhyp as Facility Agent or Issuer Loan Security Trustee in relation to the loans originated by those banks and in relation to which they formerly acted as Facility Agent or Issuer Loan Security Trustee. As a result, Eurohypo is entitled to make application to HM Land Registry to amend the charges register so that it is registered as proprietor of the relevant mortgages and to make application to the Registers of Scotland to register itself as heritable creditor of the relevant Standard Securities (as successor to Eurohypo Europaeische and Rheinhyp). Such applications have not been made to HM Land Registry (and it is not intended to do so) but all appropriate documentation supporting Eurohypo's ability to act as the proprietor of the relevant mortgages has been lodged at HM Land Registry. Application has been made to the Registers of Scotland to register Eurohypo as the heritable creditor of the relevant Standard Securities. The Transferor anticipates, following consultation with its external legal advisers, that the application should be completed within eighteen months of the Closing Date.

Limited Partnerships and Administration

The Borrowers under two of the Loans in the Loan Pool are limited partnerships. Pursuant to the Limited Partnership Act 1907 (the ''**1907 Act**''), the person or persons who are registered as general partners of a limited partnership in accordance with the 1907 Act are liable for all debts and obligations of the partnership and the person or persons who are limited partners are generally not liable for the debts or obligations of the partnership beyond the sum of capital or property that the limited partners agreed to contribute on entering into the partnership. The principal exception to the above is where a limited partner takes part in the management of the partnership business in which circumstances the limited partner will, pursuant to Section 6 of the 1907 Act, become liable for all debts and obligations of the limited partnership incurred while the limited partner so acts as though the limited partner were a general partner. Limited partnerships registered in England and Wales do not have a legal personality separate from their partners.

By virtue of the Insolvent Partnership Order 1994 (the ''**1994 Order**''), the Insolvency Act 1986 applies to an insolvent English partnership, subject to the modifications set out in the 1994 Order. The Insolvency Act 1986 together with the 1994 Order provides a mechanism whereby an insolvent partnership may be put into administration rather than be statutorily wound up i.e. the affairs and business of the partnership and the partnership property are managed by an administrator appointed for the purpose by the court. The effect of an administration order is, amongst other things, to impose a moratorium so that any winding up petition must be dismissed and no steps may be taken to enforce any security over the partnership property. It directs that the affairs and business of the partnership and the partnership property should be managed by the administrator. During the period of an administration order (i) no order may be made for the winding up of the partnership, (ii) no order may be made on the joint petition for bankruptcy of the members as such, (iii) the court may not decree a dissolution of the partnership under the statutory provisions in the Partnership Act 1890, and (iv) most enforcement proceedings including execution and repossession of goods are barred save with the leave of the court.

In respect of the insolvency of a corporate entity incorporated in England and Wales, the restrictions referred to above do not prevent a creditor secured by a charge created as a floating charge over the whole or substantially the whole of the company's property from appointing an administrative receiver. Nor do they prevent such receiver, whether appointed before or after presentation of the petition, from

carrying out his functions and exercising his powers. If an administrative receiver is appointed under the charge before an administration order is made, and the charge is not capable of being set aside, the Court has no jurisdiction to make an administration order. However, in respect of the insolvency of a limited partnership, the Insolvency Act 1986 as amended by the 1994 Order does not provide for the court to dismiss a petition for the appointment of an administrator on the grounds that an administrative receiver has been appointed.

It is not clear to what extent (if at all) the Bills of Sale Acts 1878-1882 render void any non-possessory fixed or floating security over personal chattels (as defined) created under a debenture entered into by a partnership. The Bills of Sale Acts apply to any person (other than an incorporated company) and any such security must be granted in compliance with such Acts. The debentures entered into by the partners of such borrowers do not (and cannot) comply with such Acts. Therefore, no confirmation can be given that such Acts do not so apply. Regardless of whether or not such Acts so apply, there is no restriction under such Acts on any person creating fixed security over, *inter alia*, freehold and leasehold property, shares and choses in action.

Company Registered Outside of England and Wales or Scotland

Where a company registered outside of England and Wales has assets situated outside of England and Wales which are subject to English security, the ability to enforce such security over those assets might be inhibited by applicable local laws.

Further, any receiver appointed over the assets of a company registered outside of England and Wales or Scotland (including assets situated within England and Wales or Scotland) is unlikely to be an administrative receiver under the Insolvency Act 1986 and cannot prevent the appointment of an administrator.

Receivers

Pursuant to the Administration Agreement, the Administrator is required to take all reasonable steps to recover amounts due from the Borrowers, and to comply with its procedures for enforcement of Loans and Loan Security current from time to time. See ''*Administration*''. The principal remedies available following a default under a Loan or its Loan Security, as contemplated by the Administrator's enforcement procedures, are the appointment of a receiver over the relevant Property or over all of the assets of a corporate Borrower and/or entering into possession of the relevant Property. The Administrator has confirmed to the Issuer, the Split Loans Purchaser and the Trustee that its usual procedure for enforcing security over property would involve the appointment of a receiver. A receiver would invariably require an indemnity to meet his costs and expenses (notwithstanding his statutory indemnity under the Insolvency Act 1986) as a condition of his appointment or continued appointment. Such an indemnity would rank ahead of payments on the Notes.

The Administrator's usual practice (except in relation to Scottish Assets) would be to request the Facility Agent or the Issuer Loan Security Trustee to appoint a ''**Law of Property Act**'' receiver (''**LPA Receiver**'') rather than an administrative receiver. Such a receiver is so called because his powers derive not only from the mortgage under which he has been appointed but also from the Law of Property Act 1925. An LPA Receiver is deemed by law to be the agent of the entity providing security until the commencement of liquidation proceedings against such entity and so, for as long as the receiver acts within his powers, he will only incur liability on behalf of the entity providing security. If, however, the Facility Agent or the Issuer Loan Security Trustee or the Administrator on behalf of the Facility Agent or the Issuer Loan Security Trustee, unduly directs or interferes with and influences the receiver's actions, a court may decide that the receiver is the Facility Agent's or the Issuer Loan Security Trustee's agent and that the Facility Agent or the Issuer Loan Security Trustee should be responsible for the receiver's acts.

The Law of Property Act 1925 does not apply in Scotland and, therefore, ''**Law of Property Act**'' receivership does not exist in that jurisdiction. In Scotland, the Administrator would request the Facility Agent or the Issuer Loan Security Trustee to appoint a receiver pursuant to the floating charge contained in the relevant Debenture. The appointment of a receiver in this context is intended to provide the Facility Agent or the Issuer Loan Security Trustee with remedies which are in addition to existing Scottish statutory rights of enforcement in respect of the Standard Securities. The receiver would conduct himself in a manner broadly analogous to an administrative receiver appointed under a debenture granted by a company in relation to property situated in England and Wales.

Alternatively, the Administrator could request the appointment, under the terms of the Insolvency Act 1986, which was amended by the provisions of the Enterprise Act 2002 (the ''**Enterprise Act**''), of an administrator.

The Enterprise Act states that the holder of a valid and enforceable floating charge over the whole or substantially the whole of the company's property will be able to appoint an administrator of his choice, and that (if no winding-up order has been made or provisional liquidator appointed) such appointment can be made without going to court (see further ''*Factors Relating to the Notes – Change of Law*'').

FACTORS RELATING TO THE NOTES

Liability under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by Eurohypo, or of or by the Managers, the Administrator, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Swap Counterparty or the Account Bank or any company in the same group of companies as any of them and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

Interest Payments on the Class D Notes and the Class E Notes

On each Interest Payment Date, the maximum amount of interest then due and payable on the Class D Notes or the Class E Notes, as applicable, will be limited to the amount equal to the lesser of (a) the Interest Amount (as defined in Condition 4(d)) in respect of such class of Notes, and (b) the Adjusted Interest Amount (as defined in Condition 1) for such class of Notes on such Interest Payment Date (such Adjusted Interest Amount being calculated to take account of any amount released from the Reserve Account upon the relevant Interest Payment Date provided that after the Step-up Date amounts standing to the credit of the Reserve Account will be available to pay any shortfall in the payment of interest on any class of Notes in order of seniority). The debt that would otherwise be represented by the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class D Notes or the Class E Notes, as applicable, exceeds the Adjusted Interest Amount in respect of such class (the ''**Noteholder Shortfall Amount**''), will be deemed to be extinguished on such Interest Payment Date, and the affected Noteholders will have no claim against the Issuer in respect thereof. However, to the extent that a Noteholder Shortfall Amount has previously arisen, the affected Noteholders may be entitled to receive an amount if a distribution of Noteholder Shortfall Funds (as defined in Condition 1) is to be made (see further ''*Terms and Conditions of the Notes – Condition 4(i)*'').

Limited Recourse

On enforcement of the security for the Notes, the Trustee and the Noteholders will only have recourse to the Loans and the Loan Security and the remaining Issuer Security. In the event that the proceeds of such enforcement are insufficient (after payment of all other claims ranking higher in priority to, or any payment of any relevant amounts in respect of claims ranking *pari passu* with amounts due, under the Notes), then the Issuer's obligation to pay such amounts will cease and the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts. Enforcement of the security created pursuant to the Deed of Charge and Assignment is the only remedy available for the purpose of recovering amounts owed in respect of the Notes. The Issuer and the Trustee will have no recourse to the Transferor save as provided in the Loan Sale Agreements (see further ''*The Loans and the Loan Security – Representations and Warranties*'').

Rights Available to Holders of Notes of Different Classes

In performing its duties as trustee for the Noteholders, the Trustee will have regard to the interests of all of the Noteholders. If, however, there is a conflict between the interests of the holders of one class of Notes and the holders of another class of Notes, in the sole opinion of the Trustee, the Trustee will be required to have regard only to the interests of the holders of the most senior class of Notes then outstanding.

Ratings of Notes and Confirmations of Ratings

The ratings assigned to the Notes by the Rating Agencies are based on the Loans, the Loan Security, the Properties and other relevant structural features of the transaction, including, *inter alia*, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider, and reflect only the views of the Rating Agencies. The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest (other than in relation to the Additional Step-up Amounts) on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

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

Absence of Secondary Market; Limited Liquidity

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

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a committed facility for drawings to be made in the circumstances described in ''*Credit Structure – Liquidity Facility*''. The facility will, however, be subject to an initial maximum aggregate principal amount of £22,500,000 which will in certain specified circumstances be reduced. The Liquidity Facility will only be available to meet the payments of an Income Deficiency and will be subject to additional terms and conditions. The Liquidity Facility will not be available to meet any payments of principal in respect of any class of Notes or to pay any Additional Step-up Amounts.

EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the Council of Economic and Finance Ministers of the European Union (the ''**EU**'') adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by EU member states beginning 1st January, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each EU member state will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state; however, Austria, Belgium and Luxembourg may instead apply an alternative system for a transitional period in relation to such payments, withholding tax at rates rising over time to 35 per cent. The transitional period is scheduled to run from the date on which the directive is to be applied by EU member states to the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

Withholding Tax under the Notes

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

Introduction of the Euro

If at any time there is a change of currency in the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the

lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of such change and which are expressed in sterling will be translated into, and any amount payable will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent. Any such translation will be at the official rate of exchange recognised for that purpose by the Bank of England.

Where such a change in currency occurs, the Notes and the Conditions will be amended in the manner agreed between the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position as if no change in currency had occurred. Such amendments are to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with a change in currency. All such amendments will be binding on the Noteholders. Notification of the amendments will be made in accordance with Condition 14.

Change of Law

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

In particular, it should be noted that significant changes to the English and Scottish insolvency regime have recently been enacted.

The Insolvency Act 2000 ''(the ''**2000 Act**'') allows certain ''*small companies*'', when filing for a company voluntary arrangement (a ''**CVA**''), to seek protection from their creditors for a period of up to 28 days with the option for the creditors to extend the moratorium for a further two months. A company will be ''*small*'', in broad terms, if in any financial year it satisfies two or more of the requirements set out in Section 247(3) of the Companies Act 1985 (turnover not more than £2.8 million, balance sheet total not more than £1.4 million and number of employees not more than 50).

The moratorium provisions do not apply if the company in question is, on the date of filing for a CVA, a party to an agreement which is or forms part of a capital market arrangement under which (i) a party has incurred, or when the agreement was entered into was expected to incur, a debt of at least £10 million under the arrangement, and (ii) the arrangement involves the issue of a capital market investment. The Issuer should fall within this exemption, but there is a risk that the Split Loans Purchaser does not. There is therefore the risk that the moratorium might prevent the security granted by the Split Loans Purchaser being enforced for the period of the moratorium unless the court grants leave for it to be enforced.

The Split Loans Purchaser is a special purpose vehicle, and its only creditors are likely to be Eurohypo and the Issuer. The moratorium provisions in the 2000 Act were introduced to allow small companies in financial difficulty to make CVAs with their creditors by providing the option of a moratorium to give the directors time to put a rescue plan to creditors. It should also be noted that the Split Loans Trustee is the same entity as the Split Loans Purchaser. It is therefore considered unlikely in the present situation that the moratorium procedure would be an appropriate course of action for the directors of the Split Loans Purchaser to take or that the nominee of the CVA would be prepared to make the necessary statement in support of any filing by the directors.

On 7th November, 2002, the Enterprise Act (the ''**Enterprise Act**'') received Royal Assent. This legislation contains significant reforms of personal and corporate and insolvency law. These reforms, which were brought into force on 15th September, 2003, restrict the right of the holder of a floating charge to appoint an administrative receiver and instead give primacy to collective insolvency procedures, in particular administration. The Government's aim is that, rather than having primary regard to the interests of secured creditors, any insolvency official should have regard to the interests of all creditors, both secured and unsecured, and the primary emphasis will be on rescuing the company. Previously, the holder of a floating charge over the whole or substantially the whole of the assets of a company had the ability to block the appointment of an administrator by appointing an administrative receiver, who primarily acts in the interests of the floating charge holder, though there are residual duties to the company and others interested in the equity of redemption.

The Enterprise Act states that the holder of a valid and enforceable floating charge over the whole or substantially the whole of a company's property will be able to appoint an administrator of his choice,

and that (if no winding-up order had been made or provisional liquidator appointed) such appointment can be made without going to court. However, the administrator will be acting for the creditors generally and not just his appointor.

Directors of companies will also be able to use the out of court route to place the company in administration. There will be a notice period during which the holder of the floating charge can either agree to the proposed appointment by the directors or appoint an alternative administrator, although the moratorium will take effect immediately after notice was given. If the floating charge holder does not respond to the notice of intention to appoint, the company's appointee will automatically take office after the notice period has elapsed.

The Enterprise Act states that the purpose of administration will be to rescue the company, or, where that is not reasonably practicable, to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up, or, where neither of the above purposes are reasonably practicable, to realise property in order to make a distribution to one or more secured or preferential creditors. These purposes could conflict with the wishes or interests of noteholders. Nevertheless, the Enterprise Act makes it clear that the administrators' statement of proposals cannot include an action that affects the right of a secured creditor to enforce his security.

The Enterprise Act provides that the abolition of administrative receivership will not extend to certain capital market arrangements (the ''**capital markets exception**''). The relevant exemption provides that, in broad terms, to fall within this, the arrangement must involve a party incurring a debt of at least £50 million (or, when the arrangement was entered into, was expected to incur a debt of at least £50 million) and the issue of a capital market investment that is rated, listed or traded or designed to be rated, listed or traded. The exemption further provides that an arrangement is a ''capital market arrangement'' if (a) it involves a grant of security to a person holding it as a trustee for a person who holds a capital market investment issued by a party to the arrangement; (b) it involves a grant of security to (i) a party to the arrangement who issues a capital market investment, or (ii) a person who holds the security as trustee for a party to the arrangement in connection with the issue of a capital market investment; (c) it involves a grant of security to a person who holds the security as trustee for a party to the arrangement who agrees to provide finance (including the provision of an indemnity) to another party; (d) at least one party guarantees the performance of obligations of another party; (e) at least one party provides security in respect of the performance of obligations of another party; or (f) the arrangement involves an investment of a kind described in articles 83 to 85 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (options, futures and contracts for differences).

As the Issuer Loan Security was created prior to 15th September, 2003, any right the relevant Issuer Loan Security Trustee or relevant Issuer Loan Facility Agent may have to appoint an administrative receiver under the Issuer Loan Security will be preserved notwithstanding the relevant provisions of the Act coming into force. The security which the Issuer will grant to the Trustee will not be created prior to 15th September, 2003, but, the Issuer expects, will fall within the capital markets exception. The right of the Trustee to appoint an administrative receiver under that security is therefore unlikely to be affected by the Enterprise Act coming into force. However, as the Enterprise Act has never been considered judicially, and the terms of the capital markets exception may be varied from time to time by an order made by the Secretary of State, no assurance can be given as to whether the Enterprise Act and/or whether any such variation in respect of the capital market exception could have a detrimental effect on the transaction described in this prospectus or on the interests of noteholders.

Section 250 of the Enterprise Act will abolish Crown Preference in relation to all insolvencies (and thus reduce the categories of preferential debts that are to be paid in priority to debts due to the holder of a floating charge) but a new section 176A of the Insolvency Act (as inserted by section 251 of the Enterprise Act) will require a prescribed part of a company's net property (property which is available to the holder of the floating charge) to be available for the satisfaction of unsecured debts. In any event, this will not be relevant to property subject to a valid fixed security interest or to a situation in which there are no unsecured creditors. Moreover, section 176A only applies to a floating charge which is created after 15th September, 2003 so that it should not apply to the floating charge created by the Issuer Loan Security. However, it will apply to the floating charge created by the Deed of Charge and Assignment.

Proposed changes to the Basel Accord

The Basel Committee on Banking Supervision (the ''**Basel Committee**'') has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis

on market discipline. The consultation period on the initial proposals ended in March 2000 and the Basel Committee published its second consultation document, the ''**New Basel Capital Accord**'', on 16th January, 2001. The consultation period on the further proposals contained in the New Basel Capital Accord ended on 31st May, 2001.

Although the Basel Committee had announced previously that it would release a revised proposal in early 2002, this has been delayed pending the completion of a review assessing the overall impact of the proposals on banks and the banking system. On 1st October, 2002 the Basel Committee launched a comprehensive field test for banks of its revised proposals known as the quantitive impact study, or QIS3, which focussed on the minimum capital requirements under pillar one of the New Basel Capital Accord. The survey period ended on 20th December, 2002. The revised proposals were issued for comment on 29th April, 2003.

The Basel Committee intends to finalise the New Basel Capital Accord in the fourth quarter of 2003, allowing for implementation of the new framework in each country at year end 2006. If adopted in their current form, the proposals could affect the risk weighting of the Notes for certain investors if those investors are regulated in a manner which will be affected by the proposals. Consequently, recipients of this Offering Circular should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord proposals.

Hedging risks

In order to protect the Issuer against movements in LIBOR arising as a result of the floating interest rate for certain Loans being set on a different date to the floating interest rate for the Notes and the risks associated with the fact that certain Loans bear interest at a fixed rate while each class of Notes bears interest at a floating rate, the Issuer will enter into Swap Transactions with the Swap Counterparty. However, there can be no assurance that the Swap Transactions will adequately address unforeseen hedging risks. If the Swap Counterparty fails to provide the Issuer with the amount due under a Swap Transaction on any payment date, or if a Swap Transaction is otherwise terminated, the Issuer may have insufficient funds to make payments due on the Notes. The Swap Counterparty is also subject to downgrade triggers which are set by the Rating Agencies and are set out in the Swap Agreements. Moreover, in certain circumstances the Swap Transactions may be terminated and as a result the Issuer may be unhedged if replacement Swap Transactions cannot be entered into. In particular, Noteholders may suffer a loss if, as a result of a default by a Borrower under a Loan Agreement, one or more of the Swap Transactions is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Swap Counterparty. Certain of such amounts payable by the Issuer on an early termination rank senior to any payments to be made to the Noteholders both before and after enforcement of the Issuer Security. For a more detailed description of the Swap Agreement see ''*Credit Structure – The Swap Agreement*'' below.

In the case of four Loans, the relevant Loan Agreement contains an obligation on the Borrower to enter into appropriate hedging arrangements. In the case of all four Loans, sums due to the hedge counterparty by the Borrower rank *pari passu* with sums due to the lenders. There is therefore a risk that: (i) where a partial payment of interest or principal is received from the Borrower the amount of interest or principal paid to Noteholders will be reduced; or (ii) on an enforcement of the Loan the amount available to Noteholders will be reduced, in each case to the extent that breakage or other costs are due to the relevant hedge counterparty. Moreover, in certain circumstances the hedging arrangements may be terminated and as a result the Borrower may be unhedged if replacement hedging arrangements cannot be entered into. Two of the Loans contain an obligation for the Borrower to enter into hedging arrangements if certain financial tests are not met, but sums due to the hedge counterparty are not expressed to rank *pari passu* with sums due to the lender in relation to those Loans. There is no obligation on the Borrowers to enter into a hedging arrangement in relation to the remaining five Loans.

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

THE ISSUER

The Issuer, Opera Finance No. 1 plc, was incorporated in England and Wales on 30th January, 2003 (registered number 4653159), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association and are, *inter alia*, to invest in mortgage loans secured on commercial or other properties in the British Isles or elsewhere, to manage and administer mortgage loan portfolios, to issue securities in payment or part payment for any real or personal property purchased, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

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

The Issuer will covenant to observe certain restrictions on its activities, which are detailed in Condition 3(A) of the Notes, the Deed of Charge and Assignment and the Trust Deed. In addition, the Issuer will covenant in the Trust Deed to provide written confirmation to the Trustee, on an annual basis, that no Event of Default (or other matter which is required to be brought to the Trustee's attention) has occurred in respect of the Notes.

2. Directors and Secretary

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

Name	Business Address	Principal Activities
SFM Directors Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Directors of special purpose companies
SFM Directors (No.2) Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Directors of special purpose companies

The company secretary of the Issuer is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is Blackwell House, Guildhall Yard, London EC2V 5AE. The directors of SFM Directors Limited (registered number 3920254), SFM Directors (No. 2) Limited (registered number 4017430) and SFM Corporate Services Limited are Jonathan Eden Keighley, James Garner Smith Macdonald and Robert William Berry (together with their alternate directors Annika Ida Louise Aman-Goodwille, Helena Paivi Whitaker and Ryan William O'Rourke), whose business addresses are Blackwell House, Guildhall Yard, London EC2V 5AE, and who perform no other principal activities outside the group which are significant with respect to the group.

3. Capitalisation and Indebtedness

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

Share Capital

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

49,999 of the issued shares (being 49,998 shares of £1 each, each of which is paid up as to 25p and one share of £1 which is fully paid) in the Issuer are held by SFM Corporate Services Limited (the ''**Share Trustee**'') as trustee of the Opera Finance No.1 Securitisation Trust pursuant to a declaration

of trust declared by the Share Trustee on 20th November, 2003 (the ''**Share Declaration of Trust**''). The remaining one share in the Issuer which is fully paid is held by Structured Finance Management Limited (registered number 3853947) as nominee for SFM Corporate Services Limited in its capacity as trustee of the Opera Finance No.1 Securitisation Trust.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2018.....	£282,365,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2018.....	£36,435,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2018.....	£19,130,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2018.....	£20,040,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2018.....	£6,365,000
Total Loan Capital	£364,335,000

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

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from KPMG Audit Plc (''**KPMG**'') who have been appointed as auditors and reporting accountants to the Issuer. KPMG are chartered accountants and registered auditors. The balance sheet contained in the report does not comprise the Issuer's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since the Issuer's incorporation. The Issuer's accounting reference date will be 31st December and the first statutory accounts will be drawn up to 31st December, 2003.

KPMG Audit Plc

The Directors
Opera Finance No.1 plc
Blackwell House
Guildhall Yard
London
EC2V 5AE

The Directors
Eurohypo Aktiengesellschaft
4th Floor
90 Long Acre
London
WC2E 9RA

The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

Citigroup Global Markets Limited
Citigroup Centre
33 Canada Square
Canary Wharf
London
E14 5LB

Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London
EC2N 2DB

(other Managers as defined in Appendix 1 of the
Arrangement Letter dated 21st May, 2003)

20 November, 2003

Dear Sirs

Opera Finance No. 1 plc (the ''*Company*''): £282,365,000 Class A Mortgage Backed Floating Rate Notes due 2018, £36,435,000 Class B Mortgage Backed Floating Rate Notes due 2018, £19,130,000 Class C Mortgage Backed Floating Rate Notes due 2018, £20,040,000 Class D Mortgage Backed Floating Rate Notes due 2018, £6,365,000 Class E Mortgage Backed Floating Rate Notes due 2018.

We report on the financial information set out in paragraphs 5 to 6. This financial information has been prepared for inclusion in the offering circular dated 20th November, 2003 (the ''**Offering Circular**'') of the Company.

1. Basis of Preparation

The financial information set out in paragraphs 5 to 6 is based on the financial statements of the Company from incorporation to 19th November, 2003 prepared on the basis described in note 6.1 to which no adjustments were considered necessary.

2. Responsibility

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

The directors of the Company are responsible for the contents of the Offering Circular dated 20th November, 2003 in which this report is included.

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

3. Basis of Opinion

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

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

4. Opinion

In our opinion the financial information gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company at 19th November, 2003.

5. Balance Sheet as at 19th November, 2003

	£
Current assets	
Cash at bank and in hand	12,501.50
Capital and reserves	
Called up equity share capital	
2 shares 100% called and paid, 49,998 shares 25% paid	12,501.50

6. Notes

6.1 Accounting Policies

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

6.2 Trading Activity

The Company was incorporated on 30th January 2003. The Company has not yet commenced business, no audited financial statements have been made up and no dividends have been declared or paid since the date of incorporation.

6.3 Share Capital

The Company was incorporated and registered as a public limited company on 30th January 2003, with the name of Opera Finance No.1 plc.

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

On 14th February 2003, one ordinary share was issued by the Company to Structured Finance Management Limited, one ordinary share was issued to SFM Corporate Services Limited for cash consideration of £1 each. The two subscriber shares are fully paid up.

On 14th February 2003, 49,998 ordinary shares were issued by the Company to SFM Corporate Services Limited and one quarter paid-up for a total cash consideration of £12,499.50.

6.4 Auditors

KPMG Audit Plc was appointed as auditor on 12th March 2003

Yours faithfully
KPMG Audit Plc

THE SPLIT LOANS PURCHASER

The Split Loans Purchaser, Opera SLP No. 1 Limited was incorporated in England and Wales on 31st January, 2003 (registered number 4653666) as a private company with limited liability under the Companies Act 1985. The registered office of the Split Loans Purchaser is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Split Loans Purchaser has no subsidiaries.

1. Principal Activities

The Split Loans Purchaser has been established specifically to act as trustee of the Split Loans Trust. The principal objects of the Split Loans Purchaser are set out in clause 3 of its Memorandum of Association and are, *inter alia*, to undertake and perform the office and duties of trustee for any person or corporation, to undertake and execute any trust or discretion and the distribution amongst beneficiaries of any moneys, to borrow money and, in connection with the above, to manage and grant any right over any real or personal property and to act solely or jointly with any person, corporation or body.

The Split Loans Purchaser's activities will be restricted by the terms of the declaration of trust declared by it on 25th November, 2003 (the ''**Declaration of Trust**'') and related documents and will be limited to its trusteeship of the Split Loans Trust Property, the holding of interests in the Split Loans Trust Property and the exercise of related rights and powers and other activities reasonably incidental thereto. The Split Loans Purchaser has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Companies Act 1985.

The Split Loans Purchaser will covenant to observe certain restrictions on its activities which are similar (*mutatis mutandis*) to those applicable to the Issuer as detailed in ''*Terms and Conditions of the Notes – Condition 3(A)*''.

2. Directors and Secretary

The directors of the Split Loans Purchaser and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
SFM Directors Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Directors of special purpose companies
SFM Directors (No. 2) Limited	Blackwell House, Guildhall Yard, London EC2V 5AE	Directors of special purpose companies

The company secretary of the Split Loans Purchaser is SFM Corporate Services Limited, a company incorporated in England and Wales (registered number 3920255), whose business address is Blackwell House, Guildhall Yard, London EC2V 5AE. The directors of SFM Directors Limited (registered number 3920254), SFM Directors (No.2) Limited (registered number 4017430), and SFM Corporate Services Limited, are Jonathan Eden Keighley, James Garner Smith Macdonald and Robert William Berry (together with their alternate directors Annika Ida Louise Aman-Goodwille, Helena Paivi Whitaker and Ryan William O'Rourke), whose business addresses are Blackwell House, Guildhall Yard, London EC2V 5AE, and who perform no other principal activities outside the group which are significant with respect to the group.

3. Share Capital

On incorporation, the authorised share capital of the Split Loans Purchaser was divided into 1000 ordinary shares of £1 each.

On 31st January, 2003, one ordinary share was issued by the Split Loans Purchaser to SFM Corporate Services Limited for cash consideration of £1. On 18th November, 2003, 99 further ordinary shares were issued by the Split Loans Purchaser to SFM Corporate Services Limited for cash consideration of £99.

THE SPLIT LOANS TRUST

Under the Declaration of Trust, Opera SLP No.1 Limited (in its capacity as Split Loans Trustee) will agree to hold the Split Loans Trust Property on trust for the Issuer and the Split Loans Purchaser (the ''**Beneficiaries**'') in the manner described below and otherwise upon and subject to the terms and conditions of the Declaration of Trust. The Issuer will assign to the Trustee by way of security, *inter alia*, its interest in the Declaration of Trust, the Security Trustee Declarations of Trust and the Split Loans Trust Property.

General Legal Structure

The trust declared by the Split Loans Trustee under the Declaration of Trust (the ''**Split Loans Trust**'') will be a trust formed under English law with the Split Loans Trustee as trustee for the benefit of the Beneficiaries. Under the terms of the Declaration of Trust the Split Loans Trustee agrees that it will hold all the Split Loans Trust Property on trust absolutely for the Beneficiaries. The ''**Split Loans Trust Property**'' will consist of:

(a) the sum of £100 settled on the date of the Declaration of Trust;

(b) the Split Loans novated to the Split Loans Purchaser by the Transferor on the Closing Date and the Split Loans Trustee's interest in their related Split Loan Security;

(c) any interest and principal paid by the Borrowers on the Split Loans and received by the Split Loans Trustee on or after the Closing Date;

(d) any other amounts received under the Split Loans and Split Loan Security on or after the Closing Date;

(e) amounts on deposit (and interest earned on such amounts) in the Split Loans Account (as defined below) and any Eligible Investments and the proceeds of such investment made by or on behalf of the Split Loans Trustee; and

(f) the proceeds of any sale or repurchase by the Transferor of any Split Loan and the interest in the Split Loan Security or other proceeds arising from any sale of any property comprised in paragraphs (a) to (e).

At the Closing Date, the initial amount of the Issuer's beneficial interest in the Split Loans Trust Property is expected to be approximately £93,770,723.08, which corresponds to the expected outstanding aggregate principal amount of the term loan elements of the Split Loans and approximately 26 per cent. of the Loan Pool. The actual initial amount of the Issuer's beneficial interest in the Split Loans Trust Property will not be determined until the Closing Date.

At the Closing Date, the initial amount of the Split Loans Purchaser's beneficial interest in the Split Loans Trust Property is expected to be zero which corresponds to the expected outstanding aggregate principal amount of the revolving loan elements of the Split Loans. The actual initial amount of the Split Loans Purchaser's beneficial interest in the Split Loans Trust Property will not be determined until the Closing Date.

After the Closing Date the Issuer's and the Split Loans Purchaser's respective entitlements will fluctuate as the revolving loan elements which are not drawn are drawn and any revolving loan elements which have been drawn and the term loan elements are repaid.

Distribution of Amounts received under the Split Loan Agreements

The Borrowers under the Split Loans are required to make all payments under the relevant Split Loan Agreements to the relevant Split Loan Facility Agent, who is in each case, as at the date of this Offering Circular, Eurohypo. The Split Loan Facility Agent is required to make each payment received under the relevant Split Loan Agreement available (on the date and in the currency of receipt) to the Administrator on behalf of the Split Loans Trustee.

