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This offering circular has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of OPERA FINANCE (CSC 3) PLC, EUROHYPO AG, LONDON BRANCH, THE ROYAL BANK OF SCOTLAND or UBS INVESTMENT BANK (nor any person who controls it nor any director, officer, employee nor agent of it or affiliate of any such person) accepts any liability or responsibility whatsoever in respect of any difference between the offering circular distributed to you in electronic format and the hard copy version available to you on request from THE ROYAL BANK OF SCOTLAND or UBS INVESTMENT BANK.

Opera Finance (CSC 3) plc

(Incorporated with limited liability in England and Wales with registration number 05411120)

£710,000,000 Commercial Mortgage Backed Floating Rate Notes due 2017

Opera Finance (CSC 3) plc (the **Issuer**) will issue the £455,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class A Notes**), the £115,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class B Notes**), the £79,250,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class C Notes**) and the £60,250,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class D Notes** and, together with the Class A Notes, the Class B Notes and the Class C Notes, the **Notes**) on 6 May 2005 (or such later date as the Issuer may agree with the Note Arranger and the Joint Bookrunners (each as defined below)) (the **Closing Date**).

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

Class	*Initial Principal Amount*	*Margin (per cent.)*	*Anticipated Ratings*		
			Fitch	*Moody's*	*S&P*
Class A	**£455,000,000**	**0.23**	**AAA**	**Aaa**	**AAA**
Class B	**£115,500,000**	**0.30**	**AA**	**NR**	**AA**
Class C	**£79,250,000**	**0.45**	**A**	**NR**	**A**
Class D	**£60,250,000**	**0.70**	**BBB**	**NR**	**BBB**

Interest on the Notes will be payable quarterly in arrear in pounds sterling on 25 January, 25 April, 25 July, 25 October 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 July 2005. The interest rate applicable to each class of Notes from time to time will be determined by reference to the London interbank offered rate for three month sterling deposits (or in respect of the first interest period a linear interpolation of the interest rate for two and three month sterling deposits) (**LIBOR**, as determined in accordance with Condition 5.3) plus the relevant Margin. Each Margin will be as set out in the table above.

If any withholding or deduction for or on account of tax is 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.

All Notes will be secured by the same security, subject to the priorities described in this Offering Circular. Notes of each class will rank *pari passu* with other Notes of the same class. Unless previously redeemed in full, the Notes of each class will mature on the Interest Payment Date falling in April 2017 (the **Final Maturity Date**). The Notes will be subject to mandatory redemption before such date in the specific circumstances and subject to the conditions more fully set out under "*Transaction Summary - Principal features of the Notes*".

The 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, not earlier than 40 days after the Closing Date (provided that certification of non-U.S. beneficial ownership has been received). Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the **Global Notes**) will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. 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
Note Arranger

THE ROYAL BANK OF SCOTLAND
Joint Bookrunner

UBS INVESTMENT BANK
Joint Bookrunner

The date of this Offering Circular is 4 May 2005

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**) (IN ANY CAPACITY), BY THE JOINT BOOKRUNNERS, THE SERVICER, THE SPECIAL SERVICER, THE TRUSTEE, THE CORPORATE SERVICES PROVIDER, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK, THE LIQUIDITY BANK, THE HEDGE COUNTERPARTIES 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 (in any capacity), the Joint Bookrunners, the Servicer, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Bank, the Hedge Counterparties 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 of this document or that the information contained in this document is correct as of any time subsequent to its date. Save for obligations of Eurohypo in its capacity as Servicer, Eurohypo expressly does not undertake to review the Loans or the Property during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

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 Joint Bookrunners 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 Joint Bookrunners 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 Joint Bookrunners or any of them to subscribe for or purchase any of the Notes.

All references in this document to **sterling**, **pounds** or **pounds sterling** 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 (in this capacity, the *Stabilising Manager*) 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 is no obligation on the Stabilising Manager 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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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. Prospective Noteholders are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Offering Circular in making any decision whether or not to invest in any Notes.

Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular, unless otherwise stated. An index of defined terms is set out at the end of this Offering Circular.

Executive Summary

On the Closing Date, Eurohypo (as CSCH Loan Facility Agent and Braehead Loan Facility Agent (in each case the **Loan Facility Agent**) and as CSCH Loan Arranger and Braehead Loan Arranger, (in each case the **Loan Arranger**)) and the Issuer (as **Original Lender**) will enter into:

(1) a £303,500,000 secured term loan facility with CSC Harlequin Limited (**CSCH**) pursuant to the terms of a credit agreement (the **CSCH Credit Agreement**); and

(2) a £406,500,000 secured term loan facility with Braehead Glasgow Limited and Braehead Park Investments Limited (the **Braehead Borrowers**) pursuant to the terms of a credit agreement (the **Braehead Credit Agreement** and together with the CSCH Credit Agreement, the **Credit Agreements**).

On the Closing Date, the Issuer (in its capacity as Initial Lender) will advance the full principal amount available under the CSCH Credit Agreement to CSCH and the full principal amount available under the Braehead Credit Agreement to the Braehead Borrowers.

The Loans under each of the CSCH Credit Agreement and the Braehead Credit Agreement will be sub-divided into four tranches, as follows:

CSCH LOANS	**BRAEHEAD LOANS**
£180,000,000 loan designated tranche A (**CSCH Tranche A Loan**)	£275,000,000 loan designated tranche A (**Braehead Tranche A Loan**)
£57,500,000 loan designated tranche B (**CSCH Tranche B Loan**)	£58,000,000 loan designated tranche B (**Braehead Tranche B Loan**)
£39,750,000 loan designated tranche C (**CSCH Tranche C Loan**)	£39,500,000 loan designated tranche C (**Braehead Tranche C Loan**)
£26,250,000 loan designated tranche D (**CSCH Tranche D Loan**)	£34,000,000 loan designated tranche D (**Braehead Tranche D Loan**)

The CSCH Tranche A Loan, the CSCH Tranche B Loan, the CSCH Tranche C Loan and the CSCH Tranche D Loan are together referred to as the **CSCH Loans**. The Braehead Tranche A Loan, the Braehead Tranche B Loan, the Braehead Tranche C Loan and the Braehead Tranche D Loan are together referred to as the **Braehead Loans**. The CSCH Loans and the Braehead Loans are together referred to as the **Loans**, each a **Loan**.

The Issuer will fund the Loans to both CSCH and the Braehead Borrowers (each, a **Borrower**) by utilising the proceeds of the issue of Notes. The purpose of the Loans is described under the *"Key characteristics of the Loans"* below. On the Closing Date, the principal amount outstanding of each class of Notes will correspond to the aggregate principal amount of the corresponding tranche of the Loans.

The Issuer will use receipts of principal and interest in respect of the Loans, together with certain other funds available to it (as described elsewhere in this Offering Circular) to make payments of, among other things, principal and interest due in respect of the Notes.

CSCH will grant a first priority mortgage over the Harlequin Centre, Watford and certain other security interests (including but not limited to security over its leases, its rental cashflows, a floating charge and associated CSCH Related Security) (the **CSCH Loan Security**) to Eurohypo (in its capacity as CSCH Loan Facility Agent) who will hold the CSCH Loan Security on trust for the Issuer and any other lenders under the CSCH Credit Agreement (together with the Issuer, the **CSCH Lenders)** and the other CSCH Loan Secured Creditors.

The Braehead Borrowers will grant a first ranking standard security over the Braehead Shopping Centre, Renfrew, Glasgow and certain other security interests (including but not limited to an assignation of rents, a floating charge and associated Braehead Related Security) (the **Braehead Loan Security**) to Eurohypo (in its capacity as Braehead Loan Facility Agent) who will hold the Braehead Loan Security on trust for the Issuer and any other lenders under the Braehead Credit Agreement (together with the Issuer, the **Braehead Lenders**) and the other Braehead Loan Secured Creditors. Each of the Braehead Borrowers will guarantee the other's obligations under the Braehead Credit Agreement and the Braehead Finance Documents.

Lender refers to either a CSCH Lender or Braehead Lender as the context admits.

Loan Security refers to either the CSCH Loan Security or the Braehead Loan Security as the context admits.

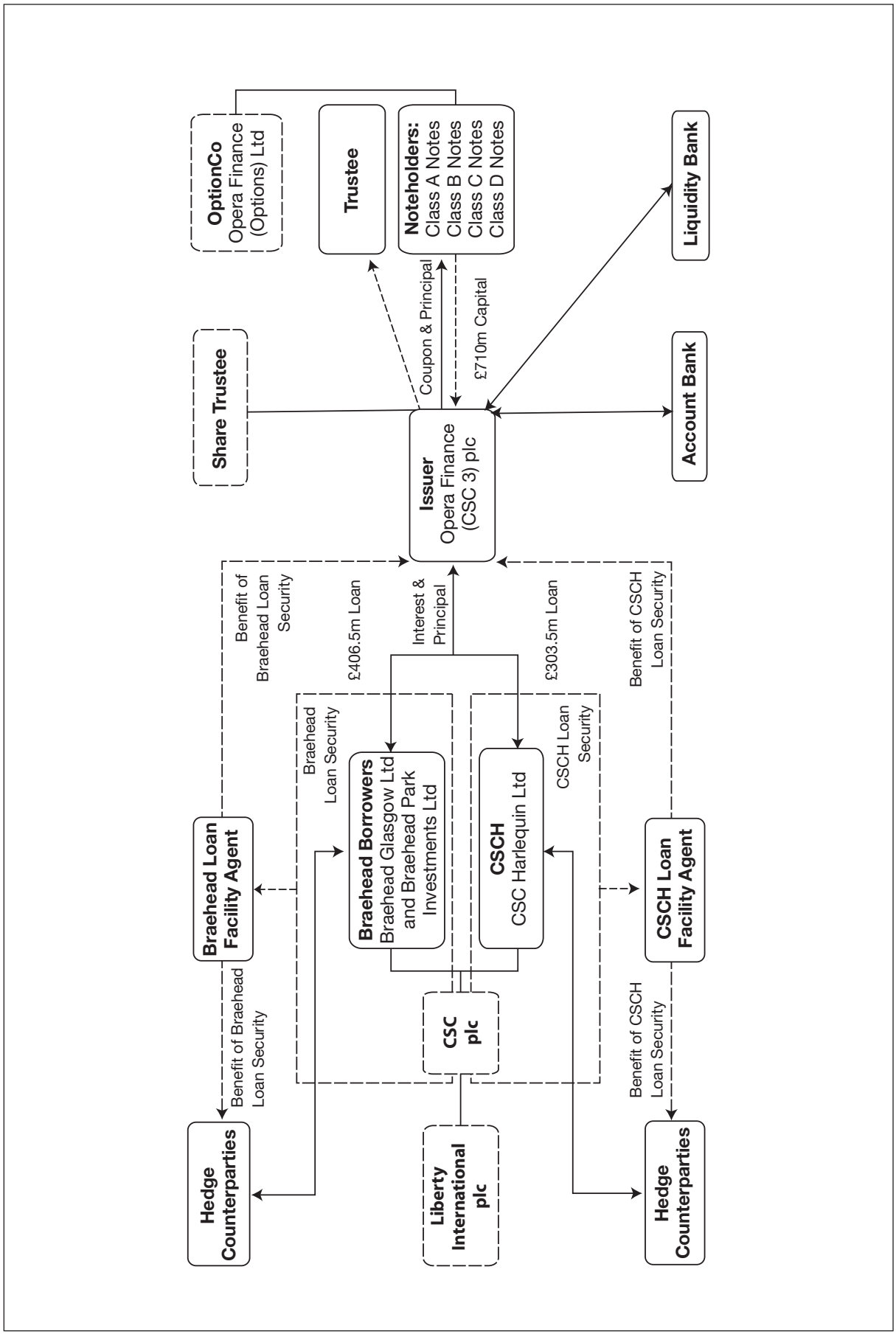
Each Credit Agreement will be secured by separate security interests. Neither Credit Agreement will cross collateralise the other and a default, acceleration and/or enforcement of a Loan under one Credit Agreement will not cause a default, acceleration and/or enforcement of any Loan under the other Credit Agreement.

CSCH and the Braehead Borrowers are special purpose companies, whose activities will be limited to ownership and management of their respective assets and related activities, as further described under "*Credit Structure – 3.1 CSCH Credit Agreement – Undertakings and 3.2 Braehead Credit Agreement - Undertakings*" below. Property management services will be provided by the CSCH Managing Agent in respect of the CSCH Property and by the Braehead Managing Agent in respect of the Braehead Property, and each will be a party to a Duty of Care Agreement governing the management of the relevant Property.

Interest will be payable under each Loan at a floating rate, fixed on each Interest Payment Date, calculated with reference to LIBOR for three month sterling deposits plus a separate margin in respect of each Loan. CSCH and the Braehead Borrowers have entered into and will be required, under the terms of the relevant Credit Agreement, to maintain (subject to certain limits) hedging arrangements with a view to ensuring that each of them will be able to continue to make payments of interest under the relevant Loan notwithstanding variations in the floating rate of interest payable by it. See further "*Credit Structure – 3.1 CSCH Credit Agreement – Hedging obligations and 3.2 Braehead Credit Agreement – Hedging obligations*" below.

As security for its obligations under (amongst other things) the Notes, the Issuer will grant fixed and floating security interests over all its assets and undertaking (which comprises, primarily, its rights in respect of the Loans, the CSCH Loan Security and the Braehead Loan Security) in favour of the Trustee under the Deed of Charge. The Trustee will hold the benefit of this security on trust for itself, the Noteholders and the Other Issuer Secured Creditors. The Deed of Charge will determine the priority of the claims of the Issuer Secured Creditors. See further "*Credit Structure – 8. Cashflows*" below.

Structure diagram



Key Transaction Parties

Issuer:

Opera Finance (CSC 3) plc (the **Issuer**) is a public company incorporated in England and Wales with limited liability. The Issuer's company registration number is 05411120. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee.

The Issuer will also act as initial lender (the **Original Lender**) pursuant to the Credit Agreements.

OptionCo:

Opera Finance (Options) Limited (**OptionCo**) is a private company incorporated in England and Wales with limited liability and company registration number 5403223. It will be granted a post-enforcement call option under the Post-Enforcement Call Option Agreement.

CSCH:

CSC Harlequin Limited is a private company incorporated in England and Wales with limited liability and company registration number 5389482.

Braehead Borrowers:

Braehead Glasgow Limited (**Braehead Glasgow**) is a private company incorporated in England and Wales with limited liability and company registration number 2725146; and

Braehead Park Investments Limited (**Braehead Park**) is a private company incorporated in England and Wales with limited liability and company registration number 2722888.

Together referred to as the **Braehead Borrowers**.

CSC:

The entire issued share capital of each of CSCH and the Braehead Borrowers is held by Capital Shopping Centres PLC (**CSC**). CSC is directly or indirectly owned by Liberty International PLC (**Liberty International**).

CSCH Managing Agent:

CSC Harlequin Property Management Limited (the **CSCH Managing Agent**) will provide certain property management services to CSCH. The CSCH Managing Agent is directly or indirectly owned by Liberty International.

Braehead Managing Agent:

CSC Braehead Property Management Limited (the **Braehead Managing Agent**) will provide certain property management services to the Braehead Borrowers. The Braehead Managing Agent is directly or indirectly owned by Liberty International.

Eurohypo:

Eurohypo Aktiengesellschaft, London Branch, whose principal office is at 4th Floor, 90 Long Acre, London WC2E 9RA (**Eurohypo**) will act in various capacities in respect of the transactions described in this Offering Circular. These are:

(a) as facility agent under the CSCH Credit Agreement and trustee of the CSCH Loan Security for itself, the CSCH Lenders and the CSCH Hedge Counterparties (the **CSCH Loan Facility Agent**);

(b) as facility agent under the Braehead Credit Agreement and trustee of the Braehead Loan Security for itself, the

	Braehead Lenders and the Braehead Hedge Counterparties (the **Braehead Loan Facility Agent**);
	(c) as arranger under the CSCH Credit Agreement (the **CSCH Loan Arranger**);
	(d) as arranger under the Braehead Credit Agreement (the **Braehead Loan Arranger**);
	(e) as servicer (the **Servicer**) and, if required, special servicer (the **Special Servicer**), on behalf of the Issuer, of the Loans pursuant to the Servicing Agreement; and
	(f) as arranger in respect of the issue of the Notes (the **Note Arranger**).
Trustee:	HSBC Trustee (C.I.) Limited, whose principal office is at 1 Grenville Street, St. Helier, Jersey JE4 9PF (the **Trustee**), will act under the Trust Deed as trustee for the holders of the Notes and under the Deed of Charge as trustee for the Noteholders and the other Issuer Secured Creditors.
Principal Paying Agent and Agent Bank:	HSBC Bank plc, acting through its office at Level 24, 8 Canada Square, London E14 5HQ, will be principal paying agent and agent bank under the Agency Agreement (in these capacities, the **Principal Paying Agent** and the **Agent Bank**).
Irish Paying Agent:	HSBC Institutional Trust Services (Ireland) Limited, acting through its office at HSBC House, Harcourt Centre, Harcourt Street, Dublin 2, will act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent**). The Irish Paying Agent, the Principal Paying Agent and any other paying agent(s) which may be appointed pursuant to the Agency Agreement are together referred to as the **Paying Agents**.
Account Bank:	HSBC Bank plc, acting through its office at Level 24, 8 Canada Square, London E14 5HQ will act as account bank for the Issuer under the Bank Agreement (in this capacity, the **Account Bank**).
Liquidity Bank:	HSBC Bank plc, acting through its office at 8 Canada Square, London E14 5HQ will provide the Liquidity Facility to the Issuer under the Liquidity Facility Agreement (in this capacity, the **Liquidity Bank**).
Corporate Services Provider:	Structured Finance Management Limited (the **Corporate Services Provider**) will provide certain corporate administration and secretarial services to the Issuer and OptionCo under two separate corporate services agreements (together the **Corporate Services Agreements,** each a **Corporate Services Agreement**).
Share Trustee:	SFM Corporate Services Limited (the **Share Trustee**) will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of a share trust deed dated 27 April 2005 (the **Share Trust Deed**).

Hedge Counterparties: Eurohypo Aktiengesellschaft, London branch, whose principal office is 4th Floor, 90 Long Acre, London WC2E 9RA; HSBC Bank plc, whose principal office is 8 Canada Square, London E14 5HP; The Royal Bank of Scotland plc, whose principal office is 36 St. Andrew Square, Edinburgh EH2 2YB; and UBS AG, London Branch, 1 Finsbury Avenue, London EC2M 2PP, certain of whom have entered into separate interest rate swap agreements with CSCH (the **CSCH Hedge Counterparties**) and with the Braehead Borrowers (the **Braehead Hedge Counterparties**). In this document, the term **CSCH Hedge Counterparties** includes any other party appointed from time to time pursuant to the CSCH Credit Agreement to act as a counterparty under the CSCH Hedging Arrangements in respect of the CSCH Loans and the term **Braehead Hedge Counterparties** includes any other party appointed from time to time pursuant to the Braehead Credit Agreement to act as counterparty under the Braehead Hedging Arrangements in respect of the Braehead Loans. Together, the CSCH Hedge Counterparties and the Braehead Hedge Counterparties are referred to as the **Hedge Counterparties**.

Key characteristics of the Loans

General: The CSCH Loans will constitute full recourse obligations of CSCH and will be secured separately by, among other things, a first legal mortgage over the CSCH Property, the CSCH Related Security and first fixed security over CSCH's interests in any occupational leases, insurance policies, CSCH Hedging Arrangements, bank accounts and rental cashflows in respect of the CSCH Property, together with a floating charge over all its remaining assets.

The Braehead Loans will constitute full recourse obligations of the Braehead Borrowers and will be secured separately by, among other things, a standard security over the Braehead Property, an assignation of rents, the Braehead Related Security and first fixed security over each Braehead Borrower's interests in any insurance policies, Braehead Hedging Arrangements and bank accounts together with a floating charge over each Braehead Borrower's remaining assets (but extending over all of each Braehead Borrower's Scottish assets).

Purpose of the Loans: The proceeds of the CSCH Loans will be applied towards financing, on the Closing Date, part of the cost of the acquisition of the CSCH Property from CSC Properties Limited (a wholly owned subsidiary of CSC) together with all associated costs, fees and expenses (including any value added tax on such costs, fees and expenses); and

The proceeds of the Braehead Loans will be applied towards the general corporate purposes of the Braehead Borrowers (including the making of loans to its affiliates and the payment of any lawful distribution).

Interest rate:

Each CSCH Loan will bear interest calculated as the sum of LIBOR (as defined under the CSCH Credit Agreement) plus a specified margin as follows:

(a) in respect of the CSCH Tranche A Loan, 0.23 per cent. per annum;

(b) in respect of the CSCH Tranche B Loan, 0.30 per cent. per annum;

(c) in respect of the CSCH Tranche C Loan, 0.45 per cent. per annum; and

(d) in respect of the CSCH Tranche D Loan, 0.70 per cent. per annum.

Each Braehead Loan will bear interest calculated as the sum of LIBOR (as defined under the Braehead Credit Agreement) plus a specified margin as follows:

(a) in respect of the Braehead Tranche A Loan, 0.23 per cent. per annum;

(b) in respect of the Braehead Tranche B Loan, 0.30 per cent. per annum;

(c) in respect of the Braehead Tranche C Loan, 0.45 per cent. per annum; and

(d) in respect of the Braehead Tranche D Loan, 0.70 per cent. per annum.

Interest payments:

Interest under the CSCH Loans and the Braehead Loans will be paid quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year (each, a **Loan Interest Payment Date**) in respect of successive interest periods (each, a **Loan Interest Period**).

Under the terms of each Credit Agreement, each Borrower will be obliged to ensure that sufficient amounts are standing to the credit of the CSCH Debt Service Account or the Braehead Debt Service Account (as applicable) no later than two Business Days prior to a Loan Interest Payment Date to enable it to meet its obligations under the relevant Credit Agreement on that Loan Interest Payment Date.

Securitisation fee:

Each Borrower shall pay to the Issuer a fee for providing their respective Loans (the **Securitisation Fee**) in an amount equal to 0.01 per cent. per annum of the aggregate of interest due and the Facility Fee payable by it to the Issuer in the immediately preceding quarter in respect of its Loan.

Facility fee:

CSCH and the Braehead Borrowers will also pay to the Issuer a fee of £120,000 per annum and £160,000 per annum, respectively for providing each Loan (the **Standard Fee**), and, in certain circumstances, a separate fee on each Loan Interest Payment Date (the **Additional Fee**), representing that Borrower's share under the relevant Credit Agreement of

certain fees, costs and expenses payable by the Issuer (the **Issuer's Costs**) on the corresponding Interest Payment Date.

The Servicer will notify each Borrower on each Calculation Date of the amount of the Additional Fee (if any) payable by that Borrower on the next following Loan Interest Payment Date.

The Standard Fee and the Additional Fee are together referred to as the **Facility Fee**.

Upon a Borrower prepaying its Loan in full at any time prior to the Loan Maturity Date, the Facility Fee of the remaining Borrower(s) will increase by a fixed amount.

The Facility Fee will be payable quarterly in arrear.

Repayment of the Loans:

Unless a Borrower has previously repaid its Loans, it will be required to repay them in full on the Loan Interest Payment Date falling in April 2015 (the **Loan Maturity Date**).

Prior to the Loan Maturity Date, CSCH will, to the extent of funds available for the purpose, be required, on the Loan Interest Payment Date falling in July 2005 and on each Loan Interest Payment Date thereafter, to repay an amount of the CSCH Loans equal to the following specified percentages of the aggregate CSCH Loans outstanding:

(a) if the Loan Interest Payment Date falls on or after 25 July 2005 and before 25 July 2006, 0.30 per cent.;

(b) if the Loan Interest Payment Date falls on or after 25 July 2006 and before 25 July 2007, 0.325 per cent.;

(c) if the Loan Interest Payment Date falls on or after 25 July 2007 and before 25 July 2008, 0.35 per cent.;

(d) if the Loan Interest Payment Date falls on or after 25 July 2008 and before 25 July 2009, 0.375 per cent.;

(e) if the Loan Interest Payment Date falls on or after 25 July 2009 and before 25 July 2010, 0.40 per cent.;

(f) if the Loan Interest Payment Date falls on or after 25 July 2010 and before 25 July 2011, 0.425 per cent.;

(g) if the Loan Interest Payment Date falls on or after 25 July 2011 and before 25 July 2012, 0.45 per cent.;

(h) if the Loan Interest Payment Date falls on or after 25 July 2012 and before 25 July 2013, 0.475 per cent.;

(i) if the Loan Interest Payment Date falls on or after 25 July 2013 and before 25 July 2014, 0.50 per cent.; and

(j) if the Loan Interest Payment Date falls on or after 25 July 2014, 0.525 per cent.

Amounts repaid by CSCH will be applied under the CSCH Credit Agreement:

(i) first in repayment of the CSCH Tranche A Loan until the CSCH Tranche A Loan is repaid;

(ii) second in repayment of the CSCH Tranche B Loan until the CSCH Tranche B Loan is repaid;

(iii) third in repayment of the CSCH Tranche C Loan until the CSCH Tranche C Loan is repaid; and

(iv) fourth in repayment of the CSCH Tranche D Loan until the CSCH Tranche D Loan is repaid.

It will not be a Loan Event of Default under the CSCH Credit Agreement if CSCH does not have the funds available for the amortisation repayments set out in (a) to (j) above.

Prior to the Loan Maturity Date, the Braehead Borrowers will, to the extent of funds available for the purpose, be required, on the Loan Interest Payment Date falling in July 2005 and on each Loan Interest Payment Date thereafter, to repay an amount of the Braehead Loans equal to the following specified percentages of the aggregate Braehead Loans outstanding:

(a) if the Loan Interest Payment Date falls on or after 25 July 2005 and before 25 July 2006, 0.15 per cent.;

(b) if the Loan Interest Payment Date falls on or after 25 July 2006 and before 25 July 2007, 0.40 per cent.;

(c) if the Loan Interest Payment Date falls on or after 25 July 2007 and before 25 July 2008, 0.45 per cent.;

(d) if the Loan Interest Payment Date falls on or after 25 July 2008 and before 25 July 2009, 0.50 per cent.;

(e) if the Loan Interest Payment Date falls on or after 25 July 2009 and before 25 July 2010, 0.60 per cent.;

(f) if the Loan Interest Payment Date falls on or after 25 July 2010 and before 25 July 2011, 0.65 per cent.;

(g) if the Loan Interest Payment Date falls on or after 25 July 2011 and before 25 July 2012, 0.70 per cent.;

(h) if the Loan Interest Payment Date falls on or after 25 July 2012 and before 25 July 2013, 0.75 per cent.;

(i) if the Loan Interest Payment Date falls on or after 25 July 2013 and before 25 July 2014, 0.45 per cent.; and

(j) if the Loan Interest Payment Date falls on or after 25 July 2014, 0.40 per cent.

Amounts repaid by the Braehead Borrowers will be applied under the Braehead Credit Agreement:

(i) first in repayment of the Braehead Tranche A Loan until the Braehead Tranche A Loan is repaid;

(ii) second in repayment of the Braehead Tranche B Loan until the Braehead Tranche B Loan is repaid;

(iii) third in repayment of the Braehead Tranche C Loan until the Braehead Tranche C Loan is repaid; and

(iv) fourth in repayment of the Braehead Tranche D Loan until the Braehead Tranche D Loan is repaid.

It will not be a Loan Event of Default under the Braehead Credit Agreement if the Braehead Borrowers do not have the funds available for the amortisation repayments set out in (a) to (j) above.

Optional prepayment: Each Borrower will be entitled to prepay its Loan and any tranche therein irrespective of priority on any Loan Interest Payment Date provided that any Loan Security has not been enforced. Upon enforcement of one Loan and its Loan Security, the remaining Loan will only be permitted to be prepaid sequentially from its Tranche A Loan down to its Tranche D Loan, in whole or in part (subject to a minimum of £5,000,000 and integral multiples of £5,000,000 thereafter), upon the relevant Borrower giving not less than 35 days' prior written notice to the relevant Loan Facility Agent.

Representations and warranties: The representations and warranties to be given by each Borrower under the relevant Credit Agreement, as of the date of such Credit Agreement, the date of drawdown and (subject to certain exceptions) each Loan Interest Payment Date, will include, among other things, warranties as follows:

(a) due incorporation and authorisation;

(b) no default under the relevant Credit Agreement (a **Loan Event of Default**) is outstanding or will likely result from the making of the relevant Loans;

(c) legality, validity and enforceability of, among other things, the relevant Credit Agreement and the relevant Security Agreement and, in the case of the Braehead Credit Agreement, the Standard Security and Assignation of Rents;

(d) ownership and title to the relevant Property, in each case free from any security interests (other than those set out in the relevant Security Agreement and, in the case of the Braehead Credit Agreement, the Standard Security and Assignation of Rents);

(e) first priority of the relevant Loan Security;

(f) the absence of material litigation, arbitration or administrative proceedings;

(g) the truthfulness, accuracy and completeness of all information supplied by the relevant Borrower to the relevant Loan Arranger, the Initial Lender and the relevant Loan Facility Agent, among others, in connection with the relevant Credit Agreement and related finance documents (the **CSCH Finance**

Documents and the **Braehead Finance Documents**, respectively, and, together, the **Finance Documents**) and all information supplied by the relevant Borrower to the Valuer for the purposes of the relevant Valuation; and

(h) recent historical activities.

Loan Security:

CSCH will enter into a security agreement with Eurohypo (as CSCH Loan Facility Agent) dated on or before the Closing Date (the **CSCH Security Agreement**) under which it will grant security over all of its assets in favour of the CSCH Loan Facility Agent as security for CSCH's obligations under the CSCH Loans and other liabilities owing from time to time by it to the CSCH Lenders, the CSCH Hedge Counterparties, the CSCH Loan Arranger and the CSCH Loan Facility Agent (together, the **CSCH Loan Secured Creditors**).

The CSCH Loans and all other obligations to the CSCH Loan Secured Creditors will be secured by a first legal mortgage over the CSCH Property and certain other security interests, including fixed security over CSCH's interests in any occupational leases, insurance policies, CSCH Hedging Arrangements, bank accounts and rental cashflows in respect of the CSCH Property, together with a floating charge over its remaining assets.

The security and covenant package under the CSCH Credit Agreement will also include the benefit of:

(a) a subordination deed dated on or before the Closing Date (the **CSCH Subordination Deed**) under which all debts of CSCH to Liberty International, CSC and various subsidiaries of Liberty International (together, the **CSCH Subordinated Creditors**) will be subordinated to the Issuer and the other CSCH Lenders (if any);

(b) a duty of care agreement entered into by the CSCH Managing Agent with the CSCH Loan Facility Agent in relation to the management (including the collection of rental income) of the CSCH Property (the **CSCH Duty of Care Agreement**); and

(c) a mortgage of shares dated on or before the Closing Date (the **CSCH Mortgage of Shares**) from CSC granting a first fixed equitable charge over all of CSCH's share capital in favour of the CSCH Loan Facility Agent.

The CSCH Subordination Deed, the CSCH Duty of Care Agreement, the CSCH Mortgage of Shares and/or any other security not described above which is granted in favour of the CSCH Loan Facility Agent under the CSCH Credit Agreement are referred to in this document as the **CSCH Related Security** and will form part of the CSCH Loan Security. The CSCH Related Security is governed by English law.

The Braehead Borrowers will enter into a security agreement with Europhypo (as Braehead Loan Facility Agent) dated on or before the Closing Date (the **Braehead Security**

Agreement and, together with the CSCH Security Agreement, the **Security Agreements**) under which each Braehead Borrower will grant fixed security over all its assets (to the extent not already secured by the Standard Security or Assignation of Rents) and a floating charge over all its remaining assets (but including all of its assets situated in Scotland) in favour of the Braehead Loan Facility Agent as security for its obligations under the Braehead Loans and other liabilities owing from time to time by it to the Braehead Lenders, the Braehead Hedge Counterparties, the Braehead Loan Arranger and the Braehead Loan Facility Agent (together, the **Braehead Loan Secured Creditors**).

The Braehead Loans and all other obligations to the Braehead Loan Secured Creditors will be secured by a first ranking standard security (the **Standard Security**) and certain other security interests, including an assignation of rents (the **Assignation of Rents**) and fixed security over the Braehead Borrowers' interests in any insurance policies, Braehead Hedging Arrangements and bank accounts, together with a floating charge over each Braehead Borrower's remaining assets but extending over each Braehead Borrower's Scottish assets. The Standard Security and the Assignation of Rents will be governed by Scottish law.

The security and covenant package under the Braehead Credit Agreement will also include the benefit of:

(a) a subordination deed dated on or before the Closing Date (the **Braehead Subordination Deed**) under which all debts of the Braehead Borrowers to Liberty International, CSC and various subsidiaries of Liberty International (together, the **Braehead Subordinated Creditors**) will be subordinated to the Issuer and the other Braehead Lenders (if any);

(b) a duty of care agreement entered into by the Braehead Managing Agent with the Braehead Loan Facility Agent in relation to the management (including collection of rental income) of the Braehead Property (the **Braehead Duty of Care Agreement**); and

(c) a mortgage of shares dated on or before the Closing Date (the **Braehead Mortgage of Shares**) from CSC granting a first fixed equitable charge over all of each Braehead Borrower's share capital in favour of the Braehead Loan Facility Agent.

The Braehead Subordination Deed, the Braehead Duty of Care Agreement, the Braehead Mortgage of Shares and/or any other security not described above which is granted to the Braehead Loan Facility Agent under the Braehead Credit Agreement are referred to in this document as the **Braehead Related Security** and will form part of the Braehead Loan Security. The Braehead Related Security is governed by English law.

Under the Braehead Credit Agreement, each Braehead Borrower will guarantee the obligations of the other Braehead Borrower under the Braehead Finance Documents.

Each Credit Agreement will be secured by separate security interests.

Further advances:

Although the Issuer will be the lender for the maximum commitment amount under each Credit Agreement as at the Closing Date, each Borrower will be entitled, from time to time, to request that the Issuer or any other Lender who accedes to the relevant Credit Agreement after the Closing Date increase its term commitment under that Credit Agreement in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000 by written request to the relevant Loan Facility Agent. If the relevant Lender agrees in writing to such a request, its total commitment amount will be increased accordingly. However, neither Credit Agreement will place an obligation on the Issuer or any other Lender under that Credit Agreement to make any further advance to a Borrower.

Any additional lending under a Credit Agreement may be undertaken by the Issuer (in connection with the issue of Further Notes and/or New Notes) or by another Lender under that Credit Agreement.

The claims of that other Lender under the relevant Credit Agreement may rank *pari passu* with the claims of the Issuer. The ranking of any additional lending undertaken by the Issuer and funded by the issue of Further Notes and/or New Notes will be decided at the time of issue of such Further Notes and New Notes.

No such additional lending under a Credit Agreement will be permitted unless all the Lenders under that Credit Agreement consent to such additional lending and the Rating Agencies confirm that the then current ratings of each class of Notes will not be adversely affected.

Insurance:

Each Borrower will undertake, pursuant to the relevant Credit Agreement, to maintain insurance on its Property on a full reinstatement value basis together with a further amount equal to not less than 12.5 per cent. of the full reinstatement cost (on terms acceptable to the relevant Loan Facility Agent) and not less than five years' loss of rent on all occupational leases together with third party liability insurance and insurance against acts of terrorism (to the extent available in the UK or European insurance markets). Each Borrower will also undertake to procure that the relevant Loan Facility Agent is named as co-insured on all relevant insurance policies.

All insurances required under the Credit Agreements must be with an insurance company or underwriter (or a group of insurance companies or underwriters) that:

(a) has a long term credit rating or a financial strength rating (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of "A" (or better) by Fitch, "A" (or better) by S&P and satisfactory to Moody's; or

(b) is recommended by the relevant Borrower's insurance broker in a letter to the relevant Loan Facility Agent and the relevant Borrower to be delivered at least annually; or

(c) is otherwise acceptable to the relevant Loan Facility Agent (acting reasonably).

Property management:

The CSCH Managing Agent will enter into a property management agreement with CSCH in respect of the CSCH Property (the **CSCH Property Management Agreement**) and will undertake (pursuant to the CSCH Duty of Care Agreement) towards the CSCH Loan Facility Agent to:

(a) comply with the terms of the CSCH Property Management Agreement;

(b) exercise all proper skill, care and diligence in performing the CSCH Property Management Agreement; and

(c) ensure that the rental income from the CSCH Property is paid into the CSCH Rent and General Account when due or such income is held in a separate account on trust for CSCH until transferred to CSCH's possession.

The Braehead Managing Agent will enter into a property management agreement with the Braehead Borrowers in respect of the Braehead Property (the **Braehead Property Management Agreement**) and will undertake (pursuant to the Braehead Duty of Care Agreement) towards the Braehead Loan Facility Agent to:

(a) comply with the terms of the Braehead Property Management Agreement;

(b) exercise all proper skill, care and diligence in performing the Braehead Property Management Agreement; and

(c) ensure that the rental income from the Braehead Property is paid into the Braehead Rent and General Account when due or such income is held in a separate account on trust for the Braehead Borrowers until transferred to the Braehead Borrowers' possession.

Key characteristics of the Properties

CSCH Property:

The CSCH Loan will be secured on the land and buildings of The Harlequin Centre, Watford, to the north west of central London, England and four leased satellite car parks located in the centre of Watford (the **CSCH Property**).

The CSCH Property is the dominant retail centre in south Hertfordshire. It provides a retail area of approximately 67,300 sq m (720,000 sq ft) of predominantly enclosed retail

accommodation arranged over two principal levels, the Lower Mall and the Upper Mall.

The freehold of the CSCH Property is vested in Watford Borough Council. The CSCH Property was developed by Capital & Counties plc, a sister company of CSC, and opened in two phases in 1990 and 1992. As of the date of this Offering Circular CSC holds the CSCH Property through a subsidiary, CSC Properties Limited, under two 999 year leases (starting in 1987), and on the Closing Date CSCH will acquire the various leasehold interests, applying the CSCH Loans to fund part of the acquisition cost. Watford Borough Council, as ultimate landlord, is entitled to an annual participation broadly on a side by side basis of 7 per cent. of the rent received net of management costs (except for three units representing 1.6 per cent. of current rent passing, where the relevant participation is 20 per cent. of rents received). In addition, the Council receives the higher of 50 per cent. of net car park income or a fixed rent of £665,587 per annum for the four satellite car parks.

Watford is situated approximately 29 km (18 miles) to the north west of Central London. Watford benefits from good transport communications, being located within close proximity of the M1 and M25 intersection, with junction 19 of the M25 and junction 5 of the M1 each approximately three kms (two miles) from the town centre.

The Harlequin Centre is a well established centre with a long record of successful trading. The main anchors are John Lewis, Marks & Spencer and Bhs. Analysis of individual tenants indicates that some 97.0 per cent. of passing rent is generated from space let to national multiple retailers. No single retail group accounts for more than 5 per cent. of total passing rent, exclusive of turnover rent. The ten largest tenants account for approximately 32.0 per cent. of passing rent. The largest tenant, the Arcadia Group, trading through Burtons/Dorothy Perkins, Evans, Miss Selfridge and Wallis, accounts for 4.7 per cent. of passing rent. The top 50 tenants generate approximately 78.7 per cent. of passing rent, and the top 100 tenants generate approximately 98.0 per cent. of passing rent.

As per the valuation carried out by DTZ Debenham Tie Leung (the **Valuer**) on 4 April 2005 (the **CSCH Valuation**), gross rent (inclusive of reversionary income from outstanding rent reviews) in respect of the CSCH Property was £24,113,417 per annum.

The estimated rental value of the CSCH Property as at 4 April 2005 was £29,747,740 per annum. The CSCH Property is managed by a CSC affiliate, CSC Harlequin Property Management Limited.

Valuation:

The Valuer has determined the market value of the leasehold interest in the CSCH Property, subject to the existing tenancies, to be, as at 4 April 2005 (the **CSCH Valuation**

Date) £463,000,000. Since the CSCH Valuation Date, there has been no diminution in the value of the CSCH Property as at the date of this Offering Circular. On the basis of the CSCH Valuation, the loan to value ratio of the CSCH Loans (assuming the CSCH Loans have already been made) on the date of this Offering Circular (expressed as a percentage) is 65.6 per cent.

Under the terms of the CSCH Credit Agreement, the CSCH Loan Facility Agent will have the right to call for a valuation of the CSCH Property at any time at the cost of the CSCH Lenders or, if a Loan Event of Default under the CSCH Credit Agreement is outstanding or likely to result from such valuation, at the cost of CSCH (but CSCH will only be obliged to bear the cost of one valuation in any twelve month period) (See "*Valuation Report*" below).

Braehead Property:

The Braehead Loan will be secured on the land and buildings of the Braehead Shopping Centre and Retail Park, Renfrew, Glasgow, Scotland (the **Braehead Property**).

The Braehead Property is Scotland's principal out of town shopping centre. Opened in 1999, the shopping centre provides approximately 55,742 sq m (600,000 sq ft) of fully enclosed retail space arranged over two principal levels, the Lower Mall and the Upper Mall. In addition, there is 200,000 sq ft of leisure space in the centre, comprising a 4,000 seat arena, a curling rink and a free-form ice rink. The Retail Park opened in 2000 and comprises approximately 26,390 sq m (284,000 sq ft) of bulky goods retail. There are 6,500 free car parking spaces available for the shopping centre and retail park.

The Braehead Property is held feuhold by the Braehead Borrowers, two subsidiaries of CSC which developed the Braehead Property in 1997 - 2000.

The Braehead Property is situated approximately 8 kilometres (5 miles) west of Glasgow City centre, close to Glasgow International Airport, 2.4 kilometres (1.5 miles) from the Clyde Tunnel and 12.87 kilometres (8 miles) from the Erskine Bridge.

The Braehead Property is a well established centre with a successful trading record. The main anchors are Marks & Spencer and J Sainsbury. Main anchors at The Braehead Retail Park are B&Q and Next Home. Analysis of individual tenants indicates that some 97.9 per cent. of passing rent is generated from space let to national multiple retailers. No single retail group accounts for more than 5.5 per cent. of total passing rent, exclusive of turnover rent. The ten largest tenants account for approximately 37.5 per cent. of passing rent. The largest tenant, the Arcadia Group, trading through Top Shop, Top Man, Burtons, Dorothy Perkins, Evans and Wallis, accounts for 5.5 per cent. of passing rent. The top 20 tenants generate approximately 55.8 per cent. of passing

rent, and the top 50 tenants generate approximately 82.7 per cent. of passing rent.

As per the valuation carried out by DTZ Debenham Tie Leung (the Valuer) on 4 April 2005 (the **Braehead Valuation**), net rent (inclusive of reversionary income from outstanding rent reviews) in respect of the Braehead Property was £30,311,529 per annum.

The estimated rental value of the Braehead Property as at 4 April 2005 was £35,664,514 per annum. The Braehead Property is managed by a CSC affiliate, CSC Braehead Property Management Limited.

Valuation:

The Valuer has determined the market value of the feuhold interest in the Braehead Property, subject to the existing tenancies, to be, as at 4 April 2005 (the **Braehead Valuation Date**) £583,570,000. Since the Braehead Valuation Date, there has been no diminution in the value of the Braehead Property as at the date of this Offering Circular. On the basis of the Braehead Valuation, the loan to value ratio of the Braehead Loans (assuming the Braehead Loans have already been made) on the date of this document (expressed as a percentage) is 69.7 per cent.

Under the terms of the Braehead Credit Agreement, the Braehead Loan Facility Agent will have the right to call for a valuation of the Braehead Property at any time at the cost of the Braehead Lenders or, if a Loan Event of Default under the Braehead Credit Agreement is outstanding or likely to result from such valuation, at the cost of the Braehead Borrowers. (See "*Valuation Report*" below).

Principal features of the Notes

Notes:

The Notes will comprise:

(a) £455,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017;

(b) £115,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017;

(c) £79,250,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017; and

(d) £60,250,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017.

The Notes will be constituted by a trust deed made between the Issuer and the Trustee dated on or before the Closing Date (the **Trust Deed**). The Notes of each class will rank *pari passu* and rateably and without any preference among themselves.

Status and priority:

After service of an Acceleration Notice and pursuant to the provisions of **Condition 3**, the Trust Deed and the Deed of Charge, the Class A Notes will rank in priority to all other

Classes of Notes in point of security and as to the payment of principal and interest, the Class B Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes but will rank in priority to the Class C Notes and the Class D Notes in point of security and as to the payment of principal and interest, the Class C Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes and the Class B Notes but will rank in priority to the Class D Notes in point of security and as to right of payment of principal and interest and the Class D Notes will be subordinated in point of security and as to the payment of principal and interest in respect of the Class A Notes, the Class B Notes and the Class C Notes.

See "*Credit Structure – 8. Cashflows*" below.

Form of the Notes: Each Class of Notes will be in bearer form. The Temporary Global Notes and the Permanent Global Notes of each class will be held by a common depositary for Euroclear and Clearstream, Luxembourg. The Notes will be in denominations of £50,000.

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

Class	Fitch	Moody's	S&P
Class A Notes	AAA	Aaa	AAA
Class B Notes	AA	NR	AA
Class C Notes	A	NR	A
Class D Notes	BBB	NR	BBB

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.

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.

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

Redemption in whole for taxation and other reasons: In accordance with **Condition 6.2(b)** and only after reasonable endeavours have been made to mitigate in accordance with **Condition 6.2(a)** if the Issuer satisfies the Trustee that either (i) on the occasion of the next Interest Payment Date the Issuer would become subject to tax on its income in more than one jurisdiction or the Issuer would be required to make any withholding or deduction from any payment of principal or interest in respect of any of the Notes, or the Issuer would suffer any withholding or deduction from any payment in respect of the Loans in each case for or on account of any present or future tax, duty or charge of

whatsoever nature incurred or levied by or on behalf of the United Kingdom or any authority thereof or therein or (ii) by reason of a change of law which change becomes effective on or after the Closing Date it has or will become unlawful for the Issuer to make, lend or allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement, then the Issuer shall (in accordance with **Condition 6.2(a)**), upon giving not more than 60 and not less than 30 days' notice to the Noteholders and provided that it has satisfied the Trustee that it has sufficient funds available to it, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding together with accrued interest thereon.

Principal Amount Outstanding means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time.

Mandatory redemption in whole or in part:

Subject to **Condition 6.2, Condition 6.3(d)** and prior to service of an Acceleration Notice, (i) if the Issuer receives a notice from a Borrower pursuant to its Credit Agreement that a Borrower or the Borrowers will prepay all or part of the Loan(s) on or before the next Interest Payment Date; (ii) any Loan is sold or transferred pursuant to its Credit Agreement or (iii) if pursuant to the terms of its Credit Agreement a Borrower or the Borrowers will make a principal repayment on its Loan(s) on or before the next Interest Payment Date, the Issuer will, in accordance with **Condition 6.3(a) or (b)**, upon giving not more than 60 and not less than 30 days' notice (in the case of (i) and (ii)) or notice two Business Days prior to an Interest Payment Date (in the case of (iii)) to the Noteholders and provided that it has satisfied the Trustee that it has or will have sufficient funds available to it, redeem *pro rata* the Notes of the class corresponding to the Loan tranche being prepaid or repaid equal in an aggregate amount to the principal amount of the relevant Loan or Loans being prepaid or repaid. See "*Repayments of the Loans*" (above) in respect of the Borrowers obligation to make periodic principal repayments on its Loan.