The Split Loan Facility Agent will apply any amount received by it under a Split Loan Agreement in or towards payment of any amount due from the Borrower under the relevant Split Loan Agreement, but if the Split Loan Facility Agent receives a payment insufficient to discharge all amounts then due and payable by the Borrower under a Split Loan Agreement, the Split Loan Facility Agent is required to apply the payment received in the following order:

(a) *first*, in or towards payment *pro rata* of any unpaid fees, costs and expenses of the Split Loan Facility Agent;

(b) *secondly*, in or towards payment *pro rata* of:

  (i) any periodical payments (not being payments as a result of termination) due but unpaid pursuant to any relevant hedging arrangements entered into by that Borrower;

  (ii) any accrued interest due but unpaid under the relevant Split Loan Agreement;

(c) *thirdly*, in or towards payment *pro rata* of:

  (i) any payments as a result of termination due but unpaid pursuant to any relevant hedging arrangements entered into by that Borrower; and

  (ii) any principal due but unpaid under the Split Loan Agreement; and

(d) *fourthly*, in or towards payment *pro rata* of any other sum due but unpaid under the relevant Split Loan Agreement.

These provisions are specified to override any appropriation made by a Borrower.

Eurohypo, in its capacity as Split Loan Facility Agent in respect of both of the Split Loans, has confirmed that upon the distribution of any payment received from a Borrower as described above it will notify the Administrator of those parts of the payment made that are referable to interest and/or principal in respect of the term loan element of each Split Loan and those parts of the payment that are referable to interest and/or principal in respect of the revolving loan element of each Split Loan. In addition, Eurohypo, in its capacity as Split Loan Facility Agent, has confirmed that if it receives an amount insufficient to pay all interest or principal due from a Borrower under a Split Loan Agreement it will allocate the amount received as between the term loan element and the revolving loan element of each Split Loan on a pro rata basis by reference to the amounts of interest or principal due in respect of such term loan and revolving loan elements (after taking into account the effects of any event of default caused by such failure on the part of a Borrower to pay all amounts then due and payable). For these purposes, any amounts of interest due under a Split Loan Agreement but unpaid will, in accordance with the terms of the relevant Split Loan Agreement, be compounded, but will still be regarded as being interest due from the Borrower.

Administration of Split Loans Trust Property – Split Loans Revenue Receipts

Under the Administration Agreement, the Administrator is responsible for distributing Split Loans Revenue Receipts on behalf of the Split Loans Trustee on the Business Day following each Calculation Date (each a ''**Distribution Date**'') in accordance with the provisions described in the following section. ''**Split Loans Revenue Receipts**'' are all payments of interest, fees (including any prepayment fees), breakage costs, if any, expenses, commissions and other sums paid by Borrowers in respect of the Split Loans and Split Loan Security (other than payments in respect of principal), including recoveries in respect of such amounts on enforcement of a Split Loan or Split Loan Security.

Distribution of Split Loans Revenue Receipts

The Administrator will calculate on each Calculation Date the following amounts:

(a) Split Loans Revenue Receipts received in respect of the Split Loans during the period from (but excluding) the previous Calculation Date up to (but including) the relevant Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date up to (and including) such first Calculation Date) (the ''**Collection Period**''); and

(b) interest paid to the Split Loans Trustee on the Split Loans Account together with the proceeds of any Eligible Investments made by or on behalf of the Split Loans Trustee during the relevant Collection Period.

On each Distribution Date the Administrator will allocate and pay the Split Loans Revenue Receipts to the Split Loans Purchaser and the Issuer. The Administrator will be required to allocate to the Issuer the amount of Split Loans Revenue Receipts in respect of the term loan elements of the Split Loans, plus all interest paid during the Collection Period on the Split Loans Account together with the proceeds of any Eligible Investment made by or on behalf of the Split Loans Trustee during such Collection Period. The Administrator will be required to allocate to the Split Loans Purchaser the amount of Split Loans Revenue Receipts in respect of the revolving loan elements of the Split Loans. In determining which

amounts are referable to the term loan elements of the Split Loans and which are referable to the revolving loan elements of the Split Loans, the Administrator will act in accordance with the information provided to it by the Split Loans Facility Agent.

The Administrator shall distribute the Split Loans Revenue Receipts apportioned to the Issuer together with any interest paid to the Split Loans Trustee on the Split Loans Account and the proceeds of any Eligible Investments made by or on behalf of the Split Loans Trustee during the relevant Collection Period to the Transaction Account and the Split Loans Revenue Receipts apportioned to the Split Loans Purchaser to the Revolving Facilities Funding Account.

Administration of Split Loans Trust Property – Split Loans Principal Receipts

Under the Administration Agreement, the Administrator is also responsible for distributing Split Loans Principal Receipts on behalf of the Split Loans Trustee on each Distribution Date in accordance with the provisions described in the following section. ''**Split Loans Principal Receipts**'' are all payment of principal, including all payments of principal received (i) as a result of a prepayment in part or in full of a Split Loan (including pursuant to the scheduled amortisation of a Split Loan) or the repurchase of a Split Loan by the Transferor pursuant to the Split Loan Sale Agreement or purchase of the Split Loans by the Transferor pursuant to the Administration Agreement; (ii) as a result of the repayment of a Split Loan on its scheduled final maturity date and (iii) as a result of the enforcement of a Split Loan or its Split Loan Security.

Distribution of Split Loans Principal Receipts

Split Loans Principal Receipts will be calculated by the Administrator on each Calculation Date. On each Distribution Date the Administrator will allocate Split Loans Principal Receipts received in respect of the Split Loans during the relevant Collection Period due to the Issuer and the Split Loans Purchaser. The Administrator will be required to allocate to the Issuer the amount of the Split Loans Principal Receipts in respect of the term loan elements of the Split Loans and the Administrator will be required to allocate to the Split Loans Purchaser the amount of Split Loan Principal Receipts in respect of the revolving loan elements of the Split Loans.

The Administrator shall distribute the Split Loans Principal Receipts apportioned to the Issuer to the Transaction Account and the Split Loans Principal Receipts apportioned to the Split Loans Purchaser to the Revolving Facilities Funding Account.

Termination of the Split Loans Trust

The Split Loans Trust will terminate on the date on which there is no remaining Split Loans Trust Property or, if earlier, such date as may be requested in writing by the Issuer or the Split Loans Purchaser to the Split Loans Trustee being on or after the date on which all of the Notes have been redeemed in full by the Issuer or such other date which may be agreed between the Split Loans Trustee, the Split Loans Purchaser, the Issuer and the Trustee.

Retirement of Split Loans Trustee

The Split Loans Trustee will not be entitled to retire or otherwise terminate its appointment. The Beneficiaries can replace the Split Loans Trustee in its capacity as trustee of the Split Loans Trust upon their giving not less than three months' notice in writing with, in the case of the Issuer, the prior written consent of the Trustee.

Governing Law

The Declaration of Trust will be governed by English law.

SLP Loan to the Split Loans Purchaser

On or prior to the Closing Date the Split Loans Purchaser will enter into a credit agreement with Eurohypo (the ''**SLP Loan Agreement**'') whereby Eurohypo will provide a 14 year £27,222,722 committed facility (the ''**SLP Loan**'') to the Split Loans Purchaser. On or prior to the Closing Date the Split Loans Purchaser will draw an amount under the SLP Loan Agreement equal to the aggregate amount of the Split Loans Purchaser's revolving commitment under the Split Loan Agreements. The Split Loans Purchaser shall place such funds less an amount equal to the aggregate principal amount of the revolving loan elements of the Split Loans that have been advanced to the relevant Borrowers in the Revolving Facilities Funding Account, with the balance being paid by the Split Loans Purchaser to

the Transferor as part of the consideration payable to the Transferor under the Split Loan Sale Agreement. The funds standing to the credit of the Revolving Facilities Funding Account will, save as specified below, be held by the Split Loans Purchaser as cash collateral for its obligation to make advances pursuant to the revolving element of the Split Loans. The SLP Loan will only be repaid prior to its maturity date, in whole or in part, upon cancellation of all or part of the commitment in respect of a revolving loan element of a Split Loan; the amount repaid being equal to the funds received from the relevant Borrower upon cancellation of the relevant revolving commitment together with the amount standing to the credit of the Revolving Facilities Funding Account previously required to finance the Split Loans Purchaser's obligation to make further advances pursuant to that revolving loan commitment, the balance remaining in the Revolving Facilities Funding Account being sufficient to cash collateralise the Split Loans Purchaser's obligations to make further advances pursuant to the remaining revolving loan commitment (if any). The Split Loans Purchaser will pay interest to Eurohypo in respect of the SLP Loan on the Business Day immediately prior to each Interest Payment Date (or to the extent received prior to such date, the Split Loan Purchaser may pay interest to Eurohypo on any prior Business Day) in an amount equal to (i) interest received by the Split Loans Purchaser on any amounts standing to the credit of the Revolving Facilities Funding Account; and (ii) the amount of the Split Loans Revenue Receipts in respect of the revolving loan elements of the Split Loans, less an amount up to £500 in any calendar year.

The Split Loans Purchaser will covenant with the Issuer in the Deed of Charge and Assignment that it will fulfil its obligations under the Split Loan Agreements (such obligations to include any requirement on it to make any further advances under the revolving loan elements of the Split Loans) and will provide the Issuer with security for this covenant, in the form of a first ranking assignment by way of security of all sums of money from time to time standing to the credit of the Revolving Facilities Funding Account. Security for the Split Loans Purchaser's obligations to Eurohypo pursuant to the SLP Loan Agreement will be provided pursuant to a deed of charge and assignment dated on or about the Closing Date between the Split Loans Purchaser, the Issuer and Eurohypo (the ''**SLP Deed of Charge and Assignment**'') by way of an assignment by way of security of the Split Loans Purchaser's beneficial interests in the Declaration of Trust, the Split Loans Trust Property and all property, rights and assets constituting and comprised in the Split Loans Trust Property from time to time together with an assignment by way of security over the Revolving Facilities Funding Account, although the security granted by the Split Loans Purchaser in favour of the Issuer will rank in priority to that granted in favour of Eurohypo.

THE PARTIES

Eurohypo AG (Originator, Transferor, Administrator and Special Servicer)

Eurohypo AG, incorporated in Germany, is represented in the United Kingdom by Eurohypo AG London Branch, located at 4th Floor, 90 Long Acre, London WC2E 9RA. Eurohypo was formed by the merger of Eurohypo AG Europaeische Hypothekenbank der Deutschen Bank (''**Eurohypo Europaeische**''), Rheinhyp Rheinische Hypothekenbank AG (''**Rheinhyp**'') and Deutsche Hyp Deutsche Hypothekenbank Frankfurt-Hamburg AG (''**Deutsche Hyp**'') on 13th August, 2002 (see ''*Origination of Loans and Eurohypo Succession*''). As of 30th June, 2003 Eurohypo had three main shareholders: Deutsche Bank Group (approximately 37.59 per cent. of the outstanding share capital of Eurohypo.), Commerzbank AG (approximately 31.85 per cent. of the outstanding share capital of Eurohypo.) and Allianz Group (approximately 28.48 per cent. of the outstanding share capital of Eurohypo.).

As at 30th June, 2003, Eurohypo had EUR231bn total assets and a real estate loan book of EUR99.6bn, making Eurohypo (on the basis of total assets) one of the largest commercial private banks in Germany and the largest commercial real estate bank in Europe. Eurohypo currently has over 20 offices in 14 countries in Europe, including London, Frankfurt, Paris, Madrid, Amsterdam and Milan, and three offices in the USA. The investment banking business – advisory, mezzanine finance, securitisation and structured finance – is based in London, Frankfurt and New York.

In the United Kingdom, Eurohypo currently has £4.0bn of commitments within its commercial real estate lending business and manages transactions with a volume in excess of £10.5bn. Eurohypo has been operating in the United Kingdom for ten years.

Swap Counterparty

The Royal Bank of Scotland plc will act as Swap Counterparty under the Swap Agreement. See ''*The Swap Counterparty and Liquidity Facility Provider*''.

Liquidity Facility Provider

The Royal Bank of Scotland plc will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. See ''*The Swap Counterparty and Liquidity Facility Provider*''.

Account Bank

Deutsche Bank AG London will act as the Account Bank pursuant to the Account Bank Agreement in relation to the Transaction Account, the Split Loans Account, Stand-by Account, Swap Collateral Cash Account, Swap Collateral Custody Account, the Revolving Facilities Funding Account and the Reserve Account through its office located at Winchester House, 1 Great Winchester Street, London EC2N 2DB. The short term, unsecured, unguaranteed and unsubordinated debt obligations of Deutsche Bank AG are rated ''A-1+'' by S&P, ''P-1'' by Moody's and ''F-1+'' by Fitch. The long term, unsecured, unguaranteed and unsubordinated debt obligations of Deutsche Bank AG London are rated ''AA-'' by S&P, ''Aa3'' by Moody's and ''AA-'' by Fitch.

Principal Paying Agent and Agent Bank

Deutsche Bank AG London will be appointed as Principal Paying Agent and Agent Bank under the Agency Agreement.

Irish Paying Agent

Deutsche International Corporate Services (Ireland) Limited whose principal office is at 5 Harbourmaster Place, I.F.S.C., Dublin 1 will be appointed as Irish Paying Agent under the Agency Agreement.

Corporate Services Provider and Share Trustee

SFM Corporate Services Limited whose registered office is at Blackwell House, Guildhall Yard, London, EC2V 5AE will be appointed as Share Trustee under the Share Declaration of Trust and Structured Finance Management Limited whose registered office is at Blackwell House, Guildhall Yard, London EC2V5AE will be appointed as Corporate Services Provider under the Corporate Services Agreements.

Trustee

Deutsche Trustee Company Limited has its principal office at Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Trustee will be appointed pursuant to the Trust Deed to represent the interests of the Noteholders. The Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Trust Deed on trust for the Noteholders and the Issuer Security (and any Supplemental Security) for the benefit of, *inter alios*, the Noteholders.

Among other things, the Trust Deed:

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

(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 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 Trustee against liabilities, losses and costs arising out of the Trustee's exercise of its powers and performance of its duties;

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

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

(f) sets out the extent of the 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) limits the scope of the Trustee's liability or breach of trust, negligence or wilful default or fraud in connection with the exercise of its duties;

(h) sets out the terms upon which the Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that an Event of Default (as defined in Condition 9) will not be treated as such;

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

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

The Trust Deed also contains provisions governing the retirement or removal of the Trustee and the appointment of a successor Trustee. The Trustee may at any time and for any reason resign as Trustee upon giving not less than three months' prior written notice to the Issuer. The holders of the Notes of each class, acting by Extraordinary Resolution, may together remove the Trustee from office. No retirement or removal of the Trustee (or any successor Trustee) will be effective until a trust corporation has been appointed to act as successor Trustee.

The appointment of a successor Trustee will be made by the Issuer or, where the 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 Trustee itself. No person may be appointed to act as a successor Trustee unless that person has been previously approved by an Extraordinary Resolution of each class of the Noteholders.

THE SWAP COUNTERPARTY AND LIQUIDITY FACILITY PROVIDER

The Royal Bank of Scotland Group plc (the ''**Group**'') is a diversified financial services group engaged in a wide range of banking, financial or finance related activities in the United Kingdom and internationally. The Group's operations are principally centred in the United Kingdom.

The Group's principal operating subsidiary is The Royal Bank of Scotland plc (''**RBS**''). As of 31st January, 2003, and with the approval of the Financial Services Authority, ownership of the entire issued ordinary share capital of National Westminster Bank Plc (''**Natwest**'') was transferred from the Group to RBS in exchange for the issue of new ordinary shares by RBS to the Group. Both RBS and Natwest are major UK clearing banks engaging principally in providing a comprehensive range of banking, insurance and other financial services and each controls, directs and promotes the operations of various subsidiary companies.

RBS' predecessors date back to 1727. RBS was created by the merger on 30th September, 1985 of the former The Royal Bank of Scotland plc, the largest of the Scottish clearing banks, and Williams & Glyn's Bank plc. At 31st December, 2002, RBS had 642 retail branches in the United Kingdom.

Natwest was acquired by the Group on 6th March, 2000. Natwest was incorporated in England in 1968 and was formed from a merger of National Provincial Bank Limited and Westminster Bank Limited, which had themselves been formed through a series of mergers involving banks with origins dating back as far as the seventeenth century. At 31st December, 2002, Natwest had 1,642 retail branches in the United Kingdom.

As of 31st December, 2002 the Group had total assets of £412 billion and total deposits of £274 billion. Shareholders' funds at 31st December, 2002 were £27 billion.

The short-term, unsecured, unsubordinated and unguaranteed debt obligations of RBS are currently rated ''A-1+'' by S&P, ''P-1'' by Moody's and ''F-1+'' by Fitch. The long-term, unsecured, unsubordinated and unguaranteed debt obligations of RBS are currently rated ''AA'' by S&P, ''Aa1'' by Moody's and ''AA+'' by Fitch.

In its capacity as Swap Counterparty and Liquidity Facility Provider, RBS will be acting through its branch at 135 Bishopsgate, London EC2M 3UR.

THE BORROWERS

The Loan Pool consists of 11 loans each of which has a different borrower. Of the 11 loans, nine have been made to Borrowers who are limited liability companies, and two have been made to Borrowers that are limited partnerships.

Limited Liability Companies

The Borrowers which are constituted as limited liability companies (or in the case of companies not registered in England, the equivalent of a limited liability company in such relevant jurisdiction) account for nine of the Loans forming part of the Loan Pool.

The Borrowers which are limited liability companies have been incorporated in the jurisdictions of England and Wales, British Virgin Islands and the Bahamas and each such company will be governed by the laws of its jurisdiction of incorporation in relation to its business proceedings. A legal opinion will have been obtained on origination of a Loan confirming that the choice of English law to govern the documentation relating to the Loan would be recognised or upheld.

Limited Partnerships

The Borrowers under two of the Loans in the Loan Pool are limited partnerships registered in England and Wales. Limited partnerships in England and Wales are governed by the Limited Partnership Act 1907 (the ''**1907 Act**'') and are generally constituted by limited partnership deeds entered into between the relevant partners (''**Partnership Deeds**'').

Limited partnerships will generally consist of a small number of general partners being limited liability companies incorporated in England and Wales and limited partners. Each partner will make a capital contribution to the limited partnership and in some instances also lend money to the limited partnership.

In relation to the purchase by a limited partnership of property, the legal interest in the property is either held on trust by two trustees, or by a single trustee. Where property is held by two or more trustees, the beneficial interest in the property will be overreached on a sale or disposal of the legal interest in the property but it is nonetheless the practice to require the partnership to charge by way of first fixed charge its beneficial interest in the property by way of collateral security. Where a sole trustee holds the legal title to a property, both the legal and beneficial interests are charged by way of a first fixed charge, and the security can therefore be enforced against both the legal and beneficial interests. In the case of both Loans where the Borrower is a limited partnership the legal title to the relevant Property is held on trust by two trustees, and both the legal and beneficial interests are charged by way of a first fixed charge.

The limited partnership agreements which were entered into by both Borrowers include provisions which, *inter alia*, provide that the general and limited partners (the ''**Partnership Lenders**'') can only be repaid on the dissolution of the partnership. The partners also covenant, *inter alia*, not to call for the dissolution of the partnership. In the case of both partnerships a dissolution could nevertheless occur automatically (i) if it or its general partner becomes insolvent (it should be noted that the general partner has been set up as a bankruptcy remote special purpose vehicle and has given representations to the Transferor as to its status); or (ii) in the unlikely event that the business of the partnership becomes unlawful.

If a limited partnership is wound up in breach of a prohibition contained in the relevant limited partnership agreement and/or deed and the Loan Agreement, or is wound up automatically on the occurrence of one of the events referred to in the preceding paragraph then the statutory subordination contained in the Partnership Act, 1890 ought to apply. The Partnership Act, 1890 provides that on the dissolution of a partnership the assets of the firm, including those sums, if any, contributed by the partners to make up losses or deficiencies of capital, will be applied in paying the debts of the firms to persons who are not partners before they are paid to the relevant partner (whether in repayment of advances made by that partner or in repayment of capital).

Pursuant to the 1907 Act, the general partners' liability for the debts and obligations of a limited partnership registered in accordance with the 1907 Act is unlimited. The limited partners are, however, not liable for the debts or obligations of the partnership beyond the sum of capital that the limited partners have contributed to the partnership and that part of any loan which is advanced or available to be advanced to the partnership by the limited partners and which has not been repaid. Any debt

obligations of the partnership above such level will be the responsibility of the general partners. The principal exception to the above is where a limited partner takes part in the management of the partnership business in which circumstances the limited partner loses its limited partner status and will, pursuant to Section 6 of the 1907 Act, become liable for all debts and obligations of the limited partnership incurred while the limited partner so acts. Limited partnerships registered in England and Wales do not have a legal personality separate from their partners.

A limited partnership may be dissolved in accordance with the provisions of the relevant partnership deed. In addition, a court may, on application of any partner and on the satisfaction of certain statutory grounds, order the dissolution of the partnership. The court may also, on the petition of a creditor, certain insolvency practitioners, the Secretary of State or a partner, make a winding-up or an administration order in relation to the partnership. The terms of the partnership agreements effectively prohibits, however, any of the partners from petitioning for the winding-up or administration of the partnership so long as the Loan is outstanding.

ORIGINATION OF LOANS AND EUROHYPO SUCCESSION

The Loans in the Loan Pool were originated by, variously, Eurohypo Europaeische (in two cases together jointly with a third party bank), Rheinhyp and Wuerttem (together the ''**Originators**''). The origination of the Loans was undertaken by the Originators in their capacity as Facility Agent in each case, save for the two Bilateral Loans which were originated by Eurohypo Europaeische in its capacity as sole lender. On 13th August, 2002, Eurohypo Europaeische and Rheinhyp were merged into Deutsche Hyp in accordance with the provisions of the German law of reorganisation and by operation of German law with effect from 1st January, 2002 all of the assets and liabilities of each of these banks became vested in Deutsche Hyp, the name of which has been changed to Eurohypo Aktiengesellschaft (''**Eurohypo**'') (referred to below as the ''**Successor Bank**'').

Whilst the vesting of assets referred to above, occurred as a matter of German law, English and Scots law nevertheless recognises the vesting. However, in order to perfect the legal interest in what would otherwise as a matter of English or Scots law be a beneficial interest in assets vested in the new merged entity, it has been necessary, *inter alia*, to give notice to borrowers of the vesting of the Loan Agreements and Loan Security (save for the Wuerttem Loan) in the Successor Bank and it has been or will be necessary to give notice to HM Land Registry or (as applicable) the Registers of Scotland and submit documentation in support of the Successor Bank's entitlement to be treated as the proprietor or heritable creditor of the relevant security (acting as agent bank) which remains registered in the name of the relevant originator (which formerly acted as Facility Agent). HM Land Registry has issued appropriate facility letters and an HM Land Registry Form DS1 (the ''**Facility Documents**'') to Eurohypo's current solicitors confirming that they accept that Eurohypo is now entitled to act as the proprietor of the relevant mortgages.

In relation to security over Scottish Property an application has been made to the appropriate Register of Scotland for the registration of Eurohypo as a heritable creditor (i.e. proprietor) of the relevant Standard Securities since facility letters such as are issued by HM Land Registry are not issued by the Registers of Scotland. Eurohypo's Scottish solicitors have confirmed that there is no reason why Eurohypo should not be registered as heritable creditor of the relevant Standard Securities in due course.

Under the terms of the Administration Agreement Eurohypo as Administrator undertakes to the Trustee that (a) it has made appropriate arrangements with its current solicitors to ensure that the originals of the Facility Documents will continue to be available to Eurohypo at all times and that (b) upon default by a Borrower and the Administrator enforcing a mortgage (as one of the available remedies in respect of a Loan) the Administrator will have the ability to and will utilise the original Facility Documents in order to enforce that security.

The Loan Agreements and Loan Security in each case contemplate successors in title to the Originators and therefore in each case following the succession of Eurohypo the Loan Agreements and Loan Security will remain binding upon the parties thereto whose obligations to the relevant Originators shall with effect from the merger be owed to the Successor Bank.

THE LOANS AND THE LOAN SECURITY

1. The Loan Pool

The Loan Pool consists of 11 Loans, all of which are secured over commercial properties and other assets as described below.

In the case of seven Issuer Loans the Transferor's interest in the relevant Loan is as sole lender to the relevant Borrower. In the case of the two remaining Issuer Loans and the two Split Loans the relevant Loan was either entered into as a syndicated facility at the time of the advance of the facility (so that there were two or more lenders), or subsequently a part of the facility was syndicated to another lender. In each of those cases, the Transferor's interest in the Loan is limited to the amount of its participation (see below ''*Syndication*'').

The Loans, with the exception of two Loans which are documented on a bilateral basis, have been documented on a syndicated basis and in each such case a Facility Agent is appointed.

The Transferor will retain a separate participation in relation to each of the Split Loans.

Borrowers may not substitute property provided as security for Loans save in relation to one of the Loans where the Borrower has the right to substitute properties in accordance with the terms set out in the relevant Loan Agreement and Loan Security documentation. See ''*Disposal and Substitution of Properties*'' below.

2. Lending Criteria and Loan Origination Procedure

The credit approval and underwriting process as well as the loan origination procedure (including legal and other due diligence and the documentation in relation to the Loans and Loan Security) that is described below is referred to collectively elsewhere and defined as the ''**Lending Criteria**''.

To the extent that the process described in this section of the Offering Circular relates to origination procedures or matters undertaken by Wuerttem, Eurohypo ensured, at the time of origination of the Wuerttem Loan, that the description contained in this Section was correct, and that the Wuerttem Loan complied with the Lending Criteria.

General

In connection with the origination of the Loans, each Originator ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making loans secured on commercial properties, so as to evaluate the Borrower's ability to service its loan obligations and so as to analyse the quality of the properties securing the loan. In order to do this, an analysis of the contractual cash flows, occupational tenant covenants and lease terms and the overall quality of the real estate was undertaken by or on behalf of Eurohypo. Risk was assessed by stressing the cash flows derived from underlying tenants and the risks associated with refinancing the amount due upon the maturity of the loan. The property investment experience and expertise of the relevant Borrowers' sponsors were also factors taken into consideration in the lending analysis.

Credit Approval Process

The credit approval process of Eurohypo is as set out below. The credit approval in relation to the origination of Loans by all Originators followed a very similar approval process.

In deciding whether to advance a loan, Eurohypo carries out an initial review which will include:

- A review of the track record and experience of the borrower and/or sponsor;
- An assessment of the quality of the property which is to act as security for the loan;
- A financial analysis of the transaction to assess the strengths and weaknesses of the loan proposal; and
- A consideration of the proposed terms of the loan, if available.

If, following the initial analysis, it is agreed with the client that a loan application should proceed, a formal term sheet is produced detailing the terms of the proposed loan. Representatives from the marketing, credit risk management and valuation teams within Eurohypo will be assigned to work on the transaction. Senior management both in London and Frankfurt will be made aware of the transaction at an early stage.

After agreement of the terms, a more detailed due diligence is carried out and a credit report is prepared for submission to the relevant credit authorities. The credit report will include the following elements: an analysis of the borrower and its financial standing; details of the terms of the loan; the amount of loan to be underwritten and Eurohypo's final hold position following any proposed syndication; an internal assessment made by property professionals of the strengths and weaknesses of the property used as security for the loan; requirements for the compliance with certain ongoing financial covenants, including loan to value ratio, interest cover and debt service cover; sensitivity analysis of the exit position at maturity of the loan; a confirmation that comprehensive building insurance in accordance with local market standards is in place; an internal risk scoring of the transaction; and recommendation.

As a minimum security Eurohypo will normally require a first or second ranking charge by way of legal mortgage or standard security over the Property. Additional security may be taken, including an assignment of rental income and, in some cases, limited guarantees from the investors.

Credit approvals are given according to the size and internal risk scoring of each transaction. All credits must be approved by at least two representatives with the requisite delegated authority, one of whom must be from the credit risk management team and the other from marketing. Credit approvals are given according to pre-defined delegated authorities. The authorities are delegated to:

- Senior management of Eurohypo's London branch;
- The credit risk management department of Eurohypo in London;
- Senior management of Eurohypo in Frankfurt;
- Credit Risk Management department of Eurohypo in Frankfurt;
- The Eurohypo Supervisory Board.

The level of authority required depends upon the nature and amount of the proposed loan. However, whatever the level of authority required, the approval of the lower levels will also be required.

The delegated authorities do not refer to single loan amounts but to the overall commitments of the borrower and its group and, therefore, previous loans are taken into consideration. Each loan approval is reviewed and signed off by the relevant decision-makers.

Once a proposed loan has been approved and an offer letter has been accepted by a borrower then a term sheet will be sent to solicitors acting on behalf of Eurohypo enabling them to proceed with the drafting of the loan and security documentation, which is based upon a standard form of documentation approved by Eurohypo. A minimum of two people at Eurohypo (including an account manager) will carry out a review of the loan documentation to ensure that it complies with the term sheet and credit approval.

After a loan has been drawndown, Eurohypo will maintain the relationship with the borrower and monitor continuing compliance with the terms of the loan.

Amount and Purpose of Loans

The total principal loan amount initially advanced in relation to the Loans varied between £7,800,000 and £59,490,000. The maximum LTV amongst the Loans was at the date of origination 78.6 per cent. The purpose of a Loan was typically to assist in the acquisition or refinancing of commercial real estate and/or for general purposes.

Borrower/Mortgagor Description

The Borrowers and/or the Mortgagors are usually sponsored by experienced property investors and incorporated and or resident either in the United Kingdom or in an overseas jurisdiction.

Borrowers or Mortgagors warranted in the case of six of the 11 Loans that they had not carried on any business save in connection with the acquisition and ownership of the properties (directly or indirectly) providing security for the Loans or acquiring the share capital of companies owning such properties and other related activities. In relation to three Loans (accounting for 19.6 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-off Date), the Borrower/Mortgagor has not given such a warranty, and in relation to a further two Loans, (accounting for 25.7 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-off Date), the warranty was limited to the period since the date that the Borrower/Mortgagor had become a subsidiary of its parent company.

At the time of origination the Borrowers or Mortgagors had no material assets or liabilities (other than liabilities that were fully subordinated and save as set out below) other than in relation to the properties provided as security. The Transferor is not aware of any Borrower or Mortgagor that has incurred any such liability since the date of origination other than as permitted by the relevant Loan Agreement.

In relation to one Loan, (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-off Date), money can be paid to a subordinated creditor out of an account into which rental income is paid (see ''*Risk Factors – Factors Relating to the Loans Rent Accounts*'', above).

In relation to one Loan (accounting for 8.2 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) the Loan was partially secured over an obligation to pay a specified sum on each quarter day which was entered into by the vendor of the relevant Property in favour of the Borrower or the Mortgagor. The obligation to pay the sum expired in September 2003, and the last payment of approximately £300,000 was made on the 24th June, 2003 in relation to the period to the date of expiry.

In relation to another Loan (accounting for 14.4 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the Loan is partially secured over a deed issued by the vendor of the property to the Borrower or Mortgagor pursuant to which the vendor covenants to pay the sum of £503,594.50 per quarter until April 2008. The covenant to pay the sum is also given by a financial institution and guaranteed by another financial institution. The tenant of the Property against which the Loan is secured has prepaid to the vendor the rent due under the relevant occupational lease for the period to 21st April, 2008. No payment is to be made during the period 21st April, 2008 to 21st April, 2009, during which period the tenant has a one year rent free period. The annual payment is to be made to the Borrower/Mortgagor in consideration of its agreeing to purchase the Property without the benefit of the rental during the said period. The vendor also entered into an agreement to indemnify the Borrower/ Mortgagor against the cost of remedying defects in relation to the initial construction and design of the property against which the relevant Loan is secured provided that the defects were notified to the vendor prior to 20th June, 2003. The indemnity was subject to certain conditions and limitations and was also guaranteed by a financial institution. The relevant Borrower has confirmed that there are no claims which remain outstanding under the indemnity.

Valuations

Each of the Properties that has been charged by way of security was valued in connection with the relevant Loan. The valuations will contain information such as: a detailed description of the Property including location areas and type of construction; rental values; and an assessment of the insurance value of the Property. No valuations are to be undertaken in the context of the purchase of the Loans by the Issuer or the Split Loans Purchaser. The valuation of each Property was undertaken not more than six months prior to the origination of the relevant Loans by an independent qualified surveyor (being a member of the Royal Institution of Chartered Surveyors) on the instructions of the relevant Facility Agent and/or Originator, or, in the case of the Bilateral Loans, the relevant Originator.

Environmental/Structural Reports

Unless it was thought appropriate to do so in a particular instance by the Originator (acting in accordance with the Lending Criteria) specific environmental surveys were not usually undertaken (see ''*Risk Factors – Environmental Risks*'') and reports relating to the structure or condition of a property were not usually obtained.

3. Legal Due Diligence

General

Prior to origination of the Loans, the relevant Originators and/or Facility Agent instructed English solicitors to undertake English law due diligence in relation to the English Properties to be charged and the Borrower entities or to carry out a review of due diligence reports prepared by English solicitors acting for those entities. In relation to the Scottish Properties the Originators instructed Scottish lawyers.

The Originator's solicitors and the Originator obtained general information relating to a proposed Loan including details of the Borrower's shareholders; the accounts to be operated in connection with the proposed facility; arrangements for the collection of rents and/or management of the Property including details of managing agents; and insurance of the Property.

Title and Other Investigation

A report on title or certificate of title (each a ''**Report**'' or a ''**Certificate**'' as applicable) (the latter being either substantially in the City of London Law Society's standard form or otherwise in an institutionally acceptable form) will have been issued by either the Originator's solicitors or the Borrower's solicitors, in each case for the benefit, *inter alia*, of the Originator.

The investigation required to provide the Report or Certificate referred to above would have included the usual review of title documentation and Land Registry or Registers of Scotland entries (including any lease under which the property was held) together with all usual Land Registry or Registers of Scotland, Local Authority and other appropriate searches and the raising of preliminary enquiries. In addition all leases and tenancies affecting the property would be reviewed subject to certain limited exceptions and the basic terms (including, *inter alia*, details of rent reviews and tenant's determination rights) would be included in the report.

If a Loan was being provided for the purpose of acquiring a property then the purchase contract and form of transfer relating to the property would be reviewed. If a property was in the process of being acquired by way of the acquisition of the shares in the company owning such property then the Originator's or the Borrower's solicitors would review the share sale and purchase agreement. Where the due diligence is being carried out by the Borrower's solicitors, the Originator's solicitors oversee legal formalities, for example, ensuring that the requirements of Section 155 of the Companies Act 1985 (where a Mortgagor grants financial assistance by charging its assets as security for the purpose of the acquisition of its own shares) were complied with.

To the extent that the Borrower's solicitors prepared a Report or Certificate then the Originator's solicitors would also review the same and confirm the adequacy of the form and content of the Report or Certificate whilst highlighting (as they would in their own Certificate) any matters that they considered should be drawn to the attention of the Facility Agent and/or the Originator and the valuers.

The Originator's or the Borrowers' solicitors, or Eurohypo, in the case of one Loan, ensured that the valuers were provided with a copy of the Certificate or Report and they cross checked and verified the accuracy of basic details relating to the property as referred to in the relevant valuation, or alternatively obtained written confirmation from the valuer that the terms of the Report or Certificate of title were taken into account in the valuation.

Capacity of Borrower / Mortgagor

In relation to a Borrower or Mortgagor incorporated in England and Wales, the English solicitors satisfied themselves that the relevant company was validly incorporated, had sufficient power and capacity to enter into the proposed transaction, whether it was the subject of any insolvency proceedings, and generally that any necessary formalities were complied with. In relation to a Borrower or Mortgagor incorporated outside England or Wales lawyers in the appropriate jurisdiction were instructed to undertake an analogous due diligence process and required to deliver an appropriate legal opinion confirming, *inter alia*, that the choice of English law to govern the documentation would be recognised and upheld. In the case of two Loans, (accounting for 5.2 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date) a legal opinion letter was not obtained in relation to security granted over the shares in the Borrower by entities situated outside England and Wales, on the basis that the charge over the shares was not the primary security for the Loans (primary security being a first fixed charge over the Property). Shares in those Borrowers have also been transferred to new junior investors on condition that they enter into a charge over those shares, although in practice a new share charge has not yet been entered into.

The legal due diligence undertaken was in each case addressed to the relevant Facility Agent and/or Originator. It will not be updated prior to the sale of the Loans and Loan Security nor will it be readdressed either to the Issuer, the Split Loans Purchaser, the Split Loans Trustee or the Trustee who will each rely solely on the representations and warranties to be given to them by Eurohypo in the Loan Sale Agreements (see ''*Acquisition of the Loans*'' below).

Registration of Security

Following drawdown of a Loan the Originator's solicitors ensured that all necessary registrations in connection with taking security were attended to within all applicable time periods and appropriate notices served (where required by the terms of the Loan Agreement). Title Deeds in relation to properties are held by the Originator's solicitors to the order of the Facility Agent or the Issuer Loan

Security Trustee; however, in certain instances Borrowers' solicitors retain occupational leases for management purposes but do so on the basis that they are held to the order of the Originator's solicitors.

4. The Loan Agreements

General

The principal documentation which was entered into by, *inter alios*, the Borrower and the Mortgagor and the Originator in relation to each Loan comprised a loan agreement (in the case of the Split Loans, a ''**Split Loan Agreement**'', in the case of the Issuer Loans, an ''**Issuer Loan Agreement**'', each a ''**Loan Agreement**''); a debenture (or debentures) from the Borrower and the Mortgagor (incorporating, save as set out below, a first legal charge over the relevant Property; a first fixed charge in relation to the rent account and other accounts; and fixed and floating charges over all or substantially all of the Borrower's/Mortgagor's assets). In relation to Scottish Property, a Standard Security and Rent Assignation separate from the debenture was entered into, which constitutes the only fixed charge over Scottish Assets of the relevant Borrower or Mortgagor. To the extent a Borrower had borrowing obligations other than pursuant to the relevant Loan Agreement then a subordination agreement or deed of priority was required (save as set out above – see ''*Borrower/Mortgagor Description*'').

In the case of two Loans, fixed charges have not been granted over all the accounts of the Borrower/ Mortgagor. In the case of one of the two Loans, there is no fixed charge over a general account out of which surplus monies are paid. In relation to the other Loan, a fixed charge was not granted over an account in which £196,255 has been deposited, which sum was held by way of retention in relation to some outstanding building works. Each rent account and disposal account (as described in ''*The Loans and the Related Security Secured Accounts''* below) is nevertheless subject to a fixed charge.

In the case of one Loan (accounting for 8.6 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) a floating charge has not been granted over the whole of the Borrower/Mortgagor's assets. Shares purchased by the Borrower/Mortgagor for a total consideration of £10,100 have been acquired by the Borrower in a listed property company and these shares are specifically excluded from the floating charge.

Terms of the Loan Agreements

The Loan Agreements contain those representations, warranties and undertakings on the part of the Borrower that would be acceptable to a reasonably prudent lender of money secured over commercial property. In the case of one of the Loans (accounting for 9.9 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the Loan included a covenant to carry out certain works and it has been confirmed that these works are being undertaken. In the case of one Loan (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) covenants to perfect matters relating to the title to certain of the Properties provided as security and in relation to the carrying out of works and the conduct of certain specified litigation are given. Eurohypo does not consider any of the above matters to be material in the context of the Loans in question.

The Loans all have original maturities of between four and fifteen years. In relation to one Loan (accounting for 6.0 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) the Borrower can elect (subject to satisfying certain financial tests) to extend the date of repayment for a period of 12 months (from the 6th July, 2006 to the 6th July, 2007). No Loan is scheduled to be repaid later than 31st December, 2015.

Loan Amount - Drawdown and Further Advances

The maximum amount of a loan was calculated by reference to a pre agreed LTV (see ''*Amount and Purpose of Loans'' above).*

None of the Issuer Loans places an obligation on the Transferor, or indeed the Issuer, to make any further advance to a Borrower. The Split Loans each include a revolving loan element pursuant to which the Borrowers may request further advances and the Split Loans Purchaser will therefore be under an obligation to make such further advances to the relevant Borrower. However, the amount of such obligation will be funded by a cash deposit available to the Split Loans Purchaser such deposit having been drawn down under the SLP Loan by the Split Loans Purchaser on the Closing Date (see ''*The Split Loans Purchaser – SLP Loan by the Split Loans Purchaser*'' above). Any repayment of the revolving element of a facility will be placed by the Split Loans Purchaser on deposit in the Revolving

Facilities Funding Account and will therefore be available to meet any request for a further advance from the relevant Borrower under the relevant revolving facility.

The Administrator will not be permitted under the Administration Agreement (following sale and purchase of the Loans) to agree to an amendment of the terms of any Loan that would require either the Issuer or Split Loans Purchaser to make any further advances to Borrowers.

Amortisation Payments/Prepayments

A Borrower has the right to prepay the whole or any part of its Loan on an interest payment date under the relevant Loan or (subject to payment of accrued interest) between interest payment dates upon notice (the period varying in relation to the Loan Pool between five business days and 30 days) being given, subject to payment of any breakage cost and payment of the then applicable prepayment fee (if any)) which fee will depend upon the amount of time left unexpired until the final maturity date of the Loan. As at the Closing Date, prepayment fees would be payable in respect of six of the Loans.

The Loans in the Loan Pool are either interest only (of which there are six which account for 46.4 per cent. of the principal balance of the Loan Pool as of the Cut-off Date) or have defined principal repayment schedules (of which there are five which account for 53.6 per cent. of the principal balance of the Loan Pool as of the Cut-off Date). To the extent that amortisation payments are required to be made in accordance with a predetermined schedule these will be made on interest payment dates under the relevant Loans.

Interest

Interest under the Loans is paid quarterly in arrears on various dates in January, April, July and October. A basis hedge will be entered into to align the interest payment dates with the interest payment dates under the Notes and to convert payments of interest at a fixed rate under a Loan into a floating rate payable under the Notes.

The following table summarises the interest provisions in the Loan Agreements:

Number of Loans	**per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date**	**Summary of interest payment provisions**
4	48.7	Interest is payable at a floating rate. The Borrower under each of these loans is under an obligation to enter into hedging arrangements (see ''*Hedging Arrangements*'' below).
4	29.8	Interest is payable at a floating rate. The Borrower can serve a fixing notice on the Facility Agent requesting that the interest rate be fixed from the period commencing on any interest payment date to the repayment date of the Loan. The interest rate can also become payable at a fixed rate if certain specified financial covenants are breached. The Borrowers are not under an obligation to enter into hedging arrangements (see ''*Hedging Arrangements,*''below). The Issuer will enter into hedging arrangements if interest becomes payable at a fixed rate in respect of any such loans. The fixed rate of interest would reflect the costs which the Issuer would incur as a result of having to enter into appropriate hedging arrangements in order to ensure that the Issuer continues to receive interest at a floating rate equivalent to the floating rate of interest that was payable on the Loan.

Number of Loans	per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date	Summary of interest payment provisions
2	5.2	Each Loan is divided into tranches. Interest is payable on each tranche at a fixed rate until the expiry date for the relevant tranche. The Borrower can elect whether it wishes to pay interest at a fixed or a floating rate at the expiry of the relevant fixed rate period for each tranche. Any floating interest rate can also become payable at a fixed rate if certain financial covenants are breached and if the Borrower, in those circumstances, does not enter into hedging arrangements. The Issuer has and/or will enter into hedging arrangements if interest is and/or becomes payable at a fixed rate in respect of any such loans. The fixed rate of interest would reflect the costs which the Issuer would incur as a result of having to enter into appropriate hedging arrangements in order to ensure that the Issuer continues to receive interest at a floating rate equivalent to the floating rate of interest that was payable on the Loan.
1	16.3	The Loan is divided into two parts. The first part of the Loan is divided into seven tranches. Interest is payable on each tranche at a fixed rate, until the expiry date for the relevant tranche, when interest becomes payable at a floating rate. Interest is payable on the second part of the Loan at a floating rate. The interest rate can also become payable at a fixed rate if certain financial covenants are breached. There is no obligation for the Borrower to enter into hedging arrangements. The Issuer has and/or will enter into hedging arrangements if interest is and/or becomes payable at a fixed rate in respect of the Loan. The fixed rate of interest would reflect the costs which the Issuer would incur as a result of having to enter into appropriate hedging arrangements in order to ensure that the Issuer continues to receive interest at a floating rate equivalent to the floating rate of interest that was payable on the Loan.

Disposal and Substitution of Properties

Under the terms of one of the Loans (which is an Issuer Syndicated Loan that is secured on 55 Properties) (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the relevant Borrower may request the release of a Property from the Loan Security and its substitution with other Property (''**Additional Property**''). The consent of the Facility Agent is required to the disposal. The proceeds of sale are paid into a deposit account, over which the Facility Agent has sole signing rights. If the Facility Agent receives, *inter alia*, a valuation and structural survey, a report on title, a substitution fee of £10,000 per Property and a legal opinion and provided, *inter alia*, it has received the consent of all the syndicate banks and there is no event of default, the moneys standing to the credit of the disposals account will be released in order to purchase a substitute property which will be charged in favour of the Facility Agent by way of security for the obligations under the relevant Loan

(and the beneficial interest in such security will in turn be assigned to the Issuer and charged pursuant to the Deed of Charge and Assignment). The Administrator will be entitled to vote in relation to whether consent should be given to the proposed substitute property as a member of a syndicate of banks. The Administration Agreement provides that the consent of the Rating Agencies will be required to the proposed substitute property if the properties which have been substituted together with the properties which are to be substituted are equal to or in excess of 10 per cent. (in aggregate) of the open market value of the properties set out in the relevant Conditions Precedent Valuation. If the conditions referred to above have not been fulfilled within 6 months of the date of disposal of the Property then the moneys standing to the credit of the account will be used to prepay the Loan.

The following table summarises the circumstances in which the disposal of a Property (or part of a Property) providing partial security is permitted in each of the remaining 10 Loans:

Number of Loans	**per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date**	**Summary of circumstances in which disposal of part of the security for a Loan is permitted**
6	35.0	The consent of all the lenders under each Loan is required to a disposal of part of the relevant Property. No consent is required for the disposal of the whole of the Property acting as security for the Loan provided that all outstanding sums due under the Loan are repaid out of the proceeds of sale. Eurohypo is the sole lender in the case of each of these Loans.
3	34.3	Disposal of the whole or part of the relevant Property is permitted subject to conditions which include, *inter alia*, that: (i) (in the case of two Loans) that the consent of the majority lenders is obtained. The Loans are both Syndicated Loans in which Eurohypo has a participation. In the case of one of those Loans the consent of the majority lenders is not to be unreasonably withheld if, *inter alia,* no event of default would result and an amount equal to 70 per cent. of the value of the relevant property as shown in the Condition Precedent Valuation is used to prepay the Loan. In the case of the other Loan (which is secured on one Property) consent is not to be unreasonably withheld if the disposal proceeds are sufficient to repay the whole Loan. Both Loans also permit limited disposal of non-essential parts of the relevant Property; and

Number of Loans	per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date	Summary of circumstances in which disposal of part of the security for a Loan is permitted
		(ii) (in the case of one Loan) the consent of all the lenders under the Loan is obtained, such consent not to be unreasonably withheld if, *inter alia*, the disposal proceeds are not less than 95 per cent. of the open market valuation of the Property set out in the initial valuation. A proportion of the sale proceeds is to be used to prepay the Loan. The proportion is dependent on then current Loan to value levels, and on interest cover tests. Eurohypo is the sole lender under the Loan.
1	14.4	Disposal of the whole or part of the relevant Property is permitted subject to conditions which include that the consent of the Facility Agent is obtained and that the proceeds of sale will be sufficient to ensure that the liabilities under the relevant Loan following such disposal do not exceed either 55 or 60 per cent. (dependent on the date of the disposal) of the then current market value of the Property after the disposal. Part of the sale proceeds may therefore be utilised to make a prepayment to ensure that the loan to value ratio remains below that level, with any surplus (or all of the relevant sale proceeds where the loan to value test is met) released to the Borrower. The Loan is a Syndicated Loan in which Eurohypo has a participation.

Syndication

In relation to four of the Syndicated Loans the Transferor's interest in the loan to the relevant Borrower is a participation as a syndicate member. The Administrator on behalf of the Issuer and the Split Loans Trustee will, subject to the amount of principal lent by each lender, have the same voting rights as other lenders under the applicable Loan Agreement and will have the right (on condition, in relation to three of the Loans, that at least two thirds by value of the syndicate members concur and, in the case of one of the Loans, on condition that the lenders under the applicable Loan Agreement are in unanimous agreement) to instruct the Facility Agent or Issuer Loan Security Trustee to waive enforcement of breaches of covenant. The Administrator on behalf of the Issuer or the Split Loans Trustee will, subject as set out above, also have the same rights as other lenders to instruct the Facility Agent or Issuer Loan Security Trustee to enforce compliance by a Borrower with the terms of a Loan Agreement and to have recourse to the Loan Security.

In the absence of instructions, the Facility Agent has a discretion to act in the interests of the syndicate members.

In relation to one of the Syndicated Loans, the unanimous consent of all the banks is required for any amendment to the Loan Agreement.

No amendment can be made to the other three Syndicated Loans referred to above without the agreement of two thirds by value of the syndicate members, with the exception, *inter alia*, of the following particular amendments (in relation to the two Split Loans), which require the unanimous consent of all the Banks to an amendment which:

- extends the repayment date;

- amends the priority of payments; or
- releases a Property from the security for the relevant Loan otherwise than in accordance with the terms of the Loan Agreement.

An amendment which increases a lender's commitment under the Split Loans will also not be binding on that lender unless it has consented to it.

In relation to one of the three Loans referred to above, where two thirds by value of the syndicate members must agree to an amendment, Eurohypo has a 57 per cent. participation in the Loan. Eurohypo can therefore prevent an amendment being made to the Loan Agreement (as it has more than one third, in aggregate, of the total amount of the Loan).

Hedging Arrangements

Four of the Loans contain an obligation to enter into hedging arrangements (described below) in order to reconcile the fact that interest is payable by such Borrowers at a floating rate, whilst income is received by the Borrower at a fixed rate.

One of those four Loans, (accounting for 8.6 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) contains obligations for the relevant Borrower to enter into appropriate hedging arrangements for the duration of the Loan.

In relation to one of the four Loans (accounting for 14.4 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the hedging arrangement is to be entered into for a period of not less than 3 years in respect of fifty per cent. of the amount of the relevant Loan and for a period of not less than 5 years in respect of twenty five per cent of the relevant Loan. The Borrower covenants to renew the hedging arrangement on their expiry.

In relation to the remaining two Loans (accounting for 25.7 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date), an appropriate hedging arrangement is to be entered into in relation to a part of the Loan (equating to approximately 27 per cent. (in the case of a Loan for a term of 15 years) and 37 per cent. (in the case of a Loan for a term of 10 years) of the maximum amount of the facility for each relevant Loan) for the term of the Loan. The weighted average for all other hedging arrangements entered into in accordance with each Loan Agreement is to be for a period of not less than 5 years, or, if less, until the date of repayment of the Loan. In each case the relevant Loan Agreement requires the combination of such hedging arrangements to cover the maximum amount of the facility at all times.

All four Loans provide that all monies received from the relevant hedge counterparty are to be paid into the relevant rent collection account, or direct to the relevant Facility Agent or the Issuer Loan Security Trustee. In the case of all four Loans, sums due to the hedge counterparty rank *pari passu* with sums payable under the relevant Loan Agreement.

In relation to two Loans (accounting for 5.2 per cent. of the principal balance of the Loan Pool as of the Cut-off Date) the Borrower must procure that a hedging arrangement is entered into if certain financial tests are not met, or interest will become payable at a fixed rate.

Guarantor

Whilst a number of the Loans have guarantees from group companies, one of the Loans (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) is guaranteed by a group company which covenants that its tangible consolidated net worth will not be less than £150 million. A breach of this covenant will constitute an event of default under that Loan.

Terms of the Debentures

The security in relation to each Loan (other than the Wuerttem Loan) is held by Eurohypo (in its capacity as Facility Agent and/or Issuer Loan Security Trustee) on trust either for itself as lender or, in relation to the Syndicated Loans, on trust for itself and the other syndicate banks. Note that the Originators, in their capacity as Facility Agents and/or Issuer Loan Security Trustees, continue to be registered as proprietors or (in Scotland) heritable creditors of the security registered at HM Land Registry or the Registers of Scotland notwithstanding the succession of Eurohypo as Facility Agent and/or Issuer Loan Security Trustee in relation to those loans originated by Eurohypo Europaeische and Rheinhyp (although in Scotland application has been made to register Eurohypo as heritable creditor at the

Registers of Scotland) (see further ''*Risk Factors – Legal Title*'' and ''*Origination of Loans and Eurohypo Succession*'').

In relation to the Wuerttem Loan, Wuerttem holds the Loan Security as trustee on trust for the syndicate banks, including Eurohypo. The trusts pursuant to which the Loan Security is held by Eurohypo, or in the case of the Wuerttem Loan, Wuerttem, are referred to as the ''**Security Trusts**''.

On the issue of the Notes, the Issuer will assign by way of security its beneficial interest in the Issuer Loan Security and the Split Loans Trust Property which comprises, *inter alia*, the Split Loans Trustee's interest in the Split Loan Security.

The debentures secure all obligations of a Borrower to Eurohypo and grant a first ranking charge by way of legal mortgage over the Property (except in relation to Scottish Properties, where a separate Standard Security is taken) and (except in Scotland) an equitable mortgage over any other property, plant and machinery (save as set out above – see ''*The Loan Agreement – Terms of the Loan Agreements*'').

In addition to the legal mortgage or Standard Security over property, the relevant Borrower and Mortgagor provide security by way of an assignment of all rents, income, insurance policies and any hedging arrangement, or alternatively, proceeds from hedging arrangements, relating to the property; a charge, expressed to be first fixed charge over the secured accounts (see below); and a floating charge over all the Borrower's (or in the case of a Loan to a limited partnership each of the general partners) or Mortgagor's assets not subject to the fixed charges (subject to limitation in relation to the extent of the floating charge for one Loan (see ''*The Loan Agreement – General*'' above) but which will extend over all of the Scottish Assets of the relevant Borrower or Mortgagor.

Additional Security

Subordination

All borrowing obligations of the Borrowers and Mortgagors to parties other than the lenders are fully subordinated in the usual manner to all amounts due under the relevant Loan Agreement subject to permitted payments being made to the subordinated creditor out of surplus amounts after payment of the sums due to the Lenders under the relevant Loan on an interest payment date and/or out of moneys in a general account (save in relation to one Loan see further ''*Lending Criteria and Origination Procedure – Borrower/Mortgagor Description*'' above).

Duty of care agreements

Where Managing Agents have been appointed, a Duty of Care Agreement was required (save as set out below – see ''*The Loans and the Loan Security – Secured Accounts*'') pursuant to which the Managing Agent undertakes to collect Rental Income from the Properties and to pay the net amount into the Rent Account (without set-off or counterclaim) and to notify Eurohypo of any material breach or default on the part of a tenant or occupier of the property or any damage to the property.

5. Insurance

The Borrowers or the Mortgagors are obliged pursuant to the relevant Loan Agreement to maintain insurance in relation to each Property as well as all fixtures, fittings, plant and machinery forming part of the Property in an amount that must be not less than the full reinstatement value of the insured Property together with not less than three years' loss of rent.

The Insured risks are those that are usually required and include insurance in respect of acts of terrorism and generally such other risks as should be covered in accordance with prudent commercial practice or which the lender may require. One Loan (accounting for 2.1 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) does not expressly provide that the insurance policy should contain a standard mortgagee protection clause, however the relevant insurance policy includes a mortgagee protection clause in practice.

In relation to one Loan (accounting for 15.9 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) subsidence insurance has not been effected in relation to part of the Property. This is because there has been a history of subsidence at the Property, and the premium which was proposed by the insurers was considered to be excessively high by the Borrower. Remedial work has been carried out at a cost of £9 million (as against the value of the Property in the condition precedent valuation, which was in excess of £700 million) in relation to a part (but not all) of that part of the Property which is not insured against subsidence. The effectiveness of the works has been monitored,

and the works are considered to have been successful. Remedial work has not been undertaken in relation to the other part of the Property which is not insured against subsidence. A report has been obtained which has found that there is negligible risk of there being major damage from subsidence at the Property in the future. A substantial company (which is currently included in the FTSE 100 index of companies produced by the *Financial Times*) within the same group of companies as the Borrower has nevertheless agreed to indemnify the Facility Agent against any loss arising out of the fact that the relevant parts of the Property have not been insured, subject to an excess of £1 million. The indemnity will no longer apply if insurance against subsidence is obtained in relation to the whole of the Property.

Insurance policies are typically renewed on an annual basis and to the extent coverage ceases to be in place, it constitutes an event of default under the relevant Loan. In general, insurance costs are recoverable by the Borrower as part of the service charge.

The Facility Agent and/or the Issuer Loan Security Trustee is named as co-insured, or its interest has been noted or is in the course of being noted on each such insurance policy or its interest is included in the relevant policy under a ''*general interest noted*'' provision.

6. Secured Accounts

General

Each Loan Agreement requires the Borrower and/or Mortgagor to establish bank accounts as described below, into which rental income and other monies are required to be paid by the Borrower and/or Mortgagor or its managing agent (the ''**Rent Accounts**''). Each account is expressed to be the subject of a first fixed charge by way of security or a floating charge. Following an event of default under the relevant Loan Agreement the Facility Agent or the Issuer Loan Security Trustee is generally able to give notice that it will assume the signing rights and control over the accounts.

Rent Accounts

In the case of two Loans (accounting for 16.6 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date) net rental income is paid into a Rent Account over which the Facility Agent or the Issuer Loan Security Trustee has sole signing rights by a Managing Agent which has entered into a Duty of Care Agreement in favour of the Facility Agent or the Issuer Loan Security Trustee. The Managing Agent agrees that it will hold net rental income on trust until it is paid into the relevant account, or it acknowledges that the rental income is subject to a fixed charge in favour of the Facility Agent or the Issuer Loan Security Trustee in relation to both of these loans.

In the case of seven Loans (accounting for 64.1 per cent. in aggregate of the principal balance of the Loan Pool as of the Cut-Off Date) net rental income is paid into an account over which the Borrower or the Mortgagor or its Managing Agent has sole signing rights prior to an event of default under the relevant Loan Agreement (although in the case of one of these Loans moneys are transferred into a rent deposit account over which the Facility Agent or Issuer Loan Security Trustee has sole signing rights two business days prior to the relevant interest payment date). In the case of all seven Loans, if the Managing Agent or Borrower or Mortgagor were to withdraw sums from the relevant account so that there were insufficient monies to meet the payments which are due under the relevant Loan, then this would constitute an event of default under the Loan. In the case of two of the seven Loans (accounting for 25.7 per cent. in aggregate of the principal balance of the Loan Pool as at the Cut-Off Date) a Managing Agent has been appointed to collect rental income and the Managing Agent has not entered into a Duty of Care Agreement in favour of the Facility Agent or Issuer Loan Security Trustee, or the Managing Agent has not charged the rental income in favour of the Facility Agent or the Issuer Loan Security Trustee. In relation to five of the seven Loans referred to above (accounting for 38.4 per cent of the principal balance of the Loan Pool as of the Cut-Off Date), a Managing Agent has been appointed to collect rental income that has entered into a Duty of Care Agreement in which it covenants to hold net rental income on trust until it is paid into the relevant account, or it acknowledges that the rental income is subject to a fixed charge in favour of the Facility Agent or Issuer Loan Security Trustee (but see ''*Risk Factors – Rent Accounts*'' above).

In relation to one of the Loans (accounting for 3 per cent. of the principal balance of the Loan Pool as at the Cut-Off Date), the Borrower collects net rental income and covenants to pay it into an account, over which the Facility Agent or Issuer Loan Security Trustee has sole signing rights.

In the case of the remaining Loan, (accounting for 16.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) sums due under the Loan Agreement are paid by the Borrower direct to the

relevant Facility Agent on each interest payment date, and, following an event of default (but not before), rent is to be paid into the relevant Rent Account, over which the Facility Agent has sole signing rights.

Amounts withdrawn from the Rent Accounts are to be applied to pay interest, principal and other amounts due under the Loan Agreement (i.e. net of service charge receipts, VAT, sinking fund contributions etc which sums will either be paid into one of the management accounts or will be applied to meet the relevant liability).

Amounts are also to be withdrawn to pay rents due under headleases. The aggregate amount of headlease rents payable in relation to all the Loans is £4,398,950 per annum, although, in the case of all but one of the headleases, the headlease rents are based on a percentage of the rents payable by occupational tenants.

In the case of five Loans (accounting for 45.3 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) surplus amounts after payment of interest and principal due on the Loan may be transferred from the Rent Account to a general account (the ''**General Account**'') (see below) and in the case of six Loans (accounting for 54.7 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) surplus amounts may be released to the Borrower or its Managing Agent so long as an event of default is not continuing under the Loan. If there is an outstanding event of default, then surplus amounts will be required to be transferred to a deposit account (the ''**Deposit Account**'') (see below) or will be retained in the Rent Account.

General Account

Monies in the General Account are available for withdrawal by the Borrower for any purpose consistent with the relevant Loan Agreement and loan security documents and by arrangements agreed with subordinated lenders, but essentially such surplus funds as are in this account are available to the Borrower.

Management Accounts

The Loans require the establishment of accounts in relation to the management of the properties in connection with, for example, amongst other matters, service charge receipts, VAT, tenant's deposits, and sinking fund contributions.

Disposals Account

In relation to two Loans a specific account is to be established into which proceeds from the disposal of a Property should be credited (the ''*Disposals Account*''), with specific requirements either to use such sums to prepay the relevant Loan, in whole or part, or in the case of one Loan, to acquire a substitute property within a specified time period. In the case of six Loans the consent of the Facility Agent or Issuer Loan Security Trustee is required to a disposal. Whilst there are no express provisions as to how the disposal proceeds in relation to these eight Loans are to be used, in practice such proceeds will need to be used to prepay the Loan in order for the relevant security to be released. In relation to the remaining three Loans, disposal proceeds are to be used to prepay the Loan but there is no express provision that the monies are to be paid into a specified account.

Deposit Account

In circumstances where a Loan is in default, monies may be required to be placed in a Deposit Account (which may have a specific designation) to rectify a breach of financial covenants, such as those relating to the interest cover ratio, or loan to value covenant.

In such default circumstances, the transfer of surplus monies in the Rent Account will be typically to a Deposit Account rather than the General Account.

The description above of the Borrower secured accounts in relation to Loans is indicative of the types of account required but the circumstances of the Loans vary and different accounts are required to address the specific loan structure and circumstances, and the actual designation of accounts also differs.

Events of Default: Enforcement

The Loan Agreements set out events of default following the occurrence of which any mortgages and/or other security for the repayment of the Loans may be enforced. Subject to any applicable grace

periods and materiality the specified events include: non-payment of sums due under the Loan Agreement; breach of any other obligations under the Loan Agreement; any representation, warranty or statement being incorrect when made or deemed to be made or repeated; insolvency of, or the occurrence of any insolvency-related event in respect of any Borrower or Mortgagor; major damage to a Property which is not fully covered by insurance; and illegality.

See ''*Administration*'' for further details regarding the procedures to be followed by the Administrator on the occurrence of an event of default under a Loan Agreement.

7. Acquisition of the Loans

Consideration

Pursuant to the Loan Sale Agreements, the Transferor will agree to sell and the Issuer and the Split Loans Purchaser will agree to purchase the Issuer Loans and the Split Loans respectively. In relation to the Loan Security, the Facility Agent or Issuer Loan Security Trustee in relation to each Loan will be notified of the assignment of the Issuer Loans and the novation of the Split Loans and therefore of the Issuer's and the Split Loans Purchaser's beneficial interest in such Loan Security.