However, the Issuer will redeem the Notes in sequential order if subject to **Condition 6.3(d)** and prior to the service of an Acceleration Notice, an unremedied and uncured Loan Event of Default in respect of either Credit Agreement occurs.

Upon enforcement of the Issuer Security and service of an Acceleration Notice, pursuant to **Condition 10**, the Trustee or its appointee is required to apply all amounts (if any) received in respect of a Loan in accordance with the Post-Acceleration Priority of Payments pursuant to the Deed of Charge.

Post-Enforcement Call Option:

The Issuer will enter into a post-enforcement call option agreement with Opera Finance (Options) Limited (**OptionCo**) and the Trustee dated on or before the Closing Date (the **Post-Enforcement Call Option Agreement**) under the

terms of which, upon exercise of the Post-Enforcement Call Option by OptionCo, following the enforcement of the Issuer Security, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be required to transfer to OptionCo all of the Class B Notes, the Class C Notes and the Class D Notes. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be bound by the terms of the Notes to transfer their Note holdings to OptionCo. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be paid a nominal amount only for the transfer.

No purchase of Notes by the Issuer:

The Issuer will not be permitted to purchase Notes.

Further Notes, New Notes and Replacement Notes:

The Issuer will be entitled, without the consent of the Noteholders of any class, to issue further debt securities, as follows:

(a) notes which are consolidated, and form a single series with, an existing class of Notes (including any New Notes or Replacement Notes then in issue) (**Further Notes**);

(b) notes which rank *pari passu* with the Class A Notes, or behind the Class A Notes and ahead of the Class B Notes, or *pari passu* with the Class B Notes, or behind the Class B Notes but ahead of the Class C Notes, or *pari passu* with the Class C Notes, or behind the Class C Notes but ahead of the Class D Notes or *pari passu* with the Class D Notes or behind the Class D Notes (**New Notes**); and

(c) notes of any class to replace an existing class of Notes, but with a lower interest rate (or, if fixed rate Notes are to be issued in replacement for floating rate Notes or *vice versa*, a swap rate which (taking into account the relevant margin) is lower than the existing class of Notes being replaced) (**Replacement Notes**).

Pursuant to the Pre-Enforcement Income Priority of Payments and the Post Enforcement Pre-Acceleration Income Priority of Payments (as applicable), interest on junior classes of Notes will be payable prior to any scheduled, mandatory or optional principal amortisation. Any issue of Further Notes, New Notes or Replacement Notes will be subject to the satisfaction of certain conditions precedent. These will include a condition that the Rating Agencies confirm that the then current ratings of each class of Notes already in issue will not be adversely affected. See further **Condition 16** under "*Terms and Conditions of the Notes*" below.

Interest rates:

Each class of Notes will initially bear interest calculated as the sum of LIBOR (as determined in accordance with **Condition 5.3**) plus the relevant Margin.

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

Class	**Margin** (per cent.)
Class A Notes	0.23
Class B Notes	0.30
Class C Notes	0.45
Class D Notes	0.70

Interest payments: Interest will be payable on the Notes quarterly in arrear on 25 January, 25 April, 25 July, 25 October in each year, unless the same is not a Business Day, in which case the following Business Day (each, an **Interest Payment Date**). **Business Day** means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in London and Dublin.

Interest Periods: The first Interest Period will run from (and including) the Closing Date to (but excluding) the first Interest Payment Date and subsequent Interest Periods will run from (and including) an Interest Payment Date to (but excluding) the next Interest Payment Date. The Noteholders will be entitled to receive a payment of interest only in so far as payment is in accordance with the Priorities of Payments (as described in "*Credit Structure – 8. Cashflows*" below). Any interest not paid on the Notes (other than interest due on the Most Senior Class of Notes then outstanding) when due (prior to the Final Maturity Date or on such earlier date as the Notes become immediately due and repayable under **Condition 10**) will accrue interest and will be paid only to the extent that there are funds available on a subsequent Interest Payment Date in accordance with the Priorities of Payments (as described in "*Credit Structure – 8. Cashflows*" below).

Any deferral of interest in accordance with **Condition 5.8** will not constitute a Note Event of Default.

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

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

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

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

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

Security for the Notes:

The Notes will be secured pursuant to a deed of charge and assignment made between the Issuer, the Share Trustee, the Trustee and the Other Issuer Secured Creditors and dated on or before the Closing Date (the **Deed of Charge**).

The Trustee will hold the security granted under the Deed of Charge on trust for itself, any receiver and any other appointee of the Trustee, the Noteholders, the Receiptholders, the Couponholders, the Paying Agents, the Agent Bank, the Corporate Services Provider, the Servicer, the Special Servicer, the Liquidity Bank, the Loan Arranger and the Account Bank (together, the **Issuer Secured Creditors**).

The Issuer will grant the following security interests under or pursuant to the Deed of Charge (the **Issuer Security**):

(a) a first ranking assignment of its rights in respect of the Loans;

(b) a first ranking assignment of its interest in the CSCH Loan Security and the Braehead Loan Security;

(c) a first ranking assignment of its rights under the other Transaction Documents to which it is a party;

(d) a first fixed charge of its rights to all monies standing to the credit of the Issuer Accounts;

(e) a first fixed charge of its interest in any Eligible Investments made by it or on its behalf; and

(f) a first floating charge over the whole of its undertaking and of its property and assets not already subject to fixed security (but extending over all of the Issuer's Scottish assets).

The security interests referred to in **paragraphs** (a) to (e) above may take effect as floating security and thus rank behind claims of certain preferential and other creditors. See "*Status and Priority*" (above) for the ranking of Notes, after the enforcement of the Issuer Security.

Transfer restrictions:

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

Governing law:

The Notes and the other Transaction Documents will be governed by English law and where applicable, by Scots Law.

RISK FACTORS

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

(A) Considerations relating to the Notes

Liability under the Notes

The Issuer is the only entity which has obligations to pay principal and interest in respect of the Notes. The Notes will not be obligations or responsibilities of, or guaranteed by, any other entity, including (but not limited to) Eurohypo (in any capacity), the Joint Bookrunners, the Trustee, the Share Trustee, the Liquidity Bank, the Servicer, the Special Servicer, the Paying Agents, the Agent Bank, the Corporate Services Provider and the Account Bank, or by any entity affiliated to any of the foregoing.

Limited resources of the Issuer

The Notes will be full recourse obligations of the Issuer. However, the assets of the Issuer will themselves be limited. The ability of the Issuer to meet its obligations under the Notes will be dependent primarily upon the receipt by it of principal and interest from CSCH and the Braehead Borrowers under their respective Loans (see further "*Considerations relating to the Loans and the Property*" below) and the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement. Other than the foregoing, and any interest earned by the Issuer in respect of its bank accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes.

Upon enforcement of the security for the Notes, the Trustee or any receiver will, in practice, have recourse only to the Loans and the Issuer's interest in the CSCH Loan Security and the Braehead Loan Security and to any other assets of the Issuer then in existence as described in this document. It should be noted that, in certain limited circumstances, the Issuer will not be able to make any further drawings under the Liquidity Facility Agreement.

Ratings of the Notes

The ratings assigned to each class of the Notes by the Rating Agencies are based on the Loans, the CSCH Loan Security, the Braehead Loan Security, each Property and other relevant structural features of the transaction, including, among other things, the short term and long term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Bank and the Hedge Counterparties. These ratings reflect only the views of the Rating Agencies. Please note that Moody's is not rating all of the Notes and will only provide Anticipated Ratings for the Class A Notes.

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

Credit rating agencies other than Fitch, Moody's and S&P could seek to rate the Notes (or any class of them) without having been requested to do so by the Issuer, and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Fitch, Moody's and S&P, those

unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any class. In this Offering Circular, all references to ratings in this Offering Circular are to ratings assigned by the Rating Agencies (namely Fitch, Moody's and S&P).

Ratings confirmations

Under the Transaction Documents, the Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any class of Noteholders, or, as the case may be, all the Noteholders, and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer 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.

However, it should be noted that the decision as to whether or not to reconfirm any particular rating may be made on the basis of a variety of factors and no assurance can be given that any such reconfirmation will not be given in circumstances where the relevant proposed matter would materially adversely affect the interests of Noteholders of a particular class. The Rating Agencies, in assigning credit ratings, do not comment upon the interests of holders of securities (such as the Notes). In addition, no assurance can be given that the Rating Agencies will provide any such reconfirmation.

Absence of secondary market; limited liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange. There is not, at present, a secondary market for the Notes. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest and/or credit spreads. 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

Under the Liquidity Facility Agreement, the Liquidity Bank will, under and in accordance with the terms of the Liquidity Facility Agreement, make available to the Issuer the £47.8 million Liquidity Facility to enable the Issuer to (among other things) make payments of interest in respect of the Notes. In certain circumstances after the enforcement of a Loan, the Liquidity Facility may cease to be available to make note interest payments in respect of certain classes of Notes. See "*Credit Structure – Liquidity Facility*". The Liquidity Facility will not be available to the Issuer to enable it to make any payment of principal payable in respect of the Notes of any class.

The initial Liquidity Facility Agreement will expire 364 days after the Closing Date, although it is extendable. The Liquidity Bank is not obliged to extend or renew the Liquidity Facility at its expiry, but if it does not renew or extend the Liquidity Facility on request then the Issuer may, subject to certain terms, be required to make a Liquidity Stand-by Drawing and place the proceeds of that drawing on deposit in the Liquidity Stand-by Account. See further "*Credit Structure – 7. Liquidity Facility*", below.

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

If, on any Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds to make payment in full of interest due on the Class B Notes and/or the Class C Notes and/or Class D Notes, then the Issuer will be entitled (under **Condition 5.8**) to defer payment of that amount until the following Interest Payment Date. In these circumstances there will

be no Note Event of Default. If there are no Class A Notes then outstanding (but there are Class B Notes outstanding), the Issuer will be entitled to defer payments of interest in respect of the Class C Notes and the Class D Notes. If there are no Class A Notes or Class B Notes outstanding (but there are Class C Notes outstanding) the Issuer will be entitled to defer interest on the Class D Notes only.

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 Servicer, the Special Servicer, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank and all payments due to the Liquidity Bank under the Liquidity Facility (other than in respect of amounts specified in paragraph (k) of "*Credit Structure – 8. Cashflows – Payments Paid out of the Issuer Income Account Post-Enforcement of the Issuer Security but Pre-Acceleration of the Notes*" and paragraph (0) of "*8. Cashflows – Payments Paid out of the Issuer Transaction Accounts Post-Acceleration of the Notes*" below) will be made in priority to payments in respect of interest and principal (where appropriate) on the Class A Notes. Upon acceleration of the Notes, 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 and all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders.

Conflict of interests between classes of Noteholders

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

Withholding or deduction under the Notes

In the event that a withholding or deduction for or on account of any taxes are imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Paying Agent or any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would oblige the Issuer to redeem the Notes at their then Principal Amount Outstanding (plus accrued interest) thereby shortening the average lives of the Notes.

Yield and prepayment considerations

The yield to maturity of the Notes of each class will depend on, among other things, the amount and timing of receipt by the Issuer of amounts of principal in respect of a Loan or the Loans (and payment thereof to Noteholders) and the purchase price paid by the holders of the Notes. Such yield may be adversely affected by one or more prepayments in respect of a Loan or the Loans (and payment thereof to Noteholders).

A Borrower will have the option to prepay a Loan at any time. If a Borrower prepays any Loan in whole or in part, the Issuer will effect a redemption of the Notes (under **Condition 6.3**) in a corresponding principal amount to that Loan tranche prepaid.

Post-Enforcement Call Option

Pursuant to the Post-Enforcement Call Option Agreement the Trustee will, on the Closing Date, grant to OptionCo an option (the **Post-Enforcement Call Option**) to acquire all (but not some only) of the Class B Notes, the Class C Notes and the Class D Notes (plus accrued interest thereon) for a consideration of one penny per Note outstanding following any enforcement of the Issuer Security and after (a) the date on which the Trustee determines that the proceeds of such enforcement are insufficient to pay any further amounts due in respect of the Class B Notes, the Class C Notes and the Class D Notes, (b) payment of all other claims ranking higher in priority to the Class B Notes, the C Notes and the Class D Notes and *pro rata* payment of all claims ranking in equal priority to the Class B Notes, the Class C Notes and the Class D Notes and (c) the application of any such proceeds to the Class B Notes, the Class C Notes and the Class D Notes. The Class B Noteholders, the Class C Noteholders and the Class D Noteholders will be bound by the terms of the Post-Enforcement Call Option granted to OptionCo pursuant to the Post-Enforcement Call Option Agreement, the Trust Deed and **Condition 6.8** and the Trustee will be irrevocably authorised to enter into the Post-Enforcement Call Option Agreement with the Issuer and OptionCo on behalf of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders on the Closing Date.

No Cross Default/Acceleration/Cross-Collateralisation between the Loans and potential income/interest mismatch for the Issuer

The Loans are not cross-collateralised, so a default under one Loan will not result in a default under the other Loan. In addition, a default and/or enforcement of the Loan Security in respect of one Loan will not necessarily result in a default under the Notes. However any such default will result in the application of principal by the Issuer becoming sequential rather than to the corresponding class of Notes to the loan tranche repaid. Therefore it is possible that after a default on a Loan the Issuer will apply prepayments of principal in respect of a junior tranche of a Loan to prepay the Most Senior Class of Notes outstanding. As a result, the Issuer may have a mismatch between the income earned on a Loan and the interest payable on the corresponding principal amount outstanding of the Notes which would result in a non-payment of interest under the Notes. As a result, the Issuer may have a mismatch between the income earned on a Loan and the interest payable on the corresponding principal amount outstanding on the Notes which may result in an income deficiency and a drawing under the Liquidity Facility even though there has not been a non-payment under the Loan.

(B) Considerations relating to the Loans and the Properties

Concentration of risk generally

The entire amount of the Note issue proceeds will be on-lent to each of the Borrowers. Each Borrower's only material asset is its interest in the relevant Property and it will therefore have access to no funds other than those generated through its ownership of its Property, the letting of its Property to occupational tenants and any amounts that may be payable under the Hedging Arrangements. If a Borrower were unable to make payment in full of the amounts due under its Loan, this would adversely affect the ability of the Issuer to make payments due in respect of the Notes in full.

Real property investments are subject to varying degrees of risk. Rental revenues and property values are affected by changes in the general economic climate and local conditions such as an oversupply of space, a reduction in demand for retail real estate in an area, competition from other available space or increased operating costs. Rental revenues and property values are also affected by such factors as political developments, government regulations and changes in planning laws or policies and changes in tax laws, interest rate levels, inflation, the availability of financing and yields of alternative investments. Retail rentals and values are sensitive to such

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

Forfeiture of leases

Legal title to the CSCH Property is split into three separate areas. In respect of each of these areas, the chain of title comprises various headlease interests. For each headlease interest, CSCH is also owner of an underlease interest. None of these leasehold interests is terminable on the insolvency of the relevant tenant. They are only terminable for non payment of rent or breach of covenant. CSCH will be required under its Credit Agreement to pay all rents and observe and perform all covenants.

Although relief from forfeiture is a remedy available at the discretion of the court, the Issuer has received legal advice that, in an action for relief from forfeiture, relief could be expected to be granted if the outstanding rent was paid or the breach of covenant remedied. The covenants in the leases are usual for shopping centre leases of such nature, and would ordinarily fall to be performed in the proper running of the CSCH Property. If there was a failure to pay rent or a breach of covenant, the landlord would be entitled to seek forfeiture. In those circumstances both CSCH and any mortgagee is entitled to apply to the court for relief from forfeiture.

However, no assurance can be given that relief from forfeiture would be granted and, if it were not, this would have an adverse affect on the ability of a Borrower to meet its obligations under its Credit Agreement. This would, in turn, adversely affect the ability of the Issuer to meet its obligations under the Notes.

Only a minor part of the Braehead Property is leasehold. The lease is subject to a right of irritancy (forfeiture) on the grounds of non payment of rent or breach of a tenants' covenant or tenant insolvency or ceasing to own (or have a right to occupy) the adjacent lands. Under Scots law there are provisions whereby, in pursuing a right of irritancy under a lease, the landlord must generally (and in all cases where the grant of irritancy is the breach of any monetary obligation) serve notice of intention to terminate upon the tenant. In the case of any monetary breach, provided the appropriate period of notice is given, the landlord's right to terminate is absolute if the breach is not remedied within the specified notice period. In the case of any non-monetary breach the tenant may contest the irritancy on the grounds that in the circumstances of the case a fair and reasonable landlord would not seek termination, and in such cases whether such relief is granted is at the court's absolute discretion. There is no direct equivalent in Scotland to the rights of relief from forfeiture which arise under English law.

Borrower's dependence on occupational tenants

A Borrower's ability to meet its obligations in respect of its Credit Agreement will depend upon it continuing to receive a significant level of aggregate rent from the occupational tenants under the occupational leases. A Borrower's ability to make payments in respect of its Credit Agreement could be adversely affected if occupancy levels at its Property were to fall or if a significant number of occupational tenants were unable to meet their obligations under their occupational leases. See also "*Active Management of the Property*" below.

During the term of the Loans, some of the existing occupational leases which are in place as at the Closing Date will come to the end of their respective contractual terms. This is likely to be the case also for some of the new occupational leases granted by a Borrower after the Closing Date. There can be no assurance that occupational tenants will renew their respective occupational leases or, if they do not, that new occupational tenants will be found to take up replacement occupational leases. Furthermore, even if such renewals are effected or replacement occupational leases are granted, there can be no assurance that such renewals or replacement occupational leases will be on terms (including rental levels) as favourable to a Borrower as those which exist now or before such termination, nor that the covenant strength of either occupational tenants who

renew their occupational leases or new occupational tenants who replace them will be the same as or equivalent to, those now existing or existing before such termination.

In addition, the success of a shopping centre depends on achieving the correct mix of tenants so that an attractive range of retail outlets is available to potential customers. If, for whatever reason, several of the current tenants were to cease paying rent or to cease occupying their respective parts of a Property, the ability of a Borrower to make payments under its Credit Agreement could be significantly impaired. There can be no assurance that a Borrower will, on termination of the occupational leases currently in place, be able to attract the types of tenant needed in the future to maintain the current range of retail outlets at a Property.

The ability to attract the appropriate types and number of tenants paying rent levels sufficient to allow a Borrower to make payments due under its Credit Agreement will depend on, among other things, the performance generally of the retail property market. Continued global instability (resulting from economic and/or political factors, including the threat of global terrorism) may adversely affect the United Kingdom economy. In addition, changes in the structure of the retail sector in the United Kingdom, such as the continuing development of internet shopping, may have a negative impact on the demand for regional shopping centres and hence the desirability of rental units at its Property.

Rental levels, the quality of the building, the amenities and facilities offered, the convenience and location of a Property, the amount of space available, the transport infrastructure and the age of the building in comparison to the alternatives are all factors which influence tenant demand. There is no guarantee that changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the surrounding areas on which a Property depends for its consumer base will not adversely affect the demand for units in a Property.

Active management of the Properties

The Properties have been, and will remain, under active property management. This is undertaken in order to try to achieve the correct mix of tenants so that an attractive range of retail outlets is available to customers. This may result in the release of occupational tenants from occupational leases at a time when no replacement occupant has yet signed up to a lease.

Equally, some occupational tenants may wish to reduce the size of their premises or to move premises within a Property. In addition, occupational tenants may decide that they wish to take more or less space or space in a different part of a Property.

If an occupational tenant gets into financial difficulties, a Borrower may find it necessary to grant rental concessions to that occupational tenant or to accept a surrender of the relevant occupational lease. Market conditions may be such at the time that the new occupational lease may provide for payments at a lower rental. In these circumstances, a Borrower may need to agree to such terms, keeping in mind not only the requirement to maximise income but also the impact upon neighbouring shops if the relevant unit were to be closed down for a period.

Privity of contract

The Landlord and Tenant (Covenants) Act 1995 (the **Covenants Act**) provides that, in relation to leases of property in England and Wales granted after 1 January, 1996 (other than leases granted after that date pursuant to agreements for lease entered into before that date), if an original tenant under such a lease assigns that lease (having obtained all necessary consents (including consent of the landlord if required by the lease)), that original tenant's liability to the landlord, under the terms of the lease, ceases. The Covenants Act provides that arrangements can be entered into by which on assignment of a lease of commercial property, the original tenant can be required to enter into an "authorised guarantee" of the assignee's obligations to the landlord. Such an authorised guarantee relates only to the obligations under the lease of the original assignee of the outgoing

tenant providing that guarantee and not 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 CSCH Property as at the Closing Date were entered into before 1 January, 1996 or pursuant to agreements for lease in existence before 1 January, 1996, because the Covenants Act has no retrospective effect, the original tenant under an occupational lease of part of the property 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 thus create a "chain of indemnity".

The majority of occupational leases entered into on or after 1 January, 1996 in respect of the CSCH Property contain provisions giving CSCH qualified control over any assignment, and most leases also set out specific criteria which any assignee must meet prior to being able to take over the lease. The majority also give CSCH a pre-emption right over the unit before the tenant may assign.

There can, however, be no assurance that any assignee of a lease of premises within the CSCH 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.

Except as disclosed in the relevant Certificate of Title, each existing occupational lease (other than short term at will or licence arrangements) prohibits the relevant tenant from assigning without the landlord's previous consent, which is not to be unreasonably withheld. However, whilst it will be reasonable to refuse consent to assign where the new tenant clearly cannot afford to pay the rent or perform the covenants, there can be no assurance that any assignee of an occupational lease (or any part thereof), nor any subsequent assignees covered by an authorised guarantee (where applicable), will be of a similar credit quality to the existing tenants. Moreover, although the interpretation of the Covenants Act on this point is unclear, it is arguable that the guarantor of a tenant under a new tenancy cannot be required, at the time when it enters into that guarantee, to guarantee or to commit to guarantee the obligations of that tenant under an authorised guarantee when that tenant itself assigns. Therefore, there can be no assurance, in the absence of clarifying court decisions, that any guarantor of an existing tenant can be required to guarantee an authorised guarantee given by the existing tenant on assignment. In addition, not all existing occupational leases require assigning tenants to enter into authorised guarantee agreements.

Privity of contract does not apply in Scotland (and nor does the Covenants Act). Accordingly if an original tenant under 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 same principles apply to an original assignee if it assigns the lease.

The majority of occupational leases in respect of the Braehead Property contain provisions giving the Braehead Borrowers qualified control over any assignment and also give the Braehead Borrowers a pre-emption right over the unit before the tenant may assign.

There can, however, be no assurance that any assignee of a lease of premises within the Braehead Property will be of a similar credit quality to the original tenant, or that any subsequent assignees will be of a similar credit quality.

Except as disclosed in the relevant Certificate of Title, each existing occupational lease (other than short term licence arrangements) prohibits the relevant tenant from assigning without the landlord's previous consent, which is not to be unreasonably withheld. However, whilst it will be reasonable to refuse consent to assign where the new tenant clearly cannot afford to pay the rent or perform

the covenants, there can be no assurance that any assignee of an occupational lease nor any subsequent assignees will be of a similar credit quality to the existing tenants.

Competition

Retailing in the UK is highly competitive, with shopping centres representing only a small proportion of the overall retail market and competing against other sectors such as town centres, retail parks and superstores.

The CSCH Property's primary competitors are the centre:mk in Milton Keynes and the Brent Cross Shopping Centre.

The Braehead Property's primary competitors are Buchanan Galleries and St Enoch Centre in Glasgow, East Kilbride Shopping Centre and Glasgow's Fort.

The principal factors affecting a Property's ability to attract and retain tenants include the quality of the building, the amenities and facilities offered, the convenience and location of a Property, the amount of space available to be let, the identity and nature of its tenants and the transport infrastructure (including availability and cost of parking) in comparison to competing areas. In addition, either Property may in the future be affected by internet shopping, although it is expected that the range of leisure and food related activities offered by either Property will ensure that customer numbers at either Property should not be materially adversely affected by an increase in internet shopping. See also "*Borrower's dependence on occupational tenants*" above. There are limits on direct competition owing to government planning restrictions on further out-of-town developments.

Development of the Property

Each Borrower will have certain discretions as to matters including the design and configuration of its Property and developments within and outside its Property. Although each Borrower is experienced in managing retail property, there can be no assurance that decisions taken by it in the future will not adversely affect the value of or cashflows from its Property.

Statutory rights of tenants

In certain circumstances, occupational tenants of either Property may have legal rights to require the landlord of that property (i.e. the Borrower) to grant them tenancies or renewals, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act in the case of the CSCH Property or the Tenancy of Shops Act 1949 in the case of the Braehead Property. 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 but there can be no guarantee as to the terms on which any such new tenancy or renewals will be granted.

Turnover rents

60 per cent. of the 192 current occupational leases and licences in respect of the CSCH Property and 60 per cent. of the 159 current occupational leases and licences in respect of Braehead Property make provision for an element of rent to be calculated on the basis of the occupational tenant's turnover. Because this element of rental income is dependent upon the trading performance of the relevant occupational tenants, there can be no assurance that the full turnover rent will become payable. Occupational leases entered into in the future are likely to contain provisions for such turnover rents. Accordingly, there can be no assurance that a Borrower's rental receipts from such occupational tenants will remain at previous levels and be of a sufficient amount

on an ongoing basis to enable a Borrower to meet its obligations under its Credit Agreement. See further "*Description of the Property – Leases*".

Turnover rents in respect of the CSCH Property contributed approximately 0.94 per cent. of total rental receipts in 2004, and in respect of Braehead Property contributed approximately 8.7 per cent. of total rental receipts over the same period.

Keep open covenants

A number of the occupational leases in respect of both Properties have covenants on the part of the tenant to keep the Property open and trading during specific hours. Generally, the purpose of such covenants is to ensure that anchor stores in shopping centres and high streets are open and trading, as their closure could affect the footfall of surrounding shops/units, the landlord's ability to let surrounding shops/units and what the landlord can achieve by way of rents on rent review and lease renewal of such shops/units. Current case law in England would indicate that such covenants cannot be specifically enforced by a landlord, although a landlord can seek and receive damages for breach of the covenant. Under Scots law such covenants if clear and precise may be enforceable by action of specific performance. The occupational leases in respect of either Property generally reserve liquidated damages for any such breach.

Administration risk in respect of certain tenants

If an occupational tenant which is a company were to enter into administration, the relevant Borrower would be prohibited under the Insolvency Act 1986 (as amended, the **Insolvency Act**) from taking any action against that occupational tenant for recovery of sums due or re-entry to the relevant premises. In addition, while an administration order is in force in relation to an occupational tenant which is a company (and upon the presentation of a petition for the making of an administration order), the statutory moratorium has been extended such that a landlord requires the consent of the tenant's administrator or (and when a petition has been presented, only with) leave of the court before it is able to enforce rights against that company as tenant to forfeit the tenant's lease by peaceable re-entry onto the premises.

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

Leasing parameters

Some of the occupational leases in respect of each Property are short-term, fully inclusive leases, under which the occupational tenants are required to pay fully inclusive rental payment, which covers, among other things, a service charge element. The tenant must in addition pay a proportion of the relevant Borrower's insurance costs. If service costs were to increase, those occupational tenants who rent units under such fully inclusive leases would not be required to contribute to the higher services costs. However, these fully inclusive leases do not form a large proportion of the aggregate gross rents of each Property and are, in any case, generally let on short terms. In addition, the tenant must pay water and general rates (or a fair proportion thereof) to the relevant Borrower in addition to the inclusive figures.

The level of service charges payable by occupational tenants under the occupational leases may differ, but the overall level of service charges payable by all occupational tenants is normally set at a level which is intended to ensure that the landlord recovers from the occupational tenants (taken

as a whole) substantially all of the service costs associated with the management and operation of each Property to the extent that the relevant Borrower itself does not itself make a contribution to those costs. However, there are some items of expenditure which the landlord is not entitled to recover from the occupational tenants, for example, the cost of repairing any defects which were inherent in a Property at the start of any occupational lease, the cost of any rebuilding (as opposed to repair) work at a Property and the costs associated with any major improvements or refurbishments of a Property. Also, the extent that there is any empty space in its Property, a Borrower will generally experience a shortfall depending on the portion that is empty.

Broadway Retail Leisure Limited, which is a wholly owned subsidiary of Liberty International/CSC, has three leases for terms of 15 years in respect of the leisure elements of the scheme. The leases are on rack rented bases. The operation of these leisure elements gives rise to a shortfall in income. If the Property were sold without the benefit of these leases in place, this may affect the valuation.

Late payment or non-payment of rent

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

Refinancing risk

Unless repaid previously, a Borrower will be required to repay its Loan on the Loan Maturity Date. The ability of a Borrower to repay its Loans in their entirety on the Loan Maturity Date will depend upon, among other things, its ability to find a lender willing to lend to the Borrower (secured against the Property) sufficient funds to enable repayment of the Loans. If the Borrower cannot find such a lender then a Borrower might be forced into selling its Property in circumstances which may not be advantageous in order to repay its Loan. If its Property could not be sold for a sufficient amount to enable repayment of its Loan then the Servicer or the Special Servicer (as appropriate) may decide that enforcement of the relevant Loan Security and trading out of a Property (via administrative receivership) would be more likely to result in sufficient funds being obtained to enable repayment of its Loan. Were trading out of a Property to continue and/or a Property retained beyond the Final Maturity Date then the Issuer may be unable to meet its obligations to repay the Notes in full on that date. See also "*Reliance on Valuation Report*" below.

Reliance on Valuation Reports

The valuation reports (the **Valuation Reports**) which are reproduced in the section headed "*Valuation Reports*" below are addressed to, among others, each of the relevant Borrowers, the Issuer, Eurohypo, the Trustee and the Joint Bookrunners but may be relied on by each of them only as more fully set out therein.

The Valuer has valued the CSCH Property and the Braehead Property, as at 4 April 2005, at £463,000,000 and £583,570,000 respectively. However, there can be no assurance that the market value of a Property will continue to be equal to or exceed such valuation. As the market value of a Property fluctuates, there is no assurance that this market value will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under its Loan and therefore such amounts due under the Notes. If a Property is sold following a Loan Event of Default under

the relevant Credit Agreement, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under such Loan and therefore such corresponding amounts due under the Notes. In particular, it should be noted that each Property, being a large retail centre with leisure facilities, is a specialised property asset for which, in such circumstances, no ready market may exist.

Security over Borrower Accounts

Although Eurohypo (as the CSCH Loan Facility Agent and the Braehead Loan Facility Agent) will have signing rights in respect of the relevant Borrower's Accounts, the relevant Borrower and the relevant Managing Agent will also have signing rights in respect of certain of these accounts prior to a Loan Event of Default. Each Credit Agreement will contain provisions requiring the funds in the relevant Borrower's Accounts to be used for specified purposes (see further "*Credit Structure – 5. Borrower Accounts*" below). However, because of the fact that the relevant Borrower and the relevant Managing Agent have these signing rights, it is likely that a court would determine that the security interests granted in respect of the relevant Borrower's Accounts take effect as floating security interests notwithstanding that the security interests in favour of a Loan Facility Agent over the relevant Borrower's Accounts are expressed to be a fixed charge. Accordingly, rent paid into the Rent and General Account and funds in each of the relevant Borrower's other accounts could be diverted to pay preferential creditors were a receiver, liquidator or administrator to be appointed in respect of that Borrower. It should be noted, however, that each Credit Agreement will provide that the relevant Loan Facility Agent is to have signing rights over the Debt Service Account (and therefore control over the account) and there will be no provisions in each Credit Agreement permitting the relevant Loan Facility Agent to relinquish such control or indeed for the relevant Borrower to assume signing rights and control over the Debt Service Account.

Assignment and Assignation of rents

The CSCH Security Agreement will contain provisions whereby the rent receivable in respect of occupational leases is assigned by way of security to the CSCH Loan Facility Agent. Typically, and so long as no receiver has been appointed and/or the mortgagee is not in possession, no notice of the assignment is normally given to the occupational tenants. Accordingly, these assignments will take effect as equitable assignments only. As such, these assignments will be subject to any equities or claims, such as rights of set-off between the landlord and the relevant occupational tenant. CSCH will covenant in its Credit Agreement not to dispose of assets (such as the rents) to any other party, although if it did assign the rents in breach of that provision and subsequently gave notice of the assignment to the relevant occupational tenant(s) then the relevant assignee's claims would have priority over the rents in question. However, this would constitute a Loan Event of Default entitling the Lenders to accelerate its Loan and enforce its Loan Security.

The Assignation of Rents will contain provisions whereby rights to rental income in respect of occupational leases are assigned in security to the Braehead Loan Facility Agent. The Assignation of Rents can be made effective only by formal notification being made to the relevant tenants under the occupational leases of the Braehead Property (and such tenants acting upon the intimation by directing future rent payments to an account under the control of the Braehead Loan Facility Agent). Notice of the Assignation of Rents will be given to the occupational tenants following execution of the Assignation of Rents. This would normally be sufficient to create a fixed charge over the rents payable. However, the occupational tenants will be instructed to continue paying rents as presently paid until notified otherwise by the Braehead Loan Facility Agent. If required, this second notice may be served by the Braehead Loan Facility Agent only after the occurrence of any Loan Event of Default. The effect of this may be to render the Assignation of Rents incomplete in that the transfer of rights is subject to a suspensive condition. As a result, a right in security may not be regarded as having been constituted until the second notice has been served. In these circumstances if the commencement of a winding up of, or the appointment of a receiver or administrator to, the relevant assignor occurs prior to the service of the second notice it may not be possible to reconstitute the right in security effectively and the date of service of the second

notice may be regarded as the date of constitution of the right in security, with the effect that the suspect periods during which a right in security may be avoided under insolvency legislation or the general law will start running only from that date.

Insurance

Each Credit Agreement will provide that the relevant Loan Facility Agent is to be named as the co-insured under the insurance policies to be maintained by the relevant Borrower in respect of its Property (the **Insurance Policies**, each an **Insurance Policy**).

If a claim under an Insurance Policy is made, but the relevant insurer under that policy fails to make payment in respect of that claim, this could prejudice the ability of a Borrower to make payments in respect of its Loan, which would in turn prejudice the ability of the Issuer to make payments in respect of the Notes. Under the terms of each Credit Agreement, the relevant Borrower will be required to maintain the Insurance Policies with an insurance company or underwriter that has a long term credit rating or financial strength rating of (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of "A" (or better) by Fitch, "A" (or better) by S&P and satisfactory to Moody's or is recommended by the relevant Borrower's insurance broker delivered at least annually or is otherwise acceptable to the relevant Loan Facility Agent (acting reasonably).

Under the terms of its Credit Agreement, a Borrower must apply all moneys received under any Insurance Policy (other than loss of rent or third party liability insurance) towards replacing, restoring or reinstating its Property. In addition, except where restricted by the terms of the relevant insurance policy or occupational lease, the proceeds of any Insurance Policy (other than loss of rent or third party liability insurance) may be used, at the option of the relevant Loan Facility Agent, to repay the affected Loan.

Uninsured losses

Each Credit Agreement will also contain provisions requiring the Borrower to carry or procure the carrying of insurance with respect to its Property in accordance with specified terms (as to which, see further "*Credit Structure – 3.1 CSCH Credit Agreement – Undertakings and 3.2 Braehead Credit Agreement - Undertakings*" below). There are, however, certain types of losses (such as losses resulting from war, terrorism (which, within certain limits, is currently covered by the existing insurances), nuclear radiation, radioactive contamination and heave or settling of structures which may be or become either uninsurable or not insurable at economically viable rates or which for other reasons are not covered, or required to be covered, by the required Insurance Policies. A Borrower's ability to repay its Loan (and, consequently, the Issuer's ability to make payments on the Notes) might be affected adversely if such an uninsured or uninsurable loss were to occur, to the extent that such loss is not the responsibility of the occupational tenants pursuant to the terms of their occupational leases.

Hedging risks

Each Loan bears interest at a floating rate. The income of each Borrower (which is comprised, primarily, of the rental income in respect of its Property) does not vary according to prevailing interest rates. Therefore, in order to protect each Borrower (and, indeed, the Issuer) against the risk that the interest rates payable under its Loan may increase whilst the relevant Borrower's income may not increase accordingly, each Borrower has entered into and, under the terms of its Credit Agreement, will be required to maintain certain hedging arrangements to hedge against this risk. See further "*Credit Structure – 3.1 CSCH Credit Agreement – Hedging obligations and 3.2 Braehead Credit Agreement – Hedging obligations*" below.

If a Borrower were to default in this obligation, or if a Hedge Counterparty were to default in its obligations to a Borrower, then that Borrower may have insufficient funds to make payments due

at that time in respect of its Loan. In these circumstances the Issuer may not have sufficient funds to make payments in full on the Notes and Noteholders could, accordingly, suffer a loss.

Planning matters

Each Borrower has confirmed for the purposes of the Certificate of Title that its Property has been constructed in accordance with all relevant planning legislation and, as far as it is aware, there are no material breaches of planning control existing on its Property. In this regard, it should be noted that where occupational tenants are in breach of planning obligations or conditions, they would be required under the terms of their occupational lease to take responsibility for such breach. Failure to comply with planning obligations or conditions could give rise to planning enforcement or other compliance action by the local planning authority. Breaches of highways agreements could result in enforcement action by the Highways Authority including the stopping up of access to a Property.

There will be a number of ongoing planning obligations or restrictions relating to certain elements of a Property. Outstanding sums due under planning obligations represent a charge on the land which may rank in priority to a first legal mortgage.

Environmental matters

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 either Property, neither the Issuer nor the relevant Loan Facility Agent should incur responsibility for such liability prior to enforcement of the relevant Loan Security, unless it could be established that the relevant party had entered into possession of the Property or could be said to be in control of the Property. After enforcement, the relevant Loan Facility Agent, if deemed to be a mortgagee in possession, or a receiver appointed on behalf of the relevant Loan Facility Agent, could become responsible for environmental liabilities in respect of the relevant Property. The relevant Loan Facility Agent will be indemnified against any such liability under the terms of the relevant Credit Agreement, and amounts due in respect of any such indemnity will be payable in priority to payments to the relevant Lenders (including the Issuer).

If an environmental liability arises in relation to either Property and is not remedied, or is not capable of being remedied, this may result in an inability to sell the affected Property or in a reduction in the price obtained for such 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 such Property could result in personal injury or similar claims by private claimants.

It should be noted that Waterman Environmental has reviewed previous site investigations and surveys recommendations in respect of each Property and while making certain recommendations as to works and ongoing maintainance concluded that the CSCH Property was in good condition and should require only regular maintainance, and the Braehead Property was maintained to a high standard and whilst a number of visual, aesthetic and maintainance items were identified, there were no significant structural concerns.

Compulsory purchase

Any property (such as the Properties) may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department, generally in connection with proposed redevelopment or infrastructure projects. No such compulsory purchase proposals have been revealed in the Certificate of Title issued in relation to each Property.

However, if a compulsory purchase order is made in respect of the Properties (or part of each Property), compensation would be payable on the basis of the open market value of all of the relevant Borrower's and the relevant tenants' proprietary interests in that Property (or part thereof) at the time of the purchase. Following such a purchase the tenants would cease to be obliged to make any further rental payments to the relevant Borrower under the relevant occupational lease (or rental payments would be reduced to reflect the compulsory purchase of a part of its Property if applicable). Such a purchase might also constitute a Loan Event of Default and lead to an acceleration of the relevant Loan. The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold, heritable or leasehold estate of such Property may be less than the original value ascribed to it.

It should be noted that there is often a delay between the compulsory purchase of a property and the payment of compensation (although interest may be payable from the date upon which the acquiring authority takes possession of the property), 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 relevant Borrower has other funds available to it, give rise to a Loan Event of Default under its Credit Agreement.

Frustration

In exceptional circumstances, a tenancy could be frustrated under English law, with the result that the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party to the agreement, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of the CSCH Property were to be frustrated then this could operate to have an adverse effect on the income derived from, or able to be generated by, such property. This in turn could cause CSCH to have insufficient funds to make payments in full in respect of its Credit Agreement, which could lead to a default thereunder.

Under the Scots law principle of *rei interitus,* a lease will automatically be terminated if the leased property is (without fault of either party to the lease) destroyed to the extent that it is no longer tenantable or if an event occurs which completely precludes the performance of the parties' rights and obligations under the lease (such as supervening legislation or state requisition). In the event of less than total destruction or unavailability of the leased property the tenant is in principle entitled to a proportionate abatement of rent. The parties to a lease are free to contract out of the effect of these principles by express agreement, however, and the occupational leases of the Braehead Property generally contain such contracting out provisions replacing the common law principle of *rei interitus* with contractual rights to a rent abatement in the case of insured risk damage. That abatement continues until the relevant leased property is reinstated which may be for a longer period than the loss of rent insurance cover. If the insured risk damage occurs in the final 4 years of the leases or if circumstances beyond the control of the landlord (ie the Braehead Borrowers) prevent reinstatement commencing within 4 years then the landlord and the tenant have a right to terminate the leases (with the landlord retaining rights to the insurance proceeds).

If a tenancy granted in respect of the Braehead Property which did not contain such express contracting out from *rei interitus* provisions were to be frustrated or if reinstatement is not completed during the period of loss of rent insurance cover or if reinstatement is not commenced within the 4 year period, then this could operate to have an adverse effect on the income derived from, or able to be generated by, the Braehead Property. This in turn could cause the Braehead Borrowers to have insufficient funds to make payments in full in respect of the Braehead Credit Agreement, which could lead to a default thereunder.

Mortgagee in possession liability

The Issuer or the CSCH Loan Facility Agent may be deemed to be a mortgagee in possession if there is physical possession of the CSCH 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 CSCH Loan Facility Agent or the Issuer (as the case may be). In a case where it is necessary to initiate enforcement procedures against CSCH, the CSCH Loan Facility Agent is likely to appoint a receiver to collect the rental income on behalf of itself or the Issuer (as the case may be) which should have the effect of reducing the risk that the CSCH Loan Facility Agent or the Issuer is deemed to be a mortgagee in possession.

In the event of a default under the Braehead Loan, the Braehead Loan Facility Agent will be entitled to enforce the Standard Security in its capacity as grantee (**heritable creditor**) thereof in accordance with the provisions of the Conveyancing and Feudal Reform (Scotland) Act 1970 (the **Feudal Reform Act**). The exercise of the enforcement remedies provided by the Feudal Reform Act generally requires the service of an appropriate statutory notice. Firstly, the heritable creditor may serve a "calling up notice", in which event the chargor has two months to comply and in default the heritable creditor may enforce its rights under the standard security. Alternatively, in the case of remedial breaches, the heritable creditor may serve a "notice of default", in which event the chargor has only one month in which to comply, but also has the right to object to the notice by court application within fourteen days of the date of service. In addition, the heritable creditor may in certain circumstances (including the insolvency of the chargor) make direct application to the court without the requirement of preliminary notice.

Subject to compliance with these procedures, the principal remedy of the heritable creditor under the Feudal Reform Act is to sell the secured property (in this case, the Braehead Property). In this event the heritable creditor is obliged to take all reasonable steps to ensure that the sale price is the best that can reasonably be obtained. The Feudal Reform Act also provides additional remedies which may be exercised by the heritable creditor as an alternative or prior to sale, including entering into possession of the property (and receiving rents), leasing the property (for a period not exceeding seven years except with the consent of the court) and carrying out repairs. If a heritable creditor has attempted but failed to sell the secured property it can apply to the court for a decree of foreclosure, in terms of which the heritable creditor acquires the legal title to the secured property.

A receiver cannot be appointed under a standard security, and there is no equivalent under Scots law to a "Law of Property Act receiver" under English law. The Braehead Loan Facility Agent may, however, in the event of a default, enforce the Braehead Loan Security by the appointment of an administrative receiver of the whole assets of the Braehead Borrowers pursuant to the Braehead Security Agreement (as to which see "*General Considerations - Enterprise Act 2002*" below).

The Braehead Loan Facility Agent may be deemed to be a heritable creditor in possession if there is physical possession of the Braehead 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 Braehead Loan Facility Agent. In a case where it is necessary to initiate enforcement procedures against the Braehead Borrowers, the Braehead Loan Facility Agent is likely to appoint a receiver (pursuant to the floating charge granted by the Braehead Borrowers) to collect the rental income on its behalf which should have the effect of reducing the risk that the Braehead Loan Facility Agent is deemed to be a heritable creditor in possession.

A heritable creditor in possession has an obligation to account for the income obtained from the relevant property and in the case of tenanted property will be liable to a tenant for any mismanagement of the relevant property. A 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.

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

Risks relating to conflicts of interest

Conflicts of interest may arise between the Issuer 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 each Property and therefore the ability to make payments under the Notes.

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

The Servicing Agreement will require the Servicer and the Special Servicer to service the Loans in accordance with the Servicing Standard. Certain discretions are given to the Servicer and the Special Servicer in determining how and in what manner to proceed in relation to the Loans. Further, as the Servicer and the Special Servicer may each acquire Notes, either of them could, at any time, hold any or all of the most junior class of Notes outstanding from time to time, and the holder of that class may have interests which conflict with the interests of the holder of the Notes, or more senior classes of Notes. However, the Servicer and the Special Servicer will be required under the Servicing Agreement to act in the best interests of all of the Noteholders.

Appointment of substitute Servicer

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

Receivership of a Borrower

Pursuant to the Servicing Agreement, the Servicer and the Special Servicer will be required, in accordance with the Servicing Standard, to maximise the recovery of amounts due from a Borrower and to comply with their respective procedures for enforcement of its Loan and its Loan Security current from time to time (as to which, see further "*Servicing*" below). The principal remedies available following a Loan Event of Default will be the appointment of a receiver or administrative receiver over the relevant Property and/or other assets of the relevant Borrower and/or entering into possession of the relevant Property. Any such receiver would usually require

an indemnity to meet his costs and expenses (which would rank ahead of payments on the Notes) as a condition of his appointment.

Any such receiver is deemed by law to be the agent of the person or company providing security until the appointment of a trustee in bankruptcy or liquidator and, for so long as the receiver acts within his powers, he will only incur liability on behalf of the person or company providing the security. However, if the relevant Loan Facility Agent, the Servicer or the Special Servicer unduly directs, interferes with or influences the receiver's actions, the relevant Loan Facility Agent, the Servicer or the Special Servicer may be held to be responsible for the receiver's acts.

Administration of a Borrower

Alternatively, following a Loan Event of Default, the Servicer or the Special Servicer could direct the relevant Loan Facility Agent to appoint an administrator of a Borrower under the Insolvency Act.

An administrator is required to have regard to the interests of all creditors, both secured and unsecured. The purpose of any administration would be to rescue the company or, where such is not reasonably practicable, to achieve a better result for the company's creditors as a whole than would be likely if the company were wound up or, where neither of the above purposes are reasonably practicable, to realise the company's assets to make a distribution to the secured and/or preferential creditors. These purposes could conflict with the wishes or interests of the Noteholders.

The relevant Loan Facility Agent, as holder of a floating charge over the whole or substantially the whole of the relevant Borrower's property will be able to appoint the administrator of its choice, and is entitled to notice of, and to make representations to the court with regard to, any application for the appointment of an administrator by any other person. The appointment can be made without going to court unless a winding up order has previously been made or a provisional liquidator appointed.