The initial purchase consideration in respect of the Issuer Loans and Issuer Loan Security will be approximately £270,565,000 and the initial purchase consideration in respect of the term element of the Split Loans and Split Loan Security will be approximately £93,770,000 which in each case will be paid on the Closing Date. On each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer will pay to the Transferor (or to the person or persons then entitled thereto or any component thereof), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Issuer Loans and their related Loan Security (the ''**Deferred Consideration**''), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to:

(a) Available Interest Receipts less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (xix) (provided that no amounts due in respect of item (xix) shall be paid until all amounts of interest accrued prior to the Closing Date have been paid to the Transferor) set out in''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'' below, plus

(b) Available Principal less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (v) set out in ''*Cashflows – Payments out of the Transaction Account – Available Principal*'' below, plus

(c) following the redemption of all the Notes and the payment on the relevant Interest Payment Date of all items referred to in paragraph (a) above, the amount, if any, then standing to the credit of the Reserve Account, less

(d) an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Administrator into the Transaction Account during that Collection Period, provided that the resulting amount is greater than nil. For avoidance of doubt, prepayment fees payable upon the sale of a Property following enforcement of the relevant Loan and Loan Security will be applied as prepayment fees only upon satisfaction in full of the principal amount outstanding under such Loan and all interest accrued due and payable thereon. The right to receive the Deferred Consideration or any component of the Deferred Consideration is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment.

Notification and Transfer of Legal Title

Within fifteen Business Days of the Closing Date, written notice will be given to each Borrower and Mortgagor of the sale or novation of the Loans and beneficial interests in the Loan Security to the Issuer and Split Loans Purchaser respectively, and of the assignment by way of security by the Issuer of the Issuer Loans (and beneficial interest in the related Loan Security) and its beneficial interests in, *inter alia*, the Split Loans Trust Property to the Trustee pursuant to the Deed of Charge and Assignment.

Representations and Warranties

None of the Issuer, the Split Loans Purchaser, the Trustee, the Managers or their advisers has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant security would normally make in relation to the Issuer Loans or Split Loans or the related Loan Security purchased on the Closing Date. In addition, none of the Issuer, the Split Loans Purchaser, the Trustee,

the Managers or their advisers has made or will make any enquiry, search or investigation at any time in relation to compliance by the Originators, the Administrator or any other person with respect to the Lending Criteria or their adequacy, or, in relation to the provisions of the Loan Sale Agreements, the Administration Agreement or the Deed of Charge and Assignment in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of any Loan or the Loan Security purchased on the Closing Date.

In relation to the foregoing matters concerning the Loans and the related Loan Security and the circumstances in which advances were made to Borrowers prior to their purchase by the Issuer or the Split Loans Purchaser, each of the Issuer, the Split Loans Purchaser and the Trustee will rely entirely on the representations and warranties to be given by the Transferor to the Issuer, the Split Loans Purchaser and the Trustee (as the case may be) which are contained in the Loan Sale Agreements.

If there is a material breach of any representation and/or warranty in relation to any Loan or Loan Security (details of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, the Transferor will be obliged, if required by the Issuer or the Split Loans Trustee, to repurchase such Loan and to accept a reassignment of its beneficial interest in the Loan Security from the Issuer or the Split Loans Trustee for an aggregate amount equal to the outstanding principal amount under the relevant Loan together with accrued interest up to, but excluding, the date of completion of the repurchase and costs. The Issuer or the Split Loans Purchaser will have no other remedy in respect of such a breach unless the Transferor fails to purchase the relevant Loan, and to accept a reassignment of its beneficial interest in the Loan Security in accordance with the relevant Loan Sale Agreement.

The representations and warranties referred to above will include, without limitation (but subject to disclosures in the Loan Sale Agreements and in this Offering Circular) statements to the following effect:

(i) each Property constitutes investment property let predominantly for commercial use and is either freehold, heritable or leasehold;

(ii) the Transferor is the legal and beneficial owner of the Loans, has good title to them, and may validly novate those Loans that are novated and assign the remainder of the Loans and the beneficial interests in the Security Trusts relating to such assigned Loans;

(iii) subject only to registration at HM Land Registry or the Registers of Scotland, the relevant Facility Agent or Issuer Loan Security Trustee is the legal owner or heritable creditor and the Transferor is the beneficial owner of each mortgage or Standard Security (together a ''**Mortgage**'') over a Property, free and clear of all encumbrances, overriding interests (other than those to which the Property is subject) claims and equities and there were at the time of completion of the relevant Mortgage no adverse entries and encumbrances or applications for adverse entries of encumbrances against any title at H.M. Land Registry or the Registers of Scotland to any Property which would rank in priority to the Facility Agent's, the Issuer Loan Security Trustee's or the Originator's interest therein;

(iv) the Transferor is not aware of any litigation or claim calling into question in any material way the Transferor's title to any Loan;

(v) no Loan (other than the revolving element of the Split Loans) contains obligations on the Transferor to make any further advances and no part of any advance has been retained by the Transferor or any of the Originators pending compliance by a Borrower with any conditions;

(vi) in relation to each Mortgage (subject only to registration at H.M. Land Registry or the Registers of Scotland), each Borrower or Mortgagor had at the date of that Mortgage, good and marketable title to the fee simple absolute in possession or a term of years absolute in the related Property (or in the case of any Scottish Property a valid and marketable heritable or long leasehold title thereto) and is legal and/or beneficial owner thereof or where legal and beneficial interests in the Property are split, is the legal owner of the Property and holds the beneficial interest on trust, which beneficial interest is either overreached or charged;

(vii) each Loan and the Loan Security is (subject in the case of any security document, to registration at the Companies Registry and/or at H.M. Land Registry or Registers of Scotland) the legal, valid and binding obligation of, and is enforceable against, the related Borrower or Mortgagor, as appropriate, and each Mortgage is a legal, valid and binding first ranking charge by way of legal mortgage or standard security over the related Property;

(viii) pursuant to the terms of each Loan Agreement no Borrower is entitled to exercise any right of set-off or counterclaim against the Transferor in respect of any amount that is payable under the relevant Loan;

(ix) all necessary stamp duty, land registry or Registers of Scotland fees and all other taxes and fees required to be paid in connection with the transfer of title to any Property into the name of the relevant Mortgagor and/or registration and perfection of legal title to the Loan Security in the name of the Facility Agent or Issuer Loan Security Trustee have been paid, or an equivalent amount of money is held by the Facility Agent or Issuer Loan Security Trustee for such purpose;

(x) to the best of the Transferor's knowledge, as at the Closing Date, each Property is covered by a building's insurance policy in an insured amount equal to or greater than the amount estimated to be the reinstatement value of such Property and the Facility Agents' or Issuer Loan Security Trustee's interest has been noted or is in the course of being noted in relation to each policy or is otherwise included by a ''*general interest noted*'' provision;

(xi) prior to completion of the relevant Loan and Mortgage, a report on title or certificate of title (addressed to the Facility Agent or Issuer Loan Security Trustee (as appropriate)) in relation to the relevant Property was obtained which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the advance on its agreed terms;

(xii) prior to the date of each Loan the nature of, and amount secured by, the Loan and Mortgage and the circumstances of that Borrower and Mortgagor would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property;

(xiii) each Loan was originated in all material respects in accordance with the Lending Criteria;

(xiv) the Transferor is not aware (having monitored the Loans in accordance with the Servicing Standard) of any material default, material breach or material violation under the Loans or Loan Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on commercial property would grant such a waiver);

(xv) neither the Facility Agent nor the Issuer Loan Security Trustee have received written notice of any default of any occupational lease granted in respect of the Property or of the insolvency of any tenant which would render the relevant Property unacceptable as security for the Loan secured by the relevant Mortgage over that Property;

(xvi) immediately prior to advancing each Loan, each Property was valued by an independent qualified surveyor or valuer appointed by the relevant Facility Agent or Issuer Loan Security Trustee (being a fellow or associate of The Royal Institution of Chartered Surveyors); and

(xvii) no Loan is scheduled to be repaid later than 31st December, 2015.

Notwithstanding the warranties that will be given in relation to the Loans and the related Mortgages and Debentures, only limited assurance will be given in relation to any of the remaining Loan Security for a Loan.

The Loan Sale Agreements each contain a warranty from the Transferor, to the Issuer or the Split Loans Purchaser, as the case may be, and the Trustee, to the effect that the information in this Offering Circular with regard to the administration of the Loans, the Loan Security, the Security Trusts, the Properties and the relevant buildings insurance policies that is material in the context of the issue and the offering of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer, the Split Loans Trustee (on behalf of the Beneficiaries) and the Trustee may rely upon this warranty from the Transferor.

THE STRUCTURE OF THE TRANSACTION ACCOUNTS

1. The Issuer's Accounts

(a) The Transaction Account

Pursuant to the Account Bank Agreement, the Account Bank will open and maintain an account in the name of the Issuer (the ''**Transaction Account**'') into which the Administrator will instruct the Issuer Loan Facility Agents to transfer all amounts of principal and interest paid by the Borrowers in respect of the Issuer Loans and all amounts due to the Issuer from the Split Loans Trustee pursuant to the Declaration of Trust. The Administrator will make all other payments required to be made on behalf of the Issuer from the Transaction Account in accordance with the Administration Agreement.

(b) The Reserve Account

Pursuant to the Account Bank Agreement, the Account Bank will open and maintain an account in the name of the Issuer (the ''**Reserve Account**'') into which the Administrator will, out of Available Interest Receipts, transfer amounts referred to in item (xix) in ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*''. Amounts standing to the credit of the Reserve Account will be available to (i) pay interest on the Class D Notes and/or the Class E Notes to the extent that Available Interest Receipts are insufficient to pay interest on the Class D Notes and/or Class E Notes (provided that after the Step-up Date amounts standing to the credit of the Reserve Account will be available to pay any shortfall in the payment of interest on any Class of Notes in order of their seniority) in accordance with Condition 4(i) (see further – ''*Credit Structure – Liabilities under the Notes*'' below) and (ii) to the Issuer in an amount equal to the amount reserved to the Issuer in accordance with the Issuer Loan Sale Agreement in an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Administrator into the Transaction Account during that Collection Period (see further – ''*The Loans and the Loans Security – Acquisition of loans – Consideration*'').

(c) The Swap Collateral Cash Account and the Swap Collateral Custody Account

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

The Swap Collateral Cash Account, the Swap Collateral Custody Account, the Transaction Account and the Reserve Account are together referred to as the ''**Issuer's Accounts**''.

(d) The Stand-by Account

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

2. The Split Loans Account

Pursuant to the Account Bank Agreement, the Account Bank will open and maintain an account in the name of the Split Loans Trustee (the ''**Split Loans Account**'') into which the Administrator will instruct the Split Loan Facility Agents to transfer all amounts due from the Borrowers in respect of the Split Loans. The Administrator will make all other payments required to be made on behalf of the Split Loans Trustee from the Split Loans Account.

3. The Revolving Facilities Funding Account

Pursuant to the Account Bank Agreement, the Account Bank will open and maintain an account in the name of the Split Loans Purchaser (the ''**Revolving Facilities Funding Account**'') into which the Administrator will transfer all amounts due to the Split Loans Purchaser from the Split Loans Trustee pursuant to the Declaration of Trust. The Administrator will make all other payments, including any advances to be made to a Borrower in respect of the revolving element of the Split Loans, required to be made on behalf of the Split Loans Purchaser from the Revolving Facilities Funding Account.

THE LOAN POOL

The aggregate of the principal balance outstanding within the Loan Pool, as at the Cut-Off Date, was £365,381,737. All of the Loans are current as of the Cut-Off Date.

Since the Cut-Off Date there have been no material changes to the Loan Pool or material prepayments in relation to a Loan other than in relation to one Loan, where one of the Properties and one of the units of one of the Properties, in each case against which that Loan was secured, were sold and two corresponding prepayments were made after the Cut-Off Date. One prepayment in respect of one of the Properties was, however, taken into account in the statistics which are given as at the Cut-Off Date (notwithstanding the fact that it occurred after that date). The other prepayment, which was not taken into account in the statistics, was in an amount of £807,500.

The Loans had, at origination, an average maturity of approximately 7 years. The Loans bear interest quarterly on the current principal balance outstanding. Each Loan may consist of one or more tranches which may differ in terms of interest rate characteristics, principal repayment profile and maturity. In addition, each Loan may be secured by a first fixed charge on more than one Property.

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

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

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

(c) ''**Cut-Off Date DSCR**'' means the debt service coverage ratio (''**DSCR**'') calculated as of the Cut-Off Date.

(d) ''**Cut-Off Date ICR**'' means the interest cover ratio (''**ICR**'') calculated as at the Cut-Off Date.

(e) ''**Cut-Off Date LTV**'' means the loan to value ratio (''**LTV**'') of the Loan as of the Cut-Off Date and the relevant Property value as set out in the relevant Condition Precedent Valuation (in the case of each of the Syndicated Loans, adjusted to reflect the Transferor's participation in such Syndicated Loan).

(f) ''**Balloon LTV**'' means the loan to value ratio of the Loan determined by using the value of the relevant Property as set out in the relevant Condition Precedent Valuation (in the case of each of the Syndicated Loans, adjusted to reflect the Transferor's participation in such Syndicated Loan) and the projected scheduled principal amount of the Loan outstanding as at the maturity date. The balloon payments are expected to be paid on the maturity date.

(g) ''**WAVG**'' means weighted average.

Overview of the Loans

Loan no.	Property type	No. properties	No. tenants	Loan amount at cut-off	% of pool	Current LTV	Current ICR	Maturity date	Estimated Loan amount at maturity	Estimated WAVG Balloon LTV	Interest type
1	Warehouse	55	392	59,490,000	16.3%	63.9%	2.58	21-Oct-08	57,990,000	62.3%	Floating[5]
2[1]	Retail	2	307	58,005,737	15.9%	53.0%	1.50	13-Dec-15	42,020,344	36.0%	Floating[4]
3	Office	1[2]	22	52,700,000	14.4%	58.8%	2.79	24-Mar-10	52,700,000	58.8%	Floating[4]
4[1]	Retail	1	249	36,000,000	9.9%	53.0%	1.46	31-Dec-11	29,971,360	44.2%	Floating[4]
5	Office	8	23	31,326,000	8.6%	74.0%	2.02	30-Sep-06	16,671,114	65.8%	Floating[4]
6	Office	1	6	30,000,000	8.2%	50.7%	2.53	02-Jul-07	30,000,000	50.7%	Floating[3]
7	Office	2	1	30,000,000	8.2%	55.0%	2.96	07-Jun-07	30,000,000	55.0%	Floating[3]
8	Office	1	1	27,000,000	7.4%	73.2%	2.20	12-Sep-07	27,000,000	73.2%	Floating[3]
9	Office	1	1	22,000,000	6.0%	72.1%	1.85	06-Jun-06	22,000,000	72.1%	Floating[3]
10	Office	1[2]	1	11,060,000	3.0%	70.0%	1.72	01-Feb-07	10,120,430	64.1%	Fixed
11	Office	1[2]	10	7,800,000	2.1%	59.8%	2.18	20-Dec-05	7,800,000	59.8%	Fixed
Total/ WAVG		74	1,013	365,381,737		60.7%	2.20		326,273,249	56.7%	

* With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

1. Loans 2 and 4 are Split Loans.

2. In the case of Loans 3, 10 and 11 the single property includes multiple buildings (up to 6) in the same complex.

3. With droplock.

4. Hedged at the Borrower level.

5. 62% floating, 38% fixed.

Principal Amount Outstanding as of the Cut-Off Date

Cut-off balances	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
From 0 to 15m	2	18,860,000	5%	6.06%	5.0	3.0	1.91	1.75	65.8%	62.2%
From 15m to 30m	4	109,000,000	30%	4.33%	4.8	3.7	2.43	2.43	61.8%	61.8%
From 30m to 45m	2	67,326,000	18%	5.98%	7.4	6.0	1.72	1.72	62.8%	51.9%
From 45m to 60m	3	170,195,737	47%	5.80%	11.1	8.1	2.28	2.21	58.6%	53.9%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

LTVs as of the Cut-Off Date

Cut-Off Date LTV	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
45% to 55%	3	124,005,737	34%	6.11%	11.3	9.2	1.74	1.65	52.4%	42.7%
55% to 65%	4	149,990,000	41%	5.17%	8.1	5.3	2.71	2.71	60.1%	59.5%
65% to 74%	4	91,386,000	25%	4.86%	4.4	3.4	2.00	1.96	72.8%	70.0%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

Estimated Balloon LTVs at maturity

Balloon LTV	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
35% to 55%	3	124,005,737	34%	6.11%	11.3	9.2	1.74	1.65	52.4%	42.7%
55% to 65%	5	161,050,000	44%	5.21%	7.9	5.2	2.64	2.62	60.8%	59.8%
65% to 75%	3	80,326,000	22%	4.73%	4.3	3.4	2.04	2.04	73.2%	71.0%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

Weighted Average Loan Rate as of the Cut-Off Date

Cut-Off Date loan rate	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
4.0% to 5.0%	4	109,000,000	30%	4.33%	4.8	3.7	2.43	2.43	61.8%	61.8%
5.0% to 5.5%	3	143,516,000	39%	5.31%	8.0	5.3	2.53	2.53	64.2%	61.3%
5.5% to 6.5%	2	18,860,000	5%	6.06%	5.0	3.0	1.91	1.75	65.8%	62.2%
6.5% to 7.0%	2	94,005,737	26%	6.68%	13.3	10.9	1.48	1.37	53.0%	39.4%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

Weighted Average Interest Cover Ratio as of the Cut-Off Date

Cut-Off Date ICR	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
1.00x to 1.50x	2	94,005,737	26%	6.68%	13.3	10.9	1.48	1.37	53.0%	39.4%
1.50x to 2.00x	2	33,060,000	9%	4.81%	4.4	3.1	1.81	1.71	71.4%	69.6%
2.00x to 2.50x	3	66,126,000	18%	5.07%	4.5	3.5	2.11	2.11	72.0%	68.8%
2.50x to 3.00x	4	172,190,000	47%	4.96%	7.7	5.2	2.70	2.70	58.5%	57.9%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

Weighted Average Debt Service Coverage Ratio as of the Cut-Off Date

Cut-Off Date DSCR	No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	WAVG Loan rate	WAVG original term to maturity (years)	WAVG remaining term to maturity (years)	WAVG Cut-Off Date ICR	WAVG Cut-Off Date DSCR	WAVG Cut-Off Date LTV	Estimated WAVG Balloon LTV*
1.00x to 1.50x	3	105,065,737	29%	6.59%	12.4	10.1	1.51	1.38	54.8%	42.5%
1.50x to 2.00x	1	22,000,000	6%	4.31%	4.1	2.9	1.85	1.85	72.1%	72.1%
2.00x to 2.50x	3	66,126,000	18%	5.07%	4.5	3.5	2.11	2.11	72.0%	68.8%
2.50x to 3.00x	4	172,190,000	47%	4.96%	7.7	5.2	2.70	2.70	58.5%	57.9%
Total	11	365,381,737	100%	5.41%	8.3	6.2	2.20	2.16	60.7%	56.7%
Minimum		7,800,000	2%	4.31%	3.8	2.4	1.46	1.32	50.7%	36.0%
Maximum		59,490,000	16%	6.76%	15.0	12.4	2.96	2.96	74.0%	73.2%

*With respect to one loan, borrowers disposal programme taken into account to estimate loan outstanding and property value at maturity. With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

Overview by Country

Country	No. properties	Aggregate property value (£)	Percent property value	Aggregate Cut-Off Date amount of the Loans (£)	Percentage of the aggregate amount of the Loans	Average Cut-Off Date LTV*
England	69	572,914,840	92%	341,491,203	93%	59.6%
Scotland	4	46,342,087	7%	23,793,115	7%	51.3%
Wales	1	152,500	0%	97,420	0%	63.9%
Total	74	619,409,427	100%	365,381,737	100%	60.7%

*Average Cut-Off Date LTV for each country is calculated as aggregate Loan amount divided by aggregate value for that country. Total line gives the weighted average for the Loan Pool.

Overview by Region

Region	No. properties	Aggregate property value (£)	Percent property value	Aggregate Cut-Off Date amount of the Loans (£)	Percentage of the aggregate amount of the Loans	Average Cut-Off Date LTV*
East Midlands	4	1,595,000	0%	1,018,916	0%	63.9%
London	5	195,422,260	32%	115,986,781	32%	59.4%
North England	2	77,615,080	13%	38,907,941	11%	50.1%
North West England	1	160,000	0%	102,211	0%	63.9%
South East England	28	222,645,000	36%	137,795,494	38%	61.9%
South West England	4	5,315,000	1%	3,395,322	1%	63.9%
West Midlands	17	54,287,500	9%	34,143,290	9%	62.9%
Yorks & Humber	8	15,875,000	3%	10,141,248	3%	63.9%
Scotland	4	46,342,087	7%	23,793,115	7%	51.3%
Wales	1	152,500	0%	97,420	0%	63.9%
Total	74	619,409,427	100%	365,381,737	100%	60.7%

*Average Cut-Off Date LTV for each region is calculated as aggregate Loan amount divided by aggregate value for that region. Total line gives the weighted average for the Loan Pool.

Overview by Property Type

Property type	No. properties	Aggregate property value (£)	Percent property value	Aggregate Cut-Off Date amount of the Loans (£)	Percentage of the aggregate amount of the Loans	Average Cut-Off Date LTV
Office	17	342,839,760	55%	212,526,416	58%	62.0%
Retail	22	236,209,668	38%	127,072,595	35%	53.8%
Warehouse	34	29,375,000	5%	18,765,302	5%	63.9%
Mixed use	1	10,985,000	2%	7,017,424	2%	63.9%
Total	74	619,409,427	100%	365,381,737	100%	60.7%

*Average Cut-Off Date LTV for each property type is calculated as aggregate Loan amount divided by aggregate value for that property type. Total line gives the weighted average for the Loan Pool.

Amortisation schedule	With balloon*	Without balloon*
2003	236,946	236,946
2004	11,508,178	934,178
2005	1,886,291	1,886,291
2006	53,083,398	3,192,283
2007	100,891,914	3,715,484
2008	60,152,653	2,162,653
2009	2,398,901	2,398,901
2010	55,147,992	2,447,992
2011	2,375,374	2,375,374
2012	31,539,976	1,568,616
2013	1,369,303	1,369,303
2014	1,328,683	1,328,683
2015	1,289,269	1,289,269
2016	42,172,859	152,516
Total	365,381,737	25,058,489

Balloon amounts include, with respect to one loan, loan repayment related to property disposals as per borrower's business plan.

With respect to three of the Loans scheduled amortisation may decrease from that reflected in the tables upon the relevant Borrowers meeting or exceeding certain financial conditions.

ADMINISTRATION

The Administrator

The Issuer and the Split Loans Trustee will appoint Eurohypo under the terms of the Administration Agreement as the initial administrator of the Loans and to have responsibility for, *inter alia*, the investment and application of moneys in accordance with the relevant priority of payments. The Administrator will perform the day-to-day servicing of the Loans. The Administrator will continue to administer other commercial mortgage loans in addition to those Loans included in the Loan Pool. The Administrator currently does not administer commercial mortgage loans that have been originated by parties other than the Originators.

Each of the Issuer, the Split Loans Purchaser and the Split Loans Trustee will appoint the Administrator to be its agent to provide certain cash management services in relation to, *inter alia*, the Transaction Accounts, as are more particularly described below.

Administration of Loans

Administration procedures include monitoring compliance with and administering the options available to Borrowers under the terms and conditions of the Loans. The Administrator (and where applicable the Special Servicer) will agree to administer the Loans (i) provided that the Administrator or the Special Servicer, as the case may be, is Eurohypo, in accordance with the Transferor's or Special Servicer's (as the case may be) administrative policies and procedures from time to time and in the same manner as the Transferor or Special Servicer (in respect of Specially Serviced Loans only) administers commercial mortgage loans which have not been sold but remain on the books of and beneficially owned by the Transferor or Special Servicer (in respect of Specially Serviced Loans only); and in so doing shall exercise the standard of care of a reasonably prudent lender or (ii) to the extent that the Administrator or the Special Servicer, as the case may be, is not Eurohypo, in the best interests of and for the benefit of all of the Noteholders (as determined by the Administrator or Special Servicer, as the case may be, in its good faith and reasonable judgment) and in accordance with applicable law, the terms of the respective Loans and the Administration Agreement, and in so doing shall exercise the standard of care as is normal and usual in general mortgage servicing activities with respect to comparable mortgage loans for other third-party portfolios or for its own account, whichever is higher, and, in either case, in particular, shall apply reasonable procedures and take all measures it deems necessary or appropriate in its due professional discretion to administer, collect and enforce the Loans and Loan Security or which are necessary to comply with supervisory requirements and to refrain from acting when so required by regulatory requirements and, on the occurrence of default in respect of any Loan, the administration of enforcement procedures with a view to the maximisation of the timely recovery of principal and interest on a net present value basis on the Loans as determined by the Administrator or Special Servicer, as the case may be, in its reasonable judgement (the ''**Servicing Standard**'').

Consultation with, and Appointment of, the Special Servicer

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

(i) a payment default in respect of a Loan on its maturity and the Administrator has extended the maturity date prior to such date in accordance with the terms of the Administration Agreement; or

(ii) any scheduled payment due and payable in respect of a Loan being delinquent for up to 45 days; or

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

The Administrator or Special Servicer, as applicable, will promptly give notice to the Issuer, the Split Loans Trustee, the Trustee, the Rating Agencies and the Special Servicer of the occurrence of any Special Servicer Transfer Event in respect of a Loan. Upon the delivery of such notice the Issuer or the Split Loans Trustee (as the case may be) will, subject as specified below, appoint the Special Servicer to act as Special Servicer on behalf of the Issuer or the Split Loans Trustee (as appropriate) in relation to such Loan and such Loan shall become a ''**Specially Serviced Loan**''. A ''**Special Servicer**

Transfer Event'' will be the occurrence of any of the following in respect of a Loan or the relevant Borrower:

(a) a payment default occurring with regards to any payment due on the maturity of such Loan provided that the Administrator did not extend the Loan as provided in paragraph (i) above;

(b) a scheduled payment due and payable in respect of such Loan not being paid within 45 days after the day when such amount became due and payable;

(c) the Administrator or the Special Servicer receiving notice of the enforcement of any security over the Property in respect of such Loan;

(d) insolvency or bankruptcy proceedings being commenced in respect of the relevant Borrower, Mortgagor or other party providing security in respect of a Loan;

(e) a material default of the Borrower's obligations under the relevant Loan Agreement occurring or, to the knowledge of the Administrator or the Special Servicer, being likely to occur, and in the Administrator's or the Special Servicer's opinion such material default is not likely to be cured within 30 days of its occurrence;

(f) the relevant Borrower notifying the relevant Facility Agent or Issuer Loan Security Trustee in writing of its inability to pay its debts generally as they become due, its entering into an assignment for the benefit of its creditors or its voluntary suspension of payment of its obligations; or

(g) any other default occurring that, in the good faith and reasonable judgment of the Administrator, materially impairs or could materially impair the use or the marketability of any relevant Property or the value thereof as security for such Loan.

On the appointment of the Special Servicer in respect of one or more Specially Serviced Loans, the Administrator shall cease to be subject to the obligations as Administrator in respect of those Specially Serviced Loans under the Administration Agreement except where otherwise provided. If, however, the Special Servicer is incapable or unwilling to act as a special servicer in respect of a Loan upon receipt of a notice appointing it as such, then the Administrator shall automatically be appointed as a special servicer in respect of the relevant Specially Serviced Loan and shall be deemed to have all the rights and obligations of the Special Servicer.

Arrears and default procedures

The Administrator will collect or the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) will instruct the relevant Facility Agent or Issuer Loan Security Trustee to collect all payments due under or in connection with the Loans (including in connection with any Specially Serviced Loans).

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

The Administrator will be required to produce a monthly arrears report which will show every Loan which is one or more months in arrears. In addition, the Administrator will maintain a list of all Loans which are in arrears (such list including, but not limited to, the principal amount at the time of default, total arrears at each reporting date, time of default, reasons for default and principal losses) and a watch list will be maintained of Loans which are potentially impaired loans. This would include Loans which are not currently in arrears but which, for example, may have a high LTV due to historic arrears or

which have a payment arrangement in place. The watchlist will include all Loans which, for a reason other than being in arrears, need to be highlighted for regular review. When a Loan is identified as being in arrears, the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) will manage, or will instruct the relevant Facility Agent or Issuer Loan Security Trustee to manage, the arrears administration process and formulate a recovery strategy.

Once a Loan is identified as being in arrears, contact will be made with the Borrower. Where possible, a payment arrangement is sought which will allow the Borrower to resolve any financial problems and ensure loan repayments are met, subject to the need to minimise any potential loss to the Issuer or the Split Loans Purchaser (as applicable). If this arrangement fails, the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) will, having obtained a valuation of the relevant Property or Properties from independent valuers, seek, or will instruct the relevant Facility Agent or Issuer Loan Security Trustee to seek, repayment of the outstanding Loan through litigation or possession, or the appointment of an LPA or administrative receiver to ensure that income derived from the relevant Property is applied against the Loan, and in each such case the Administrator or Special Servicer (in respect of a Specially Serviced Loan) or the relevant Facility Agent will appoint a firm of solicitors.

Amendments to the Terms and Conditions of a Loan

The Administrator (with the consent of the Special Servicer in respect of any material changes to the terms of a Loan Agreement, details of which are set out in the Administration Agreement) or the Special Servicer (in respect of a Specially Serviced Loan) on behalf of the Issuer or the Split Loans Trustee and the Trustee may (but shall not be obliged to) in accordance with the Servicing Standard agree to any request by a Facility Agent or Issuer Loan Security Trustee or Borrower (as applicable) to vary or amend the terms and conditions of a Loan or relevant Loan Security provided that:

(a) the variation or amendment consists of one or more of the following:

  (i) any release of any one or more joint Borrowers, provided that there is always at least one person who is the Borrower under each Loan (which may be a person who is not an existing Borrower and to whom a Borrower requests a loan to be novated);

  (ii) the release of any Loan Security or any part thereof which may, at the option of the Administrator or the Special Servicer (in respect of a Specially Serviced Loan), be on the basis that alternative security is provided by the Borrower which is acceptable to the Administrator or the Special Servicer acting in accordance with the Servicing Standard; or

  (iii) any other variation or amendment which would be acceptable to a reasonably prudent lender acting in accordance with the Servicing Standard;

(b) no Note Enforcement Notice has been given by the Trustee which remains in effect at the date on which the relevant variation or amendment is agreed;

(c) on the date on which the relevant variation or amendment is agreed, there has been no failure by the Transferor to repurchase any Loan, or any beneficial interest under the Security Trust created over any Loan Security, which it is required to repurchase due to a breach of warranty by the Transferor in respect of that Loan or Loan Security as required under the relevant Loan Sale Agreement;

(d) the Issuer will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation or amendment;

(e) the effect of such variation or amendment would not be to extend the final maturity date of the relevant Loan beyond 31st December, 2015 unless the Administrator or the Special Servicer (in respect of a Specially Serviced Loan), as the case may be, shall have first received written confirmation from each of the Rating Agencies that the then current ratings of the Notes will not be downgraded, withdrawn or qualified by such extension;

(f) the Issuer shall, following such variation or amendment, continue to have all of the beneficial interest in the related Security Trust, which shall continue to have a full first ranking legal mortgage or standard security on the interest in the Property or be secured by the related Mortgage as at the Closing Date for the full amount secured pursuant to the relevant Loan; and

(g) notice of any such amendment or variation is given to the Rating Agencies and prior written confirmation shall have been received by the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) from each of the Rating Agencies that any variation or amendment to

any of the terms and conditions of such Loan and the Loan Security that is likely, in the reasonable determination of the Administrator or the Special Servicer, as the case may be, to have a material adverse effect on the Noteholders (it being agreed that a reduction in the interest rate or principal balance of a Loan or any waiver or postponement of the same is likely to have such effect) shall not result in the then current ratings of any of the Notes being downgraded, withdrawn or qualified.