However, as stated below under "*C. General considerations – Enterprise Act 2002*", the Issuer believes that the relevant Loan Facility Agent would be able to appoint an administrative receiver in respect of the relevant Borrower (thus blocking the appointment of an administrator to the Borrower) and expects that enforcement of the relevant Loan Security would occur by means of administrative receivership (as described above), rather than administration, of that Borrower.

(C) General considerations

Reliance on warranties

Neither the Issuer nor the Trustee has independently undertaken any investigations as to the accuracy of the various representations given by each Borrower in respect of its Loan, each Loan Security and related matters. Instead, they will rely on the representations and warranties to be given by each Borrower under its Credit Agreement, the Certificate of Title, the building condition and environmental report on each Property prepared by Waterman Environmental and the Valuation Reports.

European Monetary Union

It is possible that, prior to the maturity of the Notes, the United Kingdom may become a participating Member State in Economic and Monetary Union and that therefore the euro may become the lawful currency of the United Kingdom. If so, (a) all amounts payable in respect of the Notes may become payable in euro, (b) the introduction of the euro as the lawful currency of the United Kingdom may result in the disappearance of published or displayed rates for deposits in sterling used to determine the rates of interest on the Notes or changes in the way those rates are calculated, quoted and published or displayed and (c) applicable provisions of law may allow the Issuer to redenominate the Notes into euro and take additional measures in respect of the Notes.

If the euro becomes the lawful currency of the United Kingdom and the Notes are outstanding at the time, the Issuer intends to make payments on the Notes in accordance with the then market practice of payments on such debts. It cannot be said with certainty what effect, if any, the adoption of the euro by the United Kingdom may have on investors in the Notes. The introduction of the euro could also be accompanied by a volatile interest rate environment which could adversely affect the relevant Borrower's ability to repay its Loan, although each Borrower is required to maintain certain hedging cover in respect of its obligations under its Loan.

European Union Directive on the Taxation of Savings Income

On 3 June, 2003, the European Council of Economic and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1 July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

Implementation of Basel II risk-weighted asset framework

The Basel Committee on Banking Supervision published the text of the new capital accord on 26 June, 2004 under the title *Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework* (the **Framework**). This Framework will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new Framework. The committee confirmed that it is currently intended that the various approaches under the Framework will be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. If implemented in accordance with its current form, the Framework could affect risk weighting of the Notes in respect of certain investors if those investors are subject to the new Framework (or any legislative implementation thereof) following its implementation. Consequently, investors should consult their own advisers as to the consequences to and effect on them of the proposed implementation of the new Framework. No predictions can be made as to the precise effects of potential changes which might result if the Framework were adopted in its current form.

Enterprise Act 2002

The corporate insolvency provisions of the Enterprise Act 2002, which amend certain provisions of the Insolvency Act, introduced significant reforms to corporate insolvency law. In particular, the reforms restrict the right of the holder of a floating charge to appoint an administrative receiver (unless an exception applies) and instead give primacy to collective insolvency procedures (in particular, administration). 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 would act primarily in the interests of the floating charge holder.

However, section 72B of the Insolvency Act contains provisions which continue to allow for the appointment of an administrative receiver in relation to certain transactions in the capital markets. The relevant exception provides that the right to appoint an administrative receiver is retained for certain types of security (such as the floating charge granted by the Issuer pursuant to the Deed of Charge and the relevant Borrower pursuant to the relevant Security Agreement) which form part of a capital market arrangement (as defined in the Insolvency Act) and which involves both indebtedness of at least £50,000,000 (or, when the relevant security document (being in respect of the transactions described in this Offering Circular, the Deed of Charge and each Security Agreement) was entered into, a party to the relevant transaction (such as the Issuer) was expected

to incur a debt of at least £50,000,000) and also the issue of a capital market investment (also defined but generally a rated, listed or traded bond).

The Issuer is of the view that the floating charges granted by the Issuer and the relevant Borrower will fall within the 'capital market exception' under section 72B of the Insolvency Act. It should, however, be noted that the Secretary of State may, by secondary legislation, modify the capital market exception and/or provide that the exception shall cease to have effect. No assurance can be given that any such modification or provision in respect of the capital market exception, or its ceasing to be applicable to the transactions described in this document, will not be detrimental to the interests of the Noteholders.

The Insolvency Act also contains a new out-of-court route into administration for a qualifying floating charge-holder, the directors or the relevant company itself. The relevant provisions provide for a notice period during which the holder of the floating charge can either agree to the appointment of the administrator proposed by the directors or the company or appoint an alternative administrator, although a moratorium on enforcement of the relevant security will take effect immediately after notice is given. If the qualifying floating charge-holder does not respond to the directors' or company's notice of intention to appoint, the directors' or, as the case may be, the company's appointee will automatically take office after the notice period has elapsed. Where the holder of a qualifying floating charge within the context of a capital market transaction retains the power to appoint an administrative receiver, such holder may prevent the appointment of an administrator (either by the new out-of-court route or by the court based procedure) by appointing an administrative receiver prior to the appointment of the administrator being completed.

The new provisions of the Insolvency Act give primary emphasis to the rescue of a company as a going concern and achieving a better result for the creditors as a whole. The purpose of realising property to make a distribution to secured creditors is secondary. No assurance can be given that the primary purposes of the new provisions will not conflict with the interests of Noteholders were the Issuer and/or the relevant Borrower ever subject to administration.

In addition to the introduction of a prohibition on the appointment of an administrative receiver as set out above, section 176A of the Insolvency Act provides that any receiver (including an administrative receiver), liquidator or administrator of a company is required to make a "prescribed part" of the company's "net property" available for the satisfaction of unsecured debts in priority to the claims of the floating charge holder. The company's "net property" is defined as the amount of the company's property which would be available for satisfaction of debts due to the holder(s) of any debentures secured by a floating charge and so refers to any floating charge realisations less any amounts payable to the preferential creditors or in respect of the expenses of the liquidation or administration. The "prescribed part" is defined in the Insolvency Act 1986 (Prescribed Part) Order 2003 (SI 2003/2097) to be an amount equal to 50 per cent. of the first £10,000 of floating charge realisations plus 20 per cent. of the floating charge realisations thereafter, up to a maximum of £600,000.

This obligation does not apply if the net property is less than a prescribed minimum and the relevant officeholder is of the view that the cost of making a distribution to unsecured creditors would be disproportionate to the benefits. The relevant officeholder may also apply to court for an order that the provisions of section 176A should not apply on the basis that the cost of making a distribution would be disproportionate to the benefits. Floating charge realisations upon the enforcement of the Issuer Security and the relevant Loan Security may be reduced by the operation of these "ring fencing" provisions.

Insolvency Act 2000

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

(a) its turnover is not more than £5.6 million;

(b) its balance sheet total is not more than £2.8 million; and

(c) the number of employees is not more than 50.

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

However, secondary legislation has been enacted which excludes certain special purpose companies in relation to capital market transactions from the optional moratorium provisions. Such exceptions include (a) a company which is a party to an agreement which is or forms part of a capital market arrangement (as defined in that secondary legislation) under which a party has incurred or when the agreement was entered into was expected to incur a debt of at least £10 million and which involves the issue of a capital market investment (also defined, but generally a rated, listed or traded bond) and (b) a company which has incurred a liability (including a present, future or contingent liability) of at least £10 million. While the Issuer is of the view that the Issuer and each Borrower should fall within the exceptions, there is no guidance as to how the legislation will be interpreted and the Secretary of State for Trade and Industry may by regulation modify the exceptions. No assurance can be given that any modification of the eligibility requirements for these exceptions will not be detrimental to the interests of Noteholders.

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

Risks relating to the Introduction of International Financial Reporting Standards

The UK corporation tax position of the Issuer depends to a significant extent on the accounting treatment applicable to it. From 1 January 2005, the accounts of the Issuer are required to comply with either International Financial Reporting Standards (**IFRS**) or with new UK Financial Reporting Standards reflecting IFRS (**new UK GAAP**). There is a concern that companies such as the Issuer might under either IFRS or new UK GAAP, suffer timing differences that could result in profits or losses for accounting purposes, and accordingly for tax purposes, which bear little or no relationship to the company's cash position.

The stated policy of the Inland Revenue is that the tax neutrality of securitisation special purpose companies in general should not be disrupted as a result of the transition to IFRS or new UK GAAP and consequently they are working with participants in the securitisation industry to identify appropriate means of preventing any such disruption. As a first step, as part of the Chancellor's Pre-Budget Report dated 2 December 2004, draft legislation was published to be included in the Finance Act 2005, creating a special interim corporation tax regime for "securitisation companies". That draft legislation was amended and incorporated in the Finance Act 2005. The Finance Act 2005 contains legislation which allows "securitisation companies" to prepare tax computations for accounting periods ending before 1 January 2007 on the basis of UK GAAP as applicable up to 31 December 2004 (the **moratorium period**), notwithstanding any requirement to prepare statutory accounts under IFRS or new UK GAAP. The Issuer is likely to be a "securitisation company" for these purposes. The Finance Act 2005 also provides for the power on the part of the Treasury to introduce regulations to establish a permanent tax regime that will apply for securitisation companies.

If further extensions to the moratorium period or other measures are not introduced by the Inland Revenue to deal with accounting periods beginning on or after 1 January 2007, then profits or losses could arise in the Issuer as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the transaction and as such adversely affect the Issuer and consequently may affect the Noteholders.

Change of law

The structure of the issue of the Notes, the ratings which are to be assigned to them and the related transactions described in this Offering Circular are based on English, Scots and European laws and administrative practice in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible change to English, Scots or European 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.

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

THE ISSUER

The Issuer, Opera Finance (CSC 3) plc, was incorporated in England and Wales on 1 April, 2005 (registered number 05411120), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at 35 Great St. Helen's, London EC3A 6AP. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its memorandum of association and are, among other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money, and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established for the limited purposes of the issue of the Notes, the making of the Loans and certain related transactions described elsewhere in this document.

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 activities of the Issuer will be restricted by the Conditions and will be limited to the issue of the Notes, the making of the Loans, the exercise of related rights and powers and the other activities described in this document. See further **Condition 4.1**.

2. Directors and Secretary

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

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

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

3. Capitalisation and Indebtedness

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

Authorised Share Capital (£)	Issued Share Capital (£)	Value of each Share (£)	Shares Fully Paid Up	Paid Up Share Capital
50,000	50,000	1	50,000	50,000

49,999 of the issued shares (being 49,999 shares of £1 each, each of which is fully paid up) in the Issuer are held by the Share Trustee. The remaining one share in the Issuer, which is fully paid up, is held by SFM Nominees Limited (registered number 04115230) under the terms of a trust as nominee for the Share Trustee. The Share Trustee will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of the Share Trust Deed.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2017	£455,000,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2017	£115,500,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2017	£79,250,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2017	£60,250,000
Total Loan Capital	£710,000,000

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

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the Issuer from KPMG Audit Plc (**KPMG**) who have been appointed as auditors and reporting accountants to the Issuer. KPMG is a chartered accountancy practice and the registered auditor of the Issuer. 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 is 31 December and the first statutory accounts will be drawn up to 31 December, 2005.

"KPMG Audit Plc

Opera Finance (CSC 3) plc
35 Great St. Helen's
London EC3A 6AP

4 May 2005

Dear Sirs

Opera Finance (CSC 3) plc (the *Company*): £455,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017, £115,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017, £79,250,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 and £60,250,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (together, the Notes)

We report on the financial information set out in **paragraphs** 1 and 2 below. This financial information has been prepared for inclusion in the offering circular dated 4 May 2005 (the **Offering Circular**) of the Company.

Basis of Preparation

The financial information set out below is based on the financial statements of the Company from incorporation to 4 May, 2005 prepared on the basis described in note 2.1.

Responsibility

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

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

It is our responsibility to form an opinion on the financial information and to report our opinion to you.

Basis of Opinion

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

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 4 May, 2005.

Yours faithfully

KPMG Audit Plc"

1. Balance Sheet as at 4 May, 2005

	£
Current assets	
Cash at bank and in hand	50,000
Capital and reserves	
Called up equity share capital 50,000 shares fully paid	50,000

2. Notes

2.1 Accounting Policies

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

2.2 Trading Activity

The Company was incorporated and registered as a public limited company in England and Wales on 1 April, 2005 with the name of Opera Finance (CSC 3) plc.

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.

2.3 Share Capital

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

On incorporation, one subscriber share was taken by SFM Nominees Limited and one subscriber share was taken by SFM Corporate Services Limited. Both subscriber shares were fully paid and issued on 12 April 2005.

On 18 April, 2005, 49,998 ordinary shares were issued by the Company to SFM Corporate Services Limited and fully paid for a total cash consideration of £49,998.

2.4 Auditors

KPMG Audit Plc was appointed as auditor on 12 April, 2005.

CSCH

CSC Harlequin Limited (**CSCH**) was incorporated in England and Wales on 11 March 2005 (registered number 5389482) as a private company with limited liability under the Companies Act 1985. The registered office of CSCH is at 40 Broadway, London SW1H 0BU. CSCH is a wholly owned subsidiary of Capital Shopping Centers PLC and has no subsidiaries of its own.

1. Principal Activities

The principal objects of CSCH are set out in clause 3 of its memorandum of association and are, among other things, to carry on all or any of the businesses of a property holding company and to carry on any other business or activity in connection or conjunction with such business.

2. Directors and Secretary

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

Name	Business Address	Principal Activities
Susan Folger	40 Broadway, London SW1H 0BU	Secretary
John George Abel	40 Broadway, London SW1H 0BU	Director
Peter Colin Badcock	40 Broadway, London SW1H 0BU	Director
Peter Charles Barton	40 Broadway, London SW1H 0BU	Director
Richard Malcolm Cable	40 Broadway, London SW1H 0BU	Director
Kay Elizabeth Chaldecott	40 Broadway, London SW1H 0BU	Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director
Aidan Christopher Smith	40 Broadway, London SW1H 0BU	Director

3. Capitalisation and Indebtedness

The capitalisation and indebtedness of CSCH as of the date of this Offering Circular and adjusted financial information setting forth the effect of the transaction is as follows:

	Actual[2] (£m)	Adjusted[1] (£m)
Long-term loans – secured	0.0	303.5
Amounts due to immediate parent company – unsecured	0.0	159.5
Total indebtedness	0.0	463.0
Shareholders' Equity		
Share capital	0.0	0.0
Total capitalisation and indebtedness	0.0	463.0

1 The adjusted financial information sets out the capitalisation and indebtedness of CSCH as if the transaction had taken place on the date of this offering circular. In preparing this adjusted financial information it has been assumed that the proceeds of the CSCH Loans have been applied to pay part of the acquisition cost of The Harlequin Shopping Centre, Watford which will be acquired from CSC Properties Ltd on the Closing Date.

2 At the date of the Offering Circular, there were no borrowings, indebtedness, contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

4. Accountants' Report

The following is the text of a report extracted without material adjustment, received by CSCH from PricewaterhouseCoopers LLP (**PwC**). PwC have been appointed auditors and reporting accountants to CSCH. PwC is a chartered accountancy practice and the registered auditor of CSCH. The balance sheet contained in the report does not comprise CSCH's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since CSCH's incorporation. CSCH's accountancy reference date is 31 December and the first statutory accounts will be drawn up to 31 December 2005.

PricewaterhouseCoopers LLP

The Directors
CSC Harlequin Limited
40 Broadway
London
SW1H 0BU

4 May 2005

Dear Sirs

CSC Harlequin Limited (the Company)

Introduction

We report on the financial information set out below. This financial information has been prepared for inclusion in the offering circular dated 4 May 2005 ("the Offering Circular") of the Company.

The Company was incorporated as CSC Harlequin Limited on 11 March 2005. The Company has not yet commenced to trade, has made up no financial statements for presentation to its members and has not declared or paid a dividend.

Basis of Preparation

The financial information set out below is based on the financial records of the Company, to which no adjustment was considered necessary.

Responsibility

The financial records are the responsibility of the directors of the Company.

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

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

Basis of Opinion

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

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

Opinion

In our opinion, the financial information gives, for the purposes of the Offering Circular, a true and fair view of the state of affairs of the Company as at the date stated.

Financial Information

The balance sheet of the Company at the date of the Offering Circular is as follows:

	Notes	£
Current assets		
Cash		1
Net assets		1
Capital and reserves		
Called up ordinary share capital	2	1

Notes to the financial information

1. Accounting convention

The balance sheet has been prepared in accordance with the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

2. Share capital

On incorporation, the authorised share capital of the Company was divided into 1,000 ordinary shares of £1 each. On 11 March 2005 one ordinary share was issued by the Company to Temple

Secretaries Limited and paid up for cash consideration of £1 and on the same date this share was transferred to Capital Shopping Centres plc.

3. Immediate and ultimate parent undertakings

The ultimate parent company is Liberty International PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained as above.

4. Reporting Financial Performance

The Company has not traded since incorporation. As a result, no profit and loss account, no statement of total recognised gains and losses or reconciliation of movements in shareholders' funds are provided.

5. Auditors

PricewaterhouseCoopers LLP was appointed as auditor on 21 April 2005.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

BRAEHEAD GLASGOW

Braehead Glasgow Limited (**Braehead Glasgow**) was incorporated in England and Wales on 23 June 1992 (registered number 2725146) as a private company with limited liability under the Companies Act 1985. The registered office of Braehead Glasgow is at 40 Broadway, London SW1H 0BU. Braehead Glasgow is a wholly owned subsidiary of Capital Shopping Centres PLC and has no subsidiaries of its own.

1. Principal Activities

The principal objects of Braehead Glasgow are set out in clause 3 of its memorandum of association and are, among other things, to carry on all or any of the businesses of a property holding company and to carry on any other business or activity in connection or conjunction with such business.

2. Directors and Secretary

The secretary and directors of Braehead Glasgow and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Susan Folger	40 Broadway, London SW1H 0BU	Secretary
John George Abel	40 Broadway, London SW1H 0BU	Director
Peter Colin Badcock	40 Broadway, London SW1H 0BU	Director
Peter Charles Barton	40 Broadway, London SW1H 0BU	Director
Richard Malcolm Cable	40 Broadway, London SW1H 0BU	Director
Kay Elizabeth Chaldecott	40 Broadway, London SW1H 0BU	Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director
Aidan Christopher Smith	40 Broadway, London SW1H 0BU	Director

3. Capitalisation and Indebtedness

The following table sets forth the capitalisation and indebtedness of Braehead Glasgow as at 31 December 2004, which has been extracted without material adjustment from the audited financial statements of Braehead Glasgow as at 31 December 2004 and adjusted financial information setting forth the effect of the transaction:

	As at 31 December 2004	
	Actual (£m)	**Adjusted[1] (£m)**
Short-term portion of long-term debt – secured	1.0	0.0
Long-term loans – secured	92.7	202.5
Amounts due to immediate parent company – unsecured	140.1	31.9
Amounts due to group undertakings – unsecured	0.6	0.0
Total indebtedness	234.4	234.4
Share capital	15.9	15.9
Revaluation reserve	111.8	111.8
Profit and loss account	-5.6	-5.6
Total shareholders' equity	122.1	122.1
Total capitalisation and indebtedness	356.5	356.5

1 The adjusted financial information sets out the capitalisation and indebtedness of Braehead Glasgow as if the transaction had taken place on 31 December 2004. In preparing this adjusted financial information, it has been assumed that the proceeds of the transaction have been applied to repay the existing secured loan facility and partially to repay inter-group debt.

4. Financial Position

Braehead Glasgow's most recent audited financial statements (being for the years ended 31 December 2003 and 2004) are included at Appendix A to this Offering Circular.

On 2 February 2005, Braehead Glasgow repaid a long term external loan of £92.7 million and increased its borrowing from its immediate parent company by the same amount.

At 31 December 2004, there were no contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

Except as described above, since 31 December 2004 there has been (a) no significant change in the financial position or prospects of Braehead Glasgow, and (b) no significant change in the trading position of Braehead Glasgow.

BRAEHEAD PARK

Braehead Park Investments Limited (**Braehead Park**) was incorporated in England and Wales on 15 June 1992 (registered number 2722888) as a private company with limited liability under the Companies Act 1985. The registered office of Braehead Park is at 40 Broadway, London SW1H 0BU. Braehead Park is a wholly owned subsidiary of Capital Shopping Centres PLC and has no subsidiaries of its own.

1. Principal Activities

The principal objects of Braehead Park are set out in clause 3 of its memorandum of association and are, among other things, to carry on all or any of the businesses of a property holding company and to carry on any other business or activity in connection or conjunction with such business.

2. Directors and Secretary

The secretary and directors of Braehead Park and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Susan Folger	40 Broadway, London SW1H 0BU	Secretary
John George Abel	40 Broadway, London SW1H 0BU	Director
Peter Colin Badcock	40 Broadway, London SW1H 0BU	Director
Peter Charles Barton	40 Broadway, London SW1H 0BU	Director
Richard Malcolm Cable	40 Broadway, London SW1H 0BU	Director
Kay Elizabeth Chaldecott	40 Broadway, London SW1H 0BU	Director
David Andrew Fischel	40 Broadway, London SW1H 0BU	Director
Aidan Christopher Smith	40 Broadway, London SW1H 0BU	Director

3. Capitalisation and Indebtedness

The following table sets forth the capitalisation and indebtedness of Braehead Park as at 31 December 2004, which has been extracted without material adjustment from the audited financial statements of Braehead Park as at 31 December 2004 and adjusted financial information setting forth the effect of the transaction:

	As at 31 December 2004	
	Actual (£m)	**Adjusted[1] (£m)**
Short-term portion of long-term debt – secured	0.9	0.0
Long-term loans – secured	92.8	202.5
Amounts due to immediate parent company – unsecured	83.9	0.0
Amounts due to group undertakings – unsecured	0.0	0.0
Total indebtedness	177.6	202.5
Share capital	14.1	14.1
Revaluation reserve	111.9	111.9
Profit and loss account	-5.6	-5.6
Total shareholders' equity	120.4	120.4
Total capitalisation and indebtedness	298.0	322.9

1 The adjusted financial information sets out the capitalisation and indebtedness of Braehead Park as if the transaction had taken place on 31 December 2004. In preparing this adjusted financial information, it has been assumed that the proceeds of the transaction have been applied to repay the existing secured loan facility and to repay inter-group debt.

4. Financial Position

Braehead Park's most recent audited financial statements (being for the years ended 31 December, 2003 and 2004) are included at Appendix B to this Offering Circular.

On 2 February 2005, Braehead Glasgow Park repaid a long term external loan of £92.8 million and increased its borrowing from its immediate parent company by the same amount.

At 31 December 2004, there were no contingent liabilities or guarantees of which the Directors were aware other than the liabilities presented above.

Except as described above, since 31 December 2004 there has been (a) no significant change in the financial position or prospects of Braehead Park, and (b) no significant change in the trading position of Braehead Park.

DESCRIPTION OF THE PROPERTIES:

THE HARLEQUIN CENTRE, WATFORD

Introduction

The CSCH Loan will be secured on the land and buildings of The Harlequin Centre, Watford, to the north west of central London, England and four leased satellite car parks located in the centre of Watford (the **CSCH Property**).

The CSCH Property is the dominant retail centre in south Hertfordshire and is number 12 in the ranking of the top shopping centres in the United Kingdom (source: Churston Heard and TW Research Associates, 2004). It provides a retail area of approximately 67,300 sq m (720,000 sq ft) of predominantly enclosed retail accommodation arranged over two principal levels, the Lower Mall and the Upper Mall.

The CSCH Property includes:

- anchor tenants - John Lewis, Marks & Spencer and Bhs;
- Major space users - Primark, Boots, WH Smith, Next, Zara and HMV;
- national multiples including Monsoon, the Arcadia Group (trading as Evans, Burtons/Dorothy Perkins, Miss Selfridge and Wallis), New Look, River Island, Clinton Cards, French Connection and H&M.
- a number of catering units interspersed throughout the scheme such as Burger King, BB's and Starbucks, a John Lewis mall café under construction and restaurants in the anchor stores; and
- parking with 2,050 car spaces and a further 2,500 spaces located in four satellite car parks.

The freehold of the CSCH Property is vested in Watford Borough Council. The CSCH Property was developed by Capital & Counties plc, a sister company of CSC and opened in two phases in 1990 and 1992. As of the date of this Offering Circular CSC holds the CSCH Property through a subsidiary, CSC Properties Ltd, under two 999 year leases (starting in 1987) and five other leases of supplemental and ancillary areas, including the satellite car parks. On the Closing Date, CSCH will acquire the various leasehold interests from CSC Properties Ltd, applying the proceeds of the CSCH Loans to fund part of the acquisition costs. Watford Borough Council, as ultimate landlord, is entitled to an annual participation broadly on a side by side basis of 7 per cent. of the rent received net of management costs (except for three units representing 1.6 per cent. of current rent passing, where the relevant participation is 20 per cent. of rents received). In addition, the Council receives the higher of 50 per cent. of net car park income or a fixed rent of £665,587 per annum for the four satellite car parks.

The Valuer valued the Borrower's interests of the CSCH Property at £463 million as at the Harlequin Valuation Date. Gross rent was £23.22 milion per annum, rising to £24.11 million per annum with turnover and commercialisation income.

The estimated rental value of the CSCH Property as at the CSCH Valuation Date was £29.75 million per annum.

Location and Access

Watford is situated approximately 29 km (18 miles) to the north west of central London. Watford benefits from good transport communications, being located within close proximity of the M1 and M25 intersection, with junction 19 of the M25 and junction 5 of the M1 each approximately three kms (two miles) from the town centre.

London Heathrow Airport is located approximately 35 km (22 miles) to the south and Luton Airport approximately 29 km (18 miles) to the north east. Watford Junction railway station is served by regular mainline services from London (Euston) and Birmingham (New Street), together with other Midland towns. Watford Junction train station is located to the north of the town centre, approximately 15 minutes walking distance. Watford High Street Station (Silverlink services) is immediately to the south east of the CSCH Property. A third station, Watford West, serves the London Underground Metropolitan Line, providing a direct link with the West End (Baker Street) and the City (Moorgate).

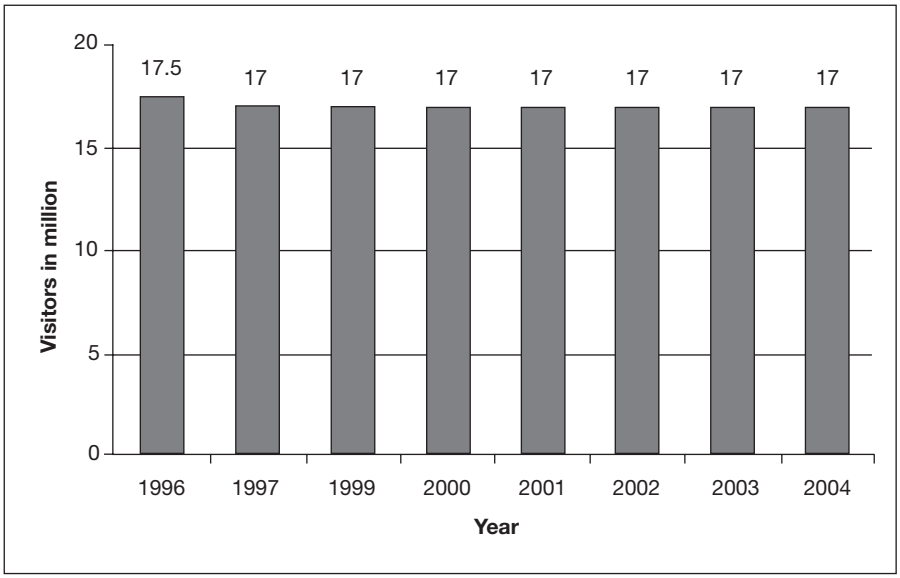
Increasingly, Watford has become a core office location as a result of its proximity to central London and the national motorway network, providing accommodation at a discount to central London. Watford provides approximately 88,600 jobs (2001 Census Data) concentrated within the service sector. Consequently, Watford now serves as a headquarters location for a number of business operations including Sanyo (Europe) and Sharp (finance centre). It is also a significant retail destination, with the CSCH Property being the primary retail centre, and the adjacent Charter Place considered a secondary scheme. Many of the town's larger employers are retail companies; principal retail employers include the John Lewis Partnership, Costco, Sainsburys, Asda, Tesco and Marks & Spencer.

Catchment population

Watford Borough is urban in character and has an estimated primary catchment population of 737,000 people (source: Promis 2001) with an above average penetration of the total retail catchment area. The primary catchment area extends to the north west, including parts of Hertfordshire and Buckinghamshire. Smaller town centres in the catchment area include Hemel Hempstead, St Albans, Amersham, Chesham, Berkhamstead, Borehamwood and Rickmansworth. Within a 30 minutes' drive the catchment is around 3.5 million.

Since the centre was opened during the early 1990's, Watford's wider catchment population has grown to 1.9 million and is planned to grow by over 4 per cent. over the next 10 years. The population profile is 'affluent', with unemployment at 1.7 per cent. as at December 2004, lower than the national average.

Annual footfall data is estimated by regular pedestrian sample count at each of the main entrances of the CSCH Property. The numbers have been stable at around 17 million for each of the last nine years.



Source: The Borrowers

Competition

Competition to the CSCH Property comes mainly from shopping centres in Milton Keynes to the north west and Brent Cross to the south east. To a lesser extent the shopping centre competes with the nearby town centres of Harrow, Hemel Hempstead, Luton and St Albans.

The CSCH Property is the dominant retail centre in south Hertfordshire, and provides a good variety of quality tenants. There is little reason for local residents to be drawn to the competing centres except for comparison shopping, all of which are at least 25 minutes by car.

Shopping centres providing the most competition to the Property are centre:mk and Brent Cross.

- The centre:mk located in Milton Keynes, 40 miles from Watford is the larger of the two shopping centres in Milton Keynes, having a gross floor area of 118,000 sq m (1,250,000 sq ft) and is anchored by John Lewis, House of Fraser and Marks & Spencer. Midsummer Place, the other shopping centre, comprises 40,500 sq m (430,000 sq ft) of accommodation and is anchored by Debenhams. Planning permission, subject to completion of the Section 106 agreement and finalising of a commercial land transaction, is imminent for a proposed extension and reconfiguration of the existing centre to provide 100 new shops, food store, A3, leisure & residential (additional 53,700 sq m / 578,000 sq ft).

- Brent Cross, in north London, is situated approximately 18 kilometres (11 miles) south east of Watford. The scheme comprises 77,100 sq m (830,000 sq ft) of gross retail floor space and is anchored by Fenwicks, John Lewis and Marks & Spencer.

CSCH Property description

The CSCH Property comprises a predominantly enclosed modern shopping centre, situated in the heart of Watford and incorporates the prime retail pitch for the town. The total retail area is approximately 67,300 sq m (720,000 sq ft), providing 146 units with three anchor stores, seven residential flats and separate self-contained office accommodation. There is parking for 2,050 cars within the centre and a further 2,500 spaces located in four separate satellite car parks.

The scheme has been designed in a layout to reflect the topography of the surrounding land and to accommodate the existing buildings. It is arranged over two levels, divided by the partially enclosed Queens Road pedestrian thoroughfare. The main entrance is on the south east side of the centre, off the High Street, into the Upper Mall concourse area. There is also access into the scheme from Charter Place (the 1970's shopping centre adjacent to the CSCH property), Queens Road and from Kings and Queens Car Parks. CSC and Watford Borough Council have entered into a preliminary agreement with a view to redeveloping Charter Place.

The CSCH Property is strongly anchored and provides a good mixture of retailers and retail types. The main malls predominantly comprise national multiple retailers, complemented by a number of local specialist operators.

The CSCH Property has been very well maintained having regard to its age, use and construction.

The CSCH Property occupies the prime town centre location. The predominant land use in the immediate vicinity is High Street retail, with nearby residential. The area surrounding the CSCH Property also has an established leisure provision, with a significant number of bars, restaurants and night clubs.

Accommodation and tenants

The CSCH Property is currently subject to 192 leases and licences. It is anchored by John Lewis, Bhs and Marks & Spencer, located at the south-east and north-west extremities of the scheme. The pedestrian circulation is facilitated by the use of the anchor stores at either end of the centre.

The CSCH Property benefits from a number of major space users including Boots, Next, Zara, WH Smith and Primark as well as various national multiple retailers including River Island, Waterstones, French Connection, HMV, Disney, Karen Millen, Footlocker, H&M and Monsoon. There are a number of local specialist operators in the High Street and along the Queens Road pedestrian thoroughfare.

There are a number of catering units interspersed throughout the scheme such as Burger King, BB's, Starbucks and Druckers as well as the anchor store restaurants. The catering offer will be further improved with the creation of a new John Lewis Café, currently under construction, on the Lower Mall between John Lewis and Zara.

In terms of security of income, the CSCH Property benefits from a wide variety of covenant strengths. The majority of tenants are well known High Street multiples (87 per cent. of tenants and 97 per cent. of current rental income). A smaller percentage of tenants (13 per cent. of tenants but only 3 per cent. of current rental income) are niche local operators, mainly situated in the pedestrianised Queens Road and the High Street and the tenant of the office suites in Kings Court.

A breakdown of the rent and the net internal floor areas (**NIA**) for each unit type within the scheme as at 18 March 2005 is summarised in the table below:

Tenant industry	Rent Payable (£'000)*	Rent Payable	Tenant industry	Net Internal Area (sq. ft.)	Net Internal Area
Mixed Fashion	4,685	21.5%	Department Stores	241,226	33.3%
Womenswear	3,365	15.5%	Mixed Fashion	94,078	13.0%
Footwear	1,776	8.2%	Variety Stores	80,551	11.1%
Chemists, Health & Beauty, Personal Care	1,208	5.6%	Womenswear	52,966	7.3%
Sports	1,203	5.5%	Books	35,287	4.9%
Menswear	1,030	4.7%	Footwear	31,326	4.3%
Electrical	992	4.6%	Catering & Pubs.	23,567	3.3%
Toys, Games & Computer Software	963	4.4%	Music & Videos	23,121	3.2%
Books	930	4.3%	Chemists, Health & Beauty, Personal Care	20,203	2.8%
Jewellery	922	4.2%	Sports	18,815	2.6%
Music & Videos	885	4.1%	Menswear	14,026	1.9%
Accessories	696	3.2%	Toys,Games & Computer Software	12,874	1.8%
Catering & Pubs.	637	2.9%	Electrical	9,729	1.3%
Cards & Stationery	561	2.6%	Accessories	9,509	1.3%
Food Stores	478	2.2%	Jewellery	8,924	1.2%
Variety Stores	318	1.5%	Cards & Stationery	8,109	1.1%
Opticians	261	1.2%	Arts & Gifts	6,706	0.9%
Childrenswear	130	0.6%	Opticians	6,240	0.9%
Financial Services	129	0.6%	Food Stores	5,295	0.7%
Luggage	125	0.6%	Miscellaneous	4,579	0.6%
Non Retail	109	0.5%	Financial Services	3,475	0.5%
Miscellaneous	108	0.5%	Non Retail	3,319	0.5%
Household Goods	88	0.4%	Household Goods	3,038	0.4%
Arts & Gifts	76	0.3%	Luggage	2,443	0.3%
Service Operators	58	0.3%	Childrenswear	2,072	0.3%
Storage	19	0.1%	Storage	964	0.1%
Vacant	–	0.0%	Vacant	921	0.1%
Department Stores	–	0.0%	Service Operators	462	0.1%
Grand Total	21,752	100.0%	Grand Total	723,825	100.0%

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

No single retail group accounts for more than 5 per cent. of total passing rent, exclusive of turnover rent. The ten largest tenants account for approximately 32.0 per cent. of passing rent. The largest tenant, the Arcadia Group, trading through Burtons/Dorothy Perkins, Evans, Miss Selfridge and Wallis, accounts for 4.7 per cent. of passing rent.

Primark, Bhs and Marks & Spencer form part of the scheme and enhance the retail offer, but parts of these stores are not within the Borrower's ownership and do not form part of the security package.

	Total Gross Internal Area (sq. ft.)	CSCH Property Demised Gross Internal Area (sq. ft.)	Share of Total
Primark	51,300	11,033	22%
Bhs	54,000	1,247	2%
Marks & Spencer	126,500	23,073	18%

Source: The Borrower

Rental Income and Net Operating Income

According to the CSCH Valuation, the CSCH Property generates gross income from rent, turnover and commercialisation of £24.11 million per annum from which deductions are made for head lease rent, a running void, service charge void and management costs to reach a net rental income of £21.60 million per annum. A summary is set out below:

	(£'000)
Gross Income	
Rent (*assuming outstanding rent reviews are settled*)	£23,223
Turnover	£325
Commercialisation (CSC Enterprises)	£565
Total Gross Income	£24,113
Deductions	
Headrent (*7% of rent received including turnover and commercialisation*)	£1,688
Additional Headrent (Units 211, 212 and 213) (20% of received rent)	£112
Running Void (1.50% of rent paid including turnover and commercialisation)	£362
Service Charge Void Allowance	£48
Management Costs (*contribution to Merchants Association*)	£306
Total Deductions	£2,516
Net Income	£21,597

Source: CSCH Valuation

The leases for the CSCH Property have effectively been granted on full internal repairing terms with each tenant liable for their internal demise and a proportionate share of the landlord's costs of repairing and maintaining the structure and common areas as well as management. The service charge proportions for each unit are calculated on a weighted floor area basis dependent upon the size of the unit. However, there are a small number of leases which are currently void and where no service charge is payable.

Furthermore, the Valuer has made a deduction of £306,000 per annum for Management Costs which are not recoverable through the service charge. This allowance includes the Borrower's contribution to the Merchants Association.

The table below sets out actual Net Property Income at the CSCH Property for the years 2000 – 2004:

	2000 £'000	2001 £'000	2002 £'000	2003 £'000	2004 £'000
Income					
Rent receivable	17,545	18,788	20,890	21,728	21,339[2]
Amortisation of incentives (UITF 28)	0	18	(19)	10	(383)[3]
Bad debt	64	(183)	(238)	(267)	(465)[3]
Turnover rent	424	418	300	368	194[4]
Total rent income	18,033	19,041	20,933	21,839	20,685
Other Income					
Car parks – net income	2,117	2,048	1,952	1,451	1,406[5]
Premiums, interest and other income	36	406	63	612	510
CSC Enterprises[1]	0	0	0	135	387
Management Fees service charge	232	250	258	268	281
Centre management income	120	196	128	112	10
Total other income	2,505	2,900	2,401	2,578	2,594
Total Income	20,538	21,941	23,334	24,417	23,279
Costs					
Void rates	109	153	187	36	100
Service charge voids	42	(5)	33	112	137
Legal Fees	42	53	71	103	133
Agents' fees	61	77	174	170	191
Centre mgmt non-recoverables	274	247	370	401	533
Other fees and non-recoverables	96	22	79	118	220
Total costs	624	547	914	940	1,314
Net Property Income	19,914	21,394	22,420	23,477	21,965
Head Lease Rent payable	1,585	1,654	1,746	1,846	1,556
Net Operating Income	18,329	19,740	20,674	21,631	20,409

(1) Contracted rental or license income from advertisements, vending machines, aerials, mall promotions and escalator advertising

(2) Reduction in 2004 income due to a 6-month rent free on a new lease from end of 2003, together with a number of lettings to improve Zone A rates

(3) Increase in bad debt in 2004 due to two tenant insolvencies which had not been provisioned for. Both units have been relet

(4) Decrease in 2004 due to the settlement of six rent reviews (turnover element now incorporated in base rent for those tenants)

(5) Reduction in 2003 due to increase in business rates and one-off repair works. Volumes in car parks have increased by 5-6% in 2004 but tariffs have been kept stable as there is competition from free car parking provided by a local retail park

Source: The Borrower

Vacancy

As at 18 March 2005 the retail unit vacancy level within the centre was only 0.1 per cent. by gross internal area.

Leases

Within the CSCH Property, there are two standard types of leases. The main lease type, which applies to approximately 60 per cent. of units and circa 85 per cent. of the CSCH Property's income, is the Turnover Lease. The other main type of lease is Rack Rented (approximately 12 per cent. of units).

A. Turnover Lease (Standard Unit)

Approximately 60 per cent. of units representing 85 per cent. of income are let on Turnover Leases.

This lease provides for a base rent plus a turnover top up. The base rent is defined as 80 per cent. of the estimated rental value. The turnover top up rent is payable annually in arrears and is calculated as:

(A% x B) – C

A = the agreed turnover percentage. The amount negotiated differs between retailers and is likely to be based upon the retailers expected turnover for that particular unit, the trading category and the gross margins

B = Gross Turnover

C = Base Rent payable in the specified turnover period

The tenant is responsible for internal repair and maintenance, including shop front and conducting media (pipes, sewers, gutters, shafts, ducts, wires etc) other than those in the malls. The tenants are not responsible for repairs of a structural nature, but they contribute to the costs of such repairs through the service charge. There is a "keep open during prescribed hours" clause within the lease and it states the units may only be used as a single retail shop within paragraph (a) of Class A1(a) or as specified A3 of the Town and Country Planning (Use Classes) Order 1987. Change of use requires landlord's consent, which is not to be unreasonably withheld or delayed, save in certain circumstances. The landlord can reasonably withhold consent if it is likely that the change could reasonably be expected to reduce rent for the unit or adversely affect tenant mix.

Alterations are permitted subject to landlord's consent, provided that they are non-structural in nature, they would not or could not reasonably be expected to reduce rents, or where they are not incompatible with the standards of design and aesthetic appearance of the CSCH Property.

Generally, only the assignment of the whole unit is permitted with landlords' consent, not to be unreasonably withheld, subject to a number of conditions. New tenancies under the Landlord and Tenant (Covenants) Act 1995 allow for an authorised guarantee agreement on assignment and the landlords' consent can be withheld if there is a material breach of covenant.

The service charge is calculated principally as an apportionment of the total cost of provision of services, on the basis of the weighted floor areas of all lettable units. The valuers have been advised by the Borrower that with the exception of vacant units, the service charge is effectively fully recoverable.

B. Rack Rented Lease

Approximately 12 per cent. of units representing 13 per cent. of income are let on Rack Rented Leases.

The terms of this lease are similar to that of the Turnover Lease with the exception of the provisions for rent and turnover. Under a Rack Rented Lease, the rent payable is the full open market rent and there is no turnover top up payable.

C. Remaining Leases

Approximately 25 per cent. of units representing 2 per cent. of income are let on other lease types, and relate to storage units, residential apartments and offices together with a number of car parking spaces.

The remaining 3 per cent. relate to vacant units.

Lease expiry profile

The CSCH Property is a mature scheme and as such offers a wide range of lease expiry dates from a few months to in excess of 15 years. John Lewis, Boots and that portion of Bhs and Mark & Spencer fronting into the centre, have long leases ranging from 99 to 999 years, securing anchor tenant presence well beyond the life of the loan.

Approximately 34.4 per cent. of space is let on leases with an unexpired term from 11 to 15 years and which generate approximately 62 per cent. of the CSCH Property total rental income. Leases with an unexpired term from 6 to 10 years account for approximately 14.2 per cent. of space and 24.3 per cent. of total rental income, while leases under 6 years account for approximately 4.5 per cent. of space and approximately 8.4 per cent. of total rental income. The weighted average lease expiry is 10.5 years.

	Vacant	0 - 5	6 - 10	11 - 15	16 - 20	21 +	Total (£'000)
Tenant Break not exercised							
Weighted by rent (£'000)*	–	1,817	5278	13,452	1,204	–	21,752
Weighted by rent	0.0%	8.4%	24.3%	61.8%	5.5%	0.0%	100%
Weighted NIA (sq ft)	921	32,666	103,103	249,082	18,843	319,210	723,825
Weighted NIA	0.1%	4.5%	14.2%	34.4%	2.6%	44.1%	100%
Tenant Break exercised							
Weighted by rent (£'000)*	–	4,966	4,776	10,806	1,204	–	21,752
Weighted by rent	0.0%	22.8%	22.0%	49.7%	5.5%	0.0%	100%
Weighted NIA (sq ft)	921	101,375	91,062	194,733	18,843	316,891	723,825
Weighted NIA	0.1%	14.0%	12.6%	26.9%	2.6%	43.8%	100%

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

Concentration of Lease Size:

	Vacant	< 500	500 to 2,500	2,500 to 5,000	5,000 to 10,000	10,000 to 50,000	50,000 to 100,000	> 100,000	Total
Weighted by rent*	0.0%	4.2%	34.1%	28.3%	14.2%	19.2%	0.0%	0.0%	**100%**
Weighted by space	0.1%	1.2%	15.6%	15.1%	9.3%	18.0%	7.3%	33.3%	**100%**

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

Market Value and Estimated Rental Value

The Valuer estimated the market value of the Borrower's interest in the CSCH Property, subject to the existing tenancies, to be £463,000,000 as at the Harlequin Valuation Date.

The prime estimated rental value at the centre is currently £3,229 per sq m (£300 per sq ft) Zone A for a 100 per cent. rack rented lease. This equates to £2,583 per sq m (£240 per sq ft) for those retailers on Turnover Leases who pay 80 per cent. of the open market rental value, plus an additional turnover top up. A turnover lease at this level compares favourably to other prime schemes and therefore proves the rental affordability.

The total gross rental value for the scheme is £29.75 million per annum exclusive (DTZ assumed ERV on lease expiry) compared to a current gross rent of £24.11 million per annum inclusive of outstanding rent reviews.

Prime rental levels can be found on parts of both Upper and Lower Malls, with prime on the Lower Mall stretching from Queens Road to Marks & Spencer and on the Upper Mall from John Lewis to Marks & Spencer. The prime rental levels tail off opposite John Lewis and beyond Marks & Spencer towards Charter Place.

Capital expenditure

Investment at the CSCH Property over the last six years is approximately £13 million, of which the latest investment (£3.6 million) was the reconfiguration of the food court into new retail space in 2003/2004.

A breakdown of expenditures in respect of the CSCH Property is provided below.

In million £	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**Total**
Food court reconfiguration					2.1	1.5	3.6
Queens mall bridge extension		0.1	1.4	0.7	0.4	0.3	2.9
Car park improvements	0.8	1.6	1.0	1.5	0.1	0.4	5.4
Other improvements		0.2	0.2	0.4	0.3		1.1
	0.8	1.9	2.6	2.6	2.9	2.2	13.0

Source: The Borrower

BRAEHEAD SHOPPING CENTRE AND RETAIL PARK, RENFREW, GLASGOW

Introduction

The Braehead Loan will be secured on the land and buildings of the Braehead Shopping Centre and Retail Park, Renfrew, Glasgow, Scotland (the **Braehead Property**).

The Braehead Property is Scotland's principal out of town shopping centre and is number 18 in the ranking of the top shopping centres in the United Kingdom (Source: Churston Heard and TW Research Associates 2004). Opened in 1999, the shopping centre provides approximately 55,742 sq m (600,000 sq ft) of fully enclosed retail space arranged over two principal levels, the Lower Mall and the Upper Mall. In addition, there is 200,000 sq ft of leisure space in the centre, comprising a 4,000 seat arena, a curling rink and a free-form ice rink. The retail park opened in 2000 and comprises approximately 26,390 sq m (284,000 sq ft) of bulky goods retail. There are 6,500 free car parking spaces available for the shopping centre and retail park.

The Braehead shopping centre includes:

- anchor stores occupied by Marks & Spencer and J Sainsbury;
- large space users including Woolworths, Primark, Boots, Bhs and WH Smith;
- national multiples including Gap, Principles, Warehouse, Top Shop, Top Man, River Island, New Look, Monsoon, JJB Sports, Barratts, Next and HMV;
- a food court with cafes and restaurants such as McDonald's, KFC, Pizza Hut, Costa Coffee and Subway

The Braehead retail park includes:

- anchor stores occupied by B&Q and Next Home;
- other tenants include PC World, Currys and Harveys

The Braehead Property is held feuhold by the Braehead Borrowers, two subsidiaries of CSC which developed the Braehead Property in 1997 - 2000.

The Valuer valued the feuhold interest of the Braehead Property at £583.57 million as at the Braehead Valuation Date. Gross rental income was £31.42 million per annum, including reversionary income from outstanding rent reviews, and net rent on the same basis was £30.31 million. Rental income includes turnover and commercialisation income, which equate to £1.01 million per annum and £0.28 million per annum respectively.

The estimated rental value of the Braehead Property as at the Braehead Valuation Date was £35.66 million per annum. The first rent review cycle, five years after the centre's opening, is still in progress. Approximately 63 per cent. of the 2004 rent reviews by estimated rental value and 50 per cent. by number of units have been settled. Excluding reversionary income from outstanding rent reviews, the gross rent was £25.96 million and the net rent was £24.96 million.

The Braehead Property is the first phase of the total Braehead Development area which will ultimately comprise an IKEA store, an Audi Experience Centre, over 1,200 residential units, an Xscape indoor ski slope and leisure complex, a 175 room hotel and the Braehead Business Park. The overall aim is to complement the Braehead Shopping Centre and Retail Park location by a controlled programme of development providing a mix of housing, leisure amenities and business space which will further enhance Braehead as a destination and widen the catchment area.

Location and Access

The Braehead Property is situated approximately 8 kilometres (5 miles) west of Glasgow City centre, close to Glasgow International Airport, 2.4 kilometres (1.5 miles) from the Clyde Tunnel and 12.87 kilometres (8 miles) from the Erskine Bridge.

Road communications are excellent with direct access off junctions 25A and 26 of the M8 motorway with additional access via the A8.

There are no direct rail links to the Braehead Property although it is positioned on the route for a proposed light railway linking the airport to the city centre. The nearest railway station is in Paisley approximately 5 kilometres (3 miles) away. The Braehead Property benefits from good bus links with a dedicated bus station and a taxi rank.

Surrounding area

The Braehead Property, comprising the Shopping Centre and Retail Park, is Phase 1 of the larger Braehead Development Area which CSC currently owns and controls. A master plan has been created in association with the Local Authority setting out the permitted uses for the remaining undeveloped land. This land holding (Phase 2) has over the period from 1996 to 2005 amounted to some 160 acres of which 36 acres has already been sold to third parties for development: 20 acres in respect of the new IKEA store, 5 acres for an Audi Experience Centre and 11 acres to a residential developer for 385 residential units.

The IKEA store which is located on land to the south of the Retail Park, opened in September 2001 and at 300,000 sq.ft. is the largest new build IKEA store in the UK.

The Audi Experience Centre represents the car manufacturer's largest retail centre, comprising 56,000 sq ft of extensive sales and service space with an outdoor off-road test track, restaurant, museum, art gallery and conference facility.

In addition, a further 20 acres has been transferred to a partnership between CSC and Capital & Regional PLC to develop an Xscape indoor ski slope and leisure complex. Currently under construction, the Xscape complex is adjacent to the Braehead Property, will be anchored by Scotland's first Snowzone indoor ski slope and in addition will incorporate a multiplex cinema, indoor bowling, bars and restaurants, a health club, and specialist sports and leisure shopping. A 175 room hotel is planned as an integral part of the complex. Completion is scheduled for March 2006.

A further 6 acres has been developed by CSC and forms the Braehead Business Park incorporating a 30,000 sq.ft. office block which is currently owned by a CSC subsidiary.

Of the balance of 100 acres, 80 acres has the benefit of outline planning consent and is designated for a mix of business and residential use. A further 900 homes are planned to be developed on this land by third party developers in the course of the next three years. The land will be released to these developers subject to price and agreed specifications.

All of the land comprising the Phase 2 development is owned by a separate direct subsidiary of CSC (Braehead Park Estates Limited) and does not form part of the security package. None of the Phase 2 developments have been, or will be, undertaken by the Borrowers.

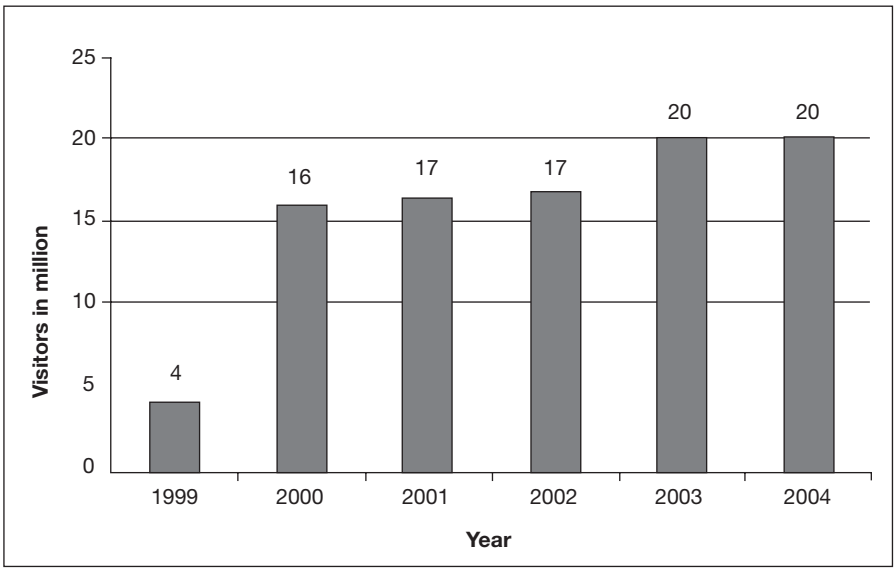
The overall aim is to complement the Braehead Shopping Centre and Retail Park location by a controlled programme of development providing a mix of housing, leisure amenities and business space which will further enhance Braehead as a destination and widen the catchment area.

Catchment population

Glasgow's primary retail catchment population is estimated in the order of 672,000 people (Promis 2001).

The Braehead Property serves the Greater Glasgow catchment area with approximately 2.5 million people (50 per cent. of Scotland's population) within a 45 minute drive time (Source: Capital Shopping Centres/URPI) and is Scotland's principal out of town shopping centre.

Annual footfall data is estimated by regular shopper counts at each of the main entrances of the Braehead Property. The visitor numbers have continuously increased since 2000 reaching 20 million in 2003 and 2004.



Source: The Borrowers

Competition

Existing competition to the Braehead Property mainly comes from Glasgow City centre, Glasgow Fort and East Kilbride.

The key shopping locations in Glasgow City centre are Buchanan Street, Buchanan Galleries, Argyle Street, Sauchiehall Street and the St Enoch Centre, of which the following two are considered primary competitors:

- Buchanan Galleries is a 55,742 sq m (600,000 sq ft) shopping centre with key anchors including John Lewis, Next, Hennes and JD Sports' Open. Expansion for the shopping centre is planned, but is in an early planning phase.
- St Enoch Centre is a 65,032 sq m (700,000 sq ft) enclosed shopping centre and retail parade fronting Argyle Street anchored by Debenhams, TK Maxx, Boots and Bhs. There is a proposal to extend the scheme by approximately 3,716 sq m (40,000 sq ft).

Outside Glasgow, two schemes are considered primary competitors:

- **East Kilbride Shopping Centre** comprises in excess of 92,000 sq m (1,000,000 sq ft), anchored by Debenhams, Marks & Spencer, Bhs, Morrisons (trading as Safeway) and Boots. East Kilbride is one of Scotland's new towns situated 16 kilometres (10 miles) south of Glasgow and 17 kilometres (10.5 miles) south east of the Property.
- **The Fort, Glasgow** comprises 32,516 sq m (350,000 sq ft) of open Class 1 retail park style accommodation, with planning consent granted for a further 13,935 sq m (150,000 sq ft) of leisure space. The Fort is located east of Glasgow by junction 10 of the M8 and attracts from the Greater Glasgow catchment north of the River Clyde. The scheme is anchored by Next and Arcadia.

Braehead Property description

The Braehead Property comprises 55,742 sq m (600,000 sq ft) of enclosed shopping centre accommodation arranged over two floors, anchored by Marks & Spencer and Sainsbury's. Other large space users include Woolworths, Primark, Boots, WH Smith and Bhs, and there is a strong tenant line up in the standard units including Gap, Next, Principles, Warehouse, Top Shop, Top Man, River Island, New Look, Monsoon, JJB Sports and Barratts.

The food court, restaurants and café areas trade over two levels and are linked directly to the Upper Mall and the Lower Mall. They are adjacent to the leisure amenities: a freeform ice rink, 4,000 seat arena and a 10 sheet curling rink. These areas front the Boardwalk, a paved and landscaped area on the north side of the centre, running along the bank of the River Clyde.

Fronting the River Clyde and adjacent to the centre is the Maritime Heritage Centre which provides visitors with an exhibition on the history of ship building in the area. It is leased to Scottish Maritime Museum Trust.

Adjacent to the Shopping Centre is Braehead Retail Park which comprises approximately 26,390 sq m (284,000 sq ft) of bulky goods retail anchored by B&Q and Next Home, the first in Scotland, with other occupiers including PC World, Currys, Powerhouse and Harveys.

The Braehead Property benefits from 6,500 free car parking spaces.

Accommodation and tenants

The shopping centre has been successful since opening and continues to trade extremely well. The Braehead Centre is currently subject to 159 leases. It is fully let, with continued retailer demand.

A breakdown of the rent and the net internal floor areas (NIA) for each unit type within the scheme is summarised in the table below:

Tenant industry	Rent Payable (£'000)*	Rent Payable	Tenant industry	Net Internal Area (sq. ft.)	Net Internal Area
Mixed Fashion	5,518	18.3%	Variety Stores	218,818	20.3%
Womenswear	4,033	13.4%	Household Goods	149,142	13.9%
Variety Stores	3,228	10.7%	Leisure	140,421	13.1%
Household Goods	2,102	7.0%	Mixed Fashion	98,346	9.1%
Electrical	2,063	6.8%	Electrical	80,555	7.5%
Sports	1,879	6.2%	Supermarkets	75,000	7.0%
Jewellery	1,477	4.9%	Womenswear	50,278	4.7%
Footwear	1,378	4.6%	Sports	35,220	3.3%
Chemists, Health & Beauty, Personal Care	944	3.1%	Catering & Pubs	32,014	3.0%
Menswear	916	3.0%	Books	22,084	2.1%
Catering & Pubs.	839	2.8%	Vacant	20,068	1.9%
Books	833	2.8%	Footwear	18,217	1.7%
Accessories	708	2.4%	Non Retail	14,711	1.4%
Toys, Games & Computer Software	683	2.3%	Miscellaneous	14,285	1.3%
Childrenswear	638	2.1%	Jewellery	12,478	1.2%
Music & Videos	600	2.0%	Menswear	12,449	1.2%
Cards & Stationery	598	2.0%	Accessories	11,535	1.1%
Opticians	381	1.3%	Chemists, Health & Beauty, Personal Care	10,555	1.0%
Service Operators	327	1.1%	Music & Videos	9,736	0.9%
Miscellaneous	299	1.0%	Leisure & Cinema	9,553	0.9%
Food Stores	236	0.8%	Toys, Games & Computer Software	9,023	0.8%
Arts & Gifts	225	0.7%	Cards & Stationery	7,553	0.7%
Financial Services	171	0.6%	Childrenswear	7,395	0.7%
Leisure	55	0.2%	Service Operators	5,566	0.5%
Leisure & Cinema	5	0.0%	Arts & Gifts	4,452	0.4%
Non Retail	2	0.0%	Opticians	3,328	0.3%
Supermarkets	–	0.0%	Food Stores	1,958	0.2%
Vacant	–	0.0%	Financial Services	1,178	0.1%
Total	30,138	100.0%	**Grand Total**	1,075,918	100%

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

No single retail group accounts for more than 5.5 per cent. of total passing rent, exclusive of turnover rent. The ten largest tenants account for approximately 37.5 per cent. of passing rent. The largest tenant, the Arcadia Group, trading through Top Shop, Top Man, Burtons / Dorothy Perkins, Evans and Wallis, accounts for 5.5 per cent. of passing rent.

Rental Income and Net Operating Income

According to the Braehead Valuation, the Braehead Property generates gross income from rent, turnover and commercialisation of £31.42 million per annum from which deductions are made for a running void, service charge shortfall and management costs to reach net rental income of £30.31 million per annum. A summary is set out below:

	(£'000)
Gross Income	
Rent (*assumes outstanding rent reviews are settled*)	£30,138
Turnover	£1,007
Commercialisation (CSC Enterprises)	£278
Total Gross Income	£31,422
Deductions	
Running Void (*2% of rent paid including turnover and commercialisation*)	£628
Service Charge Void Allowance	£123
Management Costs (*contribution to Merchants Association*)	£360
Total Deductions	£1,111
Net Income	£30,312

Source: Braehead Valuation

The leases for the Braehead Property have effectively been granted on full repairing terms with each tenant liable for their internal demise and a proportionate share of the landlord's costs of repairing and maintaining the structure and common areas, as well as management. The service charge proportions for each unit are calculated on a weighted floor area basis dependent upon the size of the unit. However, there is one lease where the rent is on a fully inclusive basis.

Furthermore, the Valuers have made a deduction of £360,000 per annum for the Borrower's contribution to the Merchants Association.

A wholly owned subsidiary of CSC, Broadway Retail Leisure Limited, leases the Ice Rink, Curling Rink and Arena. The Braehead Valuation reflects the three 15 year leases which provide rents of £5,000, £15,000 and £40,000 per annum respectively on a rack rented basis. The valuation approach in relation to these leases assumes that a hypothetical purchaser would be buying the Braehead Property with the benefit of these leases and therefore is entitled to the rent of £60,000 per annum. The Valuers are aware that the operation of these leisure elements gives rise to a shortfall in income, however, the approach reflects the strength of the CSC covenant and they have not made an allowance for any shortfall of income in the Braehead Valuation.

The table below sets out actual Net Property Income at the Braehead Property for the years 2000 – 2004:

	2000 £'000	2001 £'000	2002 £'000	2003 £'000	2004 £'000
Income					
Rent receivable	20,516	21,344	21,925	22,381	24,936
Amortisation of Incentives (UITF 28)/ Bad Debt	(159)	(521)	(539)	(532)	(374)
Turnover rent	455	362	1,207	1,647	2,347
Total rental income	20,812	21,185	22,593	23,496	26,909
Other income					
Premiums, interest and other income	3	34	1	18	21
CSC Enterprises	0	0	0	32	170
Management Fees service charge	285	345	292	301	320
Centre management income	12	52	98	105	6
Total other income	300	431	391	456	517
Total income	21,112	21,616	22,984	23,952	27,426
Costs					
Void rates	19	21	41	48	(1)
Service charge voids	109	256	301	218	151
Legal fees	29	93	75	103	177
Agents' fees	150	32	113	132	899
Centre management non-recoverables	287	585	773	697	454
Other fees and non-recoverables	0	0	1	243	178
Total costs	594	987	1,304	1,441	1,858
Net Property Income	20,518	20,629	21,680	22,511	25,568

Source: The Borrowers

The Braehead Property opened in September 1999 and therefore the first set of rent reviews commenced in 2004, five years after opening, which is reflected in the increase in Agents' fees for that year.

Vacancy

As at 18 March 2005 only one unit was vacant representing 1.9 per cent. of net internal area.

Leases

Within the Braehead Property, there are three standard types of leases. The main lease type, which applies to approximately 60 per cent. of tenants and circa 71 per cent. of the Braehead Property's income is the Turnover Lease. The other types of lease are Rack Rented (approximately 17 per cent. of tenants and 28 per cent. of income) and Leisure Leases (the leisure areas, accounting for only 0.2 per cent. of gross income).

Within the Retail Park, one lease is a Turnover Lease and the remainder are Rack Rented Leases, and the terms of these lease types are broadly similar to that described below.

A. Turnover Lease (Standard Unit)

Approximately 60 per cent. of tenants (71 per cent. of income) are on Turnover Leases.

This lease provides for a base rent plus a turnover top up. The base rent is defined as 80 per cent. of the estimated rental value. The turnover top up rent is payable annually in arrears and is calculated as:

(A% x B) – C

A = the agreed turnover percentage. The amount negotiated differs between retailers and is likely to be based upon the retailers expected turnover for that particular unit, the trading category and the gross margin.

B = Gross Turnover

C = Base Rent payable in the specified turnover period

The tenant is responsible for internal repair and maintenance, including shop front and conducting media (pipes, sewers, gutters, shafts, ducts, wires etc) other than those in the malls. The tenants are not responsible for repairs of a structural nature, but they contribute to the cost of such repairs through the service charge. There is a "keep open during prescribed hours" clause within the lease and it states the units may only be used as a single retail shop within Class 1 or as specified Class 3 of the Town and Country (Use Classes) (Scotland) Act 1989. Change of use requires landlord's consent, which is not to be unreasonably withheld or delayed, save in certain circumstances. The landlord can reasonably withhold consent if it is likely that the change could reasonably be expected to reduce rent for the unit or adversely affect tenant mix.

Alterations are permitted subject to landlord's consent, provided that they are non-structural in nature, they would not or could not reasonably be expected to reduce rents, or where they are not incompatible with the standards of design and aesthetic appearance of the Braehead Property.

Generally, only the assignment of the whole unit is permitted with landlords' consent, not to be unreasonably withheld, subject to a number of conditions.

The service charge is calculated principally as an apportionment of the total cost of provision of services, on the basis of the weighted floor areas of all lettable units. The valuers have been advised by the Borrower that with the exception of vacant units, the service charge is fully recoverable.

B. Rack Rented Lease

Approximately 17 per cent. of units (28 per cent. of income) are let on Rack Rented Leases.

The terms of this lease are similar to that of the Turnover Lease with the exception of the provisions for rent and turnover. Under a rack rented lease, the rent payable is the full open market rent and there is no turnover top up payable.

C. Leisure Leases

This lease type is broadly similar to the Rack Rented Lease with the exception of the rent review, alienation, alteration and the service charge clauses. The differences are as follows:

- the rent is reviewed in line with RPI;
- the tenant is permitted to assign, sub-let, or charge its interest with the landlords consent (not to be unreasonably withheld);
- any alterations or additions are permitted with the landlords consent (which is not to be unreasonably withheld); and
- the tenant is to pay a "fair proportion" in relation to the service charge and insurance.

The ice rink, curling rink and arena are let on an inter-company lease to Broadway Retail Leisure Limited, a wholly owned subsidiary of CSC, which accounts for 0.2 per cent. of the total gross income. The operation of these leases is currently a planning requirement and the operator carries a loss associated with running these.

D. Remaining Leases

The remaining lease types relate to storage units. A total of approximately 18 per cent. of units (less than 1 per cent. of income) are let on these lease types.

Lease expiry profile

The Braehead Property is a relatively new scheme, where most leases were agreed in 1999, therefore the majority of leases are due to expire in 2014. The main anchors, Sainsbury's and Marks & Spencer, are both let on long leases until 2121. The major space users such as Bhs, Primark, Boots, Woolworths and WH Smith have unexpired terms of between nine and 19 years.

Approximately 43.9 per cent. of space is let on leases with an unexpired term from 6 to 10 years and which generate approximately 68.0 per cent. of total rental income. Leases with an unexpired term from 21 to 25 years account for approximately 21.1 per cent. of space and 11.6 per cent. of total rental income, while leases under 6 years account for approximately 1.9 per cent. of space and approximately 0.7 per cent. of total rental income. The weighed average lease expiry is 11.8 years.

	Vacant	0 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 +	Total (£'000)
Tenant Break not exercised								
Weighted by rent (£'000)*	–	203	20,497	3,976	1,955	3,507	0	**30,138**
Weighted by rent.....	0.0%	0.7%	68.0%	13.2%	6.5%	11.6%	0.0%	**100%**
Weighted NIA by (sq ft)	20,068	20,487	472,190	77,067	60,554	226,552	199,000	**1,075,918**
Weighted NIA	1.9%	1.9%	43.9%	7.2%	5.6%	21.1%	18.5%	**100%**
Tenant Break exercised								
Weighted by rent (£'000)*	–	203	20,497	3,976	1,955	3,507	0	**30,138**
Weighted by rent.....	0.0%	0.7%	68.0%	13.2%	6.5%	11.6%	0.0%	**100%**
Weighted NIA (sq ft)	20,068	20,487	472,190	77,067	60,554	226,552	199,000	**1,075,918**
Weighted NIA	1.9%	1.9%	43.9%	7.2%	5.6%	21.1%	18.5%	**100%**

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

Concentration of Lease Size:

	Vacant	< 500	500 to 2,500	2,500 to 5,000	5,000 to 10,000	10,000 to 50,000	50,000 to 100,000	> 100,000	Total
Weighted by rent*	0.0%	2.6%	24.5%	21.6%	20.1%	26.6%	0.0%	4.5%	**100%**
Weighted by space	1.9%	0.4%	8.2%	8.9%	10.1%	31.7%	7.0%	31.8%	**100%**

* Assuming outstanding rent reviews are settled at Valuer's estimate of rental value for the review

Market Value and Estimated Rental Value

The Valuer estimated the market value of the feuhold interest in the Braehead Property, subject to the existing tenancies, to be £583,570,000 as at the Braehead Valuation Date.

The prime estimated rental value at the Braehead Property is currently £2,443 per sq m (£227 per sq ft) Zone A (30 ft Zones, standard for Scotland) for a 100 per cent. Rack Rented Lease. The equivalent 20 ft Zone A prime rental rate being £3,391 per sq m (£315 per sq ft).

The prime rental rates can be found on the standard retail units on both the Upper and Lower Malls. The reason that the Property benefits from prime rents on both Malls is due to the layout and tenant demand for the scheme. The prime pitch drops towards the ends of Upper and Lower Malls at the Marks & Spencer end by a maximum of 5 per cent.. There are no additional discounts for any units with recessed shopfronts. Rental levels on the side malls are substantially lower than the units on the main malls and the ERVs vary depending on the location of the unit and whether it is an entrance mall or leads to the food court.

The total gross rental value for the scheme is £35.66 million per annum exclusive (i.e. DTZ assumed ERV on lease expiry) compared to a gross passing rent of £25.96 million per annum exclusive and a reversionary gross rent of £31.42 million per annum including reversionary income from outstanding rent reviews.

According to the Braehead Valuation, assuming there is no further increase in estimated rental value, there is an additional reversionary income of £0.83 million coming through in the next four years, representing an increase of 8.35 per cent..

Capital expenditure

Since the Braehead Property is only five years old, no major investments have been made since its opening in 1999/2000, except that the food court area was reconfigured in 2004 to create a greater diversity of food offer and more seating accommodation.

CSC Harlequin Limited as **Borrower**
40 Broadway
London SW1H 0BU

Eurohypo AG London Branch as **Loan Arranger, Note Arranger, Facility Agent, Servicer** and **Special Servicer**
90 Long Acre
Covent Garden
London WC2E 9RA

Opera Finance (CSC 3) plc as **Issuer** and **Lender**
35 Great St. Helen's
London EC3A 6AP

The Royal Bank of Scotland plc as **Lead Manager**
135 Bishopsgate
London EC2M 3UR

UBS Limited as **Lead Manager**
100 Liverpool Street
London EC2M 2PP

HSBC Trustee (C.I) Limited as **Trustee**
1 Grenville Street
St Helier
Jersey JE4 9PF

4 May 2005

Dear Sirs

VALUATION OF THE HARLEQUIN CENTRE, WATFORD (the "Property") AS AT 4 APRIL 2005

1. Introduction

In accordance with your instructions, we have inspected the long leasehold Property owned by CSC Harlequin Limited (the "Company") in order to advise you of our opinion of the market value of the Property as at 4 April 2005 subject to existing tenancies as at 18 March 2005.

2. Inspections

The Property was inspected on 9 March 2005. We were able to inspect those areas of the Property that were open to the public.

3. Compliance with Appraisal and Valuation Standards and The Listing Rules

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements (**PS**), and United Kingdom Practice Statements (**UKPS**) contained within the RICS Appraisal and Valuation Standards, 5th Edition (the **Red Book**) as well as the Listing Rules published by the Financial Services Authority.

4. Status of valuer and conflicts of interest

We confirm that DTZ Debenham Tie Leung (**DTZ**) act as valuers to Capital Shopping Centres PLC (**CSC**) and have been undertaking half year and year end valuations of the majority of assets owned by CSC, for accounting purposes since 1994 and have also provided one off bank valuations when requested. DTZ values the Property on a bi-annual basis, the last valuation being as at 31 December 2004.

In addition DTZ has provided CSC with ad hoc valuation advice.

We further advise that DTZ provides advice to Eurohypo Aktiengesellschaft London Branch as Facility Agent and Security Trustee on other real estate assets in different ownerships. This has been discussed with the Banks and notwithstanding our previous involvement, the Banks have confirmed that we may proceed with the valuation.

We confirm that this report is objective and independent, undertaken by DTZ as External Valuers and other than mentioned above, we can confirm that we have no other involvement with the Property. Furthermore, we can confirm that fees earned from CSC on an annual basis are not material in the context of the turnover of DTZ.

5. Purpose of the valuation report

We understand that this valuation report and Schedule (the **Valuation Report**) is required in connection with the listing particulars to be published in accordance with the Listing Rules made under the European Communities (Stock Exchange) Regulations of 1984 of Ireland for listing of debt securities on the Irish Stock Exchange.

In accordance with UKPS 5.4, we have made certain disclosures in connection with this valuation instruction and our relationship with CSC. These are included in item 6 below.

6. Disclosures required under the provisions of UKPS 5.4

Previous valuations of the Property for the Purpose of the Valuation Report

6.1 The Property has not been valued previously by DTZ Debenham Tie Leung for the same purpose as the purpose of this Valuation Report.

DTZ's relationship with client

6.2 In addition to the matters referred to in item 4 of this Valuation Report, DTZ Debenham Tie Leung provides and has provided in the past ad hoc valuation and occupational agency advice to CSC.

DTZ Debenham Tie Leung also values the majority of those properties comprising the property portfolio of CSC on a half yearly basis.

Fee income from CSC

6.3 DTZ Debenham Tie Leung is a wholly owned subsidiary of DTZ Holdings plc (the **Group**). In the Group's financial year to 30 April 2004, the proportion of total fees payable by Capital Shopping Centres plc to the total fee income of the Group was less than five per cent. It is not anticipated that the total fees payable by CSC will exceed five per cent. for the year to April 2005.

7. Basis of valuation and net annual rent

Market Value

7.1 The value of the Property has been assessed in accordance with the relevant parts of the current RICS Appraisal and Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuations on the basis of Market Value we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

Net annual rent

7.2 The net annual rent for the Property is referred to in the Schedule. Net annual rent is defined in the Listing Rules as "the current income or income estimated by the valuer:

(a) ignoring any special receipts or deductions arising from the property;

(b) excluding value added tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(c) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

The Schedule also includes the estimated net annual rent of the Property. The estimated net annual rent is based on the current rental value of the Property. The rental value reflects the terms of the leases where the Property, or parts thereof, is let at the date of valuation. Where the Property, or parts thereof, is vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Taxation and costs

7.3 We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made deductions to reflect purchasers' acquisition costs.

8. VAT

CSC has advised us that the option to tax has been exercised in respect of the Property.

The capital valuation and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

9. Assumptions and sources of information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" (**Assumption**). Assumptions are facts, conditions or situations affecting the subject of,

or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the CSC's advisers have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below: -

Title

9.1 We have not had access to the title deeds of the Property. Save as disclosed in the Draft Certificate of Title dated April 2005 prepared by Coudert Brothers, (the **Certificate of Title**), we have made an assumption that the Property has good and marketable freehold title and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Property is free from mortgages, charges or other encumbrances.

Condition of structure and services, deleterious materials, plant and machinery and goodwill

9.2 Due regard has been paid to the apparent state of repair and condition of the Property, but we have not undertaken condition surveys, nor have we inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible. However, we have been provided with a copy of a Building and Environmental Report prepared by Waterman Partnership Ltd dated March 2005 (the **Waterman Report**). We have reflected the contents of the Waterman Report in undertaking our valuation. We have made an Assumption that save as disclosed in the Waterman Report the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Property. For the purposes of these valuations, unless otherwise informed by CSC's advisers, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the site of the Property is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the Property are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. We have made an Assumption that, save as disclosed in the WP Report, all services to the Property are functioning satisfactorily.

No allowance has been made in the valuation for any items of plant or machinery not forming part of the service installations of the Property. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Further, no account has been taken in our valuations of any goodwill that may arise from the present occupation of any of the Properties.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third

parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

Environmental matters

9.3 The Waterman Report comments on environmental factors and contamination affecting the Property. In arriving at our valuation, we have sought to reflect our opinion of the market value on the basis of the information revealed by the Waterman Report. However, we have not discussed relevant environmental factors and contamination with Waterman Partnership Ltd in order to clarify any likely effects upon the use of the Property. We have not made allowances in our valuation for the anticipated costs of treatment of contamination.

Matters related to contaminated land continue to generate considerable uncertainty both in terms of legal liability and impact on value and marketability. The Environmental Protection Act 1990 contained provisions with regard to liability for contaminated land. These provisions are potentially far-reaching in scope and while imposing primary liability for contamination upon the polluter, it also imposes liability upon the owner of the land either for knowingly permitting the use, or as a fall back when the polluter cannot be found, or no longer exists as a corporate entity.

We have sought to reflect in our opinion of Market Value the information available on contamination. However, law and practice in the area is rapidly changing and the approach being adopted by today's market may prove to be inappropriate or unsustainable in the future. The value of the Property may, therefore, be subject to greater than usual change or fluctuation on this account.

We have assumed that the information and opinions we have been given are complete and correct in respect of the Property and that further investigations would not reveal more information sufficient to affect value. We consider that this assumption is reasonable in the circumstances of the Property's age and the WP Report received. However, purchasers may cause such further investigations to be made and if these were to reveal additional contamination then this might reduce the value now being reported.

Commensurate with the information provided by Messrs Waterman we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

In arriving at our valuation we have sought to reflect our opinion of the Market Value on the basis of the information revealed by the enquiries of Messrs Waterman.

Areas

9.4 We have relied upon the floor area measurements provided by CSC and have assumed that these measurements are calculated in accordance with the Code of Measuring Practice prepared by the RICS. As the Property is more than five years old, the majority of the units have been subject to measurements at rent review and thus agreed by landlord and tenant at this time. Notwithstanding this, we have conducted check measurements on site of ten units, including units on each level and of varying size. The check measurements are all within a reasonable overall tolerance. Therefore, we are therefore comfortable to rely on the areas provided by the Applicant.

Statutory requirements and planning

9.5 Verbal enquiries have been made of the relevant planning authority in whose area the Property lies as to the possibility of highway improvement proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

Save as disclosed in the Draft Certificate of Title, it has been assumed that the Property has building regulation approvals, and that where necessary it has the benefit of a current Fire Certificate. It is further assumed that the Property is not subject to any outstanding statutory notices as to its construction, use or occupation. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have assumed that the Property complies with all relevant statutory requirements.

Unless our enquiries have revealed the contrary, it has been further assumed that the existing use of each property is duly authorised or established and that no adverse planning condition or restriction applies.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required.

We have assumed that the uses or intended uses are not in any way in breach of Licensing Acts, the Registered Homes Act, Environmental Health Acts, or other statute governing the operations of the particular business.

We have read all the leases and related documents provided to us by the Company and Dundas & Wilson. We have assumed that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have assumed that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also assumed that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes. However, our valuations reflect the type of tenants actually in occupation, and the market's general perception of their creditworthiness.

We have also assumed that wherever rent reviews or lease renewals are pending or impending, with an anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Leasing

9.6 We have not read copies of the leases or other related documents but have relied on the tenancy summaries contained in the Draft Certificate of Title for the purposes of our valuation. We confirm that as instructed the valuation has been based upon the tenancy position as at 18 March 2005.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise informed by the Capital Shopping Centres plc's advisers we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes.

However, our valuations reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Information

9.7 We have made an Assumption that the information CSC and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding requirements under legislation and planning decisions have been made available to us and that the information is up to date.

10. Valuation

We are of the opinion that the market value of the freehold Property, subject to existing tenancies as at 4 April 2005 and to the assumptions and comments in this Report and in Appendix 1 was as follows.

£463,000,000
(Four Hundred and Sixty Three Million Pounds)

11. Confidentiality and disclosure

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung Limited are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

PAUL WOLFENDEN FRICS
Chartered Surveyor
Director

For and on behalf of

DTZ DEBENHAM TIE LEUNG LIMITED
One Curzon Street
London
W1A 5PZ

THE SCHEDULE

Address	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Estimated Net Annual Rent	Market Value
The Company's interest in The Harlequin, Watford	A retail scheme trading on two main levels on a site of 3.80 hectares (9.39 acres). Comprises about 67,246 sq m (723,825 sq ft) to include 123 retail units, six MSU's, 13 food/catering units and, three anchors let to John Lewis, BHS and Marks & Spencer. In addition, there are ancillary storage units, seven residential units and self contained offices. The scheme benefits from 4,550 car parking spaces within the Centre and nearby Satellite car parks. The scheme was built in phases opening between September 1990 and June 1992. LEASEHOLD Held as to most of the scheme on two full repairing leases having over 988 years unexpired, at a ground rent of 7% of net property income, on a side by side basis. Town centre car parks held on internal repairing lease having 20 years unexpired (with an option to determine in 2015 exercisable by either party), at a current rent of £665,587 per annum exclusive with five yearly rent reviews, index linked.	The majority of retail units are let on effectively full repairing and insuring leases for 25 years with five yearly upward only rent reviews. Rents comprise basic rent plus a turnover related element, with reviews of basic rent to 80% of rack rental value. The stores let to Boots, John Lewis (Trewins) and Marks & Spencer are non-income producing. The catering units and kiosks are let on a variety of lease terms. The residential units are let on assured shorthold tenancies.	£21,597,385	£26,753,182	£463,000,000

Braehead Glasgow Limited and
Braehead Park Investments Limited as **Borrowers**
40 Broadway
London SW1H 0BU

Eurohypo AG London Branch as **Loan Arranger**, **Note Arranger**,
Facility Agent, Servicer and **Special Servicer**
90 Long Acre
Covent Garden
London WC2E 9RA

Opera Finance (CSC 3) plc as **Issuer** and **Lender**
35 Great St. Helen's
London EC3A 6AP

The Royal Bank of Scotland plc as **Lead Manager**
135 Bishopsgate
London EC2M 3UR

UBS Limited as **Lead Manager**
100 Liverpool Street
London EC2M 2PP

HSBC Trustee (C.I) Limited as **Trustee**
1 Grenville Street
St Helier
Jersey JE4 9PF

4 May 2005

Dear Sirs

VALUATION OF Braehead Shopping Centre and Retail Park, Renfrew, Glasgow (the "Property") AS AT 4 APRIL 2005

1. Introduction

In accordance with your instructions, we have inspected the feuhold Property owned by Braehead Glasgow Limited and Braehead Park Investments Limited (the "Company") in order to advise you of our opinion of the market value of the Property as at 4 April 2005 subject to existing tenancies as at 18 March 2005.

2. Inspections

The Property was inspected on 16 March 2005. We were able to inspect those areas of the Property that were open to the public.

3. Compliance with Appraisal and Valuation Standards and The Listing Rules

We confirm that the valuations have been made in accordance with the appropriate sections of both the current Practice Statements (**PS**), and United Kingdom Practice Statements (**UKPS**) contained within the RICS Appraisal and Valuation Standards, 5th Edition (the **Red Book**) as well as the Listing Rules published by the Financial Services Authority.

4. Status of valuer and conflicts of interest

We confirm that DTZ Debenham Tie Leung (**DTZ**) act as valuers to Capital Shopping Centres PLC (**CSC**) and have been undertaking half year and year end valuations of the majority of assets owned by CSC, for accounting purposes since 1994 and have also

provided one off bank valuations when requested. DTZ values the Property on a bi-annual basis, the last valuation being as at 31 December 2004.

In addition DTZ has provided CSC with ad hoc valuation advice.

We further advise that DTZ provides advice to Eurohypo Aktiengesellschaft London Branch as Facility Agent and Security Trustee on other real estate assets in different ownerships. This has been discussed with the Banks and notwithstanding our previous involvement, the Banks have confirmed that we may proceed with the valuation.

We confirm that this report is objective and independent, undertaken by DTZ as External Valuers and other than mentioned above, we can confirm that we have no other involvement with the Property. Furthermore, we can confirm that fees earned from CSC on an annual basis are not material in the context of the turnover of DTZ.

5. Purpose of the valuation report

We understand that this valuation report and Schedule (the **Valuation Report**) is required in connection with the listing particulars to be published in accordance with the Listing Rules made under the European Communities (Stock Exchange) Regulations of 1984 of Ireland for listing of debt securities on the Irish Stock Exchange.

In accordance with UKPS 5.4, we have made certain disclosures in connection with this valuation instruction and our relationship with CSC. These are included in item 6 below.

6. Disclosures required under the provisions of UKPS 5.4

Previous valuations of the Property for the Purpose of the Valuation Report

6.1 The Property has not been valued previously by DTZ Debenham Tie Leung for the same purpose as the purpose of this Valuation Report.

DTZ's relationship with client

6.2 In addition to the matters referred to in item 4 of this Valuation Report, DTZ Debenham Tie Leung provides and has provided in the past ad hoc valuation and occupational agency advice to CSC.

DTZ Debenham Tie Leung also values the majority of those properties comprising the property portfolio of CSC on a half yearly basis.

Fee income from CSC

6.3 DTZ Debenham Tie Leung is a wholly owned subsidiary of DTZ Holdings plc (the **Group**). In the Group's financial year to 30 April 2004, the proportion of total fees payable by Capital Shopping Centres plc to the total fee income of the Group was less than five per cent. It is not anticipated that the total fees payable by CSC will exceed five per cent. for the year to April 2005.

7. Basis of valuation and net annual rent

Market Value

7.1 The value of the Property has been assessed in accordance with the relevant parts of the current RICS Appraisal and Valuation Standards. In particular, we have assessed Market Value in accordance with PS 3.2. Under these provisions, the term "Market Value" means "The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper

marketing wherein the parties had each acted knowledgeably, prudently and without compulsion".

In undertaking our valuations on the basis of Market Value we have applied the interpretive commentary which has been settled by the International Valuation Standards Committee and which is included in PS 3.2. The RICS considers that the application of the Market Value definition provides the same result as Open Market Value, a basis of value supported by previous editions of the Red Book.

Net annual rent

7.2 The net annual rent for the Property is referred to in the Schedule. Net annual rent is defined in the Listing Rules as "the current income or income estimated by the valuer:

(i) ignoring any special receipts or deductions arising from the property;

(ii) excluding value added tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and

(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent."

The Schedule also includes the estimated net annual rent of the Property. The estimated net annual rent is based on the current rental value of the Property. The rental value reflects the terms of the leases where the Property, or parts thereof, is let at the date of valuation. Where the Property, or parts thereof, is vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.

Taxation and costs

7.3 We have not made any adjustments to reflect any liability to taxation that may arise on disposal, nor for any costs associated with disposals incurred by the owner. No allowance has been made to reflect any liability to repay any government or other grants, taxation allowance or lottery funding that may arise on disposals.

We have made deductions to reflect purchasers' acquisition costs.

8. VAT

CSC has advised us that the option to tax has been exercised in respect of the Property.

The capital valuation and rentals included in this Valuation Report are net of value added tax at the prevailing rate.

9. Assumptions and sources of information

An Assumption is stated in the Glossary to the Red Book to be a "supposition taken to be true" (**Assumption**). Assumptions are facts, conditions or situations affecting the subject of, or approach to, a valuation that, by agreement, need not be verified by a valuer as part of the valuation process. In undertaking our valuations, we have made a number of Assumptions and have relied on certain sources of information. Where appropriate, the CSC's advisers have confirmed that our Assumptions are correct so far as they are aware. In the event that any of these Assumptions prove to be incorrect then our valuations should be reviewed. The Assumptions we have made for the purposes of our valuations are referred to below: -

Title

9.1 We have not had access to the title deeds of the Property. Save as disclosed in the Draft Certificate of Title dated April 2005 prepared by DLA Piper Rudnick Gray Cary, (the **Certificate of Title**), we have made an assumption that the Property has good and marketable feuhold title (the Scottish Equivalent of freehold) and that the Property is free from rights of way or easements, restrictive covenants, disputes or onerous or unusual outgoings. We have also assumed that the Property is free from mortgages, charges or other encumbrances.

Condition of structure and services, deleterious materials, plant and machinery and goodwill

9.2 Due regard has been paid to the apparent state of repair and condition of the Property, but we have not undertaken condition surveys, nor have we inspected woodwork or other parts of the structure which are covered, unexposed or inaccessible. However, we have been provided with a copy of a Building and Environmental Report prepared by Waterman Partnership Ltd dated March 2005 (the **Waterman Report**). We have reflected the contents of the Waterman Report in undertaking our valuation. We have made an Assumption that save as disclosed in the Waterman Report the Property is free from any rot, infestation, adverse toxic chemical treatments, and structural or design defects.

We have not arranged for investigations to be made to determine whether high alumina cement concrete, calcium chloride additive or any other deleterious materials have been used in the construction or any alterations of any of the Property. For the purposes of these valuations, unless otherwise informed by CSC's advisers, we have made an Assumption that any such investigation would not reveal the presence of such materials in any adverse condition.

No mining, geological or other investigations have been undertaken to certify that the site of the Property is free from any defect as to foundations. We have made an Assumption that the load bearing qualities of the site of the Property are sufficient to support the buildings constructed thereon. We have also made an Assumption that there are no abnormal ground conditions, nor archaeological remains present, which might adversely affect the present or future occupation, development or value of the Property.

No tests have been carried out as to electrical, electronic, heating, plant and machinery, equipment or any other services nor have the drains been tested. We have made an Assumption that, save as disclosed in the WP Report, all services to the Property are functioning satisfactorily.

No allowance has been made in the valuation for any items of plant or machinery not forming part of the service installations of the Property. We have specifically excluded all items of plant, machinery and equipment installed wholly or primarily in connection with the occupants' businesses. We have also excluded furniture and furnishings, fixtures, fittings, vehicles, stock and loose tools. Further, no account has been taken in our valuations of any goodwill that may arise from the present occupation of any of the Properties.

It is a condition of DTZ Debenham Tie Leung Limited or any related company, or any qualified employee, providing advice and opinions as to value, that the client and/or third parties (whether notified to us or not) accept that the Valuation Report in no way relates to, or gives warranties as to, the condition of the structure, foundations, soil and services.

9.3 **Environmental matters**

The Waterman Report comments on environmental factors and contamination affecting the Property. In arriving at our valuation, we have sought to reflect our opinion of the market

value on the basis of the information revealed by the Waterman Report. However, we have not discussed relevant environmental factors and contamination with Waterman Partnership Ltd in order to clarify any likely effects upon the use of the Property. We have not made allowances in our valuation for the anticipated costs of treatment of contamination.

Matters related to contaminated land continue to generate considerable uncertainty both in terms of legal liability and impact on value and marketability. The Environmental Protection Act 1990 contained provisions with regard to liability for contaminated land. These provisions are potentially far-reaching in scope and while imposing primary liability for contamination upon the polluter, it also imposes liability upon the owner of the land either for knowingly permitting the use, or as a fall back when the polluter cannot be found, or no longer exists as a corporate entity.

We have sought to reflect in our opinion of Market Value the information available on contamination. However, law and practice in the area is rapidly changing and the approach being adopted by today's market may prove to be inappropriate or unsustainable in the future. The value of the Property may, therefore, be subject to greater than usual change or fluctuation on this account.

We have assumed that the information and opinions we have been given are complete and correct in respect of the Property and that further investigations would not reveal more information sufficient to affect value. We consider that this assumption is reasonable in the circumstances of the Property's age and the WP Report received. However, purchasers may cause such further investigations to be made and if these were to reveal additional contamination then this might reduce the value now being reported.

Commensurate with the information provided by Messrs Waterman we have not made any allowance in the valuation for any effect in respect of actual or potential contamination of land or buildings.

In arriving at our valuation we have sought to reflect our opinion of the Market Value on the basis of the information revealed by the enquiries of Messrs Waterman.

Areas

9.4 We have relied upon the floor area measurements provided by CSC and have assumed that these measurements are calculated in accordance with the Code of Measuring Practice prepared by the RICS. The Property is currently in its first rent review cycle and therefore all of the units have been subject to measurement for rent review purposes and thus agreed by landlord and tenant. Notwithstanding this, we have conducted check measurements on site of ten units, including units on each level and of varying size. The check measurements are all within a reasonable overall tolerance. Therefore, we are therefore comfortable to rely on the areas provided by the Applicant.

Statutory requirements and planning

9.5 Verbal enquiries have been made of the relevant planning authority in whose area the Property lies as to the possibility of highway improvement proposals, comprehensive development schemes and other ancillary planning matters that could affect property values.

Save as disclosed in the Draft Certificate of Title, it has been assumed that the Property has building regulation approvals, and that where necessary it has the benefit of a current Fire Certificate. It is further assumed that the Property is not subject to any outstanding statutory notices as to its construction, use or occupation. No allowance has been made for rights, obligations or liabilities arising under the Defective Premises Act 1972, and we have assumed that the Property complies with all relevant statutory requirements.

Unless our enquiries have revealed the contrary, it has been further assumed that the existing use of each property is duly authorised or established and that no adverse planning condition or restriction applies.

We would draw your attention to the fact that employees of town planning departments now always give information on the basis that it should not be relied upon and that formal searches should be made if more certain information is required.

We have assumed that the uses or intended uses are not in any way in breach of Licensing Acts, the Registered Homes Act, Environmental Health Acts, or other statute governing the operations of the particular business.

We have read all the leases and related documents provided to us by the Company and DLA Piper Rudnick Gray Cary. We have assumed that copies of all relevant documents have been sent to us and that they are complete and up to date.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary, we have assumed that the tenants are financially in a position to meet their obligations. Unless otherwise advised, we have also assumed that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes. However, our valuations reflect the type of tenants actually in occupation, and the market's general perception of their creditworthiness.

We have also assumed that wherever rent reviews or lease renewals are pending or impending, with an anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Leasing

9.6 We have not read copies of the leases or other related documents but have relied on the tenancy summaries contained in the Draft Certificate of Title for the purposes of our valuation. We confirm that as instructed the valuation has been based upon the tenancy position as at 18 March 2005.

We have not undertaken investigations into the financial strength of the tenants. Unless we have become aware by general knowledge, or we have been specifically advised to the contrary we have made an Assumption that the tenants are financially in a position to meet their obligations. Unless otherwise informed by the Capital Shopping Centres plc's advisers we have also made an Assumption that there are no material arrears of rent or service charges, breaches of covenants, or current or anticipated tenant disputes.