With the prior written consent of the Trustee, the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) may (but shall not be obliged to) agree to any request by a Facility Agent or Issuer Loan Security Trustee or a Borrower to vary or amend the terms and conditions of a Loan or the relevant Loan Security where any of the above conditions (other than the condition specified in paragraph (g) above) are not satisfied in respect of the relevant variation or amendment.

Ability to Purchase Loans and Loan Security

The Issuer and the Split Loans Trustee have, pursuant to the Administration Agreement, granted to each of the Special Servicer and the Transferor the option on any Interest Payment Date under the Notes to purchase all, but not some only, of the Loans and the Loan Security; provided that on the Interest Payment Date on which the Transferor or the Special Servicer (as the case may be) intends to purchase the Loans and Loan Security the then aggregate principal amount outstanding of all the Loans would be less than 10 per cent. of their principal amount outstanding as at the Closing Date, and provided further that the purchase price to be paid will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors who rank in priority to Noteholders. The Transferor or the Special Servicer (as the case may be) must give the Issuer, the Split Loans Purchaser, the Split Loans Trustee, the Trustee and (in the case of notice given by the Special Servicer only) the Transferor not more than 65 nor less than 35 days' written notice of its intention to purchase the Loans. The purchase price to be paid by the Transferor or the Special Servicer (as the case may be) to the Issuer and/or the Split Loans Purchaser (as appropriate) will be an amount equal to the then principal amount outstanding of the Loans less an amount equal to any principal that has become due and payable pursuant to the relevant Loan Agreement, but which has not been paid and which has consequently given rise to an Applicable Principal Loss in respect of the Notes, plus accrued but unpaid interest on the Loans. No such notice of the Special Servicer's intention to purchase the Loans shall be valid if the Transferor gives the Issuer, the Split Loans Purchaser, the Split Loans Trustee and the Trustee written notice of its intention to purchase the Loans provided that such notice from the Transferor is delivered within 10 days of the date on which the Special Servicer's notice was delivered.

Calculation of Amounts and Payments

Under the Administration Agreement, the Administrator is required to instruct the relevant Facility Agent or Issuer Loan Security Trustee to transfer all Borrower Interest Receipts and Borrower Principal Receipts in respect of the Issuer Loans from the Rent Accounts into the Transaction Account and all Borrower Interest Receipts and Borrower Principal Receipts in respect of the Split Loans from the Rent Accounts into the Split Loans Account. The Administrator will then be required to distribute all amounts received in respect of the term loan element of the Split Loans to the Transaction Account and all amounts received in respect of the revolving loan element of the Split Loans to the Revolving Facilities Funding Account. See ''*The Split Loans Trust*''. All amounts standing to the credit of the Revolving Facilities Funding Account, other than any amount payable to Eurohypo pursuant to the SLP Loan Agreement, will be held as cash collateral for the obligations of the Split Loans Purchaser to make advances pursuant to the revolving element of the Split Loans.

All payments required to be made by the Issuer to the Swap Counterparty under the Swap Agreement will be deducted from the Transaction Account. In addition, all payments made by the Swap Counterparty, other than those contemplated by the Swap Credit Support Document, and all drawings (other than a Standby Drawing) under the Liquidity Facility Agreement, will be paid into the Transaction Account. See ''*Credit Structure – The Swap Agreement*'' and ''*Credit Structure – Liquidity Facility*''. Once such funds have been credited to the Transaction Account, the Administrator shall invest such sums in Eligible Investments and is required to apply such funds in accordance with the Deed of Charge and Assignment and the Administration Agreement, as described below.

On each Calculation Date (being the second Business Day prior to the relevant Interest Payment Date), the Administrator is required to determine the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer, and the amounts available to make such payments. In addition, the Administrator will calculate

the amount of any Note Principal Payment (if any) due on the next following Interest Payment Date the Principal Amount Outstanding, the Pool Factor and Principal Losses (each as defined in Condition 1) for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date and the amount of each Note Principal Payment due on the next following Interest Payment Date, in each case pursuant to Condition 5(g).

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

The Administrator will make all payments required to carry out an optional redemption of Notes pursuant to Condition 5(c), Condition 5(d), Condition 5(e) or Condition 5(f), in each case according to the provisions of the relevant Condition. See further ''*Terms and Conditions of the Notes*''.

If the Administrator, acting on the basis of information provided to it determines, on any Calculation Date, that the amount of Borrower Interest Receipts together with any interest transferred to the Issuer from the Split Loans Account during the relevant Collection Period, any payments (other than amounts provided by the Swap Counterparty by way of collateral pursuant to the Swap Credit Support Document) received by the Issuer under a Swap Transaction including any Swap Agreement Breakage Receipts (less amounts received by the Issuer upon termination of the Swap Agreement where the Swap Counterparty was the Defaulting Party) and any interest accrued upon the Issuer's Accounts and paid to the Issuer, together with the proceeds of Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer's Accounts, during the relevant Collection Period, less any Priority Amounts paid since the immediately preceding Interest Payment Date or due to be paid by the Issuer prior to the next Interest Payment Date, will be insufficient to make payments due to the Swap Counterparty on such Interest Payment Date (other than those payments set out under numbered sub-paragraphs (i) or (viii) under ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'') and the payments set out under numbered sub-paragraphs (i), (ii), (iii), (iv) and (v) under ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'' the Administrator will make a drawing under the Liquidity Facility in an amount equal to the deficiency. See ''*Credit Structure – Liquidity Facility*''. Any notice of drawdown in respect of the Liquidity Facility must be delivered by 5.00pm on the day at least two Business Days prior to the Interest Payment Date on which the drawn down amount is required.

Administrator Quarterly Report

Pursuant to the Administration Agreement, the Administrator has agreed to deliver to the Issuer, the Trustee, the Special Servicer and the Rating Agencies a report in respect of each Calculation Date in which it will notify the recipients of, *inter alia*, all amounts received in the Transaction Account and payments made with respect thereto and all entries to be made in the relevant ledgers. The report will contain the monthly arrears report and will also include qualitative and quantitative information on the Loans, including details of any material changes that may affect credit quality and the details of any delegation of any of the Administrator's and/or Special Servicer's obligations or duties .

Insurance

The Administrator will, on behalf of the Issuer, the Split Loans Purchaser, the Trustee and the Split Loans Trustee, administer (in relation to the Bilateral Loans) and monitor (in relation to the Syndicated Loans) the arrangements for insurance which relate to the Loans and the Loan Security. The Administrator will establish and maintain procedures to ensure that all buildings insurance policies in respect of the Properties are renewed on a timely basis.

To the extent that the Issuer and/or the Split Loans Purchaser and/or the Split Loans Trustee and/or the Trustee has power to do so under a policy of buildings insurance, the Administrator shall, as soon as practicable after becoming aware of any occurrence of any event giving rise to a claim under such policy, prepare and submit such claim on behalf of the Issuer and/or the Split Loans Trustee in accordance with the terms and conditions of such policy and shall comply with any requirements of the relevant insurer.

The Administrator shall use reasonable endeavours to procure that each Borrower complies with the obligations in respect of insurance in accordance with the terms of the relevant Loan. If the

Administrator becomes aware that a Borrower has failed to pay premiums due under any policy of buildings insurance the Administrator shall take (in relation to Bilateral Loans) or shall instruct the Facility Agent (in relation to Syndicated Loans) to take such action as the Issuer and/or the Split Loans Trustee and/or the Split Loans Purchaser and/or the Trustee shall reasonably direct and in the absence of such direction shall, on behalf of the Issuer, the Split Loans Purchaser, the Trustee or the Split Loans Trustee, pay (in relation to Bilateral Loans) and instruct the Facility Agent (in relation to Syndicated Loans) to pay premiums due and payable under any policy of buildings insurance in order that the cover provided by such policy does not lapse.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any Property is otherwise not insured against fire and other perils (including subsidence) under a comprehensive buildings insurance policy or similar policy in accordance with the terms of each Loan, the Administrator shall or shall instruct the Facility Agent or Issuer Loan Security Trustee, at the cost of the Issuer or the Split Loans Trustee (as any other lender under a Syndicated Loan), to arrange such insurance in accordance with the terms of such Loan. Under the terms of the Loans, each Borrower will be required to reimburse the Issuer, or the Split Loans Trustee, as applicable, for such costs of insurance. See also ''*Risk Factors – Insurance*''.

Fees

The Administrator will be entitled to receive a fee for servicing the Loans. On each Interest Payment Date the Issuer will pay to the Administrator an administration fee of 0.05 per cent. per annum (inclusive of VAT) on the principal amount outstanding of the Loans (including any Specially Serviced Loans and Corrected Loans) but only to the extent that the Issuer has sufficient funds to pay such amount as provided in ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*''. The unpaid balance (if any) will be carried forward until the next succeeding Interest Payment Date and, if not paid before such time, will be payable on the Final Interest Payment Date of the latest maturing class of Notes or on the earlier redemption in full of the Notes by the Issuer. The Administration Agreement also provides for the Administrator to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Administrator in the performance of its services under the Administration Agreement.

Pursuant to the Administration Agreement, if the Special Servicer is appointed in respect of a Loan and the Loan is consequently designated as a Specially Serviced Loan, the Issuer is required to pay to the Special Servicer a fee (a ''**Special Servicing Fee**'') equal to 0.25 per cent. per annum (exclusive of VAT) of the outstanding principal amount of the Specially Serviced Loan, for a period commencing on the date such Loan is designated as a Specially Serviced Loan and ending on the date the Property the subject of such Loan is sold on enforcement or the date on which such Loan has become a Corrected Loan.

A Specially Serviced Loan shall become a ''**Corrected Loan**'' if any of the following occurs with respect to the circumstances identified as having caused such Loan to become a Specially Serviced Loan and such Specially Serviced Loan has been transferred back to the control of the Administrator (and provided that no other Special Servicer Transfer Event then exists with respect to such Loan):

(a) with respect to the circumstances described in items (a) and (b) in the definition of Special Servicer Transfer Event the related Borrower has made two consecutive timely quarterly payments in full;

(b) with respect to the circumstances described in items (c) and (d) in the definition of Special Servicer Transfer Event such proceedings are terminated;

(c) with respect to the circumstances described in item (e) in the definition of Special Servicer Transfer Event such circumstances cease to exist in the good faith and reasonable judgment of the Special Servicer;

(d) with respect to the circumstances described in item (f) in the definition of Special Servicer Transfer Event the Borrower ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or

(e) with respect to the circumstances described in item (g) in the definition of Special Servicer Transfer Event such default is cured.

The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each Interest Payment Date commencing with the Interest Payment Date following the date on which such

period begins and ending on the Interest Payment Date following the end of such period. In addition to the Special Servicing Fee, the Special Servicer will be entitled to a fee (a ''**Liquidation Fee**'') in respect of a Specially Serviced Loan equal to an amount of 1.00 per cent. (exclusive of VAT) of the proceeds (net of all costs and expenses incurred as a result of the default of such Specially Serviced Loan, enforcement and sale), if any, arising on the sale of the Property securing such Specially Serviced Loan or on or out of the application of any other enforcement procedures or other actions taken by the Special Servicer in respect of such Specially Serviced Loan. The Liquidation Fee will be payable out of Available Interest Receipts on the Interest Payment Date immediately following the receipt of such net proceeds.

In addition to the Special Servicing Fees and Liquidation Fees (if any) in respect of a Specially Serviced Loan, the Special Servicer shall be entitled to receive a fee (a ''**Workout Fee**'') in consideration of providing services in relation to a Specially Serviced Loan which becomes a Corrected Loan. In respect of each Corrected Loan, the Workout Fee shall be payable from, and shall be equal to 1.00 per cent. of, each collection of principal and interest received on such Corrected Loan (but only, in relation to collections of principal, if and to the extent that such principal received reduces the amount of principal outstanding under the Corrected Loan to below the amount of principal outstanding under that Corrected Loan at the date it first became a Corrected Loan) for so long as it remains a Corrected Loan. The Workout Fee with respect to any Corrected Loan will cease to be payable if the Loan subsequently becomes a Specially Serviced Loan, but a Workout Fee will become payable if and when such Loan again becomes a Corrected Loan.

Removal or Resignation of the Administrator or the Special Servicer

The appointment of the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) may be terminated by the Trustee and/or by the Issuer and/or the Split Loans Trustee and/or the Split Loans Purchaser (in the case of a termination by an entity other than the Trustee, only with the consent of the Trustee) upon written notice to the Administrator or the Special Servicer, as the case may be, on the occurrence of certain events (each a ''**Termination Event**''), including if:

(a) the Administrator or the Special Servicer (in respect of Specially Serviced Loans) fails to pay or to procure the payment of any amount due and payable by it and either (i) such payment is not made within five Business Days of such time or (ii) if Administrator's failure to make such payment was due to inadvertent error, such failure is not remedied for a period of 10 Business Days after the Administrator becomes aware of the default;

(b) subject as provided further in the Transaction Documents, the Administrator or the Special Servicer (in respect of a Specially Serviced Loan) fails to comply with any of its other obligations under the Administration Agreement which in the opinion of the Trustee is materially prejudicial to the interests of the holders of the Notes and such failure is not remedied for a period of 30 Business Days after the earlier of the Administrator or the Special Servicer, as the case may be, becoming aware of such default and delivery of a written notice of such default being served on the Administrator or the Special Servicer (as applicable) by the Issuer, the Split Loans Trustee or the Trustee;

(c) at any time the Administrator or the Special Servicer (in respect of the Specially Serviced Loans) fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue administering Loans; or

(d) the occurrence of an insolvency event in relation to the Administrator or the Special Servicer.

In addition, if the Special Servicer has been appointed to act in relation to a Loan, the holder of the most junior Class of Notes (provided that the most junior Class of Notes have a total Principal Amount Outstanding that is less than 25 per cent. of the most junior Class of Notes original Principal Amount Outstanding) shall be entitled, by an Extraordinary Resolution, to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to appoint a successor thereto (such successor to pay any costs incurred by the Issuer in relation to the replacement of the Special Servicer).

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

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

Any such substitute administrator or special servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Administrator or Special Servicer, as the case may be) will be required to, if possible, have experience administering loans secured on commercial mortgage properties in England, Wales and Scotland; and will enter into an agreement on substantially the same terms in all material aspects as the Administration Agreement, taking into account also what is standard for such agreements in similar transactions at the time. Under the terms of the Administration Agreement, the appointment of a substitute administrator or special servicer is subject to the Rating Agencies confirming that the appointment will not result in a downgrade, withdrawal or qualification of the then current ratings (if any) of any class of the Notes unless otherwise agreed by Extraordinary Resolutions of each class of Noteholders. Any costs incurred by the Issuer as a result of appointing any such substitute administrator or special servicer shall, save as specified above, be paid by the Administrator or Special Servicer (as the case may be) whose appointment is being terminated. The fee payable to any such substitute administrator or special servicer should not, without the prior written consent of the Trustee, exceed the amount payable to the Administrator or Special Servicer pursuant to the Administration Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services.

Forthwith upon termination of the appointment of, or the resignation of, the Administrator or Special Servicer, the Administrator or Special Servicer (as the case may be) must deliver the title deeds, the mortgage loan files and all books of account and other records maintained by the Administrator or Special Servicer relating to the Loans and/or the Loan Security to, or at the direction of, the substitute administrator or special servicer and shall take such further action as the substitute administrator or substitute special servicer, as the case may be, shall reasonably request to enable the substitute administrator or the substitute special servicer, as the case may be, to perform the services due to be performed by the Administrator or the Special Servicer under the Administration Agreement.

Delegation by the Administrator and Special Servicer

The Administrator or the Special Servicer (in respect of a Specially Serviced Loan) may, in some circumstances including with the prior written consent of the Trustee and, in the case of the Administrator, with the prior written consent of the Special Servicer, and after giving written notice to the Trustee and the Rating Agencies, delegate or sub-contract the performance of any of its obligations or duties under the Administration Agreement. This shall not prevent the engagement on a Loan by Loan basis (nor generally for all or a substantial portion of the Loan Pool) by the Administrator or Special Servicer (in the case of a Specially Serviced Loan) of any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Administrator or the Special Servicer (in the case of a Specially Serviced Loan) of any of its respective functions or exercise of its power under the Administration Agreement. Upon the appointment of any such delegate or sub-contractor the Administrator or the Special Servicer (as the case may be) will nevertheless remain responsible for the performance of those duties to the Issuer and the Split Loans Trustee.

Governing Law

The Administration Agreement will be governed by English law.

ACCOUNT BANK

Account Bank and Issuer's Accounts

Pursuant to the Account Bank Agreement, Deutsche Bank AG London (in this capacity, the ''**Account Bank**'') will open and maintain the Transaction Account, the Reserve Account, if the Swap Credit Support Document is entered into the Swap Collateral Cash Account, the Stand-by Account and, if required, the Swap Collateral Custody Account in the name of the Issuer. The Account Bank has agreed to comply with any direction of the Administrator or the Issuer (prior to the service of a Note Enforcement Notice) or the Trustee (after the service of a Note Enforcement Notice) to effect payments from the Transaction Account, the Reserve Account, the Stand-by Account, the Swap Collateral Custody Account or the Swap Collateral Cash Account if such direction is made in accordance with the mandate governing the applicable account.

Account Bank and Split Loans Purchaser's and the Split Loans Trustee's Accounts

Pursuant to the Account Bank Agreement, the Account Bank will open and maintain the Split Loans Account in the name of the Split Loans Trustee and the Revolving Facilities Funding Account in the name of the Split Loans Purchaser. The Account Bank has agreed to comply with (i) any direction of the Administrator or the Split Loans Trustee (prior to the service of a Note Enforcement Notice) or the Trustee (after the service of a Note Enforcement Notice) to effect payments from the Split Loans Account and (ii) any direction of the Administrator or the Split Loans Purchaser to effect payments from the Revolving Facilities Funding Account, provided in each case that such direction is made in accordance with the mandate governing the applicable account.

Termination of Appointment of the Account Bank

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

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

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

CASHFLOWS

The payment of principal and interest by the Borrowers in respect of the Loans will provide the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes. In relation to the Split Loans, relevant amounts paid by the Borrowers will be credited to the Split Loans Account and amounts payable to the Issuer will subsequently be transferred to the Transaction Account.

Funds paid into the Transaction Account and Split Loans Account

Amounts standing to the credit of the Transaction Account (other than amounts paid into such account from the Split Loans Account) or the Split Loans Account from time to time are referable to, *inter alia*, the following sources:

(a) ''*Borrower Interest Receipts*'', comprising all payments of interest, fees (including any prepayment fees), breakage costs (other than Swap Agreement Breakage Receipts), if any, expenses, commissions and other sums (in each case including recoveries in respect of such amounts on enforcement of a Loan or Loan Security) paid by Borrowers in respect of the Loans or the Loan Security (other than any payments in respect of principal);

(b) ''*Amortisation Funds*'', comprising principal received in respect of the Loans and Loan Security on a scheduled payment date in accordance with the terms of the relevant Loan Agreement;

(c) ''*Prepayment Redemption Funds*'', comprising all payments in respect of principal received as a result of (i) any prepayment in part or in full of a Loan, (ii) the repurchase of a Loan by the Transferor pursuant to one of the Loan Sale Agreements; (iii) the purchase of a Loan by the Transferor pursuant to the Administration Agreement or (iv) the aggregate amount of Available Interest Receipts payable pursuant to item (xi) of ''*Payments out of the Transaction Account – Available Interest Receipts*'';

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

(e) ''*Swap Agreement Breakage Receipts*'', comprising all amounts paid to the Issuer under the Swap Agreement as a result of the termination thereof; and

(f) ''*Principal Recovery Funds*'', comprising all amounts recovered in respect of principal of the Loans as a result of the enforcement of a Loan or the Loan Security.

Payments out of the Transaction Account

(a) Priority Amounts

The Administrator shall, prior to the service of a Note Enforcement Notice, out of Borrower Interest Receipts and, where Borrower Interest Receipts are insufficient, out of the aggregate of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds (such aggregate amount comprising the ''**Borrower Principal Receipts**''), pay sums due to third parties (other than the Administrator, the Liquidity Facility Provider, the Swap Counterparty, the Transferor (except as specified below), the Special Servicer, the Corporate Services Provider, the Trustee, the Share Trustee, the Paying Agents, the Agent Bank or the Account Bank), including the Issuer's and the Split Loans Trustee's liability, if any, to corporation tax and/or value added

tax, on a date other than an Interest Payment Date under obligations incurred in the course of the Issuer's or the Split Loans Trustee's business, including any amounts payable by the Issuer to the Transferor pursuant to the Issuer Loan Sale Agreement (other than amounts forming a part of Deferred Consideration).

(b) Available Interest Receipts

Subject as provided below, on each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer or the Swap Counterparty, as the case may be, will make any relevant payment then due and payable pursuant to the Swap Agreement or Swap Credit Support Document. Then, on each such Interest Payment Date,

- all Borrower Interest Receipts transferred by or at the direction of the Administrator into the Transaction Account during the Collection Period ended immediately before such Interest Payment Date (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the amounts referred to in ''Priority Amounts'' above or applied to make any relevant payment pursuant to the Swap Agreement or Swap Credit Support Document on such date);
- any amounts (if any) in respect of interest transferred by or at the direction of the Administrator from the Split Loans Account into the Transaction Account during the Collection Period ended immediately before such Interest Payment Date;
- any payments (other than any amounts provided by the Swap Counterparty by way of collateral pursuant to the Swap Credit Support Document) received by the Issuer under a Swap Transaction including any Swap Agreement Breakage Receipts (less amounts received by the Issuer upon termination of the Swap Agreement where the Swap Counterparty was the Defaulting Party);
- the proceeds of any Income Deficiency Drawing made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date;
- any interest accrued upon the Issuer's Accounts and paid into the Transaction Account together with the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer's Accounts and paid into the Transaction Account; and
- any amount deducted from Principal Recovery Funds for the purpose of paying Liquidation Fees and/or Workout Fees,

such amounts being, collectively, the ''**Available Interest Receipts**'' in respect of such Interest Payment Date will be applied in the following order of priority (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in or towards payment or discharge of any amounts due and payable by the Issuer on such Interest Payment Date to:

(A) *pro rata* and *pari passu,* the Trustee and any receiver appointed under a Loan and/or the Loan Security; then

(B) *pro rata* and *pari passu* the Paying Agents and the Agent Bank under the Agency Agreement; then

(C) *pro rata* and *pari passu*, the Administrator or the Special Servicer (including any amounts due to the Special Servicer in respect of the Special Servicing Fee, any Liquidation Fee or Workout Fee) pursuant to the Administration Agreement (other than in respect of the Administration Fee) and, until the Step-up Date or the date on which the aggregate Principal Amount Outstanding of the Notes (after deduction of any Applicable Principal Losses and after providing for all amounts to be applied in redemption of the Notes or any class thereof on such Interest Payment Date) is less than 10 per cent. of the outstanding aggregate principal amount of the Loan Pool on the Closing Date (unless, the Administrator is no longer Eurohypo), the Administrator in respect of the Administration Fee; then

(D) the Corporate Services Provider under the Corporate Services Agreements; then

(E) the Account Bank under the Account Bank Agreement; then

(F) the Swap Counterparty under the Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Swap Agreement (other than payments to be made by the Issuer as referred to in (viii) below); and then

(G) the Liquidity Facility Provider or amounts otherwise payable by the Issuer in each case under and in accordance with the Liquidity Facility Agreement in respect of any drawings made by the Issuer under the Liquidity Facility Agreement and the commitment fee and any Mandatory Costs as provided in the Liquidity Facility Agreement;

(ii) in or towards payment or discharge of sums due to third parties (other than payments made to any third party as described in ''Priority Amounts'' above) under obligations incurred in the course of the Issuer's or the Split Loans Trustee's business, including provision for any such obligations expected to come due in the following Interest Period (as defined in Condition 1) and the payment of the Issuer's liability (if any) to value added tax and to corporation tax;

(iii) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class A Notes (other than any interest due or overdue after the Step-up Date in respect of any Class A Additional Step-up Margin);

(iv) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class B Notes (other than any interest due or overdue after the Step-up Date in respect of any Class B Additional Step-up Margin);

(v) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class C Notes (other than any interest due

or overdue after the Step-up Date in respect of any Class C Additional Step-up Margin);

(vi) in or towards payment or discharge of interest due on the Class D Notes (other than any interest due after the Step-up Date in respect of any Class D Additional Step-up Margin);

(vii) in or towards payment or discharge of interest due on the Class E Notes (other than any interest due after the Step-up Date in respect of any Class E Additional Step-up Margin);

(viii) in or towards payment or discharge of any amounts due and payable by the Issuer on such Interest Payment Date to the Swap Counterparty under the Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of the Swap Agreement as a result of an event of default under the Swap Agreement in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement); except that this provision will not apply to any amount due to the Swap Counterparty on termination of the Swap Agreement which is attributable to collateral delivered by such Swap Counterparty in excess of the termination amount attributable to the Swap Agreement;

(ix) in or towards payment or discharge of any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation;

(x) in or towards payment or discharge of the Administration Fee, if such Interest Payment Date is after the Step-up Date or on such Interest Payment Date the aggregate Principal Amount Outstanding of the Notes (after deduction of any Applicable Principal Losses and after providing for all amounts to be applied in redemption of the Notes or any class thereof on such Interest Payment Date) is less than 10 per cent. of the initial outstanding aggregate principal amount of the Loan Pool on the Closing Date and the Administrator is Eurohypo;

(xi) in repaying principal on the most senior class of Notes then outstanding in an amount equal to the amount of the Borrower Principal Receipts previously applied by the Issuer towards the payment of Priority Amounts less the amount of Available Interest Receipts previously applied in accordance with this item (xi);

(xii) in or towards payment or discharge of any interest due on the Class A Notes in respect of the Class A Additional Step-up Margin;

(xii) in or towards payment or discharge of any interest due on the Class B Notes in respect of the Class B Additional Step-up Margin;

(xiv) in or towards payment or discharge of any interest due on the Class C Notes in respect of the Class C Additional Step-up Margin;

(xv) in or towards payment or discharge of any interest due on the Class D Notes in respect of the Class D Additional Step-up Margin;

(xvi) in or towards payment or discharge of any interest due on

the Class E Notes in respect of the Class E Additional Step-up Margin;

(xvii) in or towards payment due in respect of the Class D Notes of the aggregate of any Class D Noteholder Shortfall Amounts not previously paid in accordance with this item (xvii) on a prior Interest Payment Date;

(xviii) in or towards payment due in respect of the Class E Notes of the aggregate of any Class E Noteholder Shortfall Amounts not previously paid in accordance with this item (xviii) on a prior Interest Payment Date;

(xix) in payment to the Reserve Account **provided** that no payment shall be made to the Reserve Account in accordance with this item (xix) up and until an amount equal to the amount of interest accrued but unpaid on the Loans on the Closing Date is paid to the Transferor in accordance with item (xx) below;

(xx) in or towards payment or discharge of any Deferred Consideration payable to the Transferor or the person or persons otherwise entitled thereto; and

(xxi) any surplus to the Issuer.

(c) Available Principal

The Administrator is required to calculate on each Calculation Date in respect of the Collection Period then ended the Available Amortisation Funds, the Available Prepayment Redemption Funds, the Available Principal Recovery Funds and the Available Final Redemption Funds, taking into account any payments in respect of principal transferred by the Administrator from the Split Loans Account in respect of such Collection Period.

The Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds calculated on each Calculation Date are collectively referred to as the ''**Available Principal**'' for the purposes of the Interest Payment Date immediately following such Calculation Date.

Prior to service of a Note Enforcement Notice, on each Interest Payment Date, Available Principal will be applied from the Transaction Account in the following order of priority (the ''**Pre-Enforcement Principal Priority of Payments**'') (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in repaying principal on the Class A Notes until all of the Class A Notes have been redeemed in full;

(ii) in repaying principal on the Class B Notes until all of the Class B Notes have been redeemed in full;

(iii) in repaying principal on the Class C Notes until all of the Class C Notes have been redeemed in full;

(iv) in repaying principal on the Class D Notes until all of the Class D Notes have been redeemed in full;

(v) in repaying principal on the Class E Notes until all of the Class E Notes have been redeemed in full;

(vi) in paying that component of Deferred Consideration, if any, that comprises any excess Available Principal; and

(vii) any surplus to the Issuer.

The priority of payments set out in the paragraph above is subject to the provisions set out in Condition 5(b) of the Notes and in particular the provisions set out in the definition of Pre-Enforcement Principal Priority of Payments as contained therein.

Payments paid out of the Transaction Account Post-Enforcement of the Notes

The Issuer Security will become enforceable upon the Trustee giving a Note Enforcement Notice. Following enforcement of the Issuer Security, the Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (the ''**Post-Enforcement Priority of Payments**'') (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Deed of Charge and Assignment:

(i) in or towards satisfaction of any amounts due and payable by the Issuer to (a) *pari passu* and *pro rata*, the Trustee and any receiver appointed under the Deed of Charge and Assignment and any amounts due and payable to any receiver appointed under an Issuer Loan and/or its Issuer Loan Security; then (b) the Swap Counterparty in respect of amounts due or overdue to it under the Swap Agreement and, if entered into, the Swap Credit Support Document including payments due to be made by the Issuer following an early termination of the Swap Agreement (other than payments to be made by the Issuer referred to in (viii) below); then (c) *pari passu* and *pro rata*, the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents or the Agent Bank pursuant to the Agency Agreement; then (d) the Administrator in respect of the Administration Fee and any other amounts due to the Administrator pursuant to the Administration Agreement; then (e) the Special Servicer in respect of the Special Servicing Fee, any Liquidation Fee, Workout Fee and any other amounts due to the Special Servicer pursuant to the Administration Agreement; then (f) the Corporate Services Provider under the Corporate Services Agreements; then (g) the Account Bank under the Account Bank Agreement; then (h) amounts due to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement in respect of any drawings and the commitment fee and then any Mandatory Costs due or overdue to the Liquidity Facility Provider under the Liquidity Facility Agreement;

(ii) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class A Notes (other than any interest due or overdue after the Step-up Date in respect of any Class A Additional Step-up Margin); and after payment of all such sums (b) all amounts of principal due or overdue on the Class A Notes and all other amounts due in respect of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;

(iii) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class B Notes (other than any interest due or overdue after the Step-up

Date in respect of any Class B Additional Step-up Margin); and after payment of all such sums (b) all amounts of principal due or overdue on the Class B Notes and all other amounts due in respect of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;

(iv) in or towards payment of (a) interest due or overdue (and all interest due on such overdue interest) on the Class C Notes (other than any interest due or overdue after the Step-up Date in respect of any Class C Additional Step-up Margin); and after payment of all such sums (b) all amounts of principal due or overdue on the Class C Notes and all other amounts due in respect of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero;

(v) in or towards payment of (a) interest due on the Class D Notes (other than any interest due or overdue after the Step-up Date in respect of any Class D Additional Step-up Margin); and after payment of all such sums (b) all amounts of principal due or overdue on the Class D Notes and all other amounts due in respect of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero;

(vi) in or towards payment of (a) interest due on the Class E Notes (other than any interest due or overdue after the Step-up Date in respect of any Class E Additional Step-up Margin); and after payment of all such sums (b) all amounts of principal due or overdue on the Class E Notes and all other amounts due in respect of the Class E Notes until the Principal Amount Outstanding of the Class E Notes is reduced to zero;

(vii) in or towards payment of any additional amounts payable to the Liquidity Facility Provider in respect of withholding taxes or increased costs as a result of a change in law or regulation;

(viii) in or towards satisfaction of any amounts due and payable by the Issuer to the Swap Counterparty under the Swap Agreement in respect of any payments due following an early termination of the Swap Agreement as a result of an event of default under the Swap Agreement in respect of which the Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement); except that this provision will not apply to any amount due to the Swap Counterparty on termination of the Swap Agreement which is attributable to collateral delivered by such Swap Counterparty in excess of the termination amount attributable to the relevant Swap Agreement;

(ix) in or towards payment of any interest due or overdue after the Step-up Date in respect of any Class A Additional Step-up Margin;

(x) in or towards payment of any interest due or overdue after the Step-up Date in respect of any Class B Additional Step-up Margin;

(xi) in or towards payment of any interest due or overdue after the Step-up Date in respect of any Class C Additional Step-up Margin;

(xii) in or towards payment of any interest due or overdue after the Step-up Date in respect of any Class D Additional Step-up Margin;

(xiii) in or towards payment of any interest due or overdue after the Step-up Date in respect of any Class E Additional Step-up Margin;

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

(xv) any surplus to the Issuer or other persons entitled thereto.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loans and the Loan Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreements for material breach of warranty in relation to the Loans and, in certain limited circumstances, the Loan Security (as to which, see further ''*The Loans and the Loan Security – Representations and Warranties*'') and breach of other provisions specified therein, and (b) in relation to the Administration Agreement and the Subscription Agreement for breach of the obligations of Eurohypo set out therein, the Issuer, the Split Loans Purchaser and/or the Trustee will have no recourse to Eurohypo.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments (including all amounts payable to any receiver and the Trustee, all amounts due to the Administrator, the Special Servicer, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank, all payments due to the Swap Counterparty under the Swap Transactions (other than in respect of amounts specified in item (viii) of ''*Payments paid out of the Transaction Account Post – Enforcement of the Notes*'') and all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of amounts specified at item (vii) of ''*Payments paid out of the Transaction Account Post – Enforcement of the Notes*'') will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon enforcement of the Issuer Security, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders, all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders and all amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders.