However, our valuations reflects the type of tenants actually in occupation or responsible for meeting lease commitments, or likely to be in occupation, and the market's general perception of their creditworthiness.

We have also made an Assumption that wherever rent reviews or lease renewals are pending or impending, with anticipated reversionary increases, all notices have been served validly within the appropriate time limits.

Information

9.7 We have made an Assumption that the information CSC and its professional advisers have supplied to us in respect of the Property is both full and correct.

It follows that we have made an Assumption that details of all matters likely to affect value within their collective knowledge such as prospective lettings, rent reviews, outstanding

requirements under legislation and planning decisions have been made available to us and that the information is up to date.

Valuation

9.8 We are of the opinion that the market value of the feuhold Property, subject to existing tenancies as at 4 April 2005 and to the assumptions and comments in this Report and in Appendix 1 was as follows.

£583,570,000
(Five Hundred and Eighty-Three Million Five Hundred and Seventy Thousand Pounds)

10. Confidentiality and disclosure

The contents of this Valuation Report and Schedule may be used only for the purpose of this Valuation Report. Before this Valuation Report, or any part thereof, is reproduced or referred to, in any document, circular or statement, and before its contents, or any part thereof, are disclosed orally or otherwise to a third party, the valuer's written approval as to the form and context of such publication or disclosure must first be obtained.

For the avoidance of doubt such approval is required whether or not DTZ Debenham Tie Leung Limited are referred to by name and whether or not the contents of our Valuation Report are combined with others.

Yours faithfully

PAUL WOLFENDEN FRICS
Chartered Surveyor
Director

For and on behalf of

DTZ Debenham Tie Leung Limited
One Curzon Street,
London W1A 5PZ

THE SCHEDULE

Address	Description, Age and Tenure	Terms of Existing Tenancies	Net Annual Rent	Estimated Net Annual Rent	Market Value
The Company's interest in Braehead Shopping Centre and Retail Park, Renfrew, Glasgow	A major out of town shopping centre located adjacent to junctions 25a/26 of the M8 motorway, approximately eight kilometres (five miles) to the west of Glasgow City Centre. The shopping centre opened in September 1999 and comprises approximately 49,852 sq m (536,597 sq ft) of anchor units, retail units and food/catering units, made up of 37,593 sq m (404,644 sq ft) on an overall basis and 12,259 sq m (131,953 sq ft) on a zone basis. The Property is arranged over two fully enclosed malls surface and detached car parking provided for 6,500 cars. There are 88 units shops plus, two anchors let to Sainsburys and Marks & Spencer and five major space users let to Woolworths, Primark, Boots, WH Smith and Bhs. In addition there is a leisure element to the scheme comprising an ice rink, a curling rink and a multi purpose arena together with a cluster of 15 food/catering units situated at lower and upper mall levels. The retail park comprises 26,392 sq m (284,079 sq ft) of bulky goods retail warehouse accommodation. The scheme comprises ten units. Units range in size from 308 sq m (3,315 sq ft) to 12,586 sq m (135,479 sq ft) and the scheme is anchored by B&Q and Next at Home. FEUHOLD	The majority of retail units are let on effectively full repairing and insuring leases for 15 years with provisions for five yearly upward only rent reviews. Rentals comprise a basic rent plus a turnover related element. The basic rent is reviewed to 80% of the rack rental value. A limited number of units are let on leases which have no turnover element and the tenant pays 100% of the rack rental value on review. The stores let to Sainsburys and Marks and Spencer are for terms of 125 years and the rent is fixed at a nominal figure throughout the term. The majority of the retail park is let on full repairing and insuring terms for 25 years with provisions for five yearly upward only rent reviews.	£30,311,529	£34,553,576	£583,570,000

CREDIT STRUCTURE

1. Origination Process

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

The Borrowers will be obliged under costs indemnities dated on or before the Closing Date to repay certain costs to the CSCH Loan Arranger and the Braehead Loan Arranger in connection with the origination of the respective Loans.

2. Legal Due Diligence

Eurohypo (as CSCH Loan Arranger and Braehead Loan Arranger) also instructed English and Scottish solicitors to carry out a review of the certificates of title prepared by English and Scottish solicitors acting for the Borrowers.

Eurohypo's solicitors and Eurohypo obtained general information relating to the proposed Loans including details of the Borrowers' shareholders; the accounts to be operated in connection with the proposed facilities; arrangements for the collection of rents and/or management of the Properties including details of managing agents; and insurance of the Properties.

(a) *Title and Other Investigation*

Certificates of title (the **Certificates of Title**) being substantially in the City of London Law Society's standard form will be issued on or before the Closing Date by the Borrowers' solicitors, for the benefit, among others, of Eurohypo and the Issuer.

The investigation required to provide the Certificates of Title included the usual review of title documentation and Land Registry, Land Register of Scotland and/or Sasine Register entries (including any lease under which a Property was held) together with all usual Land Registry, Land Register of Scotland and/or Sasine Register, Local Authority and other appropriate searches. In addition, all leases and tenancies affecting each Property were reviewed subject to certain limited exceptions and the basic terms (including, among other things, details of rent reviews and tenant's determination rights) were included in the Certificates of Title.

Eurohypo's solicitors also reviewed the Certificates of Title issued by the Borrowers' solicitors and confirmed the adequacy of the form and content of the Certificates of Title and highlighted any matters that they considered should be drawn to the attention of Eurohypo and the Valuer.

Eurohypo's solicitors have obtained written confirmation from the Valuer that the terms of the relevant Certificate of Title were taken into account in the relevant Valuation.

(b) *Capacity of Borrowers*

Eurohypo's solicitors satisfied themselves that each Borrower 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 each Borrower had complied with any necessary formalities.

(c) *Registration of Security*

Following drawdown of the Loans, the solicitors acting for Eurohypo (as CSCH Loan Arranger and Braehead Loan Arranger) will ensure that all necessary registrations in connection with taking security are attended to within all applicable time periods and appropriate notices served (where required by the terms of the relevant Credit Agreement). The title deeds in relation to the Properties will be held by Eurohypo's solicitors to the order of the relevant Loan Facility Agent. The Borrowers' solicitors will retain certain commercial leases for management purposes but will do so on the basis that they are held to the order of Eurohypo's solicitors.

(d) *Environmental and Structural Reports*

It should be noted that Waterman Environmental has reviewed previous site investigations and surveys recommendations in respect of each Property and while making certain recommendations as to works and ongoing maintenance concluded that the CSCH Property was in good condition and should require only regular maintenance and the Braehead Property was maintained to a high standard and whilst a number of visual, aesthetic and maintenance items were identified there were no significant structural concerns.

3. Credit Agreements

3.1 CSCH Credit Agreement

The principal documentation which will be entered into by CSCH and the Issuer in relation to the CSCH Loans comprises the CSCH Credit Agreement, the CSCH Security Agreement and the CSCH Hedging Arrangements.

The CSCH Credit Agreement will be governed by English law. The CSCH Credit Agreement will contain the types of representations and warranties and undertakings on the part of CSCH that a reasonably prudent lender making loans secured on commercial properties of this type would customarily require. A summary of the principal terms of the CSCH Credit Agreement is set out below.

(a) *Loan amount and drawdown and further advances*

The outstanding principal balance of the CSCH Loans as at the close of business on the Closing Date will be £303,500,000.

CSCH may, from time to time, request that the Issuer (as Original Lender under the CSCH Credit Agreement) or any other CSCH Lender increase its term commitment in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000 by written notice to the CSCH Loan Facility Agent. If the relevant CSCH Lender agrees in writing to such a request, its total term commitment under the CSCH Credit Agreement will be increased accordingly. However, the CSCH Credit Agreement will place no obligation on the Issuer or any other CSCH Lender to make any further advance to CSCH and the Servicer will not be permitted under the Servicing Agreement to agree to an amendment of the terms of the CSCH Credit Agreement on behalf of the Issuer or any other CSCH Lender that would require the Issuer to make any further advances to CSCH.

No such additional lending under the CSCH Credit Agreement will be permitted unless all the CSCH Lenders consent to such additional lending and the Rating Agencies confirm that the then current ratings of each class of Notes will not be adversely affected.

(b) *Conditions precedent*

The Issuer's obligation to make the CSCH Loans under the CSCH Credit Agreement will be subject to the CSCH Loan Facility Agent first having received, in the usual manner, certain documents as conditions precedent to funding in form and substance satisfactory to it. The documentation required will include, among other things: constitutional documents and board minutes for CSCH, CSC, Liberty International and any other CSCH Subordinated Creditor, a valuation in respect of the CSCH Property, evidence of insurance cover in respect of the CSCH Property and the CSCH Loan Facility Agent being named as co-insured on any Insurance Policies, all title documents relating to CSCH's interest in the CSCH Property, copies of all occupational leases and title searches related to the CSCH Property, security documents (and releases of existing security), a copy of CSCH's VAT registration certificate and evidence that CSCH has elected to waive exemption in relation to the CSCH Property and all relevant legal opinions and notices in connection with the assignment of rental income, charging of bank accounts and assignment of the CSCH Hedging Arrangements.

(c) *Interest and amortisation payments/repayments*

Interest under the CSCH Loans will be paid quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year in respect of successive Loan Interest Periods.

Unless previously repaid, the CSCH Loans will be repayable in full on 25 April, 2015.

Prior to the Loan Maturity Date, subject to deferral of amounts (see below), CSCH will be required, on the Loan Interest Payment Date falling in July 2005 and each Loan Interest Payment Date thereafter, to repay an amount of the CSCH Loans equal to the following specified percentages of the aggregate CSCH Loans then outstanding:

(i) if the Loan Interest Payment Date falls on or after 25 July, 2005 and before 25 July, 2006, 0.30 per cent.; and

(ii) if the Loan Interest Payment Date falls on or after 25 July, 2006 and before 25 July, 2007, 0.325 per cent.; and

(iii) if the Loan Interest Payment Date falls on or after 25 July, 2007 and before 25 July, 2008, 0.35 per cent.; and

(iv) if the Loan Interest Payment Date falls on or after 25 July, 2008 and before 25 July, 2009, 0.375 per cent.; and

(v) if the Loan Interest Payment Date falls on or after 25 July, 2009 and before 25 July, 2010, 0.40 per cent.; and

(vi) if the Loan Interest Payment Date falls on or after 25 July, 2010 and before 25 July, 2011, 0.425 per cent.; and

(vii) if the Loan Interest Payment Date falls on or after 25 July, 2011 and before 25 July, 2012, 0.45 per cent.; and

(viii) if the Loan Interest Payment Date falls on or after 25 July, 2012 and before 25 July, 2013, 0.475 per cent.; and

(ix) if the Loan Interest Payment Date falls on or after 25 July, 2013 and before 25 July, 2014, 0.50 per cent.; and

(x) if the Loan Interest Payment Date falls on or after 25 July, 2014, 0.525 per cent.

Amounts repaid in accordance with the above will be applied as follows:

(A) first, in repayment of the CSCH Tranche A Loan until the CSCH Tranche A Loan is repaid;

(B) second, in repayment of the CSCH Tranche B Loan until the CSCH Tranche B Loan is repaid;

(C) third, in repayment of the CSCH Tranche C Loan until the CSCH Tranche C Loan is repaid; and

(D) fourth, in repayment of the CSCH Tranche D Loan until the CSCH Tranche D Loan is repaid.

The CSCH Credit Agreement will permit CSCH to prepay any CSCH Loan on any Loan Interest Payment Date in whole or in part (subject to a minimum of £5,000,000 and integral multiples of £5,000,000) by giving not less than 35 days' prior written notice to the CSCH Loan Facility Agent, but, if at any time the Braehead Loans are accelerated and the Braehead Loan Security is enforced, prepayments under the CSCH Credit Agreement will be applied as follows:

(A) first, in repayment of the CSCH Tranche A Loan until the CSCH Tranche A Loan is repaid;

(B) second, in repayment of the CSCH Tranche B Loan until the CSCH Tranche B Loan is repaid;

(C) third, in repayment of the CSCH Tranche C Loan until the CSCH Tranche C Loan is repaid; and

(D) fourth, in repayment of the CSCH Tranche D Loan until the CSCH Tranche D Loan is repaid.

In connection with prepayments by CSCH, where the notional amount of the CSCH Hedging Arrangements exceeds the aggregate amount of the CSCH Loans currently outstanding following prepayments by CSCH, CSCH will reduce the notional amount of the CSCH Hedging Arrangements by an amount and in a manner satisfactory to the CSCH Loan Facility Agent (acting reasonably) to reflect the aggregate amount of the CSCH Loans then outstanding (as described further in "*Hedging obligations*" below).

On each Loan Interest Payment Date, monies will be debited from the CSCH Debt Service Account to discharge any interest, principal payments and/or other sums due under the CSCH Credit Agreement and the CSCH Hedging Arrangements. Any surplus monies will remain standing to the credit of the CSCH Rent and General Account and, subject to there being no Loan Event of Default in respect of the CSCH Credit Agreement outstanding and any restriction in the CSCH Subordination Deed and certain other obligations may be withdrawn by CSCH.

With respect to (a) amortisation payments, (b) amounts due and payable to a CSCH Hedge Counterparty under any CSCH Hedging Arrangements as a result of termination or closing out of that CSCH Hedging Arrangement in certain circumstances, and (c) any other amount due but unpaid, on a Loan Interest Payment Date, under the CSCH Finance Documents after payment of the amounts set out in **paragraphs (a)** to **(g)** of the CSCH Loan Waterfall (see further in "*CSCH Debt Service Account*") if, on any Loan Interest Payment Date, after applying amounts standing to

the credit of the CSCH Debt Service Account against the amounts set out in **paragraphs (a)** to **(g)** in the CSCH Loan Waterfall (see further in "*CSCH Debt Service Account*") the remaining amount would be insufficient to pay any of items (a) to (c) above which are due and payable on that Loan Interest Payment Date the remaining amount will be applied against the amounts set out in **paragraphs (h)** to **(j)** in the CSCH Loan Waterfall (see "*CSCH Debt Service Account*") to the extent of the remaining amount. Any amount of items (a) to (c) above not paid on any Loan Interest Payment Date will be deferred and become due and payable on the next Loan Interest Payment Date subject to CSCH having sufficient funds to pay such amounts. CSCH will no longer be able to defer amounts if the CSCH Loan Facility Agent serves notice on CSCH cancelling any outstanding commitment under the CSCH Credit Agreement and/or demanding that all or part of the CSCH Loans together with accrued interest and all other amounts accrued under the CSCH Finance Documents become immediately due and payable and/or demanding that all or part of the CSCH Loans become payable on demand and/or applying monies standing to the credit of the CSCH Accounts towards repayment of any amount due to any party under the CSCH Finance Documents.

(d) *Accounts*

All income and receivables in respect of the CSCH Property and all amounts payable to CSCH under the CSCH Hedging Arrangements will be paid into a current account (the **CSCH Rent and General Account**) in the name of CSCH. Monies standing to the CSCH Rent and General Account will then be distributed as follows:

(i) an amount sufficient to meet CSCH's obligations (A) in respect of items **paragraphs (a)** to **(g)** of the CSCH Loan Waterfall (see "*CSCH Debt Service Account*") and (B) to the extent that monies are remaining, an amount sufficient to meet CSCH's obligations in respect of **paragraphs (h)** to **(j)** of the CSCH Loan Waterfall (see "*CSCH Debt Service Account*") falling due on the next Loan Interest Payment Date will be transferred into a debt service account (the **CSCH Debt Service Account**) in the name of CSCH and charged to the CSCH Loan Facility Agent;

(ii) all value added tax received from any occupational lease in respect of the CSCH Property will be transferred into a deposit account (the **CSCH VAT Account**) in the name of CSCH and charged to the CSCH Loan Facility Agent; and

(iii) any amounts received in respect of insurance costs and service charges under any occupational lease in respect of the CSCH Property will be transferred into a service charge account (the **CSCH Service Charge Account**) in the name of CSCH and charged to the CSCH Loan Facility Agent.

The CSCH Rent and General Account, the CSCH Debt Service Account, the CSCH VAT Account and the CSCH Service Charge Account, together with all other accounts established in accordance with the CSCH Credit Agreement and charged as security for the CSCH Loans (including the CSCH Deposit Account), are referred to herein as the **CSCH Accounts**.

Under the CSCH Credit Agreement, each CSCH Account must be maintained with a bank that has a rating of "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1 +" (or better) by S&P for its short-term debt obligations and "A" (or better) by Fitch, "A1" (or better) by Moody's and an "A+" (or better) by S&P for its long-term debt obligations.

For more detailed information see "*5.1 CSCH Accounts*" below.

(e) *Hedging obligations*

Under the terms of the CSCH Credit Agreement, CSCH will be required to maintain (subject to the limits described below) interest rate hedging arrangements to protect against the risk that the interest rate payable by CSCH under the CSCH Loans may increase to levels which would be too high, bearing in mind CSCH's income (which comprises, primarily, rental income in respect of the CSCH Property and which does not vary according to prevailing interest rates).

Pursuant to the CSCH Credit Agreement, CSCH will enter into hedging arrangements in respect of the CSCH Loans (the **CSCH Hedging Arrangements**) with the CSCH Hedge Counterparties. Each CSCH Hedge Counterparty under the CSCH Credit Agreement must, at the time of entry into the CSCH Hedging Arrangements, have a requisite rating of "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1" (or better) by S&P for its short-term debt obligations, "A" (or better) by Fitch and "A1" (or better) by Moody's for its long-term debt obligations or must take one of the measures set out below pursuant to a CSCH Counterparty Rating Event.

In addition, under the terms of the CSCH Credit Agreement, the CSCH Hedging Arrangements must at any time have an aggregate notional amount not less than the aggregate amount of the CSCH Loans then outstanding, such that at all times CSCH's obligations under the CSCH Loans will be fully hedged against adverse movements in prevailing interest rates.

If at any time the notional amount of the CSCH Hedging Arrangements exceeds 100 per cent. of the aggregate amount of the CSCH Loans then outstanding, CSCH will reduce the notional amount of the CSCH Hedging Arrangements by an amount and in a manner satisfactory to the CSCH Loan Facility Agent (acting reasonably) to reflect the aggregate amount of the CSCH Loans then outstanding.

Subject to agreement with the CSCH Hedge Counterparty, CSCH will be entitled to terminate the CSCH Hedging Arrangements so long as CSCH has entered into substitute hedging arrangements with counterparties having the minimum ratings referred to above in accordance with the terms of the CSCH Credit Agreement.

Neither CSCH nor a CSCH Hedge Counterparty in respect of any CSCH Hedging Arrangements will be entitled to amend or waive the terms of any CSCH Hedging Arrangements without the consent of the CSCH Loan Facility Agent such consent not to be unreasonably withheld or delayed.

Except as set forth above, neither CSCH nor a CSCH Hedge Counterparty in respect of any CSCH Hedging Arrangements will be permitted to terminate or close out any CSCH Hedging Arrangements except:

(i) in case of illegality;

(ii) where all outstanding amounts under the CSCH Finance Documents (other than the CSCH Hedging Arrangements) have been paid in full;

(iii) as permitted by the terms of the CSCH Hedging Arrangements or with the consent of the other party to such CSCH Hedging Arrangements (whether a CSCH Hedge Counterparty or CSCH, as the case may be), in each case together with the consent of the CSCH Loan Facility Agent; or

(iv) in the case of CSCH only, upon the request of the CSCH Loan Facility Agent as a result of a CSCH Hedge Counterparty to the CSCH Hedging Arrangements failing to comply with the provisions of the relevant CSCH Hedging

Arrangements regarding a CSCH Counterparty Rating Event (as defined below).

If at any time any CSCH Hedge Counterparty in respect of the CSCH Hedging Arrangements ceases to have the requisite rating specified above and/or following such a cessation experiences a further ratings downgrade specifically described in the CSCH Hedging Arrangements (a **CSCH Counterparty Rating Event**), it will be required to take certain measures specified by the relevant Rating Agencies to address any impact of any such CSCH Counterparty Rating Event on the Notes. The required measures will vary depending upon the nature of the CSCH Counterparty Rating Event and will include the relevant counterparty:

(A) transferring collateral to CSCH;

(B) transferring all of its rights and obligations with respect to the relevant CSCH Hedging Arrangements to a replacement third party; and/or

(C) procuring a third party to become a co-obligor or guarantor in respect of its obligations under the relevant CSCH Hedging Arrangements,

in each case in a manner satisfactory to the relevant Rating Agencies and as described in more detail in the relevant CSCH Hedging Arrangements.

(f) *Hedging Loans*

If CSCH fails to pay an amount due and payable under any CSCH Hedging Arrangements and such failure constitutes a Loan Event of Default under the CSCH Credit Agreement, the Issuer may, pursuant to the terms of the CSCH Credit Agreement make a loan to CSCH to enable it to pay that amount (a **CSCH Hedging Loan**). A CSCH Hedging Loan will be repayable on demand on any Loan Interest Payment Date or on or after the date the CSCH Loan Facility Agent by notice to CSCH cancels any outstanding commitments under the CSCH Credit Agreement and/or demands that all or part of the CSCH Loans together with accrued interest and all other amounts accrued under the CSCH Finance Documents become immediately due and payable and/or demands that all or part of the CSCH Loans become payable on demand and/or applies any monies standing to the credit of each CSCH Account in or towards repayment of any amount due to the CSCH Loan Secured Creditors under the CSCH Finance Documents. A relevant CSCH Hedging Loan will bear interest at a default rate which expresses as a percentage rate per annum the cost to the Issuer of funding that CSCH Hedging Loan by making an Income Deficiency Drawing (as defined below) under the Liquidity Facility Agreement and will be repaid from monies standing to the credit of the CSCH Debt Service Account or from the proceeds of a loan from a CSCH Subordinated Creditor to CSCH or from the proceeds of a subscription for shares in CSCH or otherwise in accordance with the CSCH Credit Agreement.

(g) *Representations and warranties*

The representations and warranties to be given by CSCH under the CSCH Credit Agreement, as of the date of the CSCH Credit Agreement, the date of drawdown and (subject to certain exceptions) each Loan Interest Payment Date, will include, among other things, the following statements:

(i) CSCH is duly incorporated as a limited liability company under the laws of England and Wales and has the power to own its assets and carry on its business and to enter into, perform and deliver the CSCH Finance Documents and such entry into and performance of the CSCH Finance Documents will

constitute a legal, valid, binding and enforceable obligation of CSCH (subject to certain qualifications) and not conflict in any material respect with any applicable law or regulation or in any material respect with any document binding on it or the constitutional documents of CSCH;

(ii) no Loan Event of Default under the CSCH Credit Agreement is outstanding or would be reasonably likely to result from the making of the CSCH Loans;

(iii) subject to due registration of the relevant loan security documents, all authorisations required in connection with entry into, performance, validity and enforceability of the CSCH Finance Documents have been obtained or effected and are in full force and effect;

(iv) CSCH is the legal and beneficial owner of the CSCH Property and has good and marketable title to the CSCH Property, in each case free from any security interests (other than those set out in the CSCH Security Agreement and the CSCH Related Security);

(v) the security conferred by the CSCH Security Agreement and the CSCH Related Security constitutes a first priority security interest over the assets referred to in each agreement and the assets are not subject to any prior or *pari passu* security interests (other than preferred claims arising from applicable bankruptcy or insolvency laws) and which are not liable to avoidance on liquidation or administration;

(vi) no litigation, arbitration or administrative proceedings are current or, to the knowledge of CSCH pending or threatened which, if adversely determined, are reasonably likely to have a material adverse effect;

(vii) all written information supplied by CSCH to the CSCH Loan Arranger, the CSCH Lenders and the CSCH Loan Facility Agent, among others, in connection with the CSCH Finance Documents was true, accurate and complete in all material respects as at its date and did not omit at its date any information which made the information supplied misleading in any material respect;

(viii) all information supplied by CSCH to the Valuer for the purposes of the relevant Valuation was true, complete and accurate in all material respects as at its date and did not omit as at its date any information which might adversely affect the relevant Valuation in any material respect;

(ix) the accounts of CSCH most recently delivered to the CSCH Loan Facility Agent have been prepared in accordance with accounting principles and practices generally accepted in the United Kingdom and fairly represent the financial condition of CSCH as at the date to which they were drawn up, and as at the first drawdown date there has been no material adverse change in the financial condition of CSCH since the date of the accounts;

(x) since the date it became a subsidiary of CSC, CSCH has neither carried on any business (other than ownership, development, extension, refurbishment and management of its interest in the CSCH Property) nor entered into any material agreements (other than the CSCH Finance Documents and agreements connected with the construction, acquisition, ownership and management of the CSCH Property permitted under the CSCH Finance Documents);

(xi) CSCH has no subsidiary; and

(xii) as at the date of the CSCH Credit Agreement:

(A) CSCH is wholly owned by CSC; and

(B) all of CSC's issued share capital is ultimately beneficially owned by Liberty International.

(h) *Undertakings*

CSCH will give various undertakings under the CSCH Credit Agreement which will take effect so long as any amount is outstanding under the CSCH Credit Agreement or any commitment is in place. These undertakings will include, among other things, the following:

(i) to provide the CSCH Loan Facility Agent with financial information on an ongoing basis, including audited accounts, as soon as possible at the end of each financial year;

(ii) to supply the details of any shareholder or creditor documentation;

(iii) to supply details of any litigation, arbitration or administrative proceedings which are current or to its knowledge threatened and which are reasonably likely to, if adversely determined, have a material adverse effect;

(iv) to notify the CSCH Loan Facility Agent promptly of any Loan Event of Default under the CSCH Credit Agreement;

(v) to procure that CSCH's obligations under the CSCH Finance Documents rank at least *pari passu* with all other present and future unsecured obligations (other than obligations mandatorily preferred by law) and not to create or permit any security interest to arise over any of its assets (other than certain customary exceptions) and not (without the consent of the majority CSCH Lenders and subject to customary exceptions) to sell, transfer, lease or otherwise dispose of all or any part of its assets;

(vi) not to enter into any amalgamation, demerger, merger or reconstruction without the consent of the majority CSCH Lenders or acquire any assets or business or make any investments other than its interests in the CSCH Property or the construction, acquisition, ownership and management of the CSCH Property;

(vii) not to make any loans or provide any other form of credit or to give any guarantee or indemnity to any person (other than certain customary exceptions);

(viii) not to incur any unsubordinated financial indebtedness in an amount greater than £1,000,000 (other than indebtedness incurred under the CSCH Finance Documents, certain finance leases with the consent of the CSCH Loan Facility Agent or trading counter-indemnities);

(ix) not to enter into any contracts other than the CSCH Finance Documents or contracts in connection with the construction, acquisition, ownership and management of the CSCH Property or otherwise as permitted under the CSCH Credit Agreement;

(x) not to declare or pay any dividend or make any distribution in respect of its shares, except where no Loan Event of Default under the CSCH Credit Agreement is outstanding and sufficient monies are left in the CSCH Rent and General Account after such payment to meet the liabilities of CSCH as they fall due;

(xi) not to carry on any business other than the ownership and management of its interests in the CSCH Property and any activities carried on in accordance with good management of the CSCH Property or to have any subsidiaries;

(xii) to procure that more than 50 per cent. of its entire issued share capital is ultimately beneficially owned by Liberty International unless the majority CSCH Lenders have consented to a change in ownership after having been satisfied that (A) following any change in ownership the CSCH Managing Agent will continue to manage the CSCH Property on behalf of CSCH, or (B) the acquirer of CSCH is a company experienced in the ownership and management of UK regional shopping centres;

(xiii) to comply with certain customary undertakings regarding the administration of occupational leases and the appointment of managing agents in respect of the CSCH Property;

(xiv) to maintain insurance on the CSCH Property (on terms acceptable to the CSCH Loan Facility Agent) on a full reinstatement value basis together with a further amount equal to 12.5 per cent. of the full reinstatement cost and not less than five years' loss of rent on all occupational leases together with third party liability insurance and insurance against acts of terrorism (to the extent available in the UK or European insurance markets) and to procure that the CSCH Loan Facility Agent is named as co-insured on all relevant insurance policies (except any policy in respect of third party liability);

(xv) All insurances required under the CSCH Credit Agreement must be with an insurance company or underwriter (or a group of insurance companies or underwriters) that:

(A) has a long term credit rating or a financial strength rating (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of "A" (or better) by Fitch and "A" (or better) by S&P and to the satisfaction of Moody's; or

(B) is recommended by CSCH's insurance broker in a letter to the CSCH Loan Facility Agent and CSCH to be delivered at least annually; or

(C) is otherwise acceptable to the CSCH Loan Facility Agent (acting reasonably);

(xvi) not to enter into any contract in connection with refurbishment, remodelling, extension of existing space within the CSCH Property or other development of the CSCH Property (works) where the costs of the works exceed £25,000,000 (adjusted by the annual Retail Price Index (**RPI**)) without putting in place committed funding to meet the entire costs of those works;

(xvii) prior to the commencement of any works the costs of which exceed £25,000,000 (adjusted by RPI), to satisfy the CSCH Loan Facility Agent that projected net rental income for the period of those works (as estimated by the CSCH Loan Facility Agent) as a percentage of projected finance costs for the period of those works (as estimated by the CSCH Loan Facility Agent) (**CSCH Debt Service Cover**) will be at least 105 per cent.;

To satisfy the requirement of this **paragraph (xvii)** CSCH may prepay the CSCH Loans in an amount not less than £1,000,000 to satisfy the CSCH Debt Service Cover or deposit an amount into a deposit account (the **CSCH Deposit Account**) so that if the interest which will accrue on that amount during the period of the works was treated as net rental income CSCH would satisfy the CSCH Debt Service Cover or if the CSCH Debt Service Cover is within 5 per cent. of the specified figure, deposit into the CSCH Deposit Account an amount equal to 200 per cent. of the additional amount of net rental income, which is

required to be received by CSCH to ensure that it can satisfy the CSCH Debt Service Cover.

(xviii) not to commence any works on the CSCH Property without the consent of the CSCH Loan Facility Agent (such consent not to be unreasonably withheld or delayed) where the costs of such works exceed £50,000,000 (adjusted by RPI) or the aggregate works relate to existing space in excess of 125,000 square feet, unless:

(A) the works relate to replacement, restoration or reinstatement of the CSCH Property funded by insurance proceeds plus, if required, an amount not exceeding £50,000,000 (adjusted by RPI) in accordance with the CSCH Credit Agreement; or

(B) CSCH has satisfied the CSCH Loan Facility Agent that:

I. no Loan Event of Default under the CSCH Credit Agreement is outstanding or likely to arise as a result of the works;

II. committed funding is in place to meet the entire costs of the works and CSCH is in compliance with the CSCH Debt Service Cover in respect of those works; and

III. the works once completed will not have any adverse effect on the long term value of the CSCH Property; and

(xix) Paragraphs (xvii) and (xviii) do not apply to works which relate to the construction of a connection (or the modification of an existing connection) between the CSCH Property and the property currently known as "Charter Place" or which are necessary to implement the redevelopment of Charter Place (including, for the avoidance of doubt, any M&E works).

(xx) to maintain projected annual net rental income as a percentage of projected annual finance costs, each as estimated from time to time by the CSCH Loan Facility Agent, (the **CSCH Interest Cover Percentage**) up to (but excluding) the third anniversary of the Closing Date of at least 110 per cent. and thereafter of at least 120 per cent.

In the case of breach of this **paragraph (xx)**, CSCH will be entitled to prepay the CSCH Loans in an amount not less than £1,000,000 to ensure compliance with the specified CSCH Interest Cover Percentage or to deposit an amount into the CSCH Deposit Account so that if the interest which will accrue on that amount during the relevant twelve month period was treated as net rental income CSCH would be in compliance with the specified CSCH Interest Cover Percentage or, if the CSCH Interest Cover Percentage at that time is within five per cent. of the specified figure, an amount equal to 200 per cent. of the additional amount of net rental income which is required to be received by CSCH to ensure compliance with the specified CSCH Interest Cover Percentage.

(i) Events of default

The CSCH Credit Agreement will contain usual events of default entitling the Issuer and any other CSCH Lenders (subject in certain cases, to customary grace periods and materiality thresholds) to accelerate the CSCH Loans and/or enforce the CSCH Loan Security, including, among other things:

(i) failure to pay on the due date any amount due under the CSCH Finance Documents (other than where it arises as a result of the CSCH Loan Facility Agent not applying monies in an account);

(ii) breach of other specified obligations under the CSCH Finance Documents;

(iii) any representation or warranty was incorrect in any material respect at the date it was given;

(iv) the financial indebtedness of CSCH is not paid when due or within any applicable grace period or is accelerated or placed on demand or the security interests securing such indebtedness become enforceable;

(v) CSCH is unable to pay its debts or is deemed to be insolvent or other insolvency acts or events occur (including, among other things, the commencement of insolvency proceedings, the appointment of any liquidator or administrative receiver or the attachment or sequestration of any asset);

(vi) CSCH ceases or, threatens to cease, to carry on all or a substantial part of its business;

(vii) it is or becomes unlawful for CSCH, CSC or a CSCH Subordinated Creditor to perform any of its obligations under any CSCH Finance Documents;

(viii) the CSCH Security Agreement, the CSCH Mortgage of Shares or the CSCH Subordination Deed is not or is alleged not to be binding or enforceable or effective to create the security intended to be created by it;

(ix) the compulsory purchase of all or part of the CSCH Property by local authorities, unless the CSCH Loan Facility Agent determines that (A) the value of the part of the CSCH Property to be purchased is less than £1,000,000, or (B) CSCH will still be in compliance with its CSCH Interest Cover Percentage undertaking following a revaluation of the CSCH Property excluding that part of the CSCH Property to be purchased;

(x) the destruction or material damage to the CSCH Property and in the reasonable opinion of the majority CSCH Lenders the destruction or damage will have a material adverse effect (taking into account the expected proceeds of the relevant Insurance Policies); and

(xi) an event occurs (other than a general reduction in the value of property in the United Kingdom or as evidenced by a new valuation of the CSCH Property) which has a material adverse effect on CSCH's ability to comply with any of the CSCH Finance Documents.

In relation to non-payment and breaches of other obligations, the CSCH Credit Agreement will include customary grace periods, but in no instance will these grace periods be for periods longer than one Business Day or 21 days, respectively.

Upon the occurrence of a Loan Event of Default under the CSCH Credit Agreement which has not been remedied within the applicable grace period, the CSCH Loan Facility Agent may by notice to CSCH cancel any outstanding commitments under the CSCH Credit Agreement, demand that all or part of the CSCH Loans together with accrued interest and all other amounts accrued under the CSCH Finance Documents become immediately due and payable, demand that all or part of the CSCH Loans become payable on demand and/or apply monies standing to the credit of the CSCH Accounts towards repayment of any amount due to any party under the CSCH Finance Documents.

3.2 Braehead Credit Agreement

The principal documentation which will be entered into by the Braehead Borrowers and the Issuer in relation to the Braehead Loans comprises the Braehead Credit Agreement, the Braehead Security Agreement, the Standard Security, the Assignation of Rents and the Braehead Hedging Arrangements.

The Braehead Credit Agreement will be governed by English law. The Braehead Credit Agreement will contain the types of representations and warranties and undertakings on the part of the Braehead Borrowers that a reasonably prudent lender making loans secured on commercial properties of this type would customarily require. A summary of the principal terms of the Braehead Credit Agreement is set out below.

(a) *Loan amount and drawdown and further advances*

The outstanding principal balance of the Braehead Loans as at the close of business on the Closing Date will be £406,500,000.

The Braehead Borrowers may, from time to time, request that the Issuer (as Original Lender under the Braehead Credit Agreement) or any other Braehead Lender increase its term commitment in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000 by written notice to the Braehead Loan Facility Agent. If the Braehead Lender agrees in writing to such a request, its total term commitment under the Braehead Credit Agreement will be increased accordingly. However, the Braehead Credit Agreement will place no obligation on the Issuer or any other Braehead Lender to make any further advance to the Braehead Borrowers and the Servicer will not be permitted under the Servicing Agreement to agree to an amendment of the terms of the Braehead Credit Agreement on behalf of the Issuer or any other Braehead Lender that would require the Issuer to make any further advances to the Braehead Borrowers.

No such additional lending under the Braehead Credit Agreement will be permitted unless all the Braehead Lenders consent to such additional lending and the Rating Agencies confirm that the then current ratings of each class of Notes will not be adversely affected.

(b) *Conditions precedent*

The Issuer's obligation to make the Braehead Loans under the Braehead Credit Agreement will be subject to the Braehead Loan Facility Agent first having received, in the usual manner, certain documents as conditions precedent to funding in form and substance satisfactory to it. The documentation required will include, among other things: constitutional documents and board minutes for the Braehead Borrowers, CSC, Liberty International and any other Braehead Subordinated Creditor under the Braehead Credit Agreement, a valuation in respect of the Braehead Property, evidence of insurance cover in respect of the Braehead Property and the Braehead Loan Facility Agent being named as co-insured on any Insurance Policies, all title documents relating to the Braehead Borrowers' interest in the Braehead Property, copies of all occupational leases and title searches related to the Braehead Property, security documents, a copy of each Braehead Borrower's VAT registration certificate and evidence that the Braehead Borrowers have elected to waive exemption in relation to the Braehead Property and all relevant legal opinions and notices in connection with the assignment of rental income, charging of bank accounts and assignment of the Braehead Hedging Arrangements.

(c) *Interest and amortisation payments/repayments*

Interest under the Braehead Loans will be paid quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year in respect of successive Loan Interest Periods.

Unless previously repaid, the Braehead Loans will be repayable in full on 25 April, 2015.

Prior to the Loan Maturity Date, subject to deferral of amounts (see below), the Braehead Borrowers will be required, on the Loan Interest Payment Date falling in July 2005 and each Loan Interest Payment Date thereafter, to repay an amount of the Braehead Loans equal to the following specified percentages of the aggregate Braehead Loans then outstanding:

(i) if the Loan Interest Payment Date falls on or after 25 July, 2005 and before 25 July, 2006, 0.15 per cent.; and

(ii) if the Loan Interest Payment Date falls on or after 25 July, 2006 and before 25 July, 2007, 0.40 per cent.; and

(iii) if the Loan Interest Payment Date falls on or after 25 July, 2007 and before 25 July, 2008, 0.45 per cent.; and

(iv) if the Loan Interest Payment Date falls on or after 25 July, 2008 and before 25 July, 2009, 0.50 per cent.; and

(v) if the Loan Interest Payment Date falls on or after 25 July, 2009 and before 25 July, 2010, 0.60 per cent.; and

(vi) if the Loan Interest Payment Date falls on or after 25 July, 2010 and before 25 July, 2011, 0.65 per cent.; and

(vii) if the Loan Interest Payment Date falls on or after 25 July, 2011 and before 25 July, 2012, 0.70 per cent.; and

(viii) if the Loan Interest Payment Date falls on or after 25 July, 2012 and before 25 July, 2013, 0.75 per cent.; and

(ix) if the Loan Interest Payment Date falls on or after 25 July, 2013 and before 25 July, 2014, 0.45 per cent.; and

(x) if the Loan Interest Payment Date falls on or after 25 July, 2014, 0.40 per cent.

Amounts repaid in accordance with the above will be applied as follows:

(A) first, in repayment of the Braehead Tranche A Loan until the Braehead Tranche A Loan is repaid;

(B) second, in repayment of the Braehead Tranche B Loan until the Braehead Tranche B Loan is repaid;

(C) third, in repayment of the Braehead Tranche C Loan until the Braehead Tranche C Loan is repaid; and

(D) fourth, in repayment of the Braehead Tranche D Loan until the Braehead Tranche D Loan is repaid.

The Braehead Credit Agreement will permit the Braehead Borrowers to prepay any Braehead Loan on any Loan Interest Payment Date in whole or in part (subject to a minimum of £5,000,000 and integral multiples of £5,000,000) by giving not less than

35 days' prior written notice to the Braehead Loan Facility Agent, but, if at any time the CSCH Loans are accelerated and the CSCH Loan Security is enforced, prepayments under the Braehead Credit Agreement will be applied as follows:

(A) first, in repayment of the Braehead Tranche A Loan until the Braehead Tranche A Loan is repaid;

(B) second, in repayment of the Braehead Tranche B Loan until the Braehead Tranche B Loan is repaid;

(C) third, in repayment of the Braehead Tranche C Loan until the Braehead Tranche C Loan is repaid; and

(D) fourth, in repayment of the Braehead Tranche D Loan until the Braehead Tranche D Loan is repaid.

In connection with prepayments by the Braehead Borrowers, where the notional amount of the Braehead Hedging Arrangements exceeds the aggregate amount of the Braehead Loans currently outstanding following prepayments by the Braehead Borrowers, the Braehead Borrowers will reduce the notional amount of the Braehead Hedging Arrangements by an amount and in a manner satisfactory to the Braehead Loan Facility Agent (acting reasonably) to reflect the aggregate amount of the Braehead Loans then outstanding (as described further in "*Hedging obligations*" below).

On each Loan Interest Payment Date, monies will be debited from the Braehead Debt Service Account to discharge any interest, principal payments and/or other sums due under the Braehead Credit Agreement and the Braehead Hedging Arrangements. Any surplus monies will remain standing to the credit of the Braehead Rent and General Account and, subject to there being no Loan Event of Default in respect of the Braehead Credit Agreement outstanding and any restriction in the Braehead Subordination Deed and certain other obligations may be withdrawn by the Braehead Borrowers.

With respect to (a) amortisation payments, (b) amounts due and payable to a Braehead Hedge Counterparty under any Braehead Hedging Arrangements as a result of termination or closing out of that Braehead Hedging Arrangement in certain circumstances and (c) any other amount due but unpaid, on a Loan Interest Payment Date, under the Braehead Finance Documents after payment of the amounts set out in **paragraphs (a)** to **(g)** of the Braehead Loan Waterfall (see further in "*Braehead Debt Service Account*") if, on any Loan Interest Payment Date, after applying amounts standing to the credit of the Braehead Debt Service Account against the amounts set out in **paragraphs (a)** to **(g)** in the Braehead Loan Waterfall (see further in "*Braehead Debt Service Account*") the remaining amount would be insufficient to pay any of items (a) to (c) above which are due and payable on that Loan Interest Payment Date the remaining amount will be applied against the amounts set out in **paragraphs (h)** to **(j)** in the Braehead Loan Waterfall (see "*Braehead Debt Service Account*") to the extent of the remaining amount. Any amount of items (a) to (c) above not paid on any Loan Interest Payment Date will be deferred and become due and payable on the next Loan Interest Payment Date subject to the Braehead Borrowers having sufficient funds to pay such amounts. The Braehead Borrowers will no longer be able to defer amounts if the Braehead Loan Facility Agent serves notice on the Braehead Borrowers cancelling any outstanding commitment under the Braehead Credit Agreement and/or demanding that all or part of the Braehead Loans together with accrued interest and all other amounts accrued under the Braehead Finance Documents become immediately due and payable and/or demanding that all or part of the Braehead Loans become payable on demand and/or applying monies standing to the credit of the

Braehead Accounts towards repayment of any amount due to any party under the Braehead Finance Documents.

(d) *Accounts*

All income and receivables in respect of the Braehead Property and all amounts payable to the Braehead Borrowers under the Braehead Hedging Arrangements will be paid into a current account (the **Braehead Rent and General Account**) in the name of the Braehead Borrowers. Monies standing to the Braehead Rent and General Account will then be distributed as follows:

(i) an amount sufficient to meet the Braehead Borrowers' obligations (A) in respect of items **paragraphs (a)** to **(g)** of the Braehead Loan Waterfall (see "*Braehead Debt Service Account*") and (B) to the extent that monies are remaining, an amount sufficient to meet the Braehead Borrowers' obligations in respect of **paragraphs (h)** to **(j)** of the Braehead Loan Waterfall (see "*Braehead Debt Service Account*") falling due on the next Loan Interest Payment Date will be transferred into a debt service account (the **Braehead Debt Service Account**) in the name of the Braehead Borrowers and charged to the Braehead Loan Facility Agent;

(ii) all value added tax received from any occupational lease in respect of the Braehead Property will be transferred into a deposit account (the **Braehead VAT Account**) in the name of the Braehead Borrowers and charged to the Braehead Loan Facility Agent; and

(iii) any amounts received in respect of insurance costs and service charges under any occupational lease in respect of the Braehead Property will be transferred into a service charge account (the **Braehead Service Charge Account**) in the name of the Braehead Borrowers and charged to the Braehead Loan Facility Agent.

The Braehead Rent and General Account, the Braehead Debt Service Account, the Braehead VAT Account and the Braehead Service Charge Account, together with all other accounts established in accordance with the Braehead Credit Agreement and charged as security for the Braehead Loans (including the Braehead Deposit Account), are referred to herein as the **Braehead Accounts**.

Under the Braehead Credit Agreement, each Braehead Account must be maintained with a bank that has a rating of "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1 +" (or better) by S&P for its short-term debt obligations and "A" (or better) by Fitch, "A1" (or better) by Moody's and an "A+" (or better) by S&P for its long-term debt obligations.

For more detailed information see "*5.2 Braehead Accounts*" below.

(e) *Hedging obligations*

Under the terms of the Braehead Credit Agreement, the Braehead Borrowers will be required to maintain (subject to the limits described below) interest rate hedging arrangements to protect against the risk that the interest rate payable by the Braehead Borrowers under the Braehead Loans may increase to levels which would be too high, bearing in mind the Braehead Borrowers' income (which comprises, primarily, rental income in respect of the Braehead Property and which does not vary according to prevailing interest rates).

Pursuant to the Braehead Credit Agreement, the Braehead Borrowers will enter into hedging arrangements in respect of the Braehead Loans (the **Braehead Hedging**

Arrangements) with the Braehead Hedge Counterparties. Each Braehead Hedge Counterparty under the Braehead Credit Agreement must, at the time of entry into the Hedging Arrangements, have a requisite rating of "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1" (or better) by S&P for its short-term debt obligations, "A" (or better) by Fitch and "A1" (or better) by Moody's for its long-term debt obligations or must take one of the measures set out below pursuant to a Braehead Counterparty Rating Event.

In addition, under the terms of the Braehead Credit Agreement, the Braehead Hedging Arrangements must at any time have an aggregate notional amount not less than the aggregate amount of the Braehead Loans then outstanding, such that at all times the Braehead Borrowers' obligations under the Braehead Loans will be fully hedged against adverse movements in prevailing interest rates.

If at any time the notional amount of the Braehead Hedging Arrangements exceeds 100 per cent. of the aggregate amount of the Braehead Loans then outstanding, the Braehead Borrowers will reduce the notional amount of the Braehead Hedging Arrangements by an amount and in a manner satisfactory to the Braehead Loan Facility Agent (acting reasonably) to reflect the aggregate amount of the Braehead Loans then outstanding.

Subject to agreement with the relevant Hedge Counterparty, the Braehead Borrowers will be entitled to terminate the Braehead Hedging Arrangements so long as the Braehead Borrowers have entered into substitute hedging arrangements with counterparties having the minimum ratings referred to above in accordance with the terms of the Braehead Credit Agreement.

Neither the Braehead Borrowers nor a Braehead Hedge Counterparty in respect of any Braehead Hedging Arrangements will be entitled to amend or waive the terms of any Braehead Hedging Arrangements without the consent of the Braehead Loan Facility Agent such consent not to be unreasonably withheld or delayed.