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 (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom (which will be borne in accordance with the terms of 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 Trustee, the Noteholders and the other Secured Parties 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, save as aforesaid, (i) upon enforcement of the Issuer Security, its right to obtain repayment in full is limited to the Issuer Security, and (ii) the Issuer has duly and entirely fulfilled its repayment obligation by making available to the Noteholder its relevant part of the proceeds of realisation or enforcement with respect to the Issuer Security in accordance with the Deed of Charge and Assignment and all claims in respect of such shortfall will be extinguished.

CREDIT STRUCTURE

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

The principal risks associated with the Notes and the manner in which they are addressed in the structure are set out below. Attention is also drawn to the section of this Offering Circular entitled ''*Risk Factors*'' for a description of the principal risks in respect of, *inter alia*, the Loans and Loan Security.

1. Liquidity, Credit and Basis Risk

The Issuer is subject to:

(a) the risk of delay arising between scheduled dates for the payment of interest and repayment of principal in respect a Loan (''**Loan Payment Dates**'') and the receipt of payments due from the Borrowers. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings under the Liquidity Facility Agreement to cover shortfalls in funds required to make due payment of interest under the Class A Notes, the Class B Notes and the Class C Notes;

(b) the risk of default in payment and the failure by the Administrator or the Special Servicer, on behalf of the Issuer, to realise or to recover sufficient funds under the enforcement procedures in respect of the relevant Loan and Loan Security in order to discharge all amounts due and owing by the relevant Borrower under a Loan. This risk is addressed in respect of the Notes by the credit support provided to classes of Notes by those classes of Notes (if any) ranking lower in priority to that class; and

(c) the risk of the interest rates payable by the Borrowers on the Loans being less than that required by the Issuer in order to meet its commitments under the Notes and its other obligations. This risk is addressed by the Swap Transactions (see ''*The Swap Agreement*'' below), and by the ability of the Issuer to make drawings under the Liquidity Facility Agreement to cover certain third party expenses and Income Deficiencies.

2. Liabilities under the Notes

The Notes and interest thereon will not be obligations or responsibilities of any person other than the Issuer. In particular, the Notes will not be obligations or responsibilities of, or be guaranteed by, Eurohypo or any associated entity of Eurohypo, or of or by the Managers, the Administrator, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Swap Counterparty or the Account Bank or any company in the same group of companies as those parties listed above and none of such persons accepts any liability whatsoever in respect of any failure by the Issuer to make payment of any amount due on the Notes.

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

extent that funds, or, after the Step-up Date, amounts standing to the credit of the Reserve Account, are available therefor.

The Issuer's obligation to pay interest in respect of each of the Class D Notes and the Class E Notes is limited, on each Interest Payment Date, to an amount equal to the lesser of (a) the Interest Amount (as defined in Condition 4(d)) in respect of such class of Notes for that Interest Payment Date, and (b) the result of (i) the Available Interest Receipts in respect of such Interest Payment Date plus (ii) any amounts available in the Reserve Account (minus, after the Step-up Date, any amounts standing to the credit of the Reserve Account applied on such Interest Payment Date to pay any shortfall in the payment of interest on the Class A Notes and/or the Class B Notes and/or the Class C Notes) minus (iii) the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority (see further ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'') to the payment of interest on such class of Notes (the amount calculated under (b) in respect of an Interest Payment Date being the ''**Adjusted Interest Amount**'' for such class of Notes on that Interest Payment Date). No amount will be payable by the Issuer in respect of the amount, on any Interest Payment Date, by which the Interest Amount in respect of the Class D Notes and/or the Class E Notes, as applicable, exceeds the Adjusted Interest Amount in respect of such class (a ''**Noteholder Shortfall Amount**''), the debt that would otherwise be represented by such shortfall will be deemed to be extinguished, and the affected Noteholders will have no claim against the Issuer in respect thereof. However, to the extent that Noteholder Shortfall Amounts have previously arisen, the affected Noteholders may be entitled to receive an amount if a distribution of Noteholder Shortfall Funds (as defined in Condition 1) is to be made (see further ''*Terms and Conditions of the Notes – Interest*'').

The Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will provide credit support for the Class A Notes. Funds which are available in respect of payments of principal on the Notes as described in the definitions of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds in Condition 5(b) will be applied first, in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full and only then will payments of principal on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes become payable, as provided in ''*Cashflows – Payments out of the Transaction Account – Available Principal*''. In addition, funds standing to the credit of the Reserve Account will provide credit support for the Notes.

3. Liquidity Facility

To address the risk of Available Interest Receipts (excluding the amount of any Income Deficiency Drawing made under the Liquidity Facility Agreement) being insufficient to cover all interest payments due under the Class A Notes, Class B Notes and Class C Notes, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Trustee whereby the Liquidity Facility Provider will provide a 364-day committed liquidity facility to the Issuer which will be renewable as described below. Investors should note that the purpose of the Liquidity Facility Agreement is to provide liquidity, not credit support, and that the Liquidity Facility Provider is entitled to receive interest on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders which would ultimately reduce the amount available for distribution to Noteholders.

On each Calculation Date, the Administrator will determine whether Borrower Interest Receipts together with any interest transferred to the Issuer from the Split Loans Account during the relevant Collection Period, any payments (other than amounts provided by the Swap Counterparty by way of collateral pursuant to the Swap Credit Support Document) received by the Issuer under a Swap Transaction including any Swap Agreement Breakage Receipts (less amounts received by the Issuer upon termination of the Swap Agreement where the Swap Counterparty was the Defaulting Party) and any interest accrued upon the Issuer's Account and paid to the Issuer, together with the proceeds of Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer's Accounts, during the relevant Collection Period, less any Priority Amounts paid since the immediately preceding Interest Payment Date or due to be paid by the Issuer prior to the next Interest Payment Date, will be insufficient to make payments due to the Swap Counterparty on such Interest Payment Date (other than those payments set out under numbered sub-paragraphs (i) or (viii) under ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'') and the payments set out under numbered sub-paragraphs (i) to (v) under ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*''). If such amount is insufficient, the Administrator will make a drawing (an ''**Income Deficiency Drawing**'') under the Liquidity Facility Agreement in an amount equal to the deficiency (an ''**Income Deficiency**''). The proceeds of any Income Deficiency

Drawing will be credited to the Transaction Account and will be applied by the Issuer in making payments to the Swap Counterparty and/or as part of the Available Interest Receipts on the next following Interest Payment Date.

The Liquidity Facility Agreement will initially permit drawings to be made by the Issuer of up to an aggregate amount of £22,500,000. However, on any Interest Payment Date on which the then outstanding aggregate principal amount of the Loans equals or is less than 50 per cent. of the original aggregate principal amount of the Loans, the liquidity facility commitment will be reduced to 11 per cent. of the then outstanding aggregate principal amount of the Loans (subject to a maximum of £22,500,000), subject to the liquidity facility commitment at any time being no less than £6,000,000 (or such lesser amount as the Rating Agencies may confirm will not lead to ratings of the Notes being downgraded, withdrawn or qualified as a result of such reduction).

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of the payment described in sub-paragraph (ix) under ''*Cashflows – Payments out of the Transaction Account – Available Interest Receipts*'') will rank in priority to payments of interest and principal on the Notes.

The Liquidity Facility Agreement will be a renewable 364-day committed revolving loan facility which may be renewed until the Maturity Date. The Liquidity Facility Agreement will provide that if at any time:

(i) the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below ''A1+'' (or its equivalent) by S&P, ''P-1'' (or its equivalent) by Moody's or ''F1+'' (or its equivalent) by Fitch or below such other short-term rating as is commensurate with the ratings assigned to the Notes from time to time; or

(ii) the Liquidity Facility Provider refuses to renew the liquidity facility,

then the Issuer may appoint a replacement liquidity facility provider with the Requisite Rating and acceptable to the Trustee. In the event, the Issuer is not able to appoint a replacement liquidity facility provider pursuant to the terms of the Liquidity Facility Agreement within the required time, then the Issuer will require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a ''**Stand-by Drawing**'') into a designated bank account of the Issuer (the ''**Stand-by Account**'') maintained with the Account Bank or, if the Account Bank ceases to have the Requisite Rating, the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have the Requisite Rating, any bank which has the Requisite Rating. In the event that the Administrator makes a Stand-by Drawing, the Administrator is required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments. Amounts standing to the credit of the Stand-by Account (excluding any interest earned on such Account and any amounts earned on Eligible Investments, which shall be for the account of the Liquidity Facility Provider) will be available to the Issuer for the purposes of making Income Deficiency Drawings as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement.

''**Eligible Investments**'' means (i) sterling denominated government securities or (ii) sterling demand or time deposits, certificates of deposit, money market funds and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated ''A-1+'' by S&P, ''P-1'' by Moody's or ''F-1+'' by Fitch or are otherwise acceptable to the Rating Agencies and, where such investments will mature in three months or more, the Rating Agencies have affirmed that the proposed investments would not result in the downgrading of the Notes.

4. Principal Losses

A ''**Principal Loss**'' in respect of a Loan means an amount equal to the aggregate of principal written off on completion of the enforcement procedures in respect of the Loan (including enforcement procedures in relation to its Loan Security and after any resolution with the relevant Borrower) plus any related costs including swap breakage costs, Liquidation Fees and Workout Fees.

On the Interest Payment Date following the occurrence of a Principal Loss, the Principal Amount Outstanding of the Notes will be reduced by an amount equal to the Principal Loss as follows: first, the Principal Amount Outstanding of the Class E Notes will be reduced until the Principal Amount Outstanding of the Class E Notes is zero; second, the Principal Amount Outstanding of the Class D

Notes will be reduced until the Principal Amount Outstanding of the Class D Notes is zero; third, the Principal Amount Outstanding of the Class C Notes will be reduced until the Principal Amount Outstanding of the Class C Notes is zero; fourth, the Principal Amount Outstanding of the Class B Notes will be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and fifth, the Principal Amount Outstanding of the Class A Notes will be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

5. The Swap Agreement

On or before the Closing Date, the Issuer will enter into the Swap Agreement with the Swap Counterparty and the Swap Transactions pursuant thereto (each as described below).

Basis Hedging

In respect of all of the Loans which bear, or may in the future bear, a floating rate of interest (whether for the life of the Loan or any lesser time), such rate of interest is determined on a different date to that on which the rate of interest payable on the Notes is determined (the ''**Interest Determination Date**''). Accordingly, the Issuer is exposed to any movements in LIBOR between the date on which the rate of interest is fixed for such Loans and the Interest Determination Date which could result in there being insufficient interest paid under such Loans to meet the interest payable on the Notes on the next Interest Payment Date. Accordingly, the Issuer will enter into Swap Transactions, pursuant to the Swap Agreement, with the Swap Counterparty in order to protect itself against such risk arising. The Swap Transactions to be entered into are basis rate swap transactions (the ''**Basis Rate Swap Transactions**'').

Under the terms of each Basis Rate Swap Transaction, the Issuer will exchange a certain payment based on the three-month sterling LIBOR setting in respect of such Loans for a payment based on the three-month sterling LIBOR setting in respect of the Notes as determined on the Interest Determination Date.

Where the Loan bears a floating rate of interest for some but not the entire life of the Loan, the Issuer will, on the date on which the floating rate of interest changes to a fixed rate of interest, enter into appropriate hedge arrangements with a swap counterparty acceptable to the Rating Agencies to protect the Issuer against the interest rate risk arising out of such change. The fixed rate of interest payable by the relevant Borrower would cover the costs which the Issuer would or will incur as a result of having to enter into appropriate hedging arrangements in order to ensure that the Issuer continues to receive interest at a floating rate equivalent to the floating rate of interest that was previously payable on the Loan.

Interest Rate Hedging

In respect of all of the Loans which bear, or may in the future bear, a fixed rate of interest (whether for the life of the Loan or any lesser time), there is a risk that such fixed rate of interest could result in there being insufficient interest paid under such Loans to meet the floating rate interest payable on the Notes on the next Interest Payment Date. Accordingly, the Issuer will enter into Swap Transactions, pursuant to the Swap Agreement, with the Swap Counterparty in order to protect itself against such interest rate risk arising. The Swap Transactions to be entered into are interest rate swap transactions (the ''**Interest Rate Swap Transactions**'').

Where the Loan bears a fixed rate of interest for some but not the entire life of the Loan, the Interest Rate Swap Transaction will terminate on the date on which the fixed rate of interest changes to a floating rate of interest. Contemporaneously with the termination of the Interest Rate Swap Transaction, the Issuer will enter into appropriate hedge arrangements with a swap counterparty acceptable to the Rating Agencies to protect the Issuer against the risk of any movements in LIBOR between the date on which the rate of interest is fixed for such Loan and the Interest Determination Date.

Under the terms of each Interest Rate Swap Transaction, the Issuer will pay to the Swap Counterparty on each Interest Payment Date an amount equal to the excess (if any) of an amount determined by reference to the fixed rate payments payable by each Borrower during the relevant Interest Period (''**X**'') over an amount determined by reference to three-month sterling LIBOR (''**Y**'') and the Swap Counterparty will pay to the Issuer an amount equal to the excess (if any) of Y over X.

General Terms

The Swap Transactions may be terminated in accordance with certain termination events and events of default, only some of which are more particularly described below and, if a Swap Transaction is terminated in whole or in part, a termination payment may be due.

Subject to the following, the Swap Counterparty is obliged only to make payments under the Swap Transactions to the extent that the Issuer makes the corresponding payments thereunder. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Swap Transactions will constitute a default thereunder and entitle the Swap Counterparty to terminate the Swap Transactions.

The Swap Counterparty will be obliged to make payments under the Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Swap Counterparty will be required to pay such additional amount as is necessary to ensure that the net amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required or, if such withholding or deduction is a withholding or deduction which will or would be or become the subject of any tax credit, allowance, set-off, repayment or refund to the Swap Counterparty, the Issuer and the Swap Counterparty shall use all reasonable efforts to reach an agreement to mitigate the incidence of tax on the Swap Counterparty.

The Swap Agreement will, *inter alia,* provide that if due to action taken by a taxing authority or brought in a court of competent jurisdiction or any change in tax law either the Issuer or the Swap Counterparty will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax, the Swap Counterparty will use its reasonable efforts to transfer its rights and obligations to another of its offices or affiliates located in another jurisdiction to avoid the relevant deduction or holding of tax. If such transfer cannot be effected, the Swap Agreement and the Swap Transactions may be terminated. If the Swap Agreement is terminated and the Issuer is unable to find a replacement Swap Counterparty, the Issuer may redeem all of the Notes in full. Such redemption will be made by the Issuer in an amount equal to the then aggregate Principal Amount Outstanding of each class of Notes plus interest accrued and unpaid thereon. See ''*Terms and Conditions of the Notes – Condition 5(e*)''. The Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Swap Counterparty may, at its own discretion and at its own expense, transfer its rights and obligations under the Swap Agreement (including the Swap Transactions) to any third party provided the Rating Agencies have previously confirmed in writing that such assignment and transfer would not cause a downgrading of the then applicable ratings of the Notes and provided further that such third party agrees to be bound by, *inter alia*, the terms of the Deed of Charge and Assignment, on substantially the same terms as the Swap Counterparty.

The Issuer is not obliged to gross up any of its payments under the Swap Agreements.

The obligations of the Issuer under the Swap Agreements are subject to limited recourse, whereby the obligations of the Issuer are extinguished to the extent that funds available to the Issuer and applied pursuant to the relevant priority of payments, are not sufficient to pay in full the obligations of the Issuer under the Basis Swap Transactions and/or the Interest Rate Swap Transactions. The Swap Counterparty agrees to non-petition language, that is, it agrees, for a period of two years and one day after the Maturity Date, not to take any steps to enforce any outstanding rights it may have against the Issuer.

6. Swap Counterparty Downgrade Event

The downgrade triggers set out herein are merely a summary of the first level downgrade triggers of each Rating Agency which are applicable to the Swap Counterparty. The downgrade triggers below the first level triggers are set out in the Swap Agreement.

If the rating of the short-term unsecured, unguaranteed and unsubordinated debt obligations of the Swap Counterparty falls below ''A-1'' by S&P, ''P-1'' by Moody's or ''F-1'' by Fitch, or the rating of the long-term unsecured, unsubordinated debt obligations of the Swap Counterparty falls below ''A1'' by Moody's, or if any of the aforementioned ratings is withdrawn, in each case, at any time, then the Swap Counterparty is required, bearing in each case all costs associated therewith, to:

(i) appoint, within 30 days of such rating downgrade or rating withdrawal, a replacement swap counterparty acceptable to the Rating Agencies with a rating of its short-term unsecured,

unguaranteed and unsubordinated debt obligations of at least ''A-1'' by S&P, ''P-1'' by Moody's and ''F-1'' by Fitch and a rating of its long-term unsecured, unsubordinated debt obligations of at least ''A1'' by Moody's (provided such replacement third party is located in the same tax jurisdiction as the Issuer or the Swap Counterparty or such other jurisdiction such that the Issuer would not suffer adverse tax consequences); or

(ii) appoint, within 30 days of such rating downgrade or rating withdrawal, (a) a swap guarantor acceptable to the Rating Agencies with a rating of its short-term unsecured, unguaranteed and unsubordinated debt obligations of at least ''A-1'' by S&P, ''P-1'' by Moody's and ''F-1'' by Fitch and a rating of its long-term unsecured, unsubordinated debt obligations of at least ''A1'' by Moody's who is domiciled in the same legal jurisdiction to the Issuer or the Swap Counterparty; or

(iii) execute, within 30 days of the rating downgrade or rating withdrawal, either, the Swap Credit Support Document (as defined below) or such other form of document as is acceptable to the Issuer and, in the latter case, in compliance with the applicable swap collateral requirements of the Rating Agencies, if it has not already been executed, and deliver to the Issuer collateral (which collateral may be in the form of cash or securities and shall, in the case of securities be marked-to-market, determine compliance with the Rating Agencies requirements) in respect of its obligations under the Swap Transactions in an amount or value determined in accordance with the swap collateral requirements of the Rating Agencies as set out in the Schedule to the Swap Agreement; or

(iv) deal with such downgrade or rating withdrawal as otherwise agreed by the Rating Agencies.

If the rating of the short-term or the long-term unsecured, unguaranteed and unsubordinated debt obligations of the Swap Counterparty falls below a further Moody's rating level, the Swap Counterparty will be obliged to take such actions as are set out in the Schedule to the Swap Agreement.

7. Swap Credit Support Document to be entered into upon Swap Counterparty Downgrade

If at any time the Swap Counterparty is required to provide collateral in respect of any of its obligations under the Swap Agreement, the Issuer and the Swap Counterparty will enter into a collateral agreement in the form of a 1995 ISDA Credit Support Annex (Bilateral Form – Transfer) or in such other form acceptable to the Issuer (the ''**Swap Credit Support Document**''). The Swap Credit Support Document will provide that, from time to time, subject to the conditions specified in the Swap Credit Support Document, the Swap Counterparty will make transfers of collateral to the Issuer in support of its obligations under the Swap Agreement and the Issuer will be obliged to return equivalent collateral in accordance with the terms of the Swap Credit Support Document. References in this Offering Circular to the Swap Credit Support Document are references to such agreement as and when entered into between the Issuer and the Swap Counterparty.

Collateral that may be required to be posted by the Swap Counterparty pursuant to the Swap Credit Support Document may be delivered in the form of cash and/or securities. Cash will be paid into the Swap Collateral Cash Account and securities will be transferred to the Swap Collateral Custody Account. References in this Offering Circular to the Swap Collateral Cash Account and to the Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to and to payments from such accounts as and when opened by the Issuer.

If the Swap Collateral Cash Account and the Swap Collateral Custody Account are opened, amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or equivalent to distributions received on securities held in the Swap Collateral Custody Account, are required to be paid to the Swap Counterparty in accordance with the terms of the Swap Credit Support Document and the Deed of Charge and Assignment in priority to any other payment obligations of the Issuer, other than to the Trustee and for a receiver following the enforcement of the Notes.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

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

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

(a) no Loans are sold by the Issuer or the Split Loans Purchaser;

(b) no Loans default, prepay* or are enforced and no loss arises;

(c) the Swap Agreement will not be terminated;

(d) no call or put option is exercised; and

(e) the Closing Date is 25th November, 2003

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

Payment Date of Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
			(per cent.)		
5th Feb, 2004	99	100	100	100	100
5th May, 2004	98	100	100	100	100
5th Aug, 2004	98	100	100	100	100
5th Nov, 2004	96	100	100	100	100
5th Feb, 2005	96	100	100	100	100
5th May, 2005	96	100	100	100	100
5th Aug, 2005	96	100	100	100	100
5th Nov, 2005	96	100	100	100	100
5th Feb, 2006	91	100	100	100	100
5th May, 2006	91	100	100	100	100
5th Aug, 2006	83	100	100	100	100
5th Nov, 2006	77	100	100	100	100
5th Feb, 2007	73	100	100	100	100
5th May, 2007	72	100	100	100	100
5th Aug, 2007	51	100	100	100	100
5th Nov, 2007	41	100	100	100	100
5th Feb, 2008	41	100	100	100	100
5th May, 2008	41	100	100	100	100
5th Aug, 2008	40	100	100	100	100
5th Nov, 2008	20	100	100	100	100
5th Feb, 2009	19	100	100	100	100
5th May, 2009	19	100	100	100	100
5th Aug, 2009	19	100	100	100	100
5th Nov, 2009	19	100	100	100	100
5th Feb, 2010	19	100	100	100	100
5th May, 2010	0	98	100	100	100
5th Aug, 2010	0	96	100	100	100
5th Nov, 2010	0	95	100	100	100
5th Feb, 2011	0	93	100	100	100
5th May, 2011	0	92	100	100	100
5th Aug, 2011	0	90	100	100	100
5th Nov, 2011	0	88	100	100	100
5th Feb, 2012	0	5	100	100	100
5th May, 2012	0	4	100	100	100
5th Aug, 2012	0	3	100	100	100
5th Nov, 2012	0	2	100	100	100
5th Feb, 2013	0	1	100	100	100
5th May, 2013	0	0	100	100	100
5th Aug, 2013	0	0	98	100	100
5th Nov, 2013	0	0	96	100	100
5th Feb, 2014	0	0	94	100	100
5th May, 2014	0	0	93	100	100
5th Aug, 2014	0	0	91	100	100
5th Nov, 2014	0	0	89	100	100
5th Feb, 2015	0	0	87	100	100

Payment Date of Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes	Class E Notes
			(per cent.)		
5th May, 2015	0	0	86	100	100
5th Aug, 2015	0	0	84	100	100
5th Nov, 2015	0	0	82	100	100
5th Feb, 2016	0	0	0	0	0
Weighted Average Life	4.2	8.1	11.9	12.2	12.2
First Principal Payment Date	5th Feb, 04	5th May, 10	5th May, 13	5th Feb, 16	5th Feb, 16
Last Principal Payment Date..	5th May, 10	5th May, 13	5th Feb, 16	5th Feb, 16	5th Feb, 18

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

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

The day count fraction used for the above was ''*30/360*'', being the number of days in the relevant period divided by 360 (the number of days being calculated on the basis of a year of 360 days with 12 30-day months).

* Except, in the case of one Loan only, for prepayments related to a borrower disposal programme.

TERMS AND CONDITIONS OF THE NOTES

The following are the terms and conditions of the Notes in the form (subject to amendment) in which they will be set out in the Trust Deed.

The £282,365,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class A Notes**''), the £36,435,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class B Notes**''), the £19,130,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class C Notes**''), the £20,040,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2018 (''**Class D Notes**'') and the £6,365,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2018 (the ''**Class E Notes**'' and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the ''**Notes**'') of Opera Finance No. 1 plc (the ''**Issuer**'') are constituted by a trust deed dated on or about 25th November, 2003 (the ''**Trust Deed**'', which expression includes such trust deed as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) and made between the Issuer and Deutsche Trustee Company Limited (the ''**Trustee**'', which expression includes its successors or any further or other trustee under the Trust Deed) as trustee for the holders for the time being of the Notes. Any reference to a ''**class**'' of Notes or of Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes or any or all of their respective holders, as the case may be.

These terms and conditions (''**Conditions**'') include summaries of, and are subject to the detailed provisions of, the Trust Deed and the Deed of Charge and Assignment (as defined below). The following agreements have been or will be entered into on or prior to the Closing Date in relation to the Notes:

(i) an agency agreement dated on or about 20th November, 2003 (the ''**Agency Agreement**'') between the Issuer, Deutsche Bank AG London in its capacity as principal paying agent (the ''**Principal Paying Agent**'', which expression shall include any successor or substitute principal paying agent) and in its capacity as agent bank (the ''**Agent Bank**'') and Deutsche International Corporate Services (Ireland) Limited in its capacity as Irish paying agent (the ''**Irish Paying Agent**'', which expression shall include any successor or substitute Irish paying agent and, together with the Principal Paying Agent and any other paying agent appointed pursuant to the Agency Agreement, the ''**Paying Agents**'') and the Trustee;

(ii) an account bank agreement dated on or about the Closing Date (the ''**Account Bank Agreement**'') between Deutsche Bank AG London in its capacity as account bank (the ''**Account Bank**'', which expression shall include any successor or substitute bank appointed pursuant to the terms of the Account Bank Agreement), the Issuer, Opera SLP No.1 Limited in its capacity as split loans purchaser (the ''**Split Loans Purchaser**'') and split loans trustee (the ''**Split Loans Trustee**'') and the Trustee;

(iii) a deed of charge and assignment dated on or about the Closing Date (the ''**Deed of Charge and Assignment**'') between, *inter alios*, the Issuer and the Trustee;

(iv) an administration agreement dated on or about the Closing Date (the ''**Administration Agreement**'') between the Issuer, the Split Loans Purchaser, the Split Loans Trustee, the Trustee, Eurohypo Aktiengesellschaft, London Branch (''**Eurohypo**'') in its capacity as administrator (the ''**Administrator**'', which expression shall include any successor or substitute administrator appointed pursuant to the terms of the Administration Agreement) and Eurohypo in its capacity as the special servicer (the ''**Special Servicer**'', which expression shall include any successor or substitute special servicer appointed pursuant to the terms of the Administration Agreement);

(v) a liquidity facility agreement dated on or about the Closing Date (the ''**Liquidity Facility Agreement**'') between the Issuer and The Royal Bank of Scotland plc in its capacity as liquidity facility provider (the ''**Liquidity Facility Provider**'', which expression shall include any person to whom some or all of the rights and obligations under the Liquidity Facility Agreement are transferred or novated) and the Trustee;

(vi) a swap agreement (including the schedule thereto and any Swap Confirmations) dated on or about the Closing Date (the ''**Swap Agreement**'') between the Issuer and The Royal Bank of Scotland plc in its capacity as the swap counterparty (the ''**Swap Counterparty**'', which

expression shall include any person to whom some or all of the rights and obligations are transferred or novated);

(vii) a loan sale agreement dated on or about the Closing Date (the ''**Issuer Loan Sale Agreement**'') between Eurohypo in its capacity as transferor (the ''**Transferor**''), the Issuer and the Trustee;

(viii) a loan sale agreement dated on or about the Closing Date (the ''**Split Loan Sale Agreement**'' and, together with the Issuer Loan Sale Agreement, the ''**Loan Sale Agreements**'') between the Transferor and the Split Loans Purchaser;

(ix) a corporate services agreement dated on or about the Closing Date (the ''**Issuer Corporate Services Agreement**'') between the Issuer, Structured Finance Management Limited (the ''**Corporate Services Provider**''), SFM Corporate Services Limited (the ''**Share Trustee**'') and the Trustee and a corporate services agreement dated on or about the Closing Date (the ''**Split Loans Purchaser Corporate Services Agreement**'' and, together with the Issuer Corporate Services Agreement, the ''**Corporate Services Agreements**'') between the Split Loans Purchaser and the Corporate Services Provider;

(x) an agreement for declaration of trust dated on or about the Closing Date (the ''**Agreement for Declaration of Trust**'') between, *inter alios*, the Issuer and the Split Loans Purchaser;

(xi) a declaration of trust declared on or about the Closing Date (the ''**Declaration of Trust**'') by the Split Loans Trustee;

(xii) a loan agreement dated on or about the Closing Date (the ''**SLP Loan Agreement**'') between Eurohypo and the Split Loans Purchaser;

(xiii) a subscription agreement dated on or about 20th November, 2003 (the ''**Subscription Agreement**'') between, *inter alios*, The Royal Bank of Scotland plc, Citigroup Global Markets Limited and the Issuer;

(xiv) a Class E Note subscription agreement dated on or about 20th November, 2003 (the ''**Class E Note Subscription Agreement**'') between, *inter alios*, Eurohypo and the Issuer; and

(xv) a master definitions agreement dated on or about the Closing Date (the ''**Master Definitions Agreement**'') between, *inter alios*, the Issuer and the Trustee.

Copies of the Trust Deed, the Agency Agreement, the Account Bank Agreement, the Deed of Charge and Assignment, the Administration Agreement, the Liquidity Facility Agreement, the Loan Sale Agreements, the Corporate Services Agreements, the Agreement for Declaration of Trust, the Declaration of Trust, the SLP Loan Agreement, the Subscription Agreement, the Swap Agreement and the Master Definitions Agreement are available for inspection during normal business hours at the principal office of the Principal Paying Agent (presently at Winchester House, 1 Great Winchester Street, London EC2N 2DB) and the Irish Paying Agent (presently at 5 Harbourmaster Place, I.F.S.C. Dublin 1) for the time being. Noteholders and the holders (the ''**Couponholders**'') of the interest coupons relating to the Notes in definitive form (the ''**Coupons**'') and, where applicable, talons for further Coupons (the ''**Talons**'') are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Deed and the other Transaction Documents applicable to them.

1. Definitions

''**Adjusted Interest Amount**'' means an amount equal to (x) the Available Interest Receipts in respect of an Interest Payment Date plus (y) any amounts available in the Reserve Account (minus, after the Step-up Date, any amounts standing to the credit of the Reserve Account applied on such Interest Payment Date to pay any shortfall in the payment of interest on the Class A Notes and/or the Class B Notes and/or the Class C Notes) minus (z) the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to the payment of interest on the Class D Notes or the Class E Notes, as the case may be, in accordance with the Deed of Charge and Assignment.

''**Amortisation Funds**'' has the meaning given to such term in Condition 5(b)(A).

''**Applicable Principal Losses**'' means on any Interest Payment Date, in relation to each of the Notes of a particular class, a *pro rata* share of the amount equal to the aggregate amount of Principal Losses required to be applied to the Notes of that class on such Interest Payment Date in accordance with Condition 5(g) (rounded down to the nearest penny).

''**Available Amortisation Funds**'' has the meaning given to such term in Condition 5(b)(A).

''**Available Final Redemption Funds**'' has the meaning given to such term in Condition 5(b(C).