Except as set forth above, neither the Braehead Borrowers nor a Braehead Hedge Counterparty in respect of any Braehead Hedging Arrangements will be permitted to terminate or close out any Braehead Hedging Arrangements except:

(i) in case of illegality;

(ii) where all outstanding amounts under the Braehead Finance Documents (other than the Braehead Hedging Arrangements) have been paid in full;

(iii) as permitted by the terms of the Braehead Hedging Arrangements or with the consent of the other party to such Braehead Hedging Arrangements (whether a Braehead Hedge Counterparty or the Braehead Borrowers, as the case may be), in each case together with the consent of the Braehead Loan Facility Agent; or

(iv) in the case of the Braehead Borrowers only, upon the request of the Braehead Loan Facility Agent as a result of a Hedge Counterparty to the Braehead Hedging Arrangements failing to comply with the provisions of the relevant Braehead Hedging Arrangements regarding a Braehead Counterparty Rating Event (as defined below).

If at any time any Braehead Hedge Counterparty in respect of the Braehead Hedging Arrangements ceases to have the requisite rating specified above and/or following such a cessation experiences a further ratings downgrade specifically described in the Braehead Hedging Arrangements (a **Braehead Counterparty Rating Event**), it will be required to take certain measures specified by the relevant Rating Agencies to

address any impact of any such Braehead Counterparty Rating Event on the Notes. The required measures will vary depending upon the nature of the Braehead Counterparty Rating Event and will include the relevant counterparty:

(A) transferring collateral to the Braehead Borrowers;

(B) transferring all of its rights and obligations with respect to the relevant Braehead Hedging Arrangements to a replacement third party; and/or

(C) procuring a third party to become a co-obligor or guarantor in respect of its obligations under the relevant Braehead Hedging Arrangements,

in each case in a manner satisfactory to the relevant Rating Agencies and as described in more detail in the relevant Braehead Hedging Arrangements.

(f) *Hedging Loans*

If the Braehead Borrowers fail to pay an amount due and payable under any Braehead Hedging Arrangements and such failure constitutes a Loan Event of Default under the Braehead Credit Agreement, the Issuer may, pursuant to the terms of the Braehead Credit Agreement make a loan to the Braehead Borrowers to enable them to pay that amount (a **Braehead Hedging Loan**). A Braehead Hedging Loan will be repayable on demand on any Loan Interest Payment Date or on or after the date the Braehead Loan Facility Agent by notice to the Braehead Borrowers cancels any outstanding commitments under the Braehead Credit Agreement and/or demands that all or part of the Braehead Loans together with accrued interest and all other amounts accrued under the Braehead Finance Documents become immediately due and payable and/or demands that all or part of the Braehead Loans become payable on demand and/or applies any monies standing to the credit of each Braehead Account in or towards repayment of any amount due to the Braehead Loan Secured Creditors under the Braehead Finance Documents. A Braehead Hedging Loan will bear interest at a default rate which expresses as a percentage rate per annum the cost to the Issuer of funding that Braehead Hedging Loan by making an Income Deficiency Drawing (as defined below) under the Liquidity Facility Agreement and will be repaid from monies standing to the credit of the Braehead Debt Service Account or from the proceeds of a loan from a Braehead Subordinated Creditor to the Braehead Borrowers or from the proceeds of a subscription for shares in the Braehead Borrowers or otherwise in accordance with the Braehead Credit Agreement.

(g) Each Braehead Borrower has, pursuant to the Braehead Credit Agreement, jointly and severally guaranteed the obligations of the other Braehead Borrower under the Braehead Finance Documents and has undertaken, to pay any amount not paid by the other Braehead Borrower when due under the Braehead Finance Documents and to indemnify each finance party under the Braehead Credit Agreement immediately on demand against any loss or liability suffered by that finance party if the guaranteed obligation is or becomes unenforceable, invalid or illegal.

(h) *Representations and warranties*

The representations and warranties to be given by the Braehead Borrowers under the Braehead Credit Agreement, as of the date of the Braehead Credit Agreement, the date of drawdown and (subject to certain exceptions) each Loan Interest Payment Date, will include, among other things, the following statements:

(i) each Braehead Borrower is duly incorporated as a limited liability company under the laws of England and Wales and has the power to own its assets and carry on its business and to enter into, perform and deliver the Braehead

Finance Documents and such entry into and performance of the Braehead Finance Documents will constitute a legal, valid, binding and enforceable obligation of that Braehead Borrower (subject to certain qualifications) and not conflict in any material respect with any applicable law or regulation or in any material respect with any document binding on it or the constitutional documents of that Braehead Borrower;

(ii) no Loan Event of Default under the Braehead Credit Agreement is outstanding or would be reasonably likely to result from the making of the Braehead Loans;

(iii) subject to due registration of the relevant loan security documents, all authorisations required in connection with entry into, performance, validity and enforceability of the Braehead Finance Documents have been obtained or effected and are in full force and effect;

(iv) the Braehead Borrowers are the heritable proprietors of the Braehead Property and have good and marketable title to the Braehead Property, in each case free from any security interests (other than those set out in the Braehead Security Agreement, the Standard Security, the Assignation of Rents and the Braehead Related Security);

(v) the security conferred by the Braehead Security Agreement, the Standard Security, the Assignation of Rents and the Braehead Related Security constitutes a first priority security interest over the assets referred to in each agreement and the assets are not subject to any prior or *pari passu* security interests (other than preferred claims arising from applicable bankruptcy or insolvency laws) and which are not liable to avoidance on liquidation or administration;

(vi) no litigation, arbitration or administrative proceedings are current or, to the knowledge of the Braehead Borrowers pending or threatened which, if adversely determined, are reasonably likely to have a material adverse effect;

(vii) all written information supplied by the Braehead Borrowers to the Braehead Loan Arranger, the Braehead Lenders and the Braehead Loan Facility Agent, among others, in connection with the Braehead Finance Documents was true, accurate and complete in all material respects as at its date and did not omit as at its date any information which made the information supplied misleading in any material respect;

(viii) all information supplied by the Braehead Borrowers to the Valuer for the purposes of the relevant Valuation was true, complete and accurate in all material respects as at its date and did not omit as at its date any information which might adversely affect the relevant Valuation in any material respect;

(ix) the accounts of the Braehead Borrowers most recently delivered to the Braehead Loan Facility Agent have been prepared in accordance with accounting principles and practices generally accepted in the United Kingdom and fairly represent the financial condition of the Braehead Borrowers as at the date to which they were drawn up, and as at the first drawdown date there has been no material adverse change in the financial condition of the Braehead Borrowers since the date of the accounts;

(x) since the date it became a subsidiary of CSC, each Braehead Borrower has neither carried on any business (other than ownership, development, extension, refurbishment and management of its interest in the Braehead Property) nor entered into any material agreements (other than the Braehead Finance Documents and agreements connected with the construction, acquisition,

ownership and management of the Braehead Property permitted under the Braehead Finance Documents);

(xi) no Braehead Borrower has any subsidiary; and

(xii) as at the date of the Braehead Credit Agreement:

(A) each Braehead Borrower is wholly owned by CSC; and

(B) all of CSC's issued share capital is ultimately beneficially owned by Liberty International.

(i) *Undertakings*

Each Braehead Borrower will give various undertakings under the Braehead Credit Agreement which will take effect so long as any amount is outstanding under the Braehead Credit Agreement or any commitment is in place. These undertakings will include, among other things, the following:

(i) to provide the Braehead Loan Facility Agent with financial information on an ongoing basis, including audited accounts, as soon as possible at the end of each financial year;

(ii) to supply the details of any shareholder or creditor documentation;

(iii) to supply details of any litigation, arbitration or administrative proceedings which are current or to its knowledge threatened and which are reasonably likely to, if adversely determined, have a material adverse effect;

(iv) to notify the Braehead Loan Facility Agent promptly of any Loan Event of Default under the Braehead Credit Agreement;

(v) to procure that the Braehead Borrowers' obligations under the Braehead Finance Documents rank at least *pari passu* with all other present and future unsecured obligations (other than obligations mandatorily preferred by law) and not to create or permit any security interest to arise over any of its assets (other than certain customary exceptions) and not (without the consent of the majority Braehead Lenders and subject to customary exceptions) to sell, transfer, lease or otherwise dispose of all or any part of its assets;

(vi) not to enter into any amalgamation, demerger, merger or reconstruction without the consent of the majority Braehead Lenders or acquire any assets or business or make any investments other than its interests in the Braehead Property or the construction, acquisition, ownership and management of the Braehead Property;

(vii) not to make any loans or provide any other form of credit or to give any guarantee or indemnity to any person (other than certain customary exceptions);

(viii) not to incur any unsubordinated financial indebtedness in an amount greater than £1,000,000 (other than indebtedness incurred under the Braehead Finance Documents, certain finance leases with the consent of the Braehead Loan Facility Agent or trading counter-indemnities);

(ix) not to enter into any contracts other than the Braehead Finance Documents or contracts in connection with the construction, acquisition, ownership and management of the Braehead Property or otherwise as permitted under the Braehead Credit Agreement;

(x) not to declare or pay any dividend or make any distribution in respect of its shares, except where no Loan Event of Default under the Braehead Credit Agreement is outstanding and sufficient monies are left in the Braehead Rent and General Account after such payment to meet the liabilities of the Braehead Borrowers as they fall due;

(xi) not to carry on any business other than the ownership and management of its interests in the Braehead Property and any activities carried on in accordance with good management of the Braehead Property or to have any subsidiaries;

(xii) to procure that more than 50 per cent. of its entire issued share capital is ultimately beneficially owned by Liberty International unless the majority Braehead Lenders have consented to a change in ownership after having been satisfied that (A) following any change in ownership the Braehead Managing Agent will continue to manage the Braehead Property on behalf of the Braehead Borrowers, or (B) the acquirer of the Braehead Borrowers is a company experienced in the ownership and management of UK regional shopping centres;

(xiii) to comply with certain customary undertakings regarding the administration of occupational leases and the appointment of managing agents in respect of the Braehead Property;

(xiv) to maintain insurance on the Braehead Property (on terms acceptable to the Braehead Loan Facility Agent) on a full reinstatement value basis together with a further amount equal to 12.5 per cent. of the full reinstatement cost and not less than five years' loss of rent on all occupational leases together with third party liability insurance and insurance against acts of terrorism (to the extent available in the UK or European insurance markets) and to procure that the Braehead Loan Facility Agent is named as co-insured on all relevant insurance policies (except any policy in respect of third party liability);

(xv) all insurances required under the Braehead Credit Agreement must be with an insurance company or underwriter (or a group of insurance companies or underwriters) that:

(A) has a long term credit rating or a financial strength rating (or, in the case of a group of insurance companies or underwriters, the weighted average thereof) of "A" (or better) by Fitch and "A" (or better) by S&P and to the satisfaction of Moody's; or

(B) is recommended by the Braehead Borrowers' insurance broker in a letter to the Braehead Loan Facility Agent and the Braehead Borrowers to be delivered at least annually; or

(C) is otherwise acceptable to the Braehead Loan Facility Agent (acting reasonably);

(xvi) not to enter into any contract in connection with refurbishment, remodelling, extension of existing space within the Braehead Property or other development of the Braehead Property (works) where the costs of the works exceed £25,000,000 (adjusted by RPI) without putting in place committed funding to meet the entire costs of those works;

(xvii) prior to the commencement of any works the costs of which exceed £25,000,000 (adjusted by RPI), to satisfy the Braehead Loan Facility Agent that projected net rental income for the period of those works (as estimated by the Braehead Loan Facility Agent) as a percentage of projected finance costs for the

period of those works (as estimated by the Braehead Loan Facility Agent) (**Braehead Debt Service Cover**) will be at least 105 per cent.

To satisfy the requirement of this **paragraph (xvii)** the Braehead Borrowers may prepay the Braehead Loans in an amount not less than £1,000,000 to satisfy the Braehead Debt Service Cover or deposit an amount into a deposit account (the **Braehead Deposit Account**) so that if the interest which will accrue on that amount during the period of the works was treated as net rental income the Braehead Borrowers would satisfy the Braehead Debt Service Cover or if the Braehead Debt Service Cover is within 5 per cent. of the specified figure, deposit into the Braehead Deposit Account an amount equal to 200 per cent. of the additional amount of net rental income, which is required to be received by the Braehead Borrowers to ensure that they can satisfy the Braehead Debt Service Cover;

(xviii) not to commence any works on the Braehead Property without the consent of the Braehead Loan Facility Agent (such consent not to be unreasonably withheld or delayed) where the costs of such works exceed £50,000,000 (adjusted by RPI) or the aggregate works relate to existing space in excess of 125,000 square feet, unless:

(A) the works relate to replacement, restoration or reinstatement of the Braehead Property funded by insurance proceeds plus, if required, an amount not exceeding £50,000,000 (adjusted by RPI) in accordance with the Braehead Credit Agreement; or

(B) the Braehead Borrowers have satisfied the Braehead Loan Facility Agent that:

I. no Loan Event of Default under the Braehead Credit Agreement is outstanding or likely to arise as a result of the works;

II. committed funding is in place to meet the entire costs of the works and the Braehead Borrowers are in compliance with the Braehead Debt Service Cover in respect of those works; and

III. the works once completed will not have any adverse effect on the long term value of the Braehead Property;

(xix) Paragraphs (xvii) and (xviii) do not apply to works which relate to converting what is currently known as "the Arena" to retail units or converting the existing Sainsbury's store to retail units and/or converting existing common or non-let areas of the Braehead Property to or as part of retail units.

(xx) to maintain projected annual net rental income as a percentage of projected annual finance costs, each as estimated from time to time by the Braehead Loan Facility Agent, (the **Braehead Interest Cover Percentage**) up to (but excluding) the third anniversary of the Closing Date of at least 110 per cent. and thereafter of at least 120 per cent.

In the case of breach of this **paragraph (xx)**, the Braehead Borrowers will be entitled to prepay the Braehead Loans in an amount not less than £1,000,000 to ensure compliance with the specified Braehead Interest Cover Percentage or to deposit an amount into the Braehead Deposit Account so that if the interest which will accrue on that amount during the relevant twelve month period was treated as net rental income the Braehead Borrowers would be in compliance with the specified Braehead Interest Cover Percentage or, if the Braehead Interest Cover Percentage at that time is within five per cent. of the specified

figure, an amount equal to 200 per cent. of the additional amount of net rental income which is required to be received by the Braehead Borrowers to ensure compliance with the specified Braehead Interest Cover Percentage.

(j) *Events of default*

The Braehead Credit Agreement will contain usual events of default entitling the Issuer and any other Braehead Lenders (subject in certain cases, to customary grace periods and materiality thresholds) to accelerate the Braehead Loans and/or enforce the Braehead Loan Security, including, among other things:

(i) failure to pay on the due date any amount due under the Braehead Finance Documents (other than where it arises as a result of the Braehead Loan Facility Agent not applying monies in an account);

(ii) breach of other specified obligations under the Braehead Finance Documents;

(iii) any representation or warranty was incorrect in any material respect at the date it was given;

(iv) the financial indebtedness of a Braehead Borrower is not paid when due or within any applicable grace period or is accelerated or placed on demand or the security interests securing such indebtedness become enforceable;

(v) a Braehead Borrower is unable to pay its debts or is deemed to be insolvent or other insolvency acts or events occur (including, among other things, the commencement of insolvency proceedings, the appointment of any liquidator or administrative receiver or the attachment or sequestration of any asset);

(vi) a Braehead Borrower ceases or, threatens to cease, to carry on all or a substantial part of its business;

(vii) it is or becomes unlawful for a Braehead Borrower, CSC or a Braehead Subordinated Creditor to perform any of its obligations under any Braehead Finance Documents;

(viii) the Braehead Security Agreement, the Standard Security, the Assignation of Rents the Braehead Mortgage of Shares or the Braehead Subordination Deed is not or is alleged not to be binding or enforceable or effective to create the security intended to be created by it;

(ix) the compulsory purchase of all or part of the Braehead Property by local authorities, unless the Braehead Loan Facility Agent determines that (A) the value of the part of the Braehead Property to be purchased is less than £1,000,000, or (B) the Braehead Borrowers will still be in compliance with the Braehead Interest Cover Percentage undertaking following a revaluation of the Braehead Property excluding that part of the Braehead Property to be purchased.

(x) the destruction or material damage to the Braehead Property and in the reasonable opinion of the majority Braehead Lenders the destruction or damage will have a material adverse effect (taking into account the expected proceeds of the relevant Insurance Policies); and

(xi) an event occurs (other than a general reduction in the value of property in the United Kingdom or as evidenced by a new valuation of the Braehead Property) which has a material adverse effect on the Braehead Borrowers' ability to comply with any of the Braehead Finance Documents.

In relation to non-payment and breaches of other obligations, the Braehead Credit Agreement will include customary grace periods, but in no instance will these grace periods be for periods longer than one Business Day or 21 days, respectively.

Upon the occurrence of a Loan Event of Default under the Braehead Credit Agreement which has not been remedied within the applicable grace period, the Braehead Loan Facility Agent may by notice to the Braehead Borrowers cancel any outstanding commitments under the Braehead Credit Agreement, demand that all or part of the Braehead Loans together with accrued interest and all other amounts accrued under the Braehead Finance Documents become immediately due and payable, demand that all or part of the Braehead Loans become payable on demand and/or apply monies standing to the credit of the Braehead Accounts towards repayment of any amount due to any party under the Braehead Finance Documents.

4. Loan Security

4.1 CSCH Loan Security

The CSCH Security Agreement will secure, among other things, all the obligations of CSCH to the Issuer pursuant to the CSCH Credit Agreement and will be drafted on a security trust basis, so that the CSCH Loan Facility Agent will hold the security created pursuant to the CSCH Security Agreement on trust for the CSCH Loan Secured Creditors.

(a) *Creation of security*

The CSCH Security Agreement will grant in favour of the CSCH Loan Facility Agent a first ranking charge by way of legal mortgage over the CSCH Property and any other properties belonging to CSCH and a first fixed charge over, among other things, any plant and machinery belonging to CSCH, the CSCH Debt Service Account and any other CSCH Account, the benefit of any insurance policy relating to the CSCH Property, book and other debts of CSCH, CSCH's rights under the CSCH Hedging Arrangements and under each occupational lease in respect of the CSCH Property.

In addition, CSCH will assign absolutely to the CSCH Loan Facility Agent by way of security its interests in all rental income, any guarantee of rental income contained in or relating to any occupational lease in respect of the CSCH Property and the CSCH Hedging Arrangements.

CSCH will also grant a first floating charge in favour of the CSCH Loan Facility Agent over all of its assets not otherwise mortgaged, charged or assigned by way of fixed mortgage or charge or assignment under the CSCH Security Agreement.

(b) *Representations and warranties*

The representations and warranties to be given by CSCH under the CSCH Security Agreement, as of the date of the CSCH Security Agreement, the date of drawdown and (subject to certain exceptions) on each Loan Interest Payment Date, will include statements to the effect that, among other things, the information provided to the solicitors preparing any Certificate of Title was true in all material respects as at the date given and did not omit any information which would make the information provided untrue or misleading in any material respect, CSCH is the legal and beneficial owner of the CSCH Property, that there is no breach of any law or regulation that might reasonably be expected to materially affect the value of the CSCH Property nor is there any facility or right required for the necessary enjoyment and use of the CSCH Property that is liable to be terminated or curtailed and that the CSCH Property is free from any security interest (other than any security interests created pursuant to

the CSCH Security Agreement) and is in good and substantial repair and complies in all material respects with the provisions of any applicable environmental laws.

The representations and warranties referred to above will be qualified (to the extent applicable) by the Certificate of Title in relation to the CSCH Property.

(c) *Undertakings*

CSCH will undertake under the CSCH Security Agreement, among other things, not to create or permit any security interest over its assets charged as security (other than any security interest created pursuant to the CSCH Security Agreement or permitted under the CSCH Credit Agreement) or sell, transfer, lease or otherwise dispose of any asset charged as security (save for assets charged by way of floating security only and disposed of in the ordinary course of business or as permitted under the CSCH Credit Agreement), to comply with the terms of the CSCH Security Agreement, to comply with all provisions of any applicable environmental laws, to give notice of the security interests granted under the CSCH Security Agreement to the relevant Account Bank, the CSCH Hedge Counterparties and, following a Loan Event of Default under the CSCH Credit Agreement, each occupational tenant of the CSCH Property and to procure and keep the CSCH Property in good and substantial repair.

(d) *Enforceability*

The security to be created by the CSCH Security Agreement will only be enforceable once a Loan Event of Default under the CSCH Credit Agreement has occurred. The charge will confer upon the CSCH Loan Facility Agent and any receiver appointed by it a wide range of powers in connection with the sale or disposal of the CSCH Property and its management, and each of them will be granted a power of attorney on behalf of CSCH in connection with the enforcement of its security.

(e) *Related security*

In addition to the CSCH Security Agreement, the CSCH Loans will be secured by additional related security.

The CSCH Mortgage of Shares will create a first fixed equitable charge over all shares in CSCH and all associated rights. Under the CSCH Mortgage of Shares, CSC will give the usual representations as to, among other things, its incorporation and due authority and also undertake in the usual manner, among other things, not to further charge, sell, transfer or otherwise dispose of CSCH's shares.

The obligations of CSCH to the CSCH Subordinated Creditors will be fully subordinated to all amounts due to the CSCH Loan Secured Creditors under the CSCH Credit Agreement pursuant to the CSCH Subordination Deed. Under the CSCH Subordination Deed, CSCH will undertake, among other things, not to secure any part of the subordinated liabilities and not to repay all or any part of the subordinated liabilities. The latter undertaking will be qualified to the extent that CSCH will be permitted to make payments to the CSCH Subordinated Creditors from the CSCH Rent and General Account provided that no Loan Event of Default under the CSCH Credit Agreement is outstanding and after such payment there will be sufficient monies to meet the liabilities of CSCH as they fall due. Each CSCH Subordinated Creditor will give the usual undertakings, including, in particular, that it will not take any steps leading to the administration, winding up or dissolution of CSCH.

CSCH Harlequin Property Management Limited will be appointed as managing agent of the CSCH Property and will undertake pursuant to the CSCH Duty of Care Agreement to ensure that all rental income from the CSCH Property is paid into either

(i) the CSCH Rent and General Account or (ii) into a separate account on trust for CSCH for which the net amount (after deductions of service charge amounts and value added tax) must be transferred into the CSCH Rent and General Account (without set-off or counterclaim).

4.2 Braehead Loan Security

The Braehead Security Agreement will secure, among other things, all the obligations of the Braehead Borrowers to the Issuer pursuant to the Braehead Credit Agreement and will be drafted on a security trust basis, so that the Braehead Loan Facility Agent will hold the security created pursuant to the Braehead Security Agreement on trust for the Braehead Loan Secured Creditors.

(a) Creation of security

The Braehead Borrowers will grant in favour of the Braehead Loan Facility Agent:

(i) The Standard Security

Subject to registration of the Standard Security in the Land Register of Scotland and in the Companies Register of Charges, the Standard Security will create a first ranking fixed charge over the Braehead Property; and

(ii) The Assignation of Rents

Subject to intimation of the Assignation of Rents to the occupational tenants under the occupational leases of the Braehead Property, the Assignation of Rents will create a first ranking fixed security over the rental payments payable pursuant to each occupational lease.

The Braehead Security Agreement will create in favour of the Braehead Loan Facility Agent a first fixed charge over, among other things, any plant and machinery belonging to the Braehead Borrowers (other than plant and machinery situated in Scotland), the Braehead Debt Service Account and any other Braehead Account, the benefit of any insurance policy relating to the Braehead Property, book and other debts of the Braehead Borrowers and the Braehead Borrowers' rights under the Braehead Hedging Arrangements and a fixed charge over any properties (other than the Braehead Property) belonging to the Braehead Borrowers (except as otherwise secured by a Standard Security).

In addition, each Braehead Borrower will assign absolutely to the Braehead Loan Facility Agent by way of security its interests in any guarantee of rental income contained in or relating to any occupational lease in respect of the Braehead Property and the Braehead Hedging Arrangements.

The Braehead Borrowers will also grant a first floating charge in favour of the Braehead Loan Facility Agent over all of their assets not otherwise mortgaged, charged or assigned by way of fixed mortgage or charge or assignment under the Braehead Security Agreement but extending, for the avoidance of doubt over all of their assets situated in Scotland or governed by Scots law.

(b) *Representations and warranties*

The representations and warranties to be given by the Braehead Borrowers under the Braehead Security Agreement, as of the date of the Braehead Security Agreement, the date of drawdown and (subject to certain exceptions) on each Loan Interest Payment Date, will include statements to the effect that, among other things, the

information provided to the solicitors preparing any Certificate of Title was true in all material respects as at the date given and did not omit any information which would make the information provided untrue or misleading in any material respect, the Braehead Borrowers are the legal and beneficial owner of the Braehead Property, that there is no breach of any law or regulation that might reasonably be expected to materially affect the value of the Braehead Property nor is there any facility or right required for the necessary enjoyment and use of the Braehead Property that is liable to be terminated or curtailed and that the Braehead Property is free from any security interest (other than any security interests created pursuant to the Braehead Security Agreement, the Standard Security and the Assignation of Rents) and is in good and substantial repair and complies in all material respects with the provisions of any applicable environmental laws.

The representations and warranties referred to above will be qualified (to the extent applicable) by the Certificate of Title in relation to the Braehead Property.

(c) *Undertakings*

Each Braehead Borrower will undertake under the Braehead Security Agreement, among other things, not to create or permit any security interest over its assets charged as security (other than any security interest created pursuant to the Braehead Security Agreement, the Standard Security or Assignation of Rents or permitted under the Braehead Credit Agreement) or sell, transfer, lease or otherwise dispose of any asset charged as security (save for assets charged by way of floating security only and disposed of in the ordinary course of business or as permitted under the Braehead Credit Agreement), to comply with the terms of the Braehead Security Agreement, to comply with all provisions of any applicable environmental laws, to give notice of the security interests granted under the Braehead Security Agreement to the relevant Account Bank and the Braehead Hedge Counterparties and to procure and keep the Braehead Property in good and substantial repair.

(d) *Enforceability*

The security to be created by the Braehead Security Agreement, the Standard Security and the Assignation of Rents will only be enforceable once a Loan Event of Default under the Braehead Credit Agreement has occurred. The Braehead Security Agreement will confer upon the Braehead Loan Facility Agent and any receiver appointed by it a wide range of powers in connection with its enforcement and each of them will be granted a power of attorney on behalf of each Braehead Borrower in connection with the enforcement of its security.

(e) *Related security*

In addition to the Standard Security, Assignation of Rents and the Braehead Security Agreement, the Braehead Loans will be secured by additional related security.

The Braehead Mortgage of Shares will create a first fixed equitable charge over all shares in each Braehead Borrower and all associated rights. Under the Braehead Mortgage of Shares, CSC will give the usual representations as to, among other things, its incorporation and due authority and also undertake in the usual manner, among other things, not to further charge, sell, transfer or otherwise dispose of the Braehead Borrowers' shares.

The obligations of the Braehead Borrowers to the Braehead Subordinated Creditors will be fully subordinated to all amounts due to the Braehead Loan Secured Creditors under the Braehead Credit Agreement pursuant to the Braehead Subordination Deed. Under the Braehead Subordination Deed, the Braehead Borrowers will undertake,

among other things, not to secure any part of the subordinated liabilities and not to repay all or any part of the subordinated liabilities. The latter undertaking will be qualified to the extent that the Braehead Borrowers will be permitted to make payments to the Braehead Subordinated Creditors from the Braehead Rent and General Account provided that no Loan Event of Default under the Braehead Credit Agreement is outstanding and after such payment there will be sufficient monies to meet the liabilities of the Braehead Borrowers as they fall due. Each Braehead Subordinated Creditor will give the usual undertakings, including, in particular, that it will not take any steps leading to the administration, winding up or dissolution of a Braehead Borrower.

CSC Braehead Property Management Limited will be appointed as managing agent of the Braehead Property and will undertake pursuant to the Braehead Duty of Care Agreement to ensure that all rental income from the Braehead Property is paid into either (i) the Braehead Rent and General Account or (ii) into a separate account on trust for the Braehead Borrowers for which the net amount (after deductions of service charge amounts and value added tax) must be transferred into the Braehead Rent and General Account (without set-off or counterclaim).

5. Borrower Accounts

5.1 CSCH Accounts

The CSCH Credit Agreement will require CSCH to establish bank accounts into which rental income and other monies received by CSCH will be required to be paid. CSC Harlequin Property Management Limited in its capacity as the CSCH Managing Agent will ensure that all rent, service charge payments and value added tax in respect of the CSCH Property is paid into the appropriate CSCH Account, being either the CSCH Rent and General Account, the CSCH Service Charge Account or the CSCH VAT Account (each as described more fully below). Any rental income received by the CSCH Managing Agent will be held in a separate account on trust for CSCH until transferred to CSCH's possession.

Each CSCH Account will be expressed to be the subject of a first fixed charge in favour of the CSCH Loan Facility Agent on trust for the benefit of the CSCH Loan Secured Creditors. Following a Loan Event of Default under the CSCH Credit Agreement, the CSCH Loan Facility Agent will be able to assume signing rights and control over such accounts.

5.2 Braehead Accounts

The Braehead Credit Agreement will require the Braehead Borrowers to establish bank accounts into which rental income and other monies received by the Braehead Borrowers will be required to be paid. CSC Braehead Property Management Limited in its capacity as the Braehead Managing Agent will ensure that all rent, service charge payments and value added tax in respect of the Braehead Property is paid into the appropriate Braehead Account, being either the Braehead Rent and General Account, the Braehead Service Charge Account or the Braehead VAT Account (each as described more fully below). Any rental income received by the Braehead Managing Agent will be held in a separate account on trust for the Braehead Borrowers until transferred to the Braehead Borrowers' possession.

Each Braehead Account will be expressed to be the subject of a first fixed charge in favour of the Braehead Loan Facility Agent on trust for the benefit of the Braehead Loan Secured Creditors. Following a Loan Event of Default under the Braehead Credit Agreement, the Braehead Loan Facility Agent will be able to assume signing rights and control over such accounts.

5.3 CSCH Debt Service Account

Under the terms of the CSCH Credit Agreement, CSCH will, prior to each Loan Interest Payment Date, be obliged to transfer sufficient monies to the CSCH Debt Service Account to pay the amounts referred to at **paragraphs (a)** to **(g)** below which are due and payable on that Loan Interest Payment Date and, to the extent that following the transfer of amounts in respect of **paragraphs (a)** to **(g)** below there are monies remaining, to transfer sufficient amounts to pay the amounts referred to at **paragraphs (h)** to **(j)** below which are due and payable on that Loan Interest Payment Date.

CSCH will be obliged to ensure that the amounts referred to above are standing to the credit of the CSCH Debt Service Account no later than two Business Days prior to any Loan Interest Payment Date.

The CSCH Loan Facility Agent will have sole signing rights in relation to the CSCH Debt Service Account and will be irrevocably authorised on each Loan Interest Payment Date to apply amounts standing to the credit of the CSCH Debt Service Account in the following order (the **CSCH Loan Waterfall**):

(a) **first**, payment *pro rata* of any unpaid costs and expenses of the CSCH Loan Facility Agent;

(b) **secondly**, in or towards payment of any relevant Facility Fee due but unpaid to the Issuer;

(c) **thirdly**, in or towards payment *pro rata* of the outstanding amount of any CSCH Hedging Loan;

(d) **fourthly**, in or towards payment *pro rata* of any periodic payments (not being payments as a result of termination or closing out) due but unpaid to the CSCH Hedge Counterparties under the CSCH Hedging Arrangements;

(e) **fifthly**, in or towards payment *pro rata* of any accrued interest due but unpaid in respect of the CSCH Loans in the following order:

  (i) **first**, accrued interest due but unpaid in respect of the CSCH Tranche A Loan;

  (ii) **secondly**, accrued interest due but unpaid in respect of the CSCH Tranche B Loan;

  (iii) **thirdly**, accrued interest due but unpaid in respect of the CSCH Tranche C Loan;

  (iv) **fourthly**, accrued interest due but unpaid in respect of the CSCH Tranche D Loan;

(f) **sixthly,** in or towards payment of any relevant due but unpaid Securitisation Fee due to the Issuer;

(g) **seventhly**, payments *pro rata* (not being payments referred to in **subparagraph (i)** below) as a result of termination or closing out due but unpaid to the CSCH Hedge Counterparties under the CSCH Hedging Arrangements,

(h) **eighthly**, in or towards payment of any principal due but unpaid under the CSCH Credit Agreement in the following order:

  (A) **first**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the CSCH Tranche A Loan;

  (B) **secondly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the CSCH Tranche B Loan;

(C) **thirdly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the CSCH Tranche C Loan;

(D) **fourthly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the CSCH Tranche D Loan;

(i) **ninthly**, in or towards payment *pro rata* of any payments due as a result of termination or closing out arising from:

(i) it becoming illegal for one or more of the CSCH Hedge Counterparties to comply with its or their obligations under the CSCH Hedging Arrangements; or

(ii) an event of default relating to one or more of the CSCH Hedge Counterparties; or

(iii) any Rating Event Termination Event (as defined in the relevant CSCH Hedging Arrangements) affecting one or more of the CSCH Hedge Counterparties,

due but unpaid to those CSCH Hedge Counterparties under the CSCH Hedging Arrangements;

(j) **tenthly**, in or towards payment *pro rata* of any other sum due but unpaid under the CSCH Finance Documents; and

(k) **eleventhly**, payment of any surplus into the CSCH Rent and General Account.

The CSCH Loan Facility Agent will only be obliged to make a withdrawal from the CSCH Debt Service Account, or to withdraw an amount from the CSCH Debt Service Account that should have been paid into another CSCH Account and pay that amount to that other CSCH Account if no Loan Event of Default under the CSCH Credit Agreement is outstanding.

At any time when a Loan Event of Default under the CSCH Credit Agreement is outstanding, the CSCH Loan Facility Agent may authorise withdrawals from, and apply amounts standing to the credit of, the CSCH Debt Service Account in or towards payment of any amount due but unpaid under the CSCH Finance Documents.

5.4 Braehead Debt Service Account

Under the terms of the Braehead Credit Agreement, the Braehead Borrowers will, prior to each Loan Interest Payment Date, be obliged to transfer sufficient monies to the Braehead Debt Service Account to pay the amounts referred to at **paragraphs (a)** to **(g)** below which are due and payable on that Loan Interest Payment Date and, to the extent that following the transfer of amounts in respect of **paragraphs (a)** to **(g)** below there are monies remaining, to transfer sufficient amounts to pay the amounts referred to at **paragraphs (h)** to **(j)** below which are due and payable on that Loan Interest Payment Date.

The Braehead Borrowers will be obliged to ensure that the amounts referred to above are standing to the credit of the Braehead Debt Service Account no later than two Business Days prior to any Loan Interest Payment Date.

The Braehead Loan Facility Agent will have sole signing rights in relation to the Braehead Debt Service Account and will be irrevocably authorised on each Loan Interest Payment Date to apply amounts standing to the credit of the Braehead Debt Service Account in the following order (the **Braehead Loan Waterfall**):

(a) **first**, payment *pro rata* of any unpaid costs and expenses of the Braehead Loan Facility Agent;

(b) **secondly**, in or towards payment of any relevant Facility Fee due but unpaid to the Issuer;

(c) **thirdly**, in or towards payment *pro rata* of the outstanding amount of any Braehead Hedging Loan;

(d) **fourthly**, in or towards payment *pro rata* of any periodic payments (not being payments as a result of termination or closing out) due but unpaid to the Braehead Hedge Counterparties under the Braehead Hedging Arrangements;

(e) **fifthly**, in or towards payment *pro rata* of any accrued interest due but unpaid in respect of the Braehead Loans in the following order:

(i) **first**, accrued interest due but unpaid in respect of the Braehead Tranche A Loan;

(ii) **secondly**, accrued interest due but unpaid in respect of the Braehead Tranche B Loan;

(iii) **thirdly**, accrued interest due but unpaid in respect of the Braehead Tranche C Loan;

(iv) **fourthly**, accrued interest due but unpaid in respect of the Braehead Tranche D Loan;

(f) **sixthly**, in or towards payment of any relevant due but unpaid Securitisation Fee due to the Issuer;

(g) **seventhly**, payments *pro rata* (not being payments referred to in **subparagraph (i)** below) as a result of termination or closing out due but unpaid to the Braehead Hedge Counterparties under the Braehead Hedging Arrangements;

(h) **eighthly**, in or towards payment of any principal due but unpaid under the Braehead Credit Agreement in the following order:

(A) **first**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the Braehead Tranche A Loan;

(B) **secondly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the Braehead Tranche B Loan;

(C) **thirdly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the Braehead Tranche C Loan;

(D) **fourthly**, in or towards payment *pro rata* of any principal amount due but unpaid in respect of the Braehead Tranche D Loan;

(i) **ninthly**, in or towards payment *pro rata* of any payments due as a result of termination or closing out arising from:

(i) it becoming illegal for one or more of the Braehead Hedge Counterparties to comply with its or their obligations under the Braehead Hedging Arrangements; or

(ii) an event of default relating to one or more of the Braehead Hedge Counterparties; or

(iii) any Rating Event Termination Event (as defined in the relevant Braehead Hedging Arrangements) affecting one or more of the Braehead Hedge Counterparties,

due but unpaid to those Braehead Hedge Counterparties under the Braehead Hedging Arrangements;

(j) **tenthly**, in or towards payment *pro rata* of any other sum due but unpaid under the Braehead Finance Documents; and

(k) **eleventhly**, payment of any surplus into the Braehead Rent and General Account.

The Braehead Loan Facility Agent will only be obliged to make a withdrawal from the Braehead Debt Service Account, or to withdraw an amount from the Braehead Debt Service Account that should have been paid into another Braehead Account and pay that amount to that other Braehead Account if no Loan Event of Default under the Braehead Credit Agreement is outstanding.

At any time when a Loan Event of Default under the Braehead Credit Agreement is outstanding, the Braehead Loan Facility Agent may authorise withdrawals from, and apply amounts standing to the credit of, the Braehead Debt Service Account in or towards payment of any amount due but unpaid under the Braehead Finance Documents.

5.5 CSCH Service Charge Account

CSCH will be required to transfer any amounts (not including any amounts representing value added tax) in respect of insurance costs and service charges received by it (or the CSCH Managing Agent) under an occupational lease in respect of the CSCH Property into the CSCH Service Charge Account. Under the terms of the CSCH Credit Agreement, CSCH or, following a Loan Event of Default under the CSCH Credit Agreement, the CSCH Loan Facility Agent will be permitted to apply amounts standing to the credit of the CSCH Service Charge Account in or towards the purposes for which it was paid under the relevant occupational lease.

5.6 Braehead Service Charge Account

Each Braehead Borrower will be required to transfer any amounts (not including any amounts representing value added tax) in respect of insurance costs and service charges received by it (or the Braehead Managing Agent) under an occupational lease in respect of the Braehead Property into the Braehead Service Charge Account. Under the terms of the Braehead Credit Agreement, each Braehead Borrower or, following a Loan Event of Default under the Braehead Credit Agreement, the Braehead Loan Facility Agent will be permitted to apply amounts standing to the credit of the Braehead Service Charge Account in or towards the purposes for which it was paid under the relevant occupational lease.

5.7 CSCH VAT Account

CSCH will be required to transfer any amounts representing value added tax received by it (or the CSCH Managing Agent) under an occupational lease in respect of the CSCH Property into the CSCH VAT Account. Under the terms of the CSCH Credit Agreement, CSCH will be permitted to withdraw any amounts from the CSCH VAT Account to meet its obligations to H M Customs & Excise with respect to value added tax and having satisfied all its liabilities to H M Customs & Excise at that time, to pay value added tax on any taxable supplies made to CSCH. Following a Loan Event of Default under the CSCH Credit Agreement, the CSCH Loan Facility Agent will be permitted to apply amounts standing to the credit of the CSCH VAT Account to meet CSCH's obligations under the CSCH Finance Documents.

5.8 Braehead VAT Account

Each Braehead Borrower will be required to transfer any amounts representing value added tax received by it (or the Braehead Managing Agent) under an occupational lease in respect of the Braehead Property into the Braehead VAT Account. Under the terms of the Braehead Credit Agreement, each Braehead Borrower will be permitted to withdraw any amounts from

the Braehead VAT Account to meet its obligations to H M Customs & Excise with respect to value added tax and having satisfied all its liabilities to H M Customs & Excise at that time, to pay value added tax on any taxable supplies made to that Braehead Borrower. Following a Loan Event of Default under the Braehead Credit Agreement, the Braehead Loan Facility Agent will be permitted to apply amounts standing to the credit of the Braehead VAT Account to meet the Braehead Borrowers' obligations under the Braehead Finance Documents.

5.9 CSCH Rent and General Account

CSCH will retain any amounts received by it (or the CSCH Managing Agent) (other than any amounts required under the CSCH Credit Agreement to be transferred into any other CSCH Account) in the CSCH Rent and General Account. Subject to any restrictions in the CSCH Subordination Deed and prior to a Loan Event of Default under the CSCH Credit Agreement, CSCH will be permitted to withdraw any amount from the CSCH Rent and General Account and will be required to withdraw amounts from the CSCH Rent and General Account to pay rent due under a Head Lease. If CSCH has made a withdrawal from the CSCH Rent and General Account since the last Loan Interest Payment Date and that withdrawal would mean that CSCH would have insufficient funds to meet its obligations under **paragraphs (h)** to **(j)** of the CSCH Loan Waterfall on the next Loan Interest Payment Date, CSCH will be obliged to pay an amount back to the CSCH Rent and General Account prior to the next Loan Interest Payment Date to ensure that it has sufficient funds to meet those obligations on that Loan Interest Payment Date. (See "*Interest and amortisation payments/repayments*" above). Following a Loan Event of Default under the CSCH Credit Agreement, the CSCH Loan Facility Agent will be permitted to apply amounts standing to the credit of the CSCH Rent and General Account to meet CSCH's obligations under the CSCH Finance Documents and must, following notice from CSCH, withdraw amounts from the CSCH Rent and General Account to pay rent due under a Headlease.

5.10 Braehead Rent and General Account

The Braehead Borrowers will retain any amounts received by them (or the Braehead Managing Agent) (other than any amounts required under the Braehead Credit Agreement to be transferred into any other Braehead Account) in the Braehead Rent and General Account. Subject to any restrictions in the Braehead Subordination Deed and prior to a Loan Event of Default under the Braehead Credit Agreement, the Braehead Borrowers will be permitted to withdraw any amount from the Braehead Rent and General Account. If the Braehead Borrowers have made a withdrawal from the Braehead Rent and General Account since the last Loan Interest Payment Date and that withdrawal would mean that the Braehead Borrowers would have insufficient funds to meet their obligations under **paragraphs (h)** to **(j)** of the Braehead Loan Waterfall on the next Loan Interest Payment Date the Braehead Borrowers will be obliged to pay an amount back to the Braehead Rent and General Account prior to the next Loan Interest Payment Date to ensure that they have sufficient funds to meet those obligations on that Loan Interest Payment Date. (See "*Interest and amortisation payments/repayments*" above). Following a Loan Event of Default under the Braehead Credit Agreement, the Braehead Loan Facility Agent will be permitted to apply amounts standing to the credit of the Braehead Rent and General Account to meet the Braehead Borrowers' obligations under the Braehead Finance Documents.

5.11 Other CSCH Accounts

CSCH may deposit sufficient amounts into the CSCH Deposit Account to enable it to meet its obligations under the CSCH Credit Agreement with respect to the CSCH Interest Cover Percentage and CSCH Debt Service Cover undertakings. Amounts deposited into the CSCH Deposit Account to meet such obligations (together with any interest) may be transferred to the CSCH Rent and General Account if, without taking into account any amount deposited

into the CSCH Deposit Account, CSCH has complied with its obligations with respect to the CSCH Interest Cover Percentage for the two immediately preceding Loan Interest Payment Dates. Amounts deposited into the CSCH Deposit Account in connection with the CSCH Debt Service Cover may be transferred to the CSCH Rent and General Account once the works in connection with which such monies were deposited have been completed. The CSCH Loan Facility Agent will have sole signing rights over the CSCH Deposit Account.

Monies received in respect of any credit support annex entered into in connection with the CSCH Hedging Arrangements will be deposited into a deposit account (the **CSCH CSA Account**) in the name of CSCH and dealt with in accordance with the terms of such credit support annex and the CSCH Credit Agreement. Upon termination of all transactions in respect of any CSCH Hedging Arrangements, the CSCH Loan Facility Agent shall pay to the counterparty in respect of such CSCH Hedging Arrangement an amount representing any excess collateral standing to the credit of the CSCH CSA Account in priority to any other CSCH Loan Secured Creditor. The CSCH Loan Facility Agent will have sole signing rights over the CSCH CSA Account.

CSCH will also open and maintain a payments account, a petty cash account and one or more tenant deposit accounts to be used in connection with the day-to-day management of the CSCH Property and the occupational leases in respect thereof.

5.12 Other Braehead Accounts

The Braehead Borrowers may deposit sufficient amounts into the Braehead Deposit Account to enable them to meet their obligations under the Braehead Credit Agreement with respect to the Braehead Interest Cover Percentage and Braehead Debt Service Cover undertakings. Amounts deposited into the Braehead Deposit Account to meet such obligations (together with any interest) may be transferred to the Braehead Rent and General Account if, without taking into account any amount deposited into the Braehead Deposit Account, the Braehead Borrowers have complied with their obligations with respect to the Braehead Interest Cover Percentage for the two immediately preceding Loan Interest Payment Dates. Amounts deposited into the Braehead Deposit Account in connection with the Braehead Debt Service Cover may be transferred to the Braehead Rent and General Account once the works in connection with which such monies were deposited have been completed. The Braehead Loan Facility Agent will have sole signing rights over the Braehead Deposit Account.

Monies received in respect of any credit support annex entered into in connection with the Braehead Hedging Arrangements will be deposited into a deposit account (the **Braehead CSA Account**) in the name of the Braehead Borrowers and dealt with in accordance with the terms of such credit support annex and the Braehead Credit Agreement. Upon termination of all transactions in respect of any Braehead Hedging Arrangements, the Braehead Loan Facility Agent shall pay to the counterparty in respect of such Braehead Hedging Arrangement an amount representing any excess collateral standing to the credit of the Braehead CSA Account in priority to any other Braehead Loan Secured Creditor. The Braehead Loan Facility Agent will have sole signing rights over the Braehead CSA Account.

The Braehead Borrowers will also open and maintain a payments account, a petty cash account and one or more tenant deposit accounts to be used in connection with the day-to-day management of the Braehead Property and the occupational leases in respect thereof.

6. Issuer Accounts

Issuer Transaction Accounts

Pursuant to a bank account agreement dated on or before the Closing Date (the **Bank Agreement**), the Account Bank will open and maintain:

(a) an account into which all amounts of interest and other amounts (other than principal) received in connection with the Loans or their respective Loan Security are required to be paid (the **Issuer Income Account**); and

(b) an account into which all amounts of principal received in connection with the Loans or their respective Loan Security are required to be paid (the **Issuer Principal Account**, together with the Issuer Income Account and any other accounts maintained by the Issuer in accordance with the terms of the Transaction Documents from time to time, the **Issuer Transaction Accounts**).

The Servicer will be responsible, pursuant to the terms of the Servicing Agreement, for ensuring that the amounts received in connection with the Loans or their respective Loan Security are paid into the relevant Issuer Transaction Accounts. Payments out of the Issuer Transaction Accounts will be made in accordance with the provisions of the Issuer Deed of Charge.

Liquidity Stand-by Account

Any Liquidity Stand-by Drawing which the Issuer may make from the Liquidity Bank (see "*Liquidity Facility*" below) will be credited to an account (which will be established only if required) in the name of the Issuer (the **Liquidity Stand-by Account** and, together with the Issuer Transaction Accounts, the **Issuer's Accounts**) with the Liquidity Bank or, if the Liquidity Bank ceases to have at least an "F1" rating by Fitch, at least a "P-1" rating by Moody's and at least an "A-1+" rating by S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (the **Requisite Rating**), any bank which has the Requisite Rating.

7. Liquidity Facility

To mitigate the risk that Available Issuer Income (as defined below) will be insufficient to cover an Income Deficiency (as defined below), the Issuer will enter into a liquidity facility agreement dated on or before the Closing Date (the **Liquidity Facility Agreement**) with the Liquidity Bank and the Trustee. Under this agreement, the Liquidity Bank will provide a 364-day committed liquidity facility to the Issuer which will be renewable with the agreement of the Liquidity Bank until the Final Maturity Date. Investors should note that the purpose of the Liquidity Facility Agreement will be to provide liquidity, not credit support, and that the Liquidity Bank will be entitled to receive interest and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders (which would ultimately reduce the amount available for distribution to Noteholders).

Available Issuer Income will comprise:

(a) all monies (other than principal) to be paid to the Issuer under or in respect of the Loans less the amount of any expected shortfall as notified by the Servicer; and

(b) any interest accrued upon the Issuer's Accounts and paid into the Issuer Income Account together with the yield element of the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer Accounts and paid into the Issuer Income Account.

On each Calculation Date, the Servicer will determine whether Available Issuer Income will be sufficient to make the payments set out under **paragraphs (a)** to **(k)** of the Pre-Enforcement Income Priority of Payments or **paragraphs (a)** to **(j)** of the Post-Enforcement Pre-Acceleration Income Priority of Payments (as applicable) on the next Interest Payment Date (including without limitation any Hedging Loans).

If the Available Issuer Income is insufficient to make such payments, the Servicer will make a drawing (an **Income Deficiency Drawing**) under the Liquidity Facility Agreement in an amount equal to the deficiency (an **Income Deficiency**), provided that the drawing shall be reduced to the extent that such amount would be used to pay interest due and owing in respect of Unredeemed

Note Principal. **Unredeemed Note Principal** is the principal amount outstanding under a class of Notes which was not redeemed by the Issuer after full enforcement of the Loan Security in respect of a Loan, but which would have been redeemed if full recovery was achieved. The proceeds of any Income Deficiency Drawing will be credited to the Issuer Income Account and will be applied by the Issuer in making payments on the immediately 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 £47.8 million (the **Liquidity Facility Commitment**). The Liquidity Facility Commitment will automatically reduce on the Interest Payment Date after:

(a) a partial redemption of the Notes in accordance with **Condition 6.3(a)** and **(b)**;

(b) the occurrence of an Appraisal Reduction (as defined below), in an amount proportionate to the Appraisal Reduction; or

(c) the receipt of confirmation from the Rating Agencies that the proposed reduction in the amount of the Liquidity Facility Commitment will not adversely affect the then current ratings of the Notes.

All payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of the payment described in **paragraph (l)** under "*8. Cashflows – Payments Paid out of the Issuer Income Account Pre-Enforcement of the Issuer Security* and **paragraph (k)** under "*8. Cashflows – Payments Paid out of the Issuer Income Account Post-Enforcement of the Issuer Security but Pre-Acceleration of the Notes*" and **paragraph (o)** under "*8. Cashflows – Payments Paid out of the Issuer Transaction Accounts Post-Acceleration of the Notes*" below) will rank in priority to payments of interest and principal on the Notes.

Eligible Investments means (a) sterling denominated government securities or (b) sterling demand or time deposits, certificates of deposit, money market funds and short-term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one Business Day prior to the next Interest Payment Date and the long-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated at least "A1" by Moody's and the short-term unsecured, unguaranteed and unsubordinated debt obligations of such entity are rated at least "F1" by Fitch, at least "P-1" by Moody's and at least "A-1+" by S&P 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 adversely affect the then current ratings of the Notes.

Appraisal Reductions

Not later than the earliest to occur of:

(a) the date 120 days after the occurrence of any Loan Event of Default as a result of non-payment; and

(b) the date 90 days after the occurrence of a Loan Event of Default as a result of the occurrence of any prescribed insolvency event of CSCH in respect of the CSCH Credit Agreement or both the Braehead Borrowers in respect of the Braehead Credit Agreement,

and, in each case, provided that such Loan Event of Default is continuing, the Servicer is required, under the terms of the Servicing Agreement, to obtain a valuation in respect of the relevant Property (unless, at the Servicer's discretion, a valuation has been obtained during the immediately preceding 12 months and the Servicer has confirmed that, in its view, neither the relevant Property nor its relevant property markets have experienced any material change since the date of such previous valuation).

If the aggregate principal amount of a Loan then outstanding (together with any unpaid interest) exceeds the sum of 90 per cent. of the appraisal value of the relevant Property as determined by the relevant valuation, an **Appraisal Reduction Event** will be deemed to have occurred and the amount of Liquidity Facility Commitment will reduce proportionately on the Interest Payment Date on or immediately following the Appraisal Reduction Event by reference to any diminution in value of that Property since the date of the relevant Valuation Report in accordance with the terms of the Servicing Agreement.

Liquidity Stand-by Drawings

The Liquidity Facility Agreement will provide that if at any time:

(a) the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Bank falls below the Requisite Rating; or

(b) the Liquidity Bank refuses to renew the liquidity facility,

then the Issuer will require the Liquidity Bank to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a **Liquidity Stand-by Drawing**) into the Liquidity Stand-by Account maintained with the Liquidity Bank or, if the Liquidity Bank ceases to have the Requisite Rating, any bank which has the Requisite Rating. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer for the purposes of making deemed Income Deficiency Drawings as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement.

If the Liquidity Bank refuses to renew the Liquidity Facility, it shall at its own expense and if so requested by or on behalf of the Issuer, replace or transfer the facility to a new Liquidity Bank.

Repayment of drawings

The Issuer will pay interest on Income Deficiency Drawings at a rate equal to three month LIBOR plus a specified margin. However, Liquidity Stand-by Drawings will bear interest at a separate rate which will be calculated by reference to the liquidity facility commitment fee and interest earned on the Liquidity Stand-by Account. In addition, if the Issuer makes a deemed Income Deficiency Drawing by withdrawing funds from the Liquidity Stand-by Account, then this drawing will bear interest at three month LIBOR plus a specified margin as with ordinary Income Deficiency Drawings.

All payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts) will rank in priority to payments of interest and principal on the Notes. The commitment fee may be increased from the initial level of 0.20 per cent. per annum up to a maximum of 0.325 per cent. per annum as a result of Basel II regulatory requirements. **Liquidity Subordinated Amounts** are any amounts in respect of increased costs, mandatory costs (to the extent not already covered by the 0.125 per cent. increase in commitment fee as a result of Basel II regulatory requirements) and tax gross up amounts payable to the Liquidity Bank.

8. Cashflows

Payments Paid out of the Issuer Income Account – Priority Amounts

The Servicer will, prior to the enforcement of the Issuer Security, out of funds standing to the credit of the Issuer Transaction Accounts, pay sums due to third parties (other than the Servicer, the Liquidity Bank, the Special Servicer, the Corporate Services Provider, the Trustee, the Paying Agents, the Agent Bank or the Account Bank), including the Issuer's liability, if any, to taxation (together, the **Priority Amounts**), on a date other than an Interest Payment Date under obligations incurred, without breach of obligations under the Transaction Documents, in the course of the Issuer's business.

Payments Paid out of the Issuer Income Account Pre-Enforcement of the Issuer Security

Prior to the enforcement of the Issuer Security, on each Interest Payment Date, Available Issuer Income in respect of the Loans will be applied from the Issuer Income Account and Income Deficiency Drawings (if any) in respect of the Liquidity Facility Agreement in the following order of priority (the **Pre-Enforcement Income 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 Servicing Agreement:

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, pari passu and pro rata, the Trustee and any other person appointed by it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee is a party;

(b) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to, pari passu and pro rata, the Paying Agents and the Agent Bank under the Agency Agreement;

(c) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to, pari passu and pro rata, the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts described in paragraph (m) below);

(d) in or towards satisfaction, pro rata according to amounts then due, of any amounts due and payable by the Issuer on such Interest Payment Date to:

  (i) the Corporate Services Provider under the Corporate Services Agreements; and

  (ii) the Account Bank under the Bank Agreement;

(e) in or towards payment, pro rata, of any amounts that the Issuer has agreed to pay to the Borrowers or the relevant Hedge Counterparty on the relevant Borrower's behalf in respect of any Hedging Loans on such Interest Payment Date;

(f) in or towards satisfaction of any amounts due and payable by the Issuer on such Interest Payment Date to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(g) in or towards payment or discharge of sums due to third parties (other than Priority Amounts) under obligations incurred in the course of the Issuer's business;

(h) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A Notes;

(i) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes;

(j) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class C Notes;

(k) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class D Notes;

(l) in or towards payments of any Liquidity Subordinated Amounts payable to the Liquidity Bank;

(m) in or towards payment of any amounts payable by the Issuer on such Interest Payment Date to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and

(n) any surplus to the Issuer.

Pre-Acceleration Principal Priority of Payments

Prior to the service of an Acceleration Notice, the Servicer will, on each Interest Payment Date, apply any receipts of principal from the Issuer Principal Account in accordance with **Condition 6.2** (Redemption for taxation or other reasons) or **6.3** (Mandatory redemption in whole or in part) of the Terms and Conditions of the Notes.

Payments paid out of the Issuer Income Account Post-Enforcement of the Issuer Security but Pre-Acceleration of the Notes

The Issuer Security will become enforceable upon a Note Event of Default. Following enforcement of the Issuer Security, the Trustee or its appointee will be required to apply all funds received or recovered by it in accordance with the Pre-Enforcement Income Priority of Payments save that **paragraph (a)** of the Pre-Enforcement Income Priority of Payment will be amended to provide for the payment of fees to the Trustee and any receiver or other person appointed by it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee is a party, **paragraph (g)** will be deleted (and the remaining paragraphs will be renumbered accordingly) and any surplus payable to the Issuer under **paragraph (n)** (above) will be retained by the Trustee, or any receiver or appointee (as applicable) (the **Post Enforcement Pre-Acceleration Income Priority of Payments**).

Payments paid out of the Issuer Transaction Accounts Post-Acceleration of the Notes

Following acceleration of the Notes, the Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (the **Post-Acceleration 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:

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and *pro rata*, the Trustee and any receiver or other person appointed by it under the Trust Deed, the Deed of Charge and/or any Transaction Document to which the Trustee is a party;

(b) in or towards satisfaction of any amounts due and payable by the Issuer to, pari passu and pro rata, the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders 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;

(c) in or towards satisfaction of any amounts due and payable by the Issuer to, pari passu and pro rata, the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts described in **paragraph (p)** below);

(d) in or towards satisfaction, pro rata according to the amounts then due, of any amounts due and payable by the Issuer to:

  (i) the Corporate Services Provider under the Corporate Services Agreements; and

  (ii) the Account Bank under the Bank Agreement;

(e) in or towards satisfaction of any amounts due and payable by the Issuer to the Borrowers or the relevant Hedge Counterparty on the relevant Borrower's behalf in respect of any Hedging Loans;

(f) in or towards satisfaction of any amounts due and payable by the Issuer to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(g) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class A Notes;

(h) in or towards payment of all amounts of principal due or overdue on the Class A Notes and all other amounts (excluding interest) due in respect of the Class A Notes;

(i) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class B Notes;

(j) in or towards payment of all amounts of principal due or overdue on the Class B Notes and all other amounts (excluding interest) due in respect of the Class B Notes;

(k) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class C Notes;

(l) in or towards payment of all amounts of principal due or overdue on the Class C Notes and all other amounts (excluding interest) due in respect of the Class C Notes;

(m) in or towards payment of interest due and interest overdue (and all interest due on such overdue interest) on the Class D Notes;

(n) in or towards payment of all amounts of principal due or overdue on the Class D Notes and all other amounts (excluding interest) due in respect of the Class D Notes;

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

(p) in or towards payment of any amounts payable by the Issuer to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and

(q) any surplus to the Issuer.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer in respect of the Issuer's interest in the Loans and the CSCH Loan Security and Braehead Loan Security and all other assets constituting the Issuer Security. Other than in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of Eurohypo set out therein, the Issuer and/or the Trustee will have no recourse to Eurohypo.

SERVICING

The Servicer

Each of the Issuer and the Trustee will appoint Eurohypo under the terms of a servicing agreement to be dated on or before the Closing Date (the **Servicing Agreement**) as the initial servicer of the Loans and to have responsibility for, among other things, the investment and application of moneys in accordance with the relevant priority of payments under the Deed of Charge. The Servicer will perform the day-to-day servicing of the Loans and will continue to service other commercial mortgage loans in addition to the Loans.

Each of the Issuer and the Trustee will appoint the Servicer to be its agent to provide certain cash management services in relation to the Issuer's Accounts as more particularly described below.

Servicing of the Loans

Servicing procedures will include monitoring compliance with and administering the options available to the Borrowers under the terms and conditions of their respective Credit Agreements. The Servicer and (where applicable) the Special Servicer will agree to service the Loans in the best interests of and for the benefit of all of the Noteholders (as determined by the Servicer or the Special Servicer, as the case may be, in its good faith and reasonable judgment) and in accordance with applicable law and regulatory requirements and shall take all measures it deems necessary or appropriate in its due professional discretion to administer and collect the Loans (a) provided that the Servicer or the Special Servicer, as the case may be, is Eurohypo, in accordance with Eurohypo's usual administrative policies and procedures from time to time and in the same manner as Eurohypo services commercial mortgage loans which remain on the books of and beneficially owned by Eurohypo; and in so doing shall exercise the standard of care of a reasonably prudent commercial mortgage lender or (b) to the extent that the Servicer or the Special Servicer, as the case may be, is not Eurohypo, in accordance with the standard of care as is normal and usual in general commercial mortgage servicing activities with respect to comparable mortgage loans for other third-party lenders or for its own account, whichever is higher, and, in either case, in particular, and, on the occurrence of a Loan Event of Default in respect of either of the Loans, the administration of enforcement procedures with a view to the maximisation of recoveries available to the Noteholders (taking into account the likelihood of recovery of amounts due from the relevant Borrower, the timing of any such recovery and the costs of recovery) as determined by the Servicer or Special Servicer, as the case may be, in its reasonable judgment (the **Servicing Standard**).

Each of the Servicer and the Special Servicer may become the owner or otherwise hold an interest in the Notes with the same rights as each would have if it were not the Servicer or Special Servicer, as the case may be. Any such interest of the Servicer or the Special Servicer in the Notes will not be taken into account by any person when evaluating whether actions of the Servicer or the Special Servicer were consistent with the Servicing Standard.

Consultation with, and appointment of, the Special Servicer

The Servicer will give notice to the Special Servicer and the Trustee and will consult with the Special Servicer in relation to the future servicing or exercise of rights in respect of each Loan and/or its Loan Security promptly upon the occurrence of any of the following events:

(a) a payment default with regards to any payment due on the maturity of a Loan (not taking into account any extensions to its maturity permitted under the Servicing Agreement); or

(b) other than any payment default specified in **paragraph (a)** above, any scheduled payment due and payable in respect of a Loan being delinquent for up to 45 days past its due date; or

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

The Servicer or the Special Servicer, as applicable, will promptly give notice to the Issuer, the Trustee, the Rating Agencies and the Special Servicer (where applicable) of the occurrence of any Special Servicing Event in respect of a Loan. Upon the delivery of such notice, the Special Servicer will automatically assume all of its duties, obligations and powers under the Servicing Agreement and the relevant Loan will become **specially serviced**. If a Loan becomes specially serviced this will not of itself trigger the other Loan to be specially serviced. A Loan is only deemed to be specially serviced if a Special Servicing Event has occurred in respect of that Loan.

Special Servicing Event means each of the following events:

(a) a payment default occurring with regards to any payment due on the maturity of a Loan (taking into account any extensions to its maturity permitted under the Servicing Agreement);

(b) other than any payment default specified in **paragraph (a)** above, a scheduled payment due and payable in respect of a Loan being delinquent for more than 45 days past its due date;

(c) the Issuer, the Trustee, the Servicer or the Special Servicer receiving notice of the enforcement of any Loan Security;

(d) insolvency or bankruptcy proceedings being commenced in respect of a Borrower;

(e) in the Servicer's opinion a breach of a material covenant (as defined in **paragraph (c)** above) under a Credit Agreement occurring or, to the knowledge of the Servicer, being likely to occur, and in the Servicer's opinion such breach is not likely to be cured within 30 days of its occurrence;

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

(g) any other Loan Event of Default occurring that, in the good faith and reasonable judgment of the Servicer, materially impairs or could materially impair the use or the marketability of a Property or the value thereof as security for its Loan; or

(h) a payment is deferred under a Credit Agreement.

On the appointment of the Special Servicer in respect of either Loan, the Servicer shall cease to be subject to the obligations as Servicer in respect of that Loan under the Servicing Agreement except where otherwise provided.

Arrears and default procedures

The Servicer will collect or the Servicer or the Special Servicer, as applicable, will instruct the relevant Loan Facility Agent to collect all payments due under or in connection with its Loans.

The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of each Loan. The Servicer and, as applicable, the Special Servicer will be required to use all reasonable endeavours to recover amounts due from the relevant Borrower should it default. Each of the Servicer and the Special Servicer will agree, in relation to any default under or in connection with each Loan and its Loan Security, to comply with the procedures for enforcement of that Loan and its Loan Security of the Servicer 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 Servicer or the Special Servicer, as applicable, will consider based on (amongst others) the nature of the default, the status of the relevant Borrower and the nature and value of its Property, what internal reviews and

reporting requirements are needed in respect of its Loan, and which enforcement procedures are appropriate. Such procedures for enforcement include the giving of instructions to the relevant Loan Facility Agent as to how to enforce the security held by it.

Amendments to the terms and conditions of the Finance Documents

The Servicer or the Special Servicer, as applicable, on behalf of the Issuer and the Trustee may (but will not be obliged to) in accordance with the Servicing Standard agree to any request by the relevant Loan Facility Agent or the relevant Borrower, as applicable, to vary or amend the terms and conditions of the Finance Documents provided that:

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

  (i) any release of a Borrower, provided that there is always at least one person who is a Borrower under each Loan (which may be a person to whom the Borrower requests its obligation to be novated);

  (ii) the release of the Loan Security in respect of each Loan or any part thereof which may, at the option of the Servicer or the Special Servicer, as applicable, be on the basis that alternative security is provided by the relevant Borrower which is acceptable to the Servicer 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 commercial mortgage lender acting in accordance with the Servicing Standard;

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

(c) 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;

(d) the effect of such variation or amendment would not be to extend the final maturity date of either Loan beyond 25 April, 2015 unless the Servicer or the Special Servicer, as applicable, shall have first received written confirmation from each of the Rating Agencies that the then current ratings of the Notes will not be adversely affected by such extension;

(e) the Loan Security in respect of each Loan will continue to include a first ranking legal and beneficial mortgage or Scottish equivalent, where relevant on the interests in a Property;

(f) notice of any such amendment or variation is given to the Rating Agencies and prior written confirmation shall have been received by the Servicer or the Special Servicer, as applicable, from each of the Rating Agencies that any variation or amendment to any of the terms and conditions of the Finance Documents that is likely, in the reasonable determination of the Servicer 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) will not result in the then current ratings of any of the Notes being adversely affected; and

(g) if Eurohypo is not the Special Servicer, notice of any such amendment or variation is given to the Special Servicer.

With the prior written consent of the Trustee (acting in accordance with the Trust Deed and having regard to the interests of the Noteholders), the Servicer or the Special Servicer, as applicable, may (but will not be obliged to) agree to any request by the relevant Loan Facility Agent or the relevant Borrower to vary or amend the terms and conditions of its Finance Documents where any of the above conditions (other than the conditions specified in **paragraphs (d), (f)** and **(g)** above) are not satisfied in respect of the relevant variation or amendment.

Ability to purchase the Loan and its Loan Security

The Issuer and the Trustee will, pursuant to the Servicing Agreement, grant the option on any Interest Payment Date (a) to the Servicer to purchase a Loan (as long as they are not specially serviced) and (b) to the Special Servicer to purchase a Loan (so long as they are specially serviced) and also, in each case, the relevant Loan Security; provided that on the Interest Payment Date on which the Servicer or the Special Servicer, as the case may be, intends to purchase the Loan and its Loan Security the then principal balance of the Loan would be less than 10 per cent. of their principal balance as at the Closing Date, and provided further that the purchase price to be paid will be sufficient to pay its pro rata amount due in respect of the Notes after payment has been made to all creditors who rank in priority to Noteholders.

The Servicer or the Special Servicer, as the case may be, must give the Issuer, the relevant Loan Facility Agent, the Trustee and (in the case of notice given by the Special Servicer only) the Servicer not more than 65 nor less than 35 days' written notice of its intention to purchase a Loan and its Loan Security. No such notice of the Special Servicer's intention to purchase a Loan shall be valid if the Servicer gives the Issuer, the relevant Loan Facility Agent and the Trustee written notice of its intention to purchase a Loan provided that such notice from the Servicer is delivered within 10 days of the date on which the Special Servicer's notice was delivered.

Calculation of amounts and payments

On each **Calculation Date** (being the second Business Day prior to the relevant Interest Payment Date), the Servicer will be 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 expected to be available to make such payments. In addition, the Servicer will calculate the Principal Amount Outstanding for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date, request the making of any Income Deficiency Drawings (including Income Deficiency Drawings to fund Hedging Loans (if appropriate)) on behalf of the Issuer and notify each Borrower of the amount of the Securitisation Fee and Additional Fee (if any) due and payable by it.

On each Interest Payment Date, the Servicer will determine and pay on behalf of the Issuer out of Available Issuer Income and receipts of scheduled principal in respect of the Loans determined by the Servicer 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 Servicing Agreement. In addition, the Servicer 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 Servicer.

Subject to receipt of funds from each Borrower, the Servicer will make all payments required to carry out a redemption of Notes pursuant to **Condition 6.2(b)**, **Condition 6.3**, in each case according to the provisions of the relevant Condition. See further "Terms and Conditions of the Notes".

If the Servicer, acting on the basis of information provided to it determines, on any Calculation Date, that the amount of Available Issuer Income, 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 set out under **paragraphs (a)** to **(k)** of the Pre-Enforcement Income Priority of Payments or **paragraphs (a)** to **(j)** of the Post-Enforcement Pre-Acceleration Income Priority of Payment) (as applicable), the Servicer will make an Income Deficiency Drawing under the Liquidity Facility provided that the drawing shall be reduced to the extent that such amount would be used to pay interest due and owing in respect of Unredeemed Note Principal. See "*Credit Structure – 7. Liquidity Facility*" above. Any notice of drawdown in respect of the Liquidity Facility must be delivered at least one Business Day prior to the Interest Payment Date on which the drawing is required.

Servicer quarterly report

Pursuant to the Servicing Agreement, the Servicer will agree 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, among other things, all amounts received in the Issuer's Accounts and payments made with respect thereto. 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 Servicer's and/or Special Servicer's obligations or duties.

Insurance

The Servicer will procure that the relevant Loan Facility Agent monitors the arrangements for insurance which relate to its Loan and Loan Security and establishes and maintains procedures to ensure that all buildings insurance policies in respect of its Property are renewed on a timely basis.

To the extent that the Issuer and/or the Trustee has power to do so under a policy of buildings insurance, the Servicer will, as soon as practicable after becoming aware of any occurrence of any event giving rise to a claim under such policy, procure that the Loan Facility Agent prepares and submits such claim on behalf of the Issuer and/or the Trustee in accordance with the terms and conditions of such policy and complies with any requirements of the relevant insurer.

The Servicer will use reasonable endeavours to procure that each Borrower complies with the obligations in respect of insurance in accordance with the terms of its Credit Agreement. If the Servicer becomes aware that a Borrower has failed to pay premiums due under any policy of buildings insurance the Servicer will instruct the relevant Loan Facility Agent to take such action as the Issuer and/or the Trustee shall reasonably direct and in the absence of such direction will, on behalf of the Issuer or the Trustee, instruct the relevant Loan Facility Agent 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 a Property is otherwise not insured against fire and other perils (including subsidence other than as set out in each Credit Agreement) under a comprehensive buildings insurance policy or similar policy in accordance with the terms of each Credit Agreement, the Servicer will instruct the relevant Loan Facility Agent, at the cost of the Issuer, to arrange such insurance in accordance with the terms of its Credit Agreement. Under the terms of its Credit Agreement, a Borrower will be required to reimburse the Issuer, as applicable, for such costs of insurance. See also "*Risk Factors – Insurance*".

Fees

The Servicer will be entitled to receive a fee for servicing the Loans. On each Interest Payment Date the Issuer will pay to the Servicer a servicing fee (the **Servicing Fee**) (inclusive of value added tax) equal to the Facility Fee for that date less the Defined Expenses for that date (as set out below) but only to the extent that the Issuer has sufficient funds to pay such amount as provided in "*Credit Structure –8. Cashflows*". 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 Servicing Agreement will also provide for the Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Servicer in the performance of its services under the Servicing Agreement.

The **Defined Expenses** for an Interest Payment Date will equal the aggregate (without double counting) of:

(a) any Priority Amounts; and

(b) (as applicable) the amounts required to pay or provide for the items set out in **paragraphs**:

(i) **(a)** to **(g)** and **(l)** to **(m)** of the Pre-Enforcement Income Priority of Payments;

(i) **(a)** to **(f)** and **(k)** to **(l)** of the Post-Enforcement Pre-Acceleration Income Priority of Payments;

(ii) **(a)** to **(f)** and **(o)** to **(p)** of the Post-Acceleration Priority of Payments;

excluding, in each case, (as applicable) the Servicing Fee, any corporation tax payable by the Issuer and fees met by the Borrower directly and in each case which are due and payable by the Issuer on that Interest Payment Date or which will become due and payable by the Issuer in the Interest Period commencing on that Interest Payment Date.

Pursuant to the Servicing Agreement, if a Loan is designated to be specially serviced, the Issuer will be required to pay to the Special Servicer a fee (the **Special Servicing Fee**) (exclusive of value added tax) equal to 0.25 per cent. per annum of the principal balance of the Loan then outstanding but only to the extent that the Issuer has sufficient funds to pay such amount as provided in "*Credit Structure –8. Cashflows*" for a period commencing on the date the Loans are designated to be specially serviced and ending on the date the Property is sold on enforcement or the date on which the Loan is designated to be corrected.

A Loan will be designated to be **corrected** if any of the following occurs with respect to the circumstances identified as having caused that Loan to be designated specially serviced and that Loan has been transferred back to the control of the Servicer (and provided that no other Special Servicing Event then exists with respect to the Loans):

(a) with respect to the circumstances described in **paragraphs (b)** and **(h)** in the definition of Special Servicing Event the relevant Borrower has made two consecutive timely quarterly payments in full;

(b) with respect to the circumstances described in **paragraphs (c)** and **(d)** in the definition of Special Servicing Event such proceedings are terminated;

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

(d) with respect to the circumstances described in **paragraph (f)** in the definition of Special Servicing Event the relevant 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 **paragraph (g)** in the definition of Special Servicing Event such default is cured.

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

In addition to the Special Servicing Fee, the Special Servicer will be entitled to a fee (the **Liquidation Fee**) (exclusive of value added tax) in respect of a Loan equal to an amount of 1.00 per cent. of the proceeds (net of all costs and expenses incurred as a result of the default of the Loan, enforcement and sale), if any, arising on the sale of its Property or on or out of the application of any other enforcement procedures or other actions taken by the Special Servicer in respect of the Loan.

In addition to the Special Servicing Fee and the Liquidation Fee (if any) in respect of a Loan, the Special Servicer will be entitled to receive a fee (the **Workout Fee**) in consideration of providing

services in relation to the Loan when they are designated to be corrected. When the Loan is designated to be corrected, the VAT-exclusive amount of Workout Fee shall be equal to 1.00 per cent. of each collection of principal and interest received on the 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 Loan to below the amount of principal outstanding under the Loan at the date they were first designated to be corrected) for so long as it continues to be designated corrected. The Workout Fee with respect to a Loan will cease to be payable if a Loan is no longer designated to be corrected, but the Workout Fee will become payable if and when the Loans are again designated to be corrected.

The Liquidation Fee and the Workout Fee will only be payable to the extent that the Issuer has sufficient funds to pay such amount as provided in "*Credit Structure –8. Cashflows*".

Removal or resignation of the Servicer or the Special Servicer

The appointment of the Servicer or the Special Servicer, as applicable, may be terminated by the Trustee and/or by the Issuer (with the consent of the Trustee) upon written notice to the Servicer or the Special Servicer, as the case may be, on the occurrence of certain events (each a **Servicing Termination Event**), including if:

(a) the Servicer or the Special Servicer, as applicable, fails to pay or to procure the payment of any amount required to be paid under the Transaction Documents to which the Servicer or the Special Servicer is party (as the case may be) on its due date by it and either (i) such payment is not made within five Business Days of such time or (ii) if the Servicer's or the Special Servicer'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 Servicer or the Special Servicer becomes aware of such error;

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

(c) at any time the Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue servicing each Loan; or

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

In addition, if a Loan has been designated to be specially serviced and the Issuer is so instructed by the Controlling Party, the Issuer will terminate the appointment of the person then acting as Special Servicer and, subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in relation to the replacement of the Special Servicer).

Controlling Party means, at any time:

(a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or

(b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

excluding, in each case, any Class of Notes, the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of the Borrower and/or or any one or more of its Affiliates (the **Excluded Class**).

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

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

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

Any such substitute servicer or special servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Servicer or Special Servicer, as the case may be) will be required to, if possible, have experience servicing loans secured on commercial mortgage properties in England and Wales and Scotland and will enter into an agreement on substantially the same terms in all material aspects as the Servicing Agreement, taking into account also what is standard for such agreements in similar transactions at the time. Under the terms of the Servicing Agreement, the appointment of a substitute servicer or special servicer will be subject to the Rating Agencies confirming that the appointment will not adversely affect 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 servicer or special servicer shall, save as specified above, be paid by the Servicer or Special Servicer (as the case may be) whose appointment is being terminated. The fee payable to any such substitute servicer or special servicer should not, without the prior written consent of the Trustee, exceed the amount payable to the Servicer or Special Servicer pursuant to the Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services.

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

Appointment of the Operating Adviser

The Controlling Party may elect to appoint an operating adviser (the **Operating Adviser**) to represent its interests and to advise the Special Servicer about the following matters in relation to the Loans:

(a) appointment of a receiver or similar actions to be taken in relation to the specially serviced Loan;

(b) the amendment, waiver or modification of any term of the Finance Documents relating to the specially serviced Loan which affects the amount payable by the relevant Borrower or the time at which any amounts are payable, or any other material term of the relevant Finance Documents; and

(c) the release of any part of the relevant Loan Security, or the acceptance of substitute or additional Loan Security other than in accordance with the terms of the relevant Credit Agreement.

Before taking any action in connection with the matters referred to in **paragraphs (a)** to **(c)** above, the Special Servicer must notify the Operating Adviser of its intentions and must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to protect the interests of the Noteholders, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If the Special Servicer does take such action and the Operating Adviser objects in writing to the actions so taken within 10 Business Days after being notified of the action and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Party. The Operating Adviser will be considered to have approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Operating Adviser for any actions to be taken with respect to a specially serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the specially serviced Loan and, for 60 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Agreement.

Delegation by the Servicer and Special Servicer

The Servicer or the Special Servicer, as applicable, may, in some circumstances including with the prior written consent of the Trustee and, in the case of the Servicer, with the prior written consent of the Special Servicer (where the Special Servicer is not Eurohypo), and after giving written notice to the Trustee and the Rating Agencies, delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. This shall not prevent the engagement on a case by case basis by the Servicer or Special Servicer, as applicable, of any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Servicer or the Special Servicer, as applicable, of any of its respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those duties to the Issuer and the Trustee.

Governing law

The Servicing Agreement will be governed by English law.

ACCOUNT BANK ARRANGEMENTS

Account Bank and the Issuer Accounts

Pursuant to the Bank Agreement, the Account Bank will open and maintain the Issuer Transaction Accounts in the name of the Issuer. The Account Bank will agree to comply with any direction of the Servicer or the Issuer (prior to enforcement of the Issuer Security) or the Servicer or Trustee (after enforcement of the Issuer Security) to effect payments from the Issuer Transaction Accounts if such direction is made in accordance with the mandate governing the account.

Termination of appointment of the Account Bank

The Bank Agreement will require that the Account Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If it ceases to be an Authorised Entity, the Account Bank will be required to give written notice of such event to the Issuer, the Servicer and the Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Trustee and subject to establishing substantially similar arrangements to those contained in the Bank Agreement, procure the transfer of the Issuer Transaction Accounts and each other account of the Issuer 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, however, 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 will not be required to 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 Servicer wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Servicer will be required to obtain the prior written consent of the Issuer and the Trustee, in the case of the Issuer 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.

LIQUIDITY BANK AND ACCOUNT BANK

HSBC Bank plc will be appointed to act as Liquidity Bank pursuant to the terms of the Liquidity Facility Agreement and Account Bank pursuant to the terms of the Bank Agreement.

HSBC Bank plc

HSBC Bank plc and its subsidiaries form a UK-based group providing a comprehensive range of banking and related financial services.

HSBC Bank plc (formerly Midland Bank plc) was formed in England in 1836 and subsequently registered as a limited company in 1880. In 1923, the company adopted the name of Midland Bank Limited which it held until 1982 when the name was changed to Midland Bank plc.

During the year ended 31 December 1992, Midland Bank plc became a wholly owned subsidiary undertaking of HSBC Holdings plc, whose Group Head Office is at 8 Canada Square, London E14 5HQ. HSBC Bank plc adopted its current name, changing from Midland Bank plc, in the year ended 31 December 1999.

The HSBC Group is one of the largest banking and financial services organisations in the world, with over 9,800 offices in 77 countries and territories in Europe, Hong Kong, the rest of Asia-Pacific, including the Middle East and Africa, North America and South America. Its total assets at 31 December 2004 were US$1,266 billion. HSBC Bank plc is the HSBC Group's principal operating subsidiary undertaking in Europe.

The short-term unsecured obligations of HSBC Bank are currently rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term unsecured obligations of HSBC Bank plc are currently rated Aa2 by Moody's, AA- by S&P and AA by Fitch.

The information contained herein with respect to HSBC Bank plc has been obtained from HSBC Bank plc. Delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of HSBC Bank plc since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loans will be prepayable and a number of other relevant factors are unknown.

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

(a) the Loans are not sold by the Issuer;

(b) the Loans do not default, are not prepaid (in whole or in part), are not enforced and no loss arises;

(c) there is no deferral of principal payments under the Loans; and

(d) the Closing Date is 6 May, 2005,

then the approximate percentage of the initial principal amount outstanding of the Notes on each Interest Payment Date 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
Closing	100.0	100.0	100.0	100.0
July 2005	99.7	100.0	100.0	100.0
October 2005	99.3	100.0	100.0	100.0
January 2006	99.0	100.0	100.0	100.0
April 2006	98.7	100.0	100.0	100.0
July 2006	98.1	100.0	100.0	100.0
October 2006	97.5	100.0	100.0	100.0
January 2007	97.0	100.0	100.0	100.0
April 2007	96.4	100.0	100.0	100.0
July 2007	95.8	100.0	100.0	100.0
October 2007	95.2	100.0	100.0	100.0
January 2008	94.5	100.0	100.0	100.0
April 2008	93.9	100.0	100.0	100.0
July 2008	93.3	100.0	100.0	100.0
October 2008	92.6	100.0	100.0	100.0
January 2009	91.9	100.0	100.0	100.0
April 2009	91.3	100.0	100.0	100.0
July 2009	90.5	100.0	100.0	100.0
October 2009	89.8	100.0	100.0	100.0
January 2010	89.0	100.0	100.0	100.0
April 2010	88.3	100.0	100.0	100.0
July 2010	87.5	100.0	100.0	100.0
October 2010	86.7	100.0	100.0	100.0
January 2011	85.9	100.0	100.0	100.0
April 2011	85.1	100.0	100.0	100.0
July 2011	84.3	100.0	100.0	100.0
October 2011	83.4	100.0	100.0	100.0
January 2012	82.6	100.0	100.0	100.0
April 2012	81.8	100.0	100.0	100.0
July 2012	80.9	100.0	100.0	100.0
October 2012	80.1	100.0	100.0	100.0
January 2013	79.2	100.0	100.0	100.0
April 2013	78.4	100.0	100.0	100.0
July 2013	77.7	100.0	100.0	100.0
October 2013	77.1	100.0	100.0	100.0
January 2014	76.5	100.0	100.0	100.0

Payment Date of Notes	Class A Notes	Class B Notes	Class C Notes	Class D Notes
April 2014	75.8	100.0	100.0	100.0
July 2014	75.2	100.0	100.0	100.0
October 2014	74.6	100.0	100.0	100.0
January 2015	74.0	100.0	100.0	100.0
April 2015	–	–	–	–
Weighted Average Life	8.8	10.0	10.0	10.0
First Principal Payment Date	July 2005	April 2015	April 2015	April 2015
Last Principal Payment Date	April 2015	April 2015	April 2015	April 2015

USE OF PROCEEDS

The net and gross proceeds from the issue of the Notes will be approximately £710,000,000, and this sum will be applied by the Issuer towards the making of the Loans to CSCH and the Braehead Borrowers on the Closing Date pursuant to the Credit Agreements.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes in the form (subject to modification) in which they will be set out in the Trust Deed, subject to any contrary provisions thereof, such Terms and Conditions will apply to the Notes in global and in definitive form if issued:

The issue of the £455,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class A Notes**), the £115,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class B Notes**), the £79,250,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class C Notes**) and the £60,250,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2017 (the **Class D Notes** and, together with the Class A Notes, the Class B Notes and the Class C Notes, the **Notes**) by Opera Finance (CSC 3) plc (the **Issuer**) was authorised by a resolution of the Board of Directors of the Issuer passed on 29 April 2005.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated on or before 6 May 2005 (the **Closing Date**) made between the Issuer and HSBC Trustee (C.I.) Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee(s) under the Trust Deed) as trustee for the holders of the Notes (the **Noteholders**).

The proceeds of the issue of the Notes will be applied in or towards the making of the CSCH Loans to CSC Harlequin Limited (**CSCH**) and the Braehead Loans to Braehead Glasgow Limited and Braehead Park Investments Limited (together, the **Braehead Borrowers**).

References herein to the Notes include references to:

(a) whilst the Notes are represented by a Global Note (as defined in **Condition 1.2(b)**) in units of £50,000 (as reduced by any redemption in part of a Note pursuant to **Condition 6**);

(b) any Global Note; and

(c) any Definitive Notes (as defined in **Condition 2.1(a)**) issued in exchange for a Global Note.

References herein to interest include references to Deferred Interest (as defined below) and interest thereon, unless the context otherwise requires.

The Noteholders and the holders of the Receipts and Coupons (each as defined below) (the **Receiptholders** and **Couponholders** respectively) are subject to and have the benefit of an agency agreement (as amended and/or supplemented from time to time, the **Agency Agreement**) dated the Closing Date between the Issuer, HSBC Bank plc as principal paying agent (in such capacity, the **Principal Paying Agent,** which expression includes any successor principal paying agent appointed from time to time in respect of the Notes) and as agent bank (in such capacity, the **Agent Bank,** which expression includes any successor agent bank appointed from time to time in connection with the Notes), HSBC Institutional Trust Services (Ireland) Limited as Irish paying agent (the **Irish Paying Agent,** which expression includes any successor Irish paying agent appointed from time to time in connection with the Notes and together with the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Notes, the **Paying Agents**) and the Trustee.

The security for the Notes is granted or created pursuant to a deed of charge under English law (the **Deed of Charge,** which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) dated the Closing Date and made between, among others, the Issuer and the Trustee.

The Noteholders, Receiptholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement

and the Deed of Charge applicable to them and all the provisions of the other Transaction Documents (including the Bank Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Credit Agreements, the Corporate Services Agreements, the Security Agreements, the Standard Security, the Assignation of Rents, the Share Trust Deed, the Nominee Declaration of Trust, the Post Enforcement Call Option Agreement and the Master Definitions Schedule (each as defined in the master definitions schedule signed for identification by, among others, the Issuer and the Trustee on or about the Closing Date (the **Master Definitions Schedule**)) applicable to them.

The statements in these Terms and Conditions (these **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Deed of Charge and the other Transaction Documents. Capitalised terms used in these Conditions but not otherwise defined shall have the meanings set out in the Master Definitions Schedule.

As used in these Conditions:

(a) a reference to a **Class of Notes** or the respective holders thereof, shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes or the Class D Notes (and, unless the context otherwise requires, shall include in each case any Coupons and Receipts appertaining thereto) or the respective Noteholders, Receiptholders and Couponholders as applicable, and **Classes**, in a similar context, shall be construed accordingly;

(b) a reference to **Notes of any Class** shall in these Conditions, unless the context otherwise requires, include any Further Notes (as defined below in **Condition 16.1**) issued pursuant to **Condition 16** and forming a single series with the relevant Class of Notes; and

(c) **Most Senior Class of Notes** means at any time:

(i) the Class A Notes; or

(ii) if no Class A Notes are then outstanding (as defined in the Trust Deed), the Class B Notes (if at that time any Class B Notes are then outstanding); or

(iii) if no Class A Notes and Class B Notes are then outstanding, the Class C Notes (if at that time any Class C Notes are then outstanding); or

(iv) if no Class A Notes, Class B Notes and Class C Notes are then outstanding, the Class D Notes (if at that time any Class D Notes are outstanding).

Copies of the Transaction Documents to which the Trustee is a party are available to Noteholders for inspection at the specified office of each of the Principal Paying Agent and Irish Paying Agent.

1. GLOBAL NOTES

1.1 Temporary Global Notes

(a) The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a **Temporary Global Note**).

(b) The Temporary Global Notes will be deposited on behalf of the subscribers of the Notes with a common depositary (the **Common Depositary**) for Euroclear Bank S.A/N.V. as operator of the Euroclear System (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on the Closing Date. Upon deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit the account of each Accountholder (as defined below) with the principal amount of Notes for which it has subscribed and paid.

1.2 Permanent Global Notes

(a) Interests in each Temporary Global Note will be exchangeable 40 days after the Closing Date (the **Exchange Date**), provided certification of non-U.S. beneficial ownership (**Certification**) by the relevant Noteholders has been received, for interests in a permanent global Note of the relevant Class (each, a **Permanent Global Note**) which will also be deposited with the Common Depositary unless the interests in the relevant Permanent Global Note have already been exchanged for Notes in definitive form in which event the interests in such Temporary Global Note may only be exchanged (subject to Certification) for Notes of the relevant Class in definitive form.

(b) The expression **Global Note** shall be read and construed to mean a Temporary Global Note or a Permanent Global Note as the context may require. On the exchange in full of each Temporary Global Note for the relevant Permanent Global Note such Permanent Global Note will remain deposited with the Common Depositary.

1.3 Form and Title

(a) Each Global Note shall be issued in bearer form without Receipts, Coupons or Talons (as defined below).

(b) Title to the Global Notes will pass by delivery. Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

(c) For so long as the Notes of a Class are represented by one or both Global Notes in respect of that Class, the Issuer, the Trustee and all other parties shall (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (an **Accountholder**) as the holder of such principal amount of such Notes, in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes or interest in such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders), other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer, the Paying Agents and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Trust Deed. The expressions Noteholders and holder of Notes and related expressions shall be construed accordingly.

(d) In determining whether a particular person is entitled to a particular principal amount of Notes as aforesaid, and subject to **Condition 1.3(c)**, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

2. DEFINITIVE NOTES

2.1 Issue of Definitive Notes

(a) A Permanent Global Note will be exchanged free of charge (in whole but not in part) for Notes in definitive bearer form (**Definitive Notes**) only if at any time after the Exchange Date any of the following applies:

(i) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or

otherwise) or announce an intention permanently to cease business or do in fact do so and no alternative clearing system satisfactory to the Trustee is available; or

(ii) as a result of any amendment to, or change in, the laws or regulations of the United Kingdom or any applicable jurisdiction (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will become required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

(b) Thereupon, the whole of such Permanent Global Note will be exchanged for Definitive Notes (in the form provided in **Condition 2.2** below), Receipts and Coupons in respect of principal and interest which has not already been paid on such Permanent Global Note as provided in such Permanent Global Note.

2.2 Title to and Transfer of Definitive Notes

(a) Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of £50,000 with (at the date of issue) principal receipts (**Receipts**) and interest coupons (**Coupons**, which expression includes talons for further Coupons and Receipts (**Talons**), except where the context otherwise requires) attached.

(b) Title to the Definitive Notes, Receipts and Coupons will pass by delivery.

(c) The Issuer, the Paying Agents and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note and the holder of any Receipt and Coupon as the absolute owner for all purposes (whether or not the Definitive Note, the Receipt or the Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss, of any trust or other interest therein or of any writing on the Definitive Note, Receipt or Coupon) and the Issuer, the Trustee and the Paying Agents shall not be required to obtain any proof thereof or as to the identity of such holder.

3. STATUS, SECURITY AND PRIORITY OF PAYMENTS

3.1 Status and relationship between Classes of Notes

(a) The Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes constitute direct, secured and unconditional obligations of the Issuer and are secured by assignments, charges and other fixed and floating security interests over all of the assets of the Issuer (as more particularly described in the Deed of Charge) (the **Issuer Charged Property**) (such assignments, charges and fixed and floating security interests together, the **Issuer Security**). Notes of the same Class rank *pari passu* and rateably without any preference or priority amongst themselves.

(b) After enforcement of the Issuer Security in accordance with **Condition 11** and pursuant to the provisions of this **Condition 3**, the Trust Deed and the Deed of Charge, the Class A Notes will rank in priority to all other Classes of Notes in point of security and as to the payment of principal and interest, the Class B Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes but will rank in priority to the Class C Notes and the Class D Notes in point of security and as to the payment of principal and interest. The Class C Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes and the Class B Notes but will rank in priority

to the Class D Notes in point of security and as to right of payment of principal and interest. The Class D Notes will be subordinated in point of security and as to the payment of principal and interest in respect of the Class A Notes, the Class B Notes and the Class C Notes.