''**Available Interest Receipts**'' means, on each Interest Payment Date, prior to the service of a Note Enforcement Notice, the aggregate amount of:

(i) all Borrower Interest Receipts transferred by or at the direction of the Administrator into the Transaction Account during the Collection Period ended immediately before such Interest Payment Date (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the Priority Amounts or applied to make any relevant payment pursuant to the Swap Agreement or Swap Credit Support Document on such date);

(ii) any amounts in respect of interest transferred by or at the direction of the Administrator from the Split Loans Account into the Transaction Account during the Collection Period ended immediately before such Interest Payment Date;

(iii) any payments (other than any amounts provided by the Swap Counterparty by way of collateral pursuant to the Swap Credit Support Document) received by the Issuer under a Swap Transaction including any Swap Agreement Breakage Receipts (less amounts received by the Issuer upon termination of the Swap Agreement where the Swap Counterparty was the Defaulting Party);

(iv) the proceeds of any Income Deficiency Drawing made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date;

(v) any interest accrued upon the Issuer's Accounts and paid into the Transaction Account together with the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer's Accounts and paid into the Transaction Account; and

(vi) any amount deducted from Principal Recovery Funds for the purpose of paying Liquidation Fees and/or Workout Fees.

''**Available Prepayment Redemption Funds**'' has the meaning given to such term in Condition 5(b)(B).

''**Available Principal**'' means, on each Interest Payment Date, the Available Amortisation Funds, the Available Prepayment Redemption Funds, the Available Final Redemption Funds and the Available Principal Recovery Funds, collectively, in respect of the Collection Period ending immediately before such Interest Payment Date.

''**Available Principal Recovery Funds**'' has the meaning given to such term in Condition 5(b)(D).

''**Bilateral Loans**'' means the two Loans drafted on a bilateral basis.

''**Borrower**'' means, in relation to each Loan, the person or persons specified as such in the relevant Loan Agreement.

''**Borrower Interest Receipts**'' means all payments of interest, fees (including prepayment fees), breakage costs (other than Swap Agreement Breakage Receipts), expenses, commissions and other sums paid by Borrowers in respect of a Loan and/or its Loan Security (other than any payment in respect of principal) including recoveries in respect of such amounts on enforcement of a Loan or Loan Security.

''**Business Day**'', in these Conditions (other than in relation to Condition 5 and Condition 6), means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

''**Calculation Date**'' means the second Business Day prior to the relevant Interest Payment Date save in respect of the Final Interest Payment Date when it means the actual Interest Payment Date falling in February 2018.

''**Class A Noteholders**'' means holders of the Class A Notes.

''**Class B Noteholders**'' means holders of the Class B Notes.

''**Class C Noteholders**'' means holders of the Class C Notes.

''**Class D Noteholders**'' means holders of the Class D Notes.

''**Class E Noteholders**'' means holders of the Class E Notes.

''**Closing Date**'' means 25th November, 2003 or such other date as may be agreed between the Issuer and the managers that are parties to the Subscription Agreement.

''**Collection Period**'' has the meaning given to such term in Condition 5(b)(A).

''**Cut-Off Date**'' means 31st July, 2003.

''**Debenture**'' means a debenture granted by a Borrower or a Mortgagor over all its assets as security for a Loan and for other liabilities owing from time to time to the Transferor, brief particulars of which are set out in Schedule 3 Part B of the Loan Sale Agreements.

''**Defaulting Party**'' means the party regarded as being in default pursuant to the Swap Agreement.

''**Deferred Consideration**'' means the amounts payable by way of deferred consideration for the purchase of the Loans and the Loan Security pursuant to the Loan Sale Agreements.

''**Definitive Notes**'' means in respect of any class of Notes, the Notes of the relevant class in definitive form.

''**Duty of Care Agreement**'' means a duty of care agreement between the Transferor and a managing agent of a Property listed in Schedule 3 Part B of the Loan Sale Agreements under which, *inter alia*, such managing agent agrees to collect rents due from and to make certain payments on behalf of a Borrower in respect of one or more Properties.

''**Eligible Investments**'' means (i) sterling denominated government securities or (ii) sterling demand or time deposits, certificates of deposit, money market funds and short-term debt obligations (including commercial paper), provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated ''A-1+'' by S&P, ''F-1+'' by Fitch, ''P-1'' by Moody's or are otherwise acceptable to the Rating Agencies and, where such investments will mature on or after three months the long-term unsecured, unguaranteed and unsubordinated debt obligations of such entity are rated ''A1'' by Moody's and ''A'' by Fitch and subject to rating agency confirmation.

''**Eligible Noteholders**'' means:

(a) the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding; or

(b) if there are no Class A Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class B Notes then outstanding; or

(c) if there are no Class A Notes and Class B Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class C Notes then outstanding; or

(d) if there are no Class A Notes, Class B Notes and Class C Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class D Notes then outstanding; or

(e) if there are no Class A Notes, Class B Notes, Class C Notes and Class D Notes outstanding, the holders of not less than 25 per cent. in aggregate of the Principal Amount Outstanding of the Class E Notes then outstanding.

''**Event of Default**'' has the meaning given to such term in Condition 9(a).

''**Extraordinary Resolution**'' has the meaning given to such term in Condition 11(c).

''**Final Interest Payment Date**'' means the Interest Payment Date falling in February 2018.

''**Final Redemption Funds**'' has the meaning given to such term in Condition 5(b)(C).

''**Interest Amount**'' has the meaning given thereto in Condition 4(d).

''**Income Deficiency Drawing**'' means a loan made under the Income Deficiency Facility.

''**Income Deficiency Facility**'' means the facility referred to in Clause 2.1(a) of the Liquidity Facility Agreement.

''**Interest Determination Date**' means the first Business Day of each Interest Period and, in the case of the first Interest Period, the Closing Date.

''**Interest Payment Date**'' means the 5th day of February, May, August and November in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day).

''**Interest Period**'' means the period from (and including) an Interest Payment Date (or, in respect of the payment of the first Interest Amount, the Closing Date) to (but excluding) the next following Interest Payment Date (or, in respect of the payment of the first Interest Period, the Interest Payment Date falling in February 2004).

''**Interest Residual Amount**'' has the meaning given to such term in Condition 15(a).

''**Irish Stock Exchange**'' means the Irish Stock Exchange Limited.

''**Issuer's Accounts**'' means the Transaction Account, the Reserve Account, the Swap Collateral Cash Account and the Swap Collateral Custody Account.

''**Issuer Loan**'' means a loan purchased by the Issuer from the Transferor pursuant to the Issuer Loan Sale Agreement as more particularly identified in Schedule 3 Part A of the Issuer Loan Sale Agreement, including the relevant Loan File.

''**Issuer Loan Security**'' means the Mortgages, Debentures, Subordination Agreements, Duty of Care Agreements, share charges, guarantees, charges over cash deposits, rental assignations (in each case, if any) and for any other security granted by any person in respect of a Borrower's liabilities under or in respect of an Issuer Loan, the beneficial interest in the Security Trust created over which is to be acquired by the Issuer pursuant to the Issuer Loan Sale Agreement.

''**Issuer Security**'' means the security created by or pursuant to Clause 3 of the Deed of Charge and Assignment.

''**Liquidation Fee**'' means a liquidation fee payable to the Special Servicer in respect to a Specially Serviced Loan in accordance with the terms and conditions of the Administration Agreement.

''**Loan Agreement**'' means, in respect of any Loan, the loan agreement documenting such Loan.

''**Loan Documentation**'' means the documents listed in Schedule 3 Part B of the Loan Sale Agreements.

''**Loan File**'' means the file relating to each Loan containing, *inter alia*:

(a) all material correspondence, notices, notes and confirmations relating to that Loan and the Loan Security including accounts, books and records showing transactions, payments, receipts, proceedings and notices relating to the relevant Loan; and

(b) the completed Loan Documentation applicable to that Loan (other than the Mortgage Deeds) including the surveyor's report and the solicitor's report on title.

''**Loans**'' means each of the Issuer Loans and each of the Split Loans and ''**Loan**'' means any one of them.

''**Loan Security**'' means the Issuer Loan Security and the Split Loan Security.

''**Mortgage**'' means a first-ranking charge by way of legal mortgage or Standard Security granted by a Mortgagor in respect of one or more Properties and identified in Schedule 3 Part B of the Loan Sale Agreements.

''**Mortgage Deeds**'' means:

(a) all deeds and documents of title to a Property and associated papers received from a solicitor including the results of any searches and enquiries and any consents to the relevant Loan or its Loan Security;

(b) the Mortgage and any Loan Security for any Loan; and

(c) where relevant, any deed of postponement, ranking agreement, form of consent or deed of variation.

''**Mortgagor**'' means each person providing security of any form in connection with the obligations and liabilities of a Borrower under any Loan.

''**Most Senior Class of Notes**'' means:

(a) while any Class A Notes are outstanding, the Class A Notes;

(b) if no Class A Notes are outstanding, the Class B Notes:

(c) If no Class A Notes or Class B Notes are outstanding, the Class C Notes:

(d) if no Class A Notes, Class B Notes or Class C Notes are outstanding, the Class D Notes: and

(e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the Class E Notes.

''**Note Enforcement Notice**'' has the meaning given thereto in Condition 9(a).

''**Note Principal Payment**'' means the principal amount (if any) to be redeemed in respect of each Note.

''**Noteholders**'' means holders of the Notes.

''**Noteholder Shortfall Amount**'' means the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class D Notes or the Class E Notes exceeds the Adjusted Interest Amount in respect of such class of Notes.

''**Noteholder Shortfall Funds**'' means Available Interest Receipts which are available to be applied pursuant to item q of Clause 6.2.2 of the Deed of Charge and Assignment (in respect of the Class D Notes) or item r of Clause 6.2.2 of the Deed of Charge and Assignment (in respect of the Class E Notes) after amounts ranking in priority thereto have been paid in full.

''**Pool Factor**'' has the meaning given thereto in Condition 5(g).

''**Pre-Enforcement Principal Priority of Payments**'' has the meaning given to such term in Condition 5(b).

''**Prepayment Redemption Funds**'' has the meaning given to such term in Condition 5(b)(B).

''**Principal Amount Outstanding**'' means, in respect of a Note of any class on any date, the nominal amount thereof on the date of issuance thereof less (a) the aggregate amount of all Note Principal Payments in respect of such Note that have been paid since the Closing Date and on or prior to the date of calculation and (b) the aggregate amount of all Applicable Principal Losses in respect of such Note that have arisen since the Closing Date and on or prior to the date of calculation.

''**Principal Loss**'' means in respect of a Loan an amount equal to the aggregate of principal written off on completion of the enforcement procedures in respect of the Loan (including enforcement procedures in relation to its Loan Security and after any final resolution with the relevant Borrower) plus any related costs including swap breakage costs, Liquidation Fees and Workout Fees.

''**Principal Recovery Funds**'' has the meaning given to such term in Condition 5(b)(D).

''**Priority Amounts**'' means any sums due to third parties (other than the Administrator, the Liquidity Facility Provider, the Swap Counterparty, the Transferor (except as specified in this definition), the Special Servicer, the Corporate Services Provider, the Share Trustee, the Trustee, the Paying Agents, the Agent Bank or the Account Bank), including the Issuer's and the Split Loans Trustee's liability, if any, to corporation tax and/or value added tax, on a date other than an Interest Payment Date under obligations incurred in the course of the Issuer's or the Split Loans Trustee's business, including any amounts payable by the Issuer to the Transferor pursuant to the Issuer Loan Sale Agreement (other than amounts forming a part of Deferred Consideration).

''**Property**'' means a property identified in Schedule 4 of the Loan Sale Agreements.

''**Rate of Interest**'' means the rates of interest payable from time to time in respect of each class of Notes.

''**Rating Agencies**'' has the meaning given thereto in Condition 14(c).

''**Reference Banks**'' has the meaning given to such term in Condition 4(h).

''**Relevant date**'' has the meaning given to such term in Condition 8.

''**Relevant Margin'' means:**

(A) in respect of the Class A Notes, 0.50 per cent. per annum from (and including) the Closing Date (to but excluding) the Interest Payment Date falling in February 2009 (the ''**Step-up Date**'') and from (and including) the Step-up Date a margin of 0.75 per cent. per annum;

(B) in respect of the Class B Notes, 0.80 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 1.20 per cent. per annum;

(C) in respect of the Class C Notes, 1.20 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 1.80 per cent. per annum;

(D) in respect of the Class D Notes, 2.375 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 3.5625 per cent. per annum; and

(E) in respect of the Class E Notes, 2.75 per cent. per annum from (and including) the Closing Date (to but excluding) the Step-up Date and from (and including) the Step-up Date a margin of 4.125 per cent. per annum.

''**Requisite Rating**'' means, in relation to any party, an ''A-1+'' rating (or its equivalent) by S&P, a ''F-1+'' rating (or its equivalent) by Fitch and ''P-1'' rating (or its equivalent) by Moody's for such party's short term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is commensurate with the ratings assigned to the Notes from time to time).

''**Reserve Account**'' means the account no. 12502903 sort code 40-50-81 in the name of the Issuer and entitled ''*Opera Transaction No. 1 plc Reserve Account*'' at the Account Bank or such other account of the Issuer as the Trustee may approve with the Account Bank in accordance withe the provisions of the Account Bank Agreement and which will be subject to the terms of the Administration Agreement;

''**Screen Rate**'' has the meaning given thereto in Condition 4(c)(ii).

''**Secured Parties**'' means each of the Noteholders, the Trustee, the Corporate Services Provider, the Share Trustee, the Administrator, the Special Servicer, the Liquidity Facility Provider, the Swap Counterparty, the Paying Agents, the Agent Bank and the Account Bank.

''**Security Trustee Declarations of Trust**'' means the declarations of trust by Eurohypo in relation to the relevant Loan Security in respect of the Bilateral Loans.

''**Security Trusts**'' means the trusts pursuant to which the Loan Security is held on trust by the Facility Agent or Issuer Security Trustee.

''**Specially Serviced Loan**'' means a Loan which has become a specially serviced loan under the terms and conditions of the Administration Agreement.

''**Split Loan**'' means a loan purchased by the Split Loans Purchaser from the Transferor pursuant to the Split Loan Sale Agreement as more particularly identified in Schedule 3 Part A of the Split Loan Sale Agreement, including the relevant Loan File.

''**Split Loans Account**'' means the account in the name of the Split Loans Trustee, with account number 12814601 at the Account Bank with sort code 40-50-81.

''**Split Loan Security**'' means the Mortgages, Debentures, Subordination Agreements, Duty of Care Agreements, share charges, guarantees, charges over cash deposits, rental assignations (in each case, if any) and/or any other security granted by any person in respect of a Borrower's liabilities under or in respect of a Split Loan, the beneficial interest in the Security Trust created over which is to be acquired by the Split Loans Purchaser pursuant to the Split Loan Sale Agreement.

''**Standard Security**'' means in the case of a Property situated in Scotland, a standard security granted over the relevant Property.

''**Stand-by Account**'' means the account no. 12502902 sort code 40-50-81 in the name of the Issuer and entitled ''*Opera Finance No. 1 plc Stand-by Account*'' at the Account Bank or, if the Account Bank ceases to have the Requisite Rating, the Liquidity Facility Provider or, if the Liquidity Facility Provider ceases to have the Requisite Rating, a bank which has the Requisite Rating.

''**Stand-by Drawing**'' means a loan made or to be made under the Stand-by Facility.

''**Stand-by Facility**'' means the facility referred to in Clause 2.1(b) of the Liquidity Facility Agreement.

''**Subordination Agreement**'' means a subordination agreement under which any other debt of the relevant Borrower is subordinated to the lender, or a deed of priority pursuant to which the debt of the relevant Borrower is effectively subordinated to the lender.

''**Swap Agreement Breakage Receipts**'' means all amounts paid to the Issuer under the Swap Agreement as a result of the termination thereof.

''**Swap Collateral Cash Account**'' means the interest bearing account that may be opened by the Issuer upon the entry into of the Swap Agreement Credit Support Document to be entitled ''*Opera Finance No. 1 plc Swap Collateral Cash Account*'' at the Account Bank or such other account of the Issuer as the Trustee may approve with the Account Bank in accordance with the provisions of the Account Bank Agreement and which will be subject to the terms of the Administration Agreement.

''**Swap Collateral Custody Account**'' means the custody account that may be opened by the Issuer upon the entry into of the Issuer Swap Agreement Credit Support Document to be entitled ''*Opera Finance No. 1 plc Swap Collateral Custody Account*'' at the Account Bank or such other account of the Issuer as the Trustee may approve with the Account Bank in accordance with the provisions of the Account Bank Agreement and which will be subject to the terms of the Administration Agreement.

''**Swap Confirmations**'' means the confirmations to be delivered pursuant to the Swap Agreement evidencing the Swap Transactions and which supplement and form part of the Swap Agreement.

''**Swap Counterparty**'' means The Royal Bank of Scotland plc in its capacity as Swap Counterparty.

''**Swap Credit Support Document**'' means the collateral agreement in the form of a 1995 ISDA Credit Support Document (Bilateral Form - Transfer) or in such other form as may be acceptable to the Issuer that may be entered into by the Issuer and the Swap Counterparty if so required by the terms of the Swap Agreement.

''**Swap Transactions**'' means each of the swap transactions between the Issuer and the Swap Counterparty entered into pursuant to the Swap Agreement, the terms of which are evidenced by a Swap Confirmation.

''**Tax Event**'' means:

(a) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to the Swap Agreement); or

(b) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or interpretation of any law),

as a result of which, on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any government or taxing authority, either the Issuer or the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay additional amounts or make an advance in respect of tax under the Swap Agreement or the Swap Counterparty will, or there is a substantial likelihood that it will, receive a payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax and no additional amount or advance is able to be paid by the Issuer.

''**Transaction Account**'' means the account in the name of the Issuer, with account number 12502901 at the Account Bank with sort code 40-50-81 and entitled ''*Opera Finance No. 1 plc Transaction Account*'' or such other account of the Issuer as the Trustee may approve with the Account Bank in accordance with the provisions of the Account Bank Agreement and which will be subject to the terms of the Administration Agreement.

''**Transaction Documents**'' means:

(a) the Subscription Agreement;

(b) the Agency Agreement;

(c) the Master Definitions Agreement;

(d) the Administration Agreement;

(e) the Loan Sale Agreements;

(f) the Trust Deed;

(g) the Deed of Charge and Assignment;

(h) the Liquidity Agreement;

(i) the Swap Agreements;

(j) the Declaration of Trust;

(k) the Agreement for Declaration of Trust;

(l) the Corporate Services Agreements;

(m) the SLP Loan Agreement;

(n) the SLP Deed of Charge and Assignment;

(o) the Share Declaration of Trust;

(p) the Class E Note Subscription Agreement; and

(q) all other documents executed pursuant to the foregoing and all other documents in respect of which the rights and benefits of the Issuer are comprised in the Charged Property.

''**Workout Fee**'' means a workout fee payable to the Special Servicer in respect to a Specially Serviced Loan in accordance with the terms and conditions of the Administration Agreement.

2. Form, Status, Security and Priority

(A) Form and Denomination, Title and Transfer

The Notes will be serially numbered and in bearer form in the denomination of £5,000 each with Coupons (and, where appropriate, a Talon) attached on issue. Title to each of the Notes, Coupons and Talons will pass by delivery.

Except as otherwise required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so treating the holder.

(B) Status and relationship between the Notes

(a) The Notes constitute direct, secured and unconditional obligations of the Issuer. The Notes of each class rank *pari passu* without preference or priority among themselves.

(b) As between the classes of the Notes, in the event of the Issuer Security being enforced, the Class A Notes will rank higher in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; the Class B Notes will rank higher in priority to the Class C Notes, the Class D Notes and the Class E Notes; the Class C Notes will rank higher in priority to the Class D Notes and the Class E Notes; and the Class D Notes will rank higher in priority to the Class E Notes. Prior to enforcement of the Issuer Security, payments of principal of and interest on the Class E Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; payments of principal of and interest on the Class D Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes and the Class C Notes; payments of principal of and interest on the Class C Notes will be subordinated to payments of principal of and interest on the Class A Notes and the Class B Notes; and payments of principal of and interest on the Class B Notes will be subordinated to payments of principal of and interest on the Class A Notes.

(c) The Trust Deed and the Deed of Charge and Assignment each contains provisions requiring the Trustee to have regard to the interests of the holders of Class A Notes, Class B Notes, Class C Notes, Class D Notes and Class E Notes equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), provided that (except in the case of an Extraordinary Resolution relating to the appointment of the Special Servicer in which case the Controlling Party, as defined in Condition 3(C), will prevail):

(i) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) Class A Noteholders (for so long as the Class A Notes are outstanding (as defined in the Trust Deed)); and

(B) Class B Noteholders and/or Class C Noteholders and/or Class D Noteholders and/or Class E Noteholders,

then the Trustee shall have regard only to the interests of the Class A Noteholders;

(ii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class B Noteholders (for so long as the Class B Notes are outstanding); and

(B) the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders,

then the Trustee shall, subject to (i) above, have regard only to the interests of the Class B Noteholders;

(iii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class C Noteholders (for so long as the Class C Notes are outstanding); and

(B) the Class D Noteholders and/or the Class E Noteholders,

then the Trustee shall, subject to (i) and (ii) above, have regard only to the interests of the Class C Noteholders;

(iv) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class D Noteholders (for so long as any Class D Notes are outstanding); and

(B) the Class E Noteholders,

then the Trustee shall, subject (i), (ii), and (iii) above, have regard only to the interests of the Class D Noteholders.

Except where expressly provided otherwise, so long as any of the Notes remains outstanding, the Trustee is not required to have regard to the interests of any other persons entitled to the benefit of the Issuer Security.

(d) The Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, (ii) the Class C Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders or the Class B Noteholders, (iii) the Class D Noteholders, *inter alia*, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, and (iv) the Class E Noteholders, *inter alia*, to request or direct the Trustee to take any action or pass an effective Extraordinary Resolution according to the effect thereof on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders, irrespective of the effect thereof on their interests. Except in certain circumstances, the exercise of their powers by (i) the Class B Noteholders will be binding on the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of the effect thereof on their interests, (ii) the Class C Noteholders will be binding on the Class D Noteholders and the Class E Noteholders, irrespective of the effect thereof on their interests, (iii) the Class D Noteholders will be binding on the Class E Noteholders, irrespective of the effect thereof on their interests.

(C) Security and Priority of Payments

The security in respect of the Notes is set out in the Deed of Charge and Assignment. The Deed of Charge and Assignment contains provisions regulating the priority of application of the Available Interest Receipts and Available Principal among the persons entitled thereto prior to the service of a Note Enforcement Notice, and of the Available Interest Receipts, the Available Principal and the proceeds of enforcement or realisation of the Issuer Security by the Trustee after the service of a Note Enforcement Notice.

The Issuer Security may be enforced following the service of a Note Enforcement Notice provided that, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge and Assignment to be paid *pari passu* with, or in priority to, the Notes, or (ii) the Trustee is of the opinion, which will be binding on the Noteholders, reached after considering at any time and from time to time the advice, upon which the Trustee will be entitled to rely, of such professional advisers as are selected by the Trustee, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and 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 Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been indemnified to its satisfaction.

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 (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom, and any such shortfall will be borne in accordance with the provisions of Condition 15 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 Trustee, the Noteholders and the other Secured Parties 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 (i) in the event of an 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 assets of the Issuer comprised in the Issuer Security, (ii) 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 Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished, and (iii) in the event that a shortfall in the amount available to pay principal of the Notes of any class exists on the Final Interest Payment Date, after payment on the Final Interest Payment Date of all other claims ranking higher in priority to or *pari passu* with the Notes or the relevant class of Notes and after the realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at such date, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

3. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, assignment, assignation, pledge, lien (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital);

(b) Restrictions on Activities

(i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment; or

(iii) amend, supplement or otherwise modify its Memorandum or Articles of Association or other constitutive documents;

(c) Disposal of Assets

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(d) Dividends or Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Deed of Charge and Assignment;

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, the Swap Transactions or the Liquidity Facility Agreement or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) Variation

permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, these Conditions, the Deed of Charge and Assignment or any of the other Transaction Documents, or permit any party to any of the Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations or dispose of all or any part of the Issuer Security;

(h) Bank Accounts

have an interest in any bank account other than the Issuer's Accounts and the Stand-by Account, unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(i) Assets

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time; and

(j) VAT

apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders, provided that each of the Rating Agencies has provided written confirmation to the Trustee that the then applicable ratings of each class of Notes then rated thereby will not be qualified, downgraded or withdrawn as a result of such modifications or additions.

(B) Administrator and Special Servicer

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be an Administrator and Special Servicer. Neither the Administrator nor the Special Servicer will be permitted to terminate its appointment unless a replacement Administrator or Special Servicer acceptable to the Issuer, the Split Loans Trustee and the Trustee has been appointed. The appointment of the Administrator and the Special Servicer (in respect of a Specially Serviced Loan) may be terminated by

the Issuer and/or the Split Loans Trustee and/or Trustee if, *inter alia*, the Administrator or the Special Servicer fails to comply with any of its obligations under the Administration Agreement which in the opinion of the Trustee is materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30 Business Days after written notice has been served on the Administrator or Special Servicer (as applicable) by the Issuer, the Split Loans Trustee or the Trustee.

(C) Appointment of Special Servicer

In certain circumstances set out in the Administration Agreement, the Controlling Party may appoint a Special Servicer in respect of a Loan. The ''**Controlling Party**'' shall be the holders of the most junior class of Notes outstanding from time to time, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding; *provided*, however, that if no class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the ''Controlling Party'' will be the holders of the most junior class of Notes then outstanding that has a Principal Amount Outstanding that is greater than zero. Provided that upon any reduction to less than 25 per cent. of the original Principal Amount Outstanding under the most junior class of Notes outstanding at any time (whether by reason of the allocation of Applicable Principal Losses, redemption of such Notes or otherwise), the holders of the next most junior class of Notes then outstanding, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding, will become the Controlling Party and will be entitled, by an Extraordinary Resolution passed by the holders of such class of Notes, to require the Trustee to terminate the appointment of the person then acting as Special Servicer and to appoint a successor thereto acceptable to the Controlling Party.

4. Interest

(a) Period of Accrual

Each Note will bear interest on its Principal Amount Outstanding from (and including) the Closing Date. Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue thereon (before as well as after any judgment) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal, together with the interest accrued thereon, is made or (if earlier) the seventh day after notice is duly given to the holder thereof (either in accordance with Condition 14 or individually) that, upon presentation thereof being duly made, such payment will be made, provided that upon presentation thereof being duly made, payment is in fact made.

(b) Interest Payment Dates and Interest Periods

Subject to Condition 15(a), interest on the Notes is payable quarterly in arrear on each Interest Payment Date in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling in February 2004.

(c) Rate of Interest

Subject, in the case of the Class D Notes and the Class E Notes, to Condition 4(i) below, each Rate of Interest will be determined by the Agent Bank on the Interest Determination Date.

Each Rate of Interest for the Interest Period following the relevant Interest Determination Date shall be the aggregate of:

(i) the Relevant Margin; and

(ii) (1) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places with the mid-point rounded up) for three month sterling deposits (or, in the case of the first Interest Determination Date, the linear interpolation of two month and three month sterling deposits), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the ''**Screen Rate**'') (rounded to five decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as

may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or

(2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks (as defined in Condition 4(h) below) as the rate at which three month sterling deposits in an amount of £10,000,000 (save, in the case of the first Interest Determination Date, the linear interpolation of two month and three month sterling deposits) are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate will be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank will forthwith consult with the Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

Subject to Condition 4(i) (in the case of the Class D Notes and the Class E Notes), there shall be no minimum or maximum Rate of Interest.

(d) Determination of Rates of Interest and Calculation of Interest Amounts for Notes

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Trustee, the Administrator and the Paying Agents in writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date (or, in respect of the first Interest Amount, the Closing Date) in respect of the Notes of each class, and (ii) the sterling amount (the ''**Interest Amount**'') payable, subject to Condition 15(a) and Condition 4(i), in respect of such Interest Period in respect of the Notes of each class. 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 of each class, multiplying such sum by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure downward to the nearest penny.

(e) Publication of Rates of Interest for the Notes, Interest Amounts and other Notices

As soon as practicable after receiving notification thereof, the Issuer shall cause the Rate of Interest and Interest Amount applicable to the Notes of each class for each Interest Period and the Interest Payment Date in respect thereof to be notified in writing to the Irish Stock Exchange (for so long as the Notes are listed on the Irish Stock Exchange) and shall cause notice thereof to be given to the Noteholders in accordance with Condition 14. The Interest Amounts and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes or in the circumstances referred to in Condition 4(i).

(f) Determination or Calculation by the Trustee

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of the Notes in accordance with the foregoing Conditions, the Trustee shall (i) determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the circumstances and/or (as the case may be), (ii) calculate the Interest Amount for each class of the

Notes in the manner specified in Condition 4(d) above, and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee, the Administrator, the Paying Agents and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there are, at all times, four Reference Banks and an Agent Bank. The initial Reference Banks shall be the principal London office of four major banks in the London interbank market (the ''**Reference Banks**'') chosen by the Agent Bank. In the event of the principal London office of any such bank being unable or unwilling to continue to act as a Reference Bank, the Issuer shall appoint such other bank as may have been previously approved in writing by the Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Trustee has been appointed.

(i) Interest on the Class D Notes and the Class E Notes

The interest due and payable on the Class D Notes and the Class E Notes is subject, on any Interest Payment Date, to a maximum amount equal to the lesser of (i) the Interest Amount in respect of such class of Notes, as calculated pursuant to Condition 4(d), and (ii) the Adjusted Interest Amount. The debt that would otherwise be represented by the amount by which, on any Interest Payment Date, the Interest Amount in respect of the Class D Notes or the Class E Notes exceeds the Adjusted Interest Amount in respect of such class of Notes, shall be deemed to be extinguished on such Interest Payment Date, and the affected Noteholders shall have no claim against the Issuer in respect thereof.

In the event that the previous paragraph is applied and a Noteholder Shortfall Amount arises in respect of the Class D Notes, the Issuer will pay the Class D Noteholders on any subsequent Interest Payment Date an amount (if any) equal to the lesser of (a) the available Noteholder Shortfall Funds and (b) the aggregate Noteholder Shortfall Amounts referable to the Class D Notes less any amount previously paid to Class D Noteholders pursuant to this paragraph. To the extent that Class D Noteholders have received in full an amount equal to the relevant aggregate Noteholder Shortfall Amounts, Noteholder Shortfall Funds will be paid to Class E Noteholders in an amount equal to the lesser of (a) the available Noteholder Shortfall Funds and (b) the aggregate Noteholder Shortfall Amounts referable to the Class E Notes less any amount previously paid to Class E Noteholders pursuant to this paragraph.

5. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Interest Payment Date.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in this Condition but without prejudice to Condition 9.

(b) Mandatory Redemption in Part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds

Subject as provided in Conditions 5(c), 5(d), 5(e) and 5(f), prior to the service of a Note Enforcement Notice and subject as provided below, the Most Senior Class of Notes then outstanding shall be subject to mandatory redemption in part on each Interest Payment Date if on the Calculation Date relating thereto there are any Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds or Available Principal Recovery Funds (each as defined below), after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, and if the amount of such Available Amortisation Funds, Available Prepayment Redemption Funds,

Available Final Redemption Funds and Available Principal Recovery Funds, after paying any and all amounts payable out of such funds in priority to payments on such class of Notes, is not less than £1. If on any Interest Payment Date, the Most Senior Class of Notes then outstanding is redeemed in full pursuant to the foregoing, any remaining Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds shall be applied in mandatory redemption in part of the next most senior class of Notes then outstanding and on that class of Notes being redeemed in full each next most senior class of Notes then outstanding until all Notes are redeemed.

For the purposes of these Conditions:

(A) ''**Amortisation Funds**'' means the aggregate amount of principal received by or on behalf of the Issuer (in respect of the Issuer Loans) or the Split Loans Trustee (in respect of the term loan elements of the Split Loans) other than any Prepayment Redemption Funds, Final Redemption Funds or Principal Recovery Funds (each as defined below) and ''**Available Amortisation Funds**'' means, in respect of any Calculation Date, the sum of (i) the Amortisation Funds received by or on behalf of the Issuer or the Split Loans Trustee during the period from (but excluding) the previous Calculation Date up to (and including) the relevant Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date up to (and including) such first Calculation Date) (each a ''**Collection Period**''), less (ii) the aggregate amount of Amortisation Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(B) ''**Prepayment Redemption Funds**'' means (i) the aggregate amount of principal payments received by or on behalf of the Issuer (in respect of the Issuer Loans) or the Split Loans Trustee (in respect of the term loan elements of the Split Loans) in respect of the Loans as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the relevant Loan Agreements (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan), (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer or the Split Loans Trustee (and referable to the term loan element of a Split Loan) as a result of a repurchase of a Loan by the Transferor pursuant to the Loan Sale Agreements, (iii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer or the Split Loans Trustee (and referable to the term loan element of a Split Loan) as a result of the purchase of the Loans by the Transferor or the Special Servicer pursuant to the Administration Agreement, and (iv) the aggregate amount of Available Interest Receipts payable pursuant to item q of Clause 6.2.2 of the Deed of Charge and Assignment, and ''**Available Prepayment Redemption Funds**'' means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer or the Split Loans Trustee during the Collection Period then ended less the aggregate amount of Prepayment Redemption Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(C) ''**Final Redemption Funds**'' means the aggregate amount of principal payments received by or on behalf of the Issuer (in respect of the Issuer Loans) or the Split Loans Trustee (in respect of the term loan elements of the Split Loans) in respect of the Loans as a result of the repayment of the relevant Loan upon its scheduled final maturity date, and ''**Available Final Redemption Funds**'' means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer or the Split Loans Trustee during the Collection Period then ended less the aggregate amount of Final Redemption Funds applied by the Issuer in respect of Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment; and

(D) ''**Principal Recovery Funds**'' means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer (in respect of the Issuer Loans) or the Split Loans Trustee (in respect of the term loan elements of the Split Loans) as a result of actions taken in accordance with the enforcement procedures in respect of a Loan and/or the Loan Security, and ''**Available Principal Recovery Funds**'' means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer or the Split Loans Purchaser during the Collection Period then ended less (i) the aggregate amount of Principal Recovery Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment and (ii) any amount to be used on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees and/or Workout Fees, if any, payable on that Interest Payment Date,

but, in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds or Available Principal Recovery Funds, as applicable, on any preceding Calculation Date. Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds determined on each Calculation Date shall be applied, on the immediately following Interest Payment Date, in the following order (the ''**Pre-Enforcement Principal Priority of Payments**''): first, in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full; second, in paying principal on the Class B Notes until all the Class B Notes have been redeemed in full; third, in paying principal on the Class C Notes until all the Class C Notes have been redeemed in full;fourth, in paying principal on the Class D Notes until all the Class D Notes have been redeemed in full; fifth, in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full; sixth, in paying any portion of Deferred Consideration; and seventh, in paying any surplus to the Issuer; provided that if on any Calculation Date the Trustee receives written confirmation from the Rating Agencies that the then applicable ratings of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not be qualified, downgraded or withdrawn thereby, the Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds may, at the option of the Issuer, be applied on any Interest Payment Date to redeem in whole or in part the Principal Amount Outstanding of any other class or classes of Notes that would not otherwise be entitled to redemption on such Interest Payment Date.

(c) Mandatory Redemption for Tax or Other Reasons

If the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than (i) where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes or (ii) in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to the Loans is reduced or ceases to be receivable (whether or not actually received) by the Issuer or the Split Loans Trustee during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Trustee that either (x) it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 5(c) and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or *pari passu* with, the Notes to be so redeemed, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior class of Notes then outstanding, and that the Issuer has obtained the written consent of the Trustee and all of the Noteholders of such most junior class of Notes to the redemption at such lower amounts, which certificate shall be conclusive and binding, and provided that, on the Interest Payment Date on or following the date on which such notice expires, no Note Enforcement Notice has been served, then the Issuer shall on any Interest Payment Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice to the Trustee, the Paying Agents and to the Noteholders in accordance with Condition 14, redeem:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 5(c). Once redeemed to the full extent provided in this Condition 5(c), the Notes shall cease to bear interest.

(d) Mandatory redemption in full

On each Interest Payment Date on, or after, the 5th Anniversary of the Closing Date the Issuer shall obtain, from one or more third parties, one or more offers to purchase the Loans, and the Issuer shall accept any such offer provided that the purchase price to be paid pursuant to such offer will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors of the Issuer who rank in priority and such purchase price is, in the reasonable opinion of the Issuer, a fair market value for the Loans, then on giving not more than 60 nor less than 30 days' written notice to the Trustee and the Paying Agents and to the Noteholders in accordance with Condition 14 and provided that, on the Interest Payment Date on or following the date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served, and further provided that the Issuer has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(d) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Notes, which certificate will be conclusive and binding that the Issuer shall redeem on such Interest Payment Date:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this Condition 5(d). Once redeemed to the full extent provided in this Condition 5(d), the Notes shall cease to bear interest.

(e) Mandatory Redemption in Full – Swap Transactions

If, at any time, one or more of the Swap Transactions is terminated by reason of the occurrence of a Tax Event under the Swap Agreement and the Issuer is unable to find a replacement Swap Counterparty (the Issuer being obliged to use its reasonable endeavours to find a replacement Swap Counterparty) then, on giving not more than 60 nor less than 30 days' written notice to the Trustee, the Paying Agents and to the Noteholders in accordance with Condition 14 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served and further provided that the Issuer has, prior to giving such notice, certified to the Trustee that either (x) it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(e) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or *pari passu* with, the Notes, or (y) it will have sufficient funds to discharge all of the amounts referred to in (x) above other than such amounts in respect of the most junior class of Notes then outstanding, and that the Issuer has obtained the written consent of the Trustee and all of the Noteholders of such most junior class of Notes to the redemption at such lower amount, which certificate will be conclusive and binding, the Issuer shall redeem on such Interest Payment Date:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon;

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 5(e). Once redeemed to the full extent provided in this sub-paragraph, the Notes shall cease to bear interest.

(f) Mandatory Redemption in Full – Noteholder Option

The Issuer shall, prior to the service of a Note Enforcement Notice, at the option of a Noteholder, holding all the Notes, redeem the Notes in whole but not in part on the relevant Interest Payment Date identified by the Noteholder (the ''**Exercise Date**'') at their Principal Amount Outstanding together with accrued interest to the date fixed for redemption.

To exercise the option contained in this Condition 5(f), such Noteholder must, not less than 30 nor more than 60 days before the Exercise Date, deposit with any Paying Agent such Notes (together with all unmatured Coupons relating thereto and a duly completed exercise option notice (an ''**Exercise Notice**'') in the form obtainable from any Paying Agent. The Paying Agent with which the Notes are so deposited shall deliver a duly completed receipt for such Notes (an ''**Exercise Notice Receipt**'') to the Noteholder. No Notes, once deposited with a duly completed Exercise Notice in accordance with this Condition 5(f), may be withdrawn without the prior consent of the Issuer; *provided, however, that,* if, prior to the Exercise Date, any Notes become immediately due and payable or, upon due presentation of any Notes on the Exercise Date, payment of the redemption moneys is improperly withheld or refused, the relevant Paying Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the Exercise Notice and shall hold the Notes at its specified office for collection by the depositing Noteholder against surrender of the Exercise Notice Receipt. For so long as any outstanding Notes are held by a Paying Agent in accordance with this Condition 5(f), the depositor of such Notes and not such Paying Agent shall be deemed to be the holder of such Notes for all purposes.

(g) Note Principal Payments, Principal Amount Outstanding and Pool Factor

The Note Principal Payment on any Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d) or Condition 5(e), as applicable, will, in relation to each of the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d) or Condition 5(e), as applicable, (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

On each Calculation Date, the Administrator shall determine (i) the amount of any Note Principal Payment (if any) due on the next following Interest Payment Date, (ii) the Principal Amount Outstanding of each Note on the next following Interest Payment Date (after deducting any Note Principal Payment and any Applicable Principal Losses to be paid or allocated on that Interest Payment Date) and (iii) the fraction expressed as a decimal to the sixth place (the ''**Pool Factor**''), of which the numerator is the Principal Amount Outstanding (after deducting any Note Principal Payment and any Applicable Principal Losses to be paid or allocated on that Interest Payment Date) of a Note of the relevant class (calculated on the assumption that the face amount of such Note on the date of issuance thereof was £5,000) and the denominator is 5,000. Each determination by the Administrator of any Note Principal Payment, the Principal Amount Outstanding of a Note and the Pool Factor shall in each case (in the absence of wilful default, bad faith or manifest error) be final and binding on all persons.

On the Interest Payment Date following the occurrence of a Principal Loss in respect of a Loan, the Principal Amount Outstanding of the Notes will be reduced *pro rata* and *pari passu* in respect of a class of Notes by an amount equal to the Principal Loss as follows: first, the Principal Amount Outstanding of the Class E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero;

second, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero; third, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero; fourth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and fifth, the Principal Amount Outstanding of the Class A Notes shall be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

The Administrator on behalf of the Issuer will cause each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be notified in writing forthwith to the Trustee, the Paying Agents, the Rating Agencies, the Agent Bank and (for so long as the Notes are admitted to trading on the Irish Stock Exchange) the Irish Stock Exchange and will cause notice of each determination of a Note Principal Payment, Principal Amount Outstanding and Pool Factor to be given to the Noteholders in accordance with Condition 14 as soon as reasonably practicable.

If the Administrator on behalf of the Issuer does not at any time for any reason determine a Note Principal Payment, the Principal Amount Outstanding or the Pool Factor in accordance with the preceding provisions of this Condition (5)(g)), such Note Principal Payment, Principal Amount Outstanding and Pool Factor may be determined by the Trustee, in accordance with this Condition 5(g), and each such determination or calculation will be binding and will be deemed to have been made by the Issuer or the Administrator, as the case may be.

(h) Notice of Redemption

Any such notice as is referred to in Condition 5(c), (d), (e), (f) or (g) above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions.

(i) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions shall be cancelled forthwith and may not be resold or re-issued.

(j) Purchase of Notes

The Issuer may not at any time purchase any Notes in the open market or otherwise.

6. Payments

(a) Notes

Payments of principal and interest in respect of any Note will be made only against presentation, surrender (or, in the case of part payment only, endorsement) of such Note or the appropriate Coupon (as the case may be) at the specified office of any Paying Agent by sterling cheque drawn on, or by transfer to, a sterling account maintained by the payee to which sterling may be lawfully transferred or credited.

(b) Laws and Regulations

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable thereto.

(c) Overdue Principal Payments

If payment of principal is improperly withheld or refused on or in respect of any Note or part thereof, the interest which continues to accrue in respect of such Note or part thereof in accordance with Condition 4(a) will be paid against presentation of such Note at the specified office of any Paying Agent and in accordance with Condition 6(a).

(d) Change of Paying Agents and Agent Bank

The Principal Paying Agent is Deutsche Bank AG London at its offices at Winchester House, 1 Great Winchester Street, London EC2N 2DB. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent, any other Paying Agent and the Agent Bank and to appoint additional or other agents. The Issuer will at all times maintain a Paying Agent with a specified office in Dublin, for so long as the Notes are listed on the Irish Stock Exchange. The Issuer shall cause at least 30 days' notice of any change in or addition to

the Paying Agents or their specified offices to be given to the Noteholders in accordance with Condition 14.

(e) Presentation on Non-Business Days

If any Note or Coupon is presented (if required) for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 6(a) above) in London, payment will be made on the next succeeding day that is a business day and no further payments of additional amounts by way of interest, principal or otherwise will be due in respect of such Note or Coupon. For the purposes of Condition 5 and this Condition 6, ''**business day**'' means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(f) Unmatured Coupons and unexchanged Talons

Upon the date on which any Note becomes due and payable in full pursuant to Conditions 5(a), 5(c), 5(d), 5(e) and 5(f), unmatured Coupons appertaining thereto (whether or not attached) shall become void and no payment shall be made in respect thereof and any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet).

(h) Accrual of Interest on Late Payments

If interest is not paid in respect of a Note of any class on the date when due and payable (other than by reason of non-compliance with Condition 6(a) or (b)), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest thereon is available for payment and notice thereof has been duly given to the Noteholders in accordance with Condition 14, provided that such interest and interest thereon are, in fact, paid.

(i) Redenomination in Euro

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling will be translated into, and/or any amount becoming payable under the Notes thereafter as specified in these Conditions will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent.

Any such translation will be made at the official rate of exchange recognised for that purpose by the Bank of England.

(ii) Where such a change in currency occurs, the Notes then outstanding, the applicable Transaction Documents and these Conditions will be amended in the manner agreed by the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 6(i) will be binding upon holders of such Notes.

(iii) Notification of the amendments made to Notes pursuant to this Condition 6(i) will be made to the Noteholders in accordance with Condition 14 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any 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) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

8. Prescription

Claims for principal in respect of Notes will become void unless the relevant Note is presented for payment within 10 years of the appropriate relevant date. Claims for interest in respect of Coupons will become void unless the relevant Coupon is presented for payment within five years of the appropriate relevant date.

In this Condition 8, the ''**relevant date**'' means the date on which a payment in respect thereof first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 14.

9. Events of Default

(a) Eligible Noteholders

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an ''**Event of Default**'') the Trustee may, and if so requested in writing by the Eligible Noteholders or if so directed by or pursuant to an Extraordinary Resolution of the then Most Senior Class of Noteholders, shall, and in any case as aforesaid, subject to the Trustee being indemnified and/or secured to its satisfaction, give notice (a ''**Note Enforcement Notice**'') to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of three days in the payment of the principal of, or default is made for a period of five days in the payment of interest (not including any applicable Additional Step-Up Amounts) on, the Most Senior Class of Notes then outstanding, in each case when and as the same becomes due and payable in accordance with these Conditions.

(ii) default is made by the Issuer or the Split Loans Trustee in the performance or observance of any obligation (other than in the case of the Issuer, a payment obligation referred to in (i) above) binding upon it under any of the Notes of any class, the Trust Deed, the Deed of Charge and Assignment or the other Transaction Documents to which it is party and, in any such case (except where the Trustee certifies that, in its opinion, such default is incapable of remedy when no notice will be required), such default continues for a period of 14 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

(iii) the Issuer or Split Loans Trustee, otherwise than for the purposes of such amalgamation or reconstruction as is referred to in Condition 9(a)(iv) below, ceases or, consequent upon a resolution of the board of directors of the Issuer or the Split Loans Trustee, as the case may be, threatens to cease to carry on business or a substantial part of its business or the Issuer is or is deemed unable to pay its debts within the meaning of Section 123(1) and (2) of the Insolvency Act 1986 (as that section may be amended from time to time); or

(iv) an order is made or an effective resolution is passed for the winding-up of the Issuer or the Split Loans Trustee except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or by a notice signed by the Eligible Noteholders; or

(v) proceedings are initiated against the Issuer or the Split Loans Trustee under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, any application to court for an administration order, the filing of documents with the court for the appointment of an administrator, the service of a notice of intention to appoint an administrator or the taking of any steps to appoint an administrator) and such proceedings are not, in the opinion of the Trustee, being disputed in good faith with a

reasonable prospect of success, or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the Issuer or the Split Loans Trustee or any part of their undertakings, property or assets, or an encumbrancer takes possession of all or any part of the undertaking, property or assets of the Issuer or the Split Loans Trustee, or a distress, execution, diligence or other process is levied or enforced upon or sued against all or any part of the undertaking, property or assets of the Issuer or the Split Loans Trustee and such possession or process is not discharged or does not otherwise cease to apply within 15 days, or the Issuer or the Split Loans Trustee initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally;

provided that, in the case of each of the events described in Condition 9(a)(ii), the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding.

(b) Effect of Declaration by Trustee

Upon any declaration being made by the Trustee in accordance with Condition 9(a) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

10. Enforcement

Subject to the provisions of Conditions 12 and 15, the Trustee may, without notice, take such proceedings against the Issuer or any other person as are appropriate to enforce the provisions of the Notes and the Transaction Documents and may, at any time after the Issuer Security has become enforceable, without notice, take possession of the Issuer Security or any part thereof and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part thereof in such manner and upon such terms as the Trustee may think fit to enforce the Issuer Security, but it will not be bound to take any such proceedings or steps unless:

(a) subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes or by a notice in writing signed by the Eligible Noteholders; and

(b) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may thereby render itself liable and all liabilities, losses, costs, charges, damages and expenses (including any VAT thereon) which it may incur by so doing,

Enforcement of the Issuer Security will be the only remedy available to the Trustee and the Noteholders for the repayment of the Notes and any interest thereon. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security. No Noteholder will be entitled to take proceedings for the winding up or administration of the Issuer. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party under the Deed of Charge and Assignment.

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 (if any), the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising therefrom (which shall be borne in accordance with the provisions of 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, shall be extinguished and the Trustee, the Noteholders and the other Secured Parties shall 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, in the event of an enforcement of the Issuer Security, (i) its right to obtain repayment in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security and (ii) 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 Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished.

11. Meetings of Noteholders, Modification and Waiver

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, *inter alia*, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.

(b) In relation to each class of Notes:

(i) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);

(ii) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that none of the holders of each of the other classes of Notes ranking senior to such class would be materially prejudiced by the absence of such sanction; and

(iii) any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Basic Terms Modification, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.

(c) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Trust Deed) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting, $33^{1}/_{3}$ per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(d) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the then most senior class of Noteholders (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and,

unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

(e) Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the 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 Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

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

12. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified and/or secured to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of other parties to the Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Trustee.

The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed also relieves the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. The Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by the Administrator, the Special Servicer, the Account Bank, the Liquidity Facility Provider, the Swap Counterparty or any other person of their obligations under the Transaction Documents and the Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

13. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with

such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. Notice to Noteholders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 14, to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however, that*, so long as the Notes are listed on the Irish Stock Exchange and its rules so require, notices will also be published in a leading newspaper printed in the English language having general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice published in a newspaper as described in the preceding sentence shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

(b) Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount, the Principal Amount Outstanding, a Note Principal Payment or the Pool Factor shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Trustee and notified to the Noteholders pursuant to Condition 14(a). Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 14(a).

(c) A copy of each notice given in accordance with this Condition 14 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. (''**S&P**''), Moody's Investors Service Limited (''**Moody's**'') and Fitch Ratings Ltd. (''**Fitch**'' and, together with S&P and Moody's, the ''**Rating Agencies**'', which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to ''*rating*'' and ''*ratings*'' in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(d) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

15. Subordination

(a) Interest

Subject to Condition 9 and for so long as any Class A Note is outstanding, in the event that, on any Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (c) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes); and items (a) to (d) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes) (each such amount with respect to the relevant class of Notes, an ''**Interest Residual Amount**''), are not sufficient to satisfy in full the Interest Amount due and, subject to this Condition 15(a), payable on the Class B Notes and the Class C Notes, respectively, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note and/or Class C Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant class or classes of Notes on such Interest Payment Date, calculated by dividing the principal amount of each such Class B Notes or Class C Notes, as the case may be as at the Closing

Date, by the aggregate principal amount of the Class B Notes or Class C Notes as at the Closing Date, as the case may be, and multiplying the result by the relevant Interest Residual Amount, and then rounding down to the nearest penny.

In any such event, the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes or Class C Notes, as the case may be, on any Interest Payment Date in accordance with this Condition 15(a) falls short of the Interest Amount due on the Class B Notes or the Class C Notes, as the case may be, on that date pursuant to Condition 4. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or the Class C Notes, as applicable, and shall be payable together with such accrued interest on any succeeding Interest Payment Date and any such unpaid interest and accrued interest thereon shall be paid, but only if and to the extent that, on such Interest Payment Date, the Available Interest Receipts, after deducting the amounts referred to in items (a) to (c) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class B Notes) or (a) to (d) of Clause 6.2.2 of the Deed of Charge and Assignment (in the case of the Class C Notes), respectively, are, in any such case, sufficient to make such payment.

In the event that no Class A Note is outstanding, the provisions of this Condition 15(a) shall apply, *mutatis mutandis*, as if all the references to the Class A Notes were references to the Class B Notes, and all references to the B Notes were to the Class C Notes.

(b) Principal

Subject to Condition 5(b), Condition 5(c), Condition 5(d) and Condition 5(e), Condition 9 and Condition 10, while any Class A Notes are outstanding, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal. Subject to Condition 5(b), while any Class B Notes are outstanding, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders shall not be entitled to any repayment of principal. Subject to Condition 5(b), while any Class C Notes are outstanding, the Class D Noteholders and the Class E Noteholders shall not be entitled to any repayment of principal. Subject to Condition 5(b), while any Class D Notes are outstanding, the Class E Noteholders shall not be entitled to any repayment of principal.

(c) Notification

As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes or the Class C Notes, as the case may be, will be deferred or that a payment previously deferred will be made in accordance with this Condition 15, the Issuer will give notice thereof to the Class B Noteholders or the Class C Noteholders, as the case may be, in accordance with Condition 14 and, for so long as the Class B Notes and the Class C Notes are listed on the Irish Stock Exchange, to the Irish Stock Exchange.

16. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition 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 Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law, save in relation to certain aspects thereof relating to rights or assets situated in Scotland or otherwise governed by the laws of Scotland which are governed by Scots law.

FORM OF THE NOTES

1. Global Notes

The Notes of each class will be represented initially by a Temporary Global Note in bearer form, without Coupons which will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg on the Closing Date.

Upon the deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit, by means of book entries, each subscriber of the Notes represented by the Temporary Global Notes with the principal amount of the Notes for which it has subscribed and paid.

Interests in each Temporary Global Note will be exchangeable not earlier than the Exchange Date (provided customary certification of non-U.S. beneficial ownership by the Noteholders has been received) for an interest in a Permanent Global Note of the corresponding class in bearer form without Coupons attached in a principal amount equal to the Principal Amount Outstanding of the corresponding Temporary Global Note. References herein to the ''**Global Notes**'' means the Temporary Global Notes and the Permanent Global Notes or any of them, as the context may require.

On the exchange of each Temporary Global Note for the corresponding Permanent Global Note, such Permanent Global Note will remain deposited with the Common Depositary.

Title to the Global Notes will be transferable by delivery. Definitive Notes will not be available except in the limited circumstances described below and not in any event before the Exchange Date. While any Global Note is outstanding, payments on the Notes represented by such Global Note will be made to, or to the order of, the Common Depositary as the holder thereof. In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, each of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note (each, an ''**Accountholder**'') will be entitled to receive any payment made in respect of that Note, provided, however, that if any payment of principal and/or interest in respect of any Notes falls due whilst such Notes are represented by a Temporary Global Note, payment of principal and/or interest in respect of such Notes will be made only to the extent that customary certification of non-U.S. beneficial ownership has been received by Euroclear or Clearstream, Luxembourg.

Each Accountholder must, for as long as the Notes remain represented by a Global Note, look solely to Euroclear or, as the case may be, Clearstream, Luxembourg for its share of each payment made by the Issuer to the bearer of such Global Note, subject to and in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as appropriate.

Whilst the Notes are represented by a Global Note, the relevant Accountholders shall have no claim directly against the Issuer in respect of payments due on the relevant Notes and the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

To the extent permitted by applicable law, the Issuer, the Trustee, the Principal Paying Agent and any other Paying Agents may treat the holder of a Note represented by a Global Note as the absolute owner thereof (notwithstanding any notice of ownership or writing thereon or of trust or other interest therein, including that of the Noteholders) for the purpose of making payments on the Notes represented thereby, and the expression ''**Noteholder**'' shall be construed accordingly.

For so long as the Notes are represented by Global Notes, the Notes will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

Principal and interest on the Permanent Global Note will be payable against presentation of that Global Note at the specified office of the Principal Paying Agent or any other Paying Agents. A record of each payment made on a Global Note, distinguishing between any payment of principal and payment of interest, will be endorsed on that Global Note by or on behalf of the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

2. Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the Conditions of the Notes set out in this Offering Circular. The following is a summary of those provisions:

(a) ***Payments:*** Payments of principal and interest in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

(b) ***Notices:*** Subject to the proviso to this sentence and to the provisions of Condition 14, all notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however, that*, so long as the Notes are listed on the Irish Stock Exchange and its rules so require, notices will also be published in a leading newspaper printed in the English language having general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe; provided that any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount or a Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen. Any such notice published in a newspaper as described in the preceding sentence shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

(c) ***Meetings:*** The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £5,000 of principal amount of Notes for which the relevant Global Note may be exchanged.

(d) ***Put Option:*** The Noteholders' put option in Condition 5(f) may be exercised by the holder of all the Global Notes giving notice to the Principal Paying Agent of such exercise, within the period specified in the Conditions for the deposit of the relevant Note Certificates. Any such notice shall be irrevocable and may not be withdrawn.

(e) ***Cancellation:*** Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

(f) ***Issuance of Definitive Notes:*** If, after the Exchange Date, (i) 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 other clearing system satisfactory to the Trustee is available or (ii) the Issuer would suffer a material disadvantage in respect of the Notes as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision thereof or of any authority therein or thereof having power to tax) or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, or the Issuer or any Paying Agent is or will be required to make a deduction or withholding from any payment in or in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue Notes in definitive form. If any such event referred to above occurs while any Notes are represented by a Temporary Global Note, then Definitive Notes will not be issued until the relevant Temporary Global Note has been exchanged for the Permanent Global Note, which exchange shall not, in any event, occur before the Exchange Date. Definitive Notes, if issued, will be available at the offices of any Paying Agent.

If the Issuer fails to meet its obligations to issue Notes in definitive form in exchange for a Permanent Global Note, then the Permanent Global Note shall remain in full force and effect.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be approximately £364,335,000 and this sum will be applied by the Issuer in part towards payment to the Transferor of the purchase consideration in respect of the Issuer Loans and interest accrued thereon, the Transferor's beneficial interests in the Issuer Loan Security to be purchased on the Closing Date pursuant to the Issuer Loan Sale Agreement, and in part as consideration for the Split Loans Purchaser entering into the Agreement for Declaration of Trust. The Split Loans Purchaser will apply the proceeds it receives from the Issuer towards payment to the Transferor of the purchase consideration in respect of the Split Loans and interest accrued thereon, and the Transferor's beneficial interests in the Split Loan Security to be purchased on the Closing Date pursuant to the Split Loan Sale Agreement. See ''*The Loans and the Loan Security*''. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Eurohypo.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a ''*recognised stock exchange*'' within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a ''*recognised stock exchange*'' for this purpose) interest payments on each of the Notes will be treated as a ''*payment of interest on a quoted Eurobond*'' within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) from interest paid on them, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in sections 349A to 349D of the Income and Corporation Taxes Act 1988.

2. Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a ''**paying agent**''), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a ''**collecting agent**''), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply the Inland Revenue details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or the deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to the Inland Revenue may, in certain cases, be passed by the Inland Revenue to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

3. Further United Kingdom tax issues for non-United Kingdom resident Noteholders

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company and for accounting periods beginning on or after 1st January, 2003, which carries on a trade through a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by the Inland Revenue as constituting ''*qualifying corporate bonds*'' within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the ''*accrued income scheme*'' described in 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the ''*accrued income scheme*'' if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and SDRT

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

EU Directive on the Taxation of Savings Income

On 3rd June, 2003, the Council of Economic and Finance Ministers of the European Union (the ''**EU**'') adopted a new directive regarding the taxation of savings income. The directive is scheduled to be applied by EU member states beginning 1st January, 2005, provided that certain non-EU countries adopt similar measures from the same date. Under the directive, each EU member state will be required to provide to the tax authorities of another EU member state details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other member state; however, Austria, Belgium and Luxembourg may instead apply an alternative system for a transitional period in relation to such payments, withholding tax at rates rising over time to 35 per cent. The transitional period is scheduled to run from the date on which the directive is to be applied by EU member states to the end of the first fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

SUBSCRIPTION AND SALE

The Royal Bank of Scotland plc and Citigroup Global Markets Limited (together, the ''**Managers**''), pursuant to a subscription agreement dated 20th November, 2003 (the ''**Subscription Agreement**''), between the Managers, the Issuer, the Split Loans Purchaser and Eurohypo, have agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes, the Class C Notes at 100 per cent. of the principal amount of such Notes and the Class D Notes at 100 per cent. of the principal amount of such Notes. Eurohypo, pursuant to a subscription agreement dated 20th November, 2003 (the ''**Class E Note Subscription Agreement**''), between Eurohypo, the Issuer and the Split Loans Purchaser, has agreed, subject to certain conditions, to subscribe and pay for the Class E Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the ''**Securities Act**''), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 41 days after the later of the commencement of the offering of the Notes and the Closing Date (for the purposes only of this section ''*Subscription and Sale*'', the ''**Distribution Compliance Period**'') within the United States or to, or for the account or benefit of, U.S. Persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

United Kingdom

Each of the Managers has further represented and agreed that:

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

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (''**FSMA**''), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 20th November, 2003.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 25th November, 2003, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A	018094959	XS0180949595
Class B	018095386	XS0180953860
Class C	018095416	XS0180954165
Class D	018095459	XS0180954595
Class E	018095467	XS0180954678

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

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

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement and the Class E Note Subscription Agreement each being a contract entered into other than in its ordinary course of business.

7. KPMG, auditors of the Issuer, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).

8. Save as disclosed herein, since 30th January, 2003 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

9. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at Blackwell House, Guildhall Yard, London EC2V 5AE and at the specified offices of the Irish Paying Agent in Dublin during the period of 14 days from the date of this document:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the balance sheet of the Issuer as at 20th November, 2003 and the auditors report thereon;

   (iii) the Subscription Agreement and the Class E Note Subscription Agreement each referred to in paragraph 6 above; and

   (iv) drafts (subject to modification) of the following documents:

      (a) the Trust Deed;

      (b) the Issuer Loan Sale Agreement;

      (c) the Split Loan Sale Agreement;

      (d) the Deed of Charge and Assignment;

      (e) the Declaration of Trust;

(f) the Administration Agreement;

(g) the Account Bank Agreement;

(h) the Swap Agreement;

(i) the Swap Credit Support Document;

(j) the Corporate Services Agreements;

(k) the Liquidity Facility Agreement;

(l) the Agency Agreement;

(m) the Agreement for Declaration of Trust;

(n) the SLP Loan Agreement;

(o) the SLP Deed of Charge and Assignment; and

(p) the Master Definitions Agreement.

INDEX OF DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER

Blackwell House
Guildhall Yard
London EC2V 5AE

ADMINISTRATOR
Eurohypo
4th Floor
90 Long Acre
London WC2E 9RA

SPECIAL SERVICER
Eurohypo
4th Floor
90 Long Acre
London WC2E 9RA

TRUSTEE
Deutsche Trustee Company Limited
Winchester House
1 Great Winchester Street
London EC2N 2DB

AUDITORS TO THE ISSUER
KPMG Audit Plc
1 The Embankment
Neville Street
Leeds LS1 4DW

LEGAL ADVISERS

To the Managers and the Trustee
As to English Law:
Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ

To the Issuer
As to English Law:
Sidley Austin Brown & Wood
7 Princes Street
London EC2R 8AQ

To the Managers
As to Scots Law:
Tods Murray WS
66 Queen Street
Edinburgh EH2 4NE

To Eurohypo
As to German Law:
Hengeler Mueller
Bockenheimer Landstrasse 51
60325 Frankfurt am Main

To Eurohypo
As to English Law:
Sidley Austin Brown & Wood
1 Threadneedle Street
London EC2R 8AW

PRINCIPAL PAYING AGENT, AGENT BANK AND ACCOUNT BANK
Deutsche Bank AG London
Winchester House
1 Great Winchester Street
London EC2N 2DB

IRISH PAYING AGENT
Deutsche International Corporate Services (Ireland) Limited
5 Harbourmaster Place
I.F.S.C. Dublin 1

LISTING AGENT
Eurohypo
4th Floor
90 Long Acre
London WC2E 9RA

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