(c) In connection with the exercise of the powers, trusts, authorities, duties and discretions vested in it by the Trust Deed and the other Transaction Documents the Trustee shall:

(i) except where expressly provided otherwise, have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders equally PROVIDED THAT if in the opinion of the Trustee (1) (for so long as there are any Class A Notes outstanding) there is a conflict between the interests of the Class A Noteholders on the one hand and the interests of the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders on the other hand, it shall have regard only to the interests of the Class A Noteholders, (2) (for so long as there are any Class B Notes outstanding) there is a conflict between the interests of the Class B Noteholders on the one hand and the interests of the Class C Noteholders and/or the Class D Noteholders on the other hand, it shall, subject to (1) above, have regard only to the interests of the Class B Noteholders and (3) (for so long as there are any Class C Notes outstanding) there is a conflict between the interests of the Class C Noteholders on the one hand and the interests of the Class D Noteholders on the other hand, it shall subject to (1) and (2) above, have regard only to the interests of the Class C Noteholders, but so that this proviso shall not apply in the case of powers, trusts, authorities, duties and discretions:

(A) in relation to which it is expressly stated that they may be exercised by the Trustee only if in its opinion the interests of the Noteholders would not be materially prejudiced thereby; or

(B) the exercise of which by the Trustee relates to any Basic Terms Modification (as defined in **Condition 12.10(b)**), in which event the Trustee may exercise such powers, trusts, authorities, duties and discretions only if it is satisfied that to do so will not be materially prejudicial to the interests of the Noteholders of any Class that will be affected thereby;

(ii) where it is required to have regard to the interests of the Noteholders (or any Class thereof), it shall have regard to the interests of such Noteholders (or such Class) as a class and in particular, but without prejudice to the generality of the foregoing, shall not be obliged to have regard to the consequences thereof 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 Noteholders be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders; and

(iii) except where expressly provided otherwise, have regard only to the interests of the Noteholders and shall not be required to have regard to the interests of any Other Issuer Secured Creditor or any other person or to act upon or comply with any direction or request of any Other Issuer Secured Creditor or any other person whilst (in the case of any Other Issuer Secured Creditor) any amount remains owing to any Noteholder and (in the case of any other person) at any time.

(d) In the event of an issue of Replacement Notes (as defined in **Condition 16.2**) or New Notes (as defined in **Condition 16.3**), the provisions of the Trust Deed, these Conditions, the Agency Agreement and the Deed of Charge, including those concerning:

(i) the basis on which the Trustee will be required to exercise its rights, powers, trusts, authorities, duties and discretions;

(ii) the circumstances in which the Trustee will become bound to take action, as referred to in **Condition 10** or **11**;

(iii) meetings of Noteholders and the passing of effective Extraordinary Resolutions; and

(iv) the order of priority of payments both prior to, and upon, enforcement of the Issuer Security,

will be modified in such manner as the Trustee considers necessary to reflect the issue of such Replacement Notes or, as the case may be, New Notes and the ranking thereof in relation to the Notes. If any New Notes are issued and the Notes are then listed on the Irish Stock Exchange, the Issuer will immediately advise the Irish Stock Exchange accordingly, procure the publication of a notice of the issue in a leading newspaper having general circulation in Dublin, file a new offering circular in respect of the issue of the New Notes with the Irish Stock Exchange and make such offering circular and any related agreements available in Dublin at the specified office of the Irish Paying Agent.

As used in these Conditions:

Other Issuer Secured Creditors means the Trustee, any appointee of the Trustee, the Servicer, the Special Servicer, the Corporate Services Provider, the Liquidity Bank, the Account Bank, the Note Arranger, the Principal Paying Agent, the Agent Bank and any other Paying Agent; and

Issuer Secured Creditors means the Noteholders, the Receiptholders, the Couponholders, the Other Issuer Secured Creditors and any other party so designated by the Issuer and the Trustee.

3.2 Issuer Security and Priority of Payments

The Issuer Security in respect of the Notes and Coupons and the payment obligations of the Issuer under the Transaction Documents is set out in the Deed of Charge. The Servicing Agreement contains provisions regulating the priority of application of the Issuer Charged Property by the Servicer (and proceeds thereof) among the persons entitled thereto prior to the Issuer Security becoming enforceable and the Deed of Charge contains provisions regulating such application by the Trustee after the Issuer Security has become enforceable.

The Issuer Security will become enforceable upon the occurrence of a Note Event of Default in accordance with **Condition 10**. 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 Charged Property or any part thereof unless (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or (b) 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 may be selected by the Trustee, that the cashflow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any

other actual, contingent or prospective liabilities of the Issuer, to discharge in full in due course all amounts owing to the Noteholders and any amounts required under the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes, or (c) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

4. COVENANTS

4.1 Restrictions

Save with the prior written consent of the Trustee pursuant to **Condition 12.11** or as provided in these Conditions or as permitted by the Transaction Documents the Issuer, shall not so long as any of the Notes remains outstanding:

(a) Negative Pledge:

(save for the Issuer Security) create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, charge, sub-charge, assignment, assignation, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings (including the Issuer Charged Property) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertaking present or future;

(b) Restrictions on Activities:

(i) engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage the Issuer will engage in;

(ii) open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of the Trustee so as to form part of the Issuer Security;

(iii) have any subsidiaries;

(iv) own or lease any premises or have any employees;

(v) amend, supplement or otherwise modify its memorandum and articles of association; or

(vi) issue any further shares;

(c) Borrowings:

incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, or give any guarantee or indemnity in respect of any indebtedness or of any other obligation of any person;

(d) Merger:

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person unless:

(i) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties and assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of England and Wales, the objects of which include the funding, purchase and administration of mortgages and mortgage loans, and who shall expressly assume, by an instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all moneys owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;

(ii) immediately after giving effect to such transaction, no Note Event of Default (as defined in **Condition 10**) shall have occurred and be continuing;

(iii) such consolidation, merger, conveyance or transfer has been approved by Extraordinary Resolution of each Class of the Noteholders;

(iv) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;

(v) the Issuer shall have delivered to the Trustee a legal opinion of English lawyers acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with **paragraphs (i)**, **(ii)**, **(iii)** and **(iv)** above and are binding on the Issuer (or any successor thereto); and

(vi) the then current ratings of the Notes are unaffected by such consolidation, merger, conveyance or transfer;

(e) Disposal of Assets:

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(f) Assets:

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time;

(g) Dividends or Distributions:

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Deed of Charge;

(h) 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; or

(i) Other*:*

cause or permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the Trust Deed, the Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property.

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 adversely affected as a result thereof.

4.2 Servicer

(a) So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a servicer for the servicing of the Loans (as defined in the Master Definitions Schedule) and the performance of the other administrative duties set out in the Servicing Agreement.

(b) The Servicing Agreement will provide that (i) the Servicer will not be permitted to terminate its appointment unless a replacement servicer acceptable to the Issuer and the Trustee has been appointed and (ii) the appointment of the Servicer may be terminated by the Trustee if, among other things, the Servicer defaults in any material respect in the observance and performance of any obligation imposed on it under the Servicing Agreement, which default is not remedied within thirty Business Days after written notice of such default shall have been served on the Servicer by the Issuer or the Trustee.

4.3 Special Servicer

If a Loan has become specially serviced in accordance with the Servicing Agreement, then the Issuer, upon being so instructed by an Extraordinary Resolution (as defined below) of the Class of Noteholders then acting as Controlling Party, will exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the Loan subject to the conditions of the Servicing Agreement.

Controlling Party means, at any time:

(a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or

(b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

excluding, in each case, any Class of Notes the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of a Borrower and/or any one or more of its Affiliates (the **Excluded Class**).

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

4.4 Operating Adviser

The Class of Noteholders then acting as Controlling Party may, by an Extraordinary Resolution passed by that class, appoint an adviser (the **Operating Adviser**) with whom the Servicer or Special Servicer, as the case may be, will be required to liaise in accordance with the Servicing Agreement.

5. INTEREST

5.1 Period of Accrual

The Notes will bear interest from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding (as defined in **Condition 6.3(a)**) of any Note from the due date for redemption unless, upon due presentation, payment of principal or any part thereof due is improperly withheld or refused or any other default is made in respect thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

5.2 Interest Payment Dates and Interest Periods

(a) Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year or, if any such day is not a Business Day (as defined below), the next following day that is a Business Day) (each, an **Interest Payment Date**). The first such payment is due on the Interest Payment Date falling in July 2005 in respect of the period from (and including) the Closing Date to (but excluding) that first Interest Payment Date.

(b) Each period from (and including) an Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first Interest Payment Date) Interest Payment Date is in these Conditions called an **Interest Period**.

5.3 Rates of Interest

The rate of interest payable from time to time (the **Rate of Interest**) and the Interest Payment (as defined below) in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

(a) The Agent Bank will, at or as soon as practicable after 11.00 a.m. (London time) on each Interest Payment Date, and in respect of the first Interest Period, on the Closing Date (each, an **Interest Determination Date**), determine the Rate of Interest applicable to, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an **Interest Payment**), for the next Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period will be equal to:

(i) in the case of the Class A Notes, LIBOR (as determined in accordance with **Condition 5.3(b)**) plus a margin of 0.23 per cent. per annum;

(ii) in the case of the Class B Notes, LIBOR (as so determined) plus a margin of 0.30 per cent. per annum;

(iii) in the case of the Class C Notes, LIBOR (as so determined) plus a margin of 0.45 per cent. per annum; and

(iv) in the case of the Class D Notes, LIBOR (as so determined) plus a margin of 0.70 per cent. per annum.

The Interest Payment in relation to a Note of a particular Class shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 365 and rounding the resultant figure to the nearest penny (fractions of half a penny being rounded upwards).

For the purposes of these Conditions:

Business Day means a day (other than Saturday or Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin.

(b) For the purposes of determining the Rate of Interest in respect of each Class of Notes under **Condition 5.3(a)**, LIBOR will be determined by the Agent Bank on the basis of the following provisions:

(i) on each Interest Determination Date, the Agent Bank will determine the interest rate for three month sterling deposits (or in respect of the first Interest Period, a linear interpolation of the rate for two month and three month sterling deposits) in the London inter-bank market which appears on LIBOR 01 Reuters (or (x) such other page as may replace LIBOR 01 Reuters on that service for the purpose of displaying such information or (y) if that service ceases to display such information, Moneyline Telerate Screen No. 3750) (the **LIBOR Screen Rate**) at or about 11.00 a.m. (London time) on such date; or

(ii) if the LIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.00005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the **Reference Banks** provided that, once a Reference Bank has been appointed by the Agent Bank that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such) as the rate at which three month deposits in sterling are offered for the same period as that Interest Period by those Reference Banks to prime banks in the London inter-bank market at or about 11.00 a.m. (London time) on that date. If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation to the Agent Bank (which bank is in the sole opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed. If no such bank is so agreed or such bank as so agreed does not provide such a quotation or if, on such Interest Determination Date, none of the Reference Banks provides such an offered quotation, then the rate for the relevant Interest Period shall be the arithmetic mean (rounded to five decimal places, 0.000005 being rounded upwards) of the rates quoted by major banks in London, selected by the Agent Bank, at approximately 11.00 a.m. (London time) on the Closing Date or the relevant Interest Payment Date, as the case may be, for loans in sterling to leading European banks for a period of three months.

(c) There will be no minimum or maximum Rate of Interest.

5.4 Publication of Rates of Interest and Interest Payments

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Servicer, the Paying Agents, the Noteholders in accordance with **Condition 15** and, for so long as the Notes are listed on Irish Stock Exchange Limited (the **Stock Exchange**), the Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of a lengthening or shortening of such Interest Period.

5.5 Determination or Calculation by Trustee

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with **Condition 5.3** above, the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in **Condition 5.3** above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Payment in accordance with **Condition 5.3** above, and each such determination or calculation shall be deemed to have been made by the Agent Bank.

5.6 Notification to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank, the Paying Agents or the Trustee in connection with the exercise by them of any of their powers, duties and discretions under this Condition.

5.7 Agent Bank

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with **Condition 15**. If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved by the Trustee has been appointed.

5.8 Deferral of Payment

(a) Interest on the Notes is payable subject to, and in accordance with the order of priorities set out in the Pre-Enforcement Income Priority of Payments or the Post-Enforcement Pre-Acceleration Income Priority of Payments. If, on any Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any Deferred Interest (as defined below) and accrued interest thereon) payable in respect of the Class B Notes and/or the Class C Notes and/or the Class D Notes after having paid or provided for items of higher priority, then:

(i) the Issuer shall be entitled (unless there are then no Class A Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class B Notes:

(A) if it then defers all payments of interest then due (but for the provisions of this **paragraph (A)**) in respect of the Class C Notes and the Class D Notes; and

(B) to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class B Notes;

(ii) the Issuer shall be entitled (unless there are then no Class A Notes and Class B Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class C Notes:

(A) if it then defers all payments of interest then due (but for the provisions of this **paragraph (A)**) in respect of the Class D Notes; and

(B) to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class C Notes;

(iii) the Issuer shall be entitled (unless there are then no Class A Notes, Class B Notes and Class C Notes outstanding) to defer, to the next Interest Payment Date, the payment of interest in respect of the Class D Notes to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class D Notes.

(b) Any amount of interest (including any Deferred Interest arising on any preceding Interest Payment Date and accrued interest thereon) on the Class B Notes and/or the Class C Notes and/or the Class D Notes which is not due and payable on an Interest Payment Date as a result of the provisions of this **Condition 5.8** is the **Class B Deferred Interest**, the **Class C Deferred Interest** and the **Class D Deferred Interest** respectively and, together, the **Deferred Interest** arising on any such Interest Payment Date. Interest will accrue on the amount of any such Deferred Interest at the rate from time to time applicable to the Class B Notes and/or the Class C Notes and/or the Class D Notes (as the case may be) and on the same basis as interest on the Class B Notes and/or the Class C Notes and/or the Class D Notes (as the case may be) then applicable. Any Deferred Interest and accrued interest thereon is payable on the next Interest Payment Date unless and to the extent that this **Condition 5.8** applies.

(c) As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes and/or the Class C Notes and/or the Class D Notes will be deferred or that a payment previously deferred will be made in accordance with this **Condition 5.8** the Issuer will give notice thereof to the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders (as the case may be) in accordance with **Condition 15**. Any deferral of interest in accordance with this **Condition 5.8** will not constitute a Note Event of Default. The provisions of this **Condition 5.8** shall cease to apply on the Final Maturity Date or any earlier date on which the Notes become repayable in full or upon acceleration of the Notes pursuant to **Condition 10**, at which time all Deferred Interest and accrued interest thereon shall become due and payable.

6. REDEMPTION AND POST ENFORCEMENT CALL OPTION

6.1 Redemption on the Final Maturity Date

Save to the extent otherwise redeemed or cancelled in accordance with this **Condition 6**, the Issuer shall redeem the Notes of each Class at their respective Principal Amounts Outstanding plus interest accrued and unpaid on the Interest Payment Date which falls in April 2017 (the **Final Maturity Date**).

Principal Amount Outstanding means, in respect of any Note at any time, the principal amount thereof as at the Closing Date as reduced by any payment of principal to the holder of the Note up to (and including) that time.

6.2 Redemption for Taxation or Other Reasons

(a) If the Issuer at any time satisfies the Trustee immediately prior to the giving of the notice referred to below that, on the occasion of the next Interest Payment Date, the Issuer would either (i) become subject to tax on its income in more than one jurisdiction or the Issuer would be required to make any withholding or deduction from any payment of principal or interest in respect of any of the Notes, or the Issuer would suffer any withholding or deduction from any payment in respect of the Loans, for or on account of any present or future tax, duty or charge of whatsoever nature incurred or levied by or on behalf of the United Kingdom or any authority thereof or therein or (ii) by reason of a change in law, which change becomes effective on or after the Closing Date, it has become unlawful for the Issuer to make, lend or allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement, then the Issuer shall inform the Trustee accordingly and shall, in order to avoid the event described, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as principal debtor under the Notes in accordance with **Condition 12.12**.

(b) If the Issuer is unable to arrange such a substitution which would have the result of avoiding the event described above, then the Issuer shall, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest on the next Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described above will apply on the occasion of the next Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds referred to above; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.3 Mandatory Redemption in Whole or in Part

(a) Subject to **Condition 6.2**, **Condition 6.3(d)** and prior to the service of an Acceleration Notice, if:

(i) the Issuer receives a notice from any Borrower pursuant to its Credit Agreement that it will prepay all or part of its Loan on or before the next Interest Payment Date; or

(ii) any Loan is sold or transferred pursuant to the relevant Credit Agreement;

then the Issuer will, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, redeem on the next Interest Payment Date the Notes of the class corresponding to the Loan tranche being prepaid, sold or transferred *pro rata* in an aggregate amount equal to the principal amount of the Loan tranche being prepaid, sold or transferred;

provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it has or will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

(b) Subject to **Condition 6.2**, **Condition 6.3(d)** and prior to the service of an Acceleration Notice, if pursuant to the terms of its Credit Agreement a Borrower notifies the Issuer that it will make a principal repayment on its Loan on or before the next Interest Payment Date, the Issuer will, having given notice to the Noteholders two Business Days prior to the Interest Payment Date in accordance with **Condition 15**, redeem on the next Interest Payment Date the Notes of the class corresponding to the Loan tranche being repaid *pro rata* in an aggregate amount equal to the principal amount of the Loan tranche being repaid provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it has or will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

(c) If Replacement Notes (as defined in **Condition 16.2**) are to be issued, the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**, on the applicable Interest Payment Date redeem only the relevant Class or Classes of Notes to be replaced at a price equal to the Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Deed of Charge then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

(d) Subject to **Condition 6.2** and prior to the service of an Acceleration Notice, if, on any Interest Payment Date following an unremedied and unwaived Loan Event of Default, the Issuer is required to apply principal amounts (if any) received in respect of any Loan under either Credit Agreement, then the Issuer will having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15**,

redeem the Notes *pro rata* in an aggregate amount equal to the principal amount received in respect of that Loan as follows:

(i) **first**, in redemption of the Class A Notes until the Principal Amount Outstanding of the Class A Notes is reduced to zero;

(ii) **second**, in redemption of the Class B Notes until the Principal Amount Outstanding of the Class B Notes is reduced to zero;

(iii) **third**, in redemption of the Class C Notes until the Principal Amount Outstanding of the Class C Notes is reduced to zero; and

(iv) **fourth**, in redemption of the Class D Notes until the Principal Amount Outstanding of the Class D Notes is reduced to zero,

provided that, prior to giving any such notice, the Issuer shall have satisfied the Trustee that it has or will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Deed of Charge then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the Issuer will have such funds; and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

(e) Upon service of an Acceleration Notice pursuant to **Condition 10**, the Trustee or its appointee is required to apply principal amounts (if any) received in respect of a Loan in accordance with the Post-Acceleration Priority of Payments pursuant to the Deed of Charge.

6.4 Notice of Redemption

Any such notice as is referred to in **Condition 6.2** or **6.3** above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant class in the amounts specified in these Conditions.

6.5 Purchase

The Issuer shall not purchase any of the Notes.

6.6 Cancellation

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

6.7 Post Enforcement Call Option

All of the Noteholders will, at the request of Opera Finance (Options) Limited, sell all (but not some only) of their holdings of the Class B Notes, the Class C Notes and the Class D Notes to Opera Finance (Options) Limited, pursuant to the option granted to it by the Trustee (as agent for the Class B Noteholders, the Class C Noteholders and the Class D Noteholders to acquire all (but not some only) of the Class B Notes, the Class C Notes and the Class D Notes (plus accrued interest thereon)), for the consideration of one penny per Note outstanding in the event that the Issuer Security is enforced, at any time after the date on which the Trustee determines that the proceeds of such enforcement are insufficient, after payment of all other claims ranking higher in priority to the Class B Notes, the Class C Notes and the Class D Notes and *pro rata* payment of all claims ranking in equal priority to the Class B Notes, the Class C Notes and the Class D Notes and after the application of any such proceeds to the Class B Notes, the Class C Notes and the Class D Notes under the

Deed of Charge, to pay any further principal and interest and any other amounts whatsoever due in respect of the Class B Notes, the Class C Notes and the Class D Notes.

Furthermore, each of the the Class B Noteholders, the Class C Noteholders and the Class D Noteholders acknowledges that the Trustee has the authority and the power to bind the Class B Noteholders, the Class C Noteholders and the Class D Noteholders in accordance with the terms and conditions set out in the Post Enforcement Call Option Agreement and each Class B Noteholder, Class C Noteholder and Class D Noteholder, by subscribing for or purchasing the relevant Class B Notes, Class C Notes and Class D Notes, agrees to be so bound.

Notice of such determination will be given by the Trustee to the the Class B Noteholders, the Class C Noteholders and the Class D Noteholders in accordance with **Condition 15**. The consideration will be paid in the same manner as payment of principal under these Conditions.

7. PAYMENTS

(a) Payments of principal and interest in respect of the Notes will be made in sterling against presentation of the relevant Global Notes or Definitive Notes, Receipts and/or Coupons (as the case may be) at the specified office of the Principal Paying Agent or, at the option of the holder of the relevant Global Notes or Definitive Notes (as the case may be), at the specified office of any other Paying Agent outside the United States of America. Payments of principal and interest will in each case be made by sterling cheque drawn on a bank in London or, at the option of the holder, by transfer to a sterling denominated account maintained by the payee with a branch of a bank in London. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on the relevant Global Note by the Paying Agent to which such Global Note was presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made. Payments of principal and interest in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto and to normal banking practice. Upon the date on which any Definitive Note becomes due and repayable in full, all unmatured Receipts and Coupons appertaining to such Definitive Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

(b) For so long as the Notes are in global form, none of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note of the relevant Class or as being entitled to a particular principal amount of Notes shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note(s) or principal amount whilst such Note(s) is/are represented by a Global Note and the Issuer or the Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

(c) 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 in accordance with **Condition 5** and the provisions of the Trust Deed will be paid against presentation of such Note at the specified office of any Paying Agent.

(d) If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day and shall not be entitled to further payments of additional amounts by way of interest, principal or otherwise. In this **Condition 7(d)** the expression **Payment Day** means 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 the place of presentation and which is a Business Day.

(e) If a Paying Agent makes a partial payment in respect of any Note presented to it for payment, such Paying Agent will endorse on the relevant Note a statement indicating the amount and date of such payment.

(f) The initial Principal Paying Agent and the initial Irish Paying Agent and their initial specified offices are listed at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of the Principal Paying Agent or the Irish Paying Agent and to appoint additional or other Paying Agents. The Issuer will at all times maintain a Principal Paying Agent and also a Paying Agent with a specified office in Dublin. The Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26 to 27 November, 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive. The Issuer will cause at least 30 days' notice of any change in or addition to the Paying Agents or their specified offices to be given in accordance with **Condition 15**.

8. PRESCRIPTION

Claims in respect of Notes, Receipts and Coupons shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this Condition, the **relevant date** means the date on which a payment first becomes due or (if the full amount of the moneys payable has not been duly received by the Paying Agents or the Trustee on or prior to such date) the date on which notice that the full amount of such moneys has been received is duly given to the Noteholders in accordance with **Condition 15**.

9. 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 to make any payment in respect of the Notes subject to any withholding or deduction for, or on account of, any such taxes, duties or charges. In that event, the Issuer or such Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any such Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

10. EVENTS OF DEFAULT

10.1 The Trustee at its absolute discretion may, and if so requested in writing by the holders of not less than 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding or if so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding shall, (subject in each case to its being secured and/or indemnified to its satisfaction) give notice in writing (an **Acceleration Notice**) to the Issuer declaring the Notes to be due and repayable (and they shall forthwith become due and repayable) at any time after the happening of any of the following events (each, a **Note Event of Default**):

(a) default being made for a period of five days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions provided that a deferral of interest in accordance with **Condition 5.8** shall not constitute a default in the payment of such interest for the purposes of this **Condition 10(a)(i)**; or

(b) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(c) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(d) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in **paragraph (e)** below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof) or the Issuer being (or being deemed to be) unable to pay its debts as and when they fall due; or

(e) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by the Trustee or an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or

(f) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to the Court for an administration order, documents being filed with the Court for the appointment of an administrator or notice of intention to appoint an administrator being served), or an administration order being granted or an administrative receiver or other receiver liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any substantial part of the undertaking or assets of the Issuer or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be unless initiated by the Issuer) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally,

provided that in the case of each of the events described in **subparagraphs (b), (c)** and **(d)** of this **Condition 10.1**, 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 outstanding.

10.2 Upon any declaration being made by the Trustee in accordance with Condition 10.1 above that the Notes are due and repayable each Note shall thereby immediately become due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Deed of Charge subject to the Post-Acceleration Priority of Payments.

11. ENFORCEMENT

11.1 The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action it may think fit to enforce the provisions of the Transaction Documents to which it is a party, the Notes and Coupons, provided that, subject to **Condition 11.3** below, enforcement of the Issuer Security shall be the only remedy available for the repayment of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes and the payment of accrued interest (including any Deferred Interest and accrued interest thereon) and, at any time after the Issuer Security has become enforceable, take such steps as it may think fit to enforce the Issuer Security, but it shall not be bound to take any such proceedings, action or steps unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and (b) it shall have been secured and/or indemnified to its satisfaction.

11.2 Subject to **Condition 11.3** below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any of the Other Issuer Secured Creditors under the Deed of Charge.

11.3 If the Trustee has taken enforcement action under the Deed of Charge and distributed all of the resulting proceeds (including the proceeds of realising the security thereunder), to the extent that any amount is still owing to any Noteholder (a **Shortfall**) and, save in the case of the Class A Notes the PECO has not been exercised by OptionCo, any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of such claim.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND TRUSTEE'S DISCRETIONS

12.1 The Trust Deed contains provisions for convening meetings of Noteholders of any Class to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents or any other documents the rights and benefits of the Issuer in respect of which are comprised in the Issuer Security.

12.2 The quorum at any meeting of the Noteholders of any Class for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, one or more persons being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification (as defined below) the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent. or at any adjourned such meeting, not less than 33 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

12.3 An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class B Noteholders, the Class C Noteholders and the Class D Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class B Noteholders, the Class C

Noteholders and the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class B Noteholders, the Class C Noteholders and the Class D Noteholders.

12.4 An Extraordinary Resolution passed at any meeting of Class B Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of the Class A Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class A Noteholders.

12.5 An Extraordinary Resolution passed at any meeting of Class B Noteholders, which is effective in accordance with **Condition 12.4**, shall be binding on all Class A Noteholders, Class B Noteholders, Class C Noteholders and Class D Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class C Noteholders and the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class C Noteholders and the Class D Noteholders.

12.6 An Extraordinary Resolution passed at any meeting of Class C Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class A Noteholders and the Class B Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders.

12.7 An Extraordinary Resolution passed at any meeting of Class C Noteholders, which is effective in accordance with **Condition 12.6**, shall be binding on all Class A Noteholders, Class B Noteholders, Class C Noteholders and Class D Noteholders irrespective of its effect upon them except an Extraordinary Resolution to sanction a Basic Terms Modification, which shall not take effect unless it shall have been sanctioned by an Extraordinary Resolution of the Class D Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the interests of the Class D Noteholders.

12.8 An Extraordinary Resolution passed at any meeting of Class D Noteholders (other than a sanctioning Extraordinary Resolution referred to above) shall not be effective unless it shall have been sanctioned by an Extraordinary Resolution of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Trustee is of the opinion that it would not be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders.

12.9 An Extraordinary Resolution passed at any meeting of Class D Noteholders, which is effective in accordance with **Condition 12.8**, shall be binding on all Class A Noteholders, Class B Noteholders, Class C Noteholders and Class D Noteholders.

12.10 As used in these Conditions and the Trust Deed:

(a) **Extraordinary Resolution** means (i) a resolution passed at a meeting of any Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll or (ii) a resolution in writing signed by or on behalf of not less than 90 per cent. in aggregate Principal Amount Outstanding of any Class of Noteholders, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of that Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting (and for the purposes of **Conditions 4.3** and **4.4**, any

Notes held by, for the benefit of or on behalf of the Borrower and/or any one or more of its Affiliates will not be included in the quorum for voting purposes);

Affiliate means any company or other entity of which the Borrower is a Subsidiary, any other company or entity which is a Subsidiary of that company or entity and any Subsidiary of the Borrower;

Subsidiary means:

(i) a Subsidiary within the meaning of Section 736 of the Companies Act 1985 (as amended); and

(ii) (unless the context otherwise requires) a subsidiary undertaking within the meaning of Section 258 of the Companies Act 1985 (as amended); and

(b) **Basic Terms Modification** means, in respect of a Class of Notes:

(i) a change in the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;

(ii) alteration of the currency in which payments under such Notes and the Coupons appertaining thereto are to be made;

(iii) alteration of the quorum or the majority required to pass an Extraordinary Resolution;

(iv) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 18(i)** of **Schedule 3** to the Trust Deed (Provisions for Meeting of Noteholders);

(v) alteration of this definition or the provisos to **paragraphs 5** and/or **6** of **Schedule 3** to the Trust Deed (Provisions for Meeting of Noteholders);

(vi) alteration of the Pre-Enforcement Priority of Payments, the Post-Enforcement Pre-Acceleration Income Priority of Payments or the Post-Acceleration Priority of Payments; and

(vii) alteration of the Issuer Charged Property or amendment to any of the documents relating to the Issuer Charged Property or any other provision of the Issuer Security.

12.11 The Trustee may agree, without the consent of the Noteholders, Receiptholders or the Couponholders, (a) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or (b) to any modification of these Conditions or any of the Transaction Documents, which, in the Trustee's opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. The Trustee may also, without the consent of the Noteholders, the Receiptholders or the Couponholders, determine that any Note Event of Default shall not, or shall not subject to specified conditions, be treated as such if, in its opinion, the interests of the Noteholders will not be materially prejudiced thereby. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 15** as soon as practicable thereafter.

12.12 The Trustee may agree, without the consent of the Noteholders, to the substitution of another body corporate in place of the Issuer as principal debtor under the Trust Deed and the Notes,

subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer (unless all or substantially all of the assets of the Issuer are transferred to such body corporate), (b) such body corporate being a single purpose vehicle and undertaking itself to be bound by provisions corresponding to those set out in these Conditions, (c) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced thereby and (d) certain other conditions set out in the Trust Deed being complied with. Any such substitution shall be notified to the Noteholders and the Rating Agencies in accordance with **Condition 15**. In the case of a substitution pursuant to this paragraph (l), the Trustee may in its absolute discretion agree, without the consent of the Noteholders, to a change of the laws governing the Notes and/or any of the Transaction Documents provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders, the Receiptholders or the Couponholders. No such substitution shall take effect unless it applies to all the Notes then outstanding.

13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE

13.1 The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security or taking any other action in relation to the Trust Deed or the other Transaction Documents unless secured and/or indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of Eurohypo or any agent or related company of Eurohypo or by clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

13.2 The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, among other things, (a) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders) and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

13.3 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 the Security Agreements. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Servicer or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

13.4 The Trust Deed and certain of the other Transaction Documents contain other provisions limiting the responsibility, duties and liability of the Trustee.

13.5 The Trust Deed contains provisions pursuant to which (a) the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, and will be relieved of any liability incurred by reason of such retirement and (b) the Noteholders may by Extraordinary Resolution of the holders of each Class of Notes remove the Trustee. The retirement or removal of the Trustee will not become effective until a successor trustee is appointed. The Trustee is entitled to appoint a successor trustee in the circumstances specified in the Trust Deed.

14. REPLACEMENT OF THE NOTES

14.1 Definitive Notes and Coupons

If a Definitive Note, Receipt, Coupon or Talon is mutilated, defaced, lost, stolen or destroyed, it may be replaced at the specified office of any Paying Agent. Replacement thereof will only be made on payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the relevant Paying Agent may reasonably require. If mutilated or defaced, the Definitive Note, Receipt, Coupon or Talon must be surrendered before a new one will be issued.

14.2 Global Notes

If a Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Trustee, become void and a duly executed and authenticated replacement Global Note will be delivered by the Issuer to the Common Depositary only upon surrender, in the case of mutilation or defacement, of the relevant Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

15. NOTICE TO NOTEHOLDERS

15.1 Any notice to the Noteholders shall be validly given if published (a) in one leading London daily newspaper (which is expected to be the *Financial Times*) and (b) (for so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require) in a leading English language newspaper having general circulation in Dublin (which is expected to be *The Irish Times*) or, if either such newspaper shall cease to be published or timely publication therein shall not be practicable, in the opinion of the Trustee, in another appropriate newspaper or newspapers as the Trustee shall approve having a general circulation in London or Dublin (as appropriate) previously approved in writing by the Trustee. Any such notice published in a newspaper as aforesaid 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. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall determine.

15.2 Whilst the Notes are represented by Global Notes notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders rather than by notification as required above provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the third day after the day of such delivery.

15.3 (A copy of each notice given in accordance with this **Condition 15** shall be provided to each of Fitch Ratings Ltd (**Fitch**), Moody's Investors Service Limited (**Moody's**) and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P** and, together

with Fitch and Moody's, the **Rating Agencies**, which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

15.4 The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. FURTHER ISSUES, REPLACEMENT NOTES AND NEW NOTES

16.1 Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders, but subject always to the provisions of these Conditions and the Trust Deed to create and issue further Notes (the **Further Notes**) in bearer form carrying the same terms and conditions in all respects (except in relation to the issue date, the first Interest Period and the first Interest Payment Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the relevant Class of Notes, provided that:

(a) the aggregate principal amount of all Further Notes to be issued on such date is in a minimum amount of £5,000,000 and integral multiples thereafter of £1,000,000;

(b) any Further Notes are assigned the same ratings by the Rating Agencies as are then applicable to the corresponding Class of Notes then outstanding;

(c) the Rating Agencies confirm that the ratings of each Class of Notes at that time outstanding will not be adversely affected as a result of such issue of Further Notes;

(d) an amount equal to the aggregate principal amount of such Further Notes will be on-lent by the Issuer pursuant to the provisions of the Credit Agreement(s);

(e) such encumbrances necessary to maintain the then current ratings referred to in (c) above or to obtain the necessary ratings for the Further Notes are given in favour of the Trustee, the Loan Facility Agents, and/or the Issuer by the relevant Borrower(s) at the date of issue of the Further Notes (if applicable);

(f) no Loan Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes;

(g) the Issuer's liabilities in respect of such Further Notes are hedged to the satisfaction of the Rating Agencies then rating the Notes;

(h) no Note Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes; and

(i) application will be made to list the Further Notes on the Irish Stock Exchange, or if the Notes then issued are no longer listed on the Irish Stock Exchange, on such exchange, if any, on which the Notes then issued are then listed.

16.2 Replacement Notes

The Issuer will also be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders or Couponholders, to issue notes (**Replacement Notes**), each class of which shall be required to have the same terms and conditions in all respects as the Class of Notes which it replaces except in relation to (aa) the first Interest

Period and (bb) the rate of interest applicable to such Replacement Notes which must be a rate of interest equal to or lower than the rate of interest applicable to the Class of Notes being replaced, and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the class of Notes which it replaces, *provided that* the Class or Classes of Notes to be replaced are redeemed in full in accordance with **Condition 6.3(c)** and the conditions to the issue of Further Notes as set out in **Condition 16.1(a), (b), (c)** and **(e)** to **(i)** are met, *mutatis mutandis*, in respect of such issue of Replacement Notes (as if references therein to Further Notes were to Replacement Notes) and provided further that, for the purposes of this **Condition 16.2** (i) where interest in respect of the Replacement Notes or the Class of Notes being replaced is payable on a fixed rate basis, the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced shall be deemed to be the floating rate payable by the Issuer under any interest rate exchange agreement entered into by the Issuer in relation to the Replacement Notes or, as the case may be, the Class of Notes being replaced; and (ii) where the Replacement Notes or the Class of Notes being replaced have the benefit of a financial guarantee or similar arrangement (a **Financial Guarantee**), the guarantee fee and any other amounts payable to the provider of the Financial Guarantee, other than any such amounts the payment of which is subordinated to payments in respect of all of the Notes, (expressed as a percentage rate per annum on the principal amount of the Replacement Notes or, as the case may be, the Class of Notes being replaced) shall be added to the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced.

16.3 New Notes

The Issuer shall be at liberty, without the consent of the Noteholders and the Couponholders (but subject always to the provisions of the Trust Deed), to raise further funds from time to time and on any date by the creation and issue of new notes (the **New Notes**) in bearer form which may rank *pari passu* with the Class A Notes or after the Class A Notes but ahead of or *pari passu* with the Class B Notes, after the Class B Notes but ahead of or *pari passu* with the Class C Notes or after the Class C Notes but ahead of or *pari passu* with the Class D Notes or after the Class D Notes and which do not form a single series with any Class of the Notes and which may have a Financial Guarantee *provided that* the conditions to the issue of Further Notes as set out in **Conditions 16.1(a)** and **(c)** to **(i)** are met, *mutatis mutandis*, in respect of the issue of such New Notes as if reference therein to Further Notes were references to New Notes.

16.4 Supplemental trust deeds and security

Any such Further Notes, Replacement Notes and New Notes will be constituted by a further deed or deeds supplemental to the Trust Deed and have the benefit of the Issuer Security pursuant to the Deed of Charge as described in **Condition 3**.

17. RIGHTS OF THIRD PARTIES

Neither this Note nor any Coupon confers any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note or any such Coupon, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. GOVERNING LAW

The Trust Deed, the Notes and the Coupons are governed by, and will be construed in accordance with, English law.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers and persons connected with the Issuer). 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.

(A) 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 **Act**) (the Irish Stock Exchange is such a "*recognised stock exchange*" for this purpose – under a United Kingdom Inland Revenue interpretation, the Notes will satisfy this requirement if they are listed by the competent authority in Ireland and are admitted to trading by the Irish Stock Exchange) 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 Act. 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.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid to a person who belongs in the United Kingdom for United Kingdom tax purposes and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that the Inland Revenue has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the lower rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, or, where a Noteholder is associated with the Issuer, resident in a Member State of the EU and entitled in practice to the benefit of the European Council Directive 2003/49/EC, the Inland Revenue can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

2. Provision of Information

Noteholders who are individuals may wish to note that the Inland Revenue has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays interest to or receives interest for the benefit of an individual. Information so obtained may, in certain circumstances, be exchanged by the Inland Revenue with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

3. Further United Kingdom tax issues for non-United Kingdom resident Noteholders

Interest on the Notes will constitute United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding.

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 United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which 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). The provisions of an applicable double taxation treaty may be relevant for such Noteholders.

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.

(B) United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of the Notes will be charged to tax and obtain relief as income on all returns, profits and gains on, and fluctuations in value of the Notes (whether attributable to currency fluctuation or otherwise) broadly in accordance with their statutory accounting treatment.

(C) Other United Kingdom tax payers

1. Taxation of chargeable gains

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued between the last Interest Payment Date and the date of disposal may be chargeable to tax as income under the rules of the "*accrued income scheme*" as set out in Chapter II of Part XVII of the Act, 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.

(D) Stamp Duty and Stamp Duty Reserve Tax (SDRT)

No United Kingdom stamp duty or SDRT is payable on the issue or transfer by delivery of the Notes.

(E) EU Directive on the Taxation of Savings Income

On 3 June, 2003, the European Council of Economic and Finance Ministers adopted a Directive on the taxation of savings income. Under the Directive Member States will (if equivalent measures have been introduced by certain non-EU countries) be required, from 1 July, 2005, to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for

a transitional period, Belgium, Luxembourg and Austria will instead be required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependant upon the conclusion of certain other agreements relating to information exchange with certain other countries).

SUBSCRIPTION AND SALE

The Royal Bank of Scotland plc whose registered office is at 36 St. Andrew Square, Edinburgh EH2 2YB and UBS Limited whose registered office is at 1 Finsbury Avenue, London EC2M 2PP (together, the **Joint Bookrunners**), pursuant to a subscription agreement dated 4 May, 2005 (the **Subscription Agreement**), between the Joint Bookrunners, the Issuer 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 initial principal amount of such Notes, the Class B Notes at 100 per cent. of the initial principal amount of such Notes, the Class C Notes at 100 per cent. of the initial principal amount of such Notes and the Class D Notes at 100 per cent. of the initial principal amount of such Notes.

The Issuer has agreed to reimburse or procure the reimbursement of the Joint Bookrunners 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 Joint Bookrunners in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

In addition, CSCH and the Braehead Borrowers will be obliged under an arrangement fee letter dated on or before the Closing Date to pay an arrangement fee (the **Arrangement Fee**) to the Note Arranger.

United States of America

Each of the Joint Bookrunners 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 Joint Bookrunners has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering of the Notes and the 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 (except in accordance with Rule 903 of Regulation S) 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.

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 Joint Bookrunners has represented and agreed that:

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

(b) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; 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.

The Netherlands

The Issuer must verify that all Dutch Resident (as defined below) purchasers of Notes (including rights representing an interest in a Global Note) issued by it directly to such purchasers on or before the Closing Date or issued by it in circumstances where it is reasonably able to identify the Dutch Resident holders thereof (other than the relevant Joint Bookrunner) on or before the Closing Date as Professional Market Parties (as defined below) and shall agree (or procure the relevant Joint Bookrunner agrees) with each such purchaser that any Notes acquired by it may not be offered, sold, transferred or delivered by any such purchaser, except in accordance with the restrictions referred to in **paragraph 2** below.

Each of the Joint Bookrunners has represented and agreed that this Offering Circular may not be distributed and the Notes (including rights representing an interest in any Global Note) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

(a) banks, insurance companies, securities firms, collective investment institutions or pension funds that are supervised or licensed under Dutch law;

(b) banks or securities firms licensed or supervised in a European Economic Area member state (other than The Netherlands) and registered with the Dutch Central Bank (*De Nederlandsche Bank N.V.* (**DNB**) or the Dutch Authority for the Financial Markets (*Stichting Autoriteit Financiele Markten*) and acting through a branch office in The Netherlands;

(c) Netherlands collective investment institutions which offer their shares or participations exclusively to professional investors and are not required to be supervised or licensed under Dutch law;

(d) the Dutch government (*de Staat der Nederlanden*), DNB, Dutch regional, local or other decentralised governmental institutions, international treaty organisations and international organisations;

(e) Netherlands enterprises or entities with total assets of at least €500,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes;

(f) enterprises, entities or national persons with a net assets (*eigen vermogen*) of at least €10,000,000 (or the equivalent thereof in another currency) according to their balance sheet at the end of the financial year preceding the date they purchase or acquire the Notes and who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding such date;

(g) Netherlands subsidiaries of the entities referred to under (a) above provided such subsidiaries are subject to prudential supervision;

(h) Netherlands enterprises or entities that have a credit rating from an approved rating agency or whose securities have such a rating; and

(i) such other Netherlands entities designated by the competent Netherlands authorities after the date hereof by any amendment of the applicable regulations.

All Notes (whether or not offered to Dutch Residents) shall bear the following legend:

"THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS (**DUTCH RESIDENTS**) OTHER THAN TO PROFESSIONAL MARKET PARTIES (**PMPs**) WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992 (AS AMENDED).

EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS A PMP AND IS ACQUIRING THIS NOTE (OR ANY INTEREST THEREIN) FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING SUCH NOTE (OR ANY SUCH INTEREST), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH NOTE (OR ANY INTEREST THEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO ANY DUTCH RESIDENTS OTHER THAN TO A PMP ACQUIRING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE."

France

Each of the Issuer and the Joint Bookrunners has represented and agreed that it has not offered or sold and will not offer or sell, directly, or indirectly to the public in France and offers and sales of the Notes in France will be made only to qualified investors (*investisseurs qualifiés*) acting for their account as defined in and in accordance with Articles L.411-1 and L.411-2 of the French *Code Monétaire et Financier* and decree no. 98-880 dated 1 October, 1998.

In addition, each Joint Bookrunner has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Offering Circular or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in France may be made as described above and that this Offering Circular has not been submitted for approval (*visa*) by the *Autorité des Marchés Financiers* and does not constitute a public offer for sale or subscription of securities in France. The Notes may only be issued or sold, directly or indirectly, to the public in France in accordance with Articles L.412-1 and L.621-8 of the French *Code Monétaire et Financier*.

Germany

Each of the Issuer and the Joint Bookrunners has represented and agreed that the Notes have not and will not be offered, sold or publicly promoted or advertised in the Federal Republic of Germany other than in compliance with the German Securities Selling Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) of 13 December, 1990, as amended, or any other laws applicable in the Federal Republic of Germany governing the issue, offering and sale of securities and no selling prospectus (*Verkaufsprospekt*) within the meaning of the German Securities Selling Prospectus Act has been or will be registered or published within the Federal Republic of Germany.

Ireland

Each of the Joint Bookrunners has represented and agreed that:

(a) other than in circumstances which do not constitute an offer or sale to the public in Ireland or elsewhere by means of a prospectus within the meaning of the Companies Acts, 1963 to 2001 of Ireland (i) prior to application for listing of the Notes being made and the Irish Stock Exchange having approved this Offering Circular in accordance with the Regulations, it has not offered or sold and will not offer or sell, in Ireland or elsewhere, by means of any document or other means of visual reproduction, including electronic means, any of the Notes, (ii) subsequent to application for listing of the Notes being made and the Irish Stock Exchange approving this Offering Circular in accordance with the Regulations, it has not offered or sold and will not offer or sell, in Ireland or elsewhere, any of the Notes by means of any document or other means of visual reproduction, including electronic means, other than this Offering Circular (or any document including electronic means of visual reproduction approved as aforesaid, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations) and only where this Offering Circular (or such other listing particulars as aforesaid) is accompanied by an application form or an application form is issued which indicates where this Offering Circular (or such other listing particulars as aforesaid) can be obtained or inspected and (iii) it has not issued and will not issue at any time, in Ireland or elsewhere, any application form for any of the Notes unless the application form is accompanied by this Offering Circular (or a document including electronic means of visual reproduction, which sets out listing particulars in relation to the Notes prepared in accordance with the Regulations and approved by the Irish Stock Exchange) or the application form indicates where this Offering Circular or such listing particulars can be obtained or inspected;

(b) it has not made and will not make at any time any offer of any of the Notes in Ireland to which the European Communities (Transferable Securities and Stock Exchange) Regulations, 1992 of Ireland would apply;

(c) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Joint Bookrunner acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May, 1993 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of a Joint Bookrunner acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March, 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and

(d) in respect of an offer of the Notes to the public in Ireland or elsewhere within the meaning of the Companies Acts, 1963 to 2001 of Ireland, it will comply with the requirements of the section 56 and 57 of the Companies Act, 1963 of Ireland.

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 by the Issuer or the Joint Bookrunners 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, advertisement, form of application or other material 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 Joint Bookrunners has undertaken not to offer or sell, directly or indirectly, 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 29 April, 2005.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 4 May, 2005, 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. On 19 April, 2005 the Issuer was granted a certificate under section 117 of the Companies Act 1985 entitling it to do business and to borrow.

4. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A	021895385	XS0218953858
Class B	021895571	XS0218955713
Class C	021895644	XS0218956448
Class D	021895792	XS0218957925

5. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

6. 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.

7. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement, being a contract entered into other than in its ordinary course of business.

8. KPMG Audit Plc, auditors of the Issuer, has given and not withdrawn its written consent to 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).

9. PricewaterhouseCoopers LLP, auditors of CSCH and the Braehead Borrowers, has given and not withdrawn its written consent to 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).

10. DTZ (the **Valuer**) has given and not withdrawn its written consent to 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).

11. Save as disclosed herein, since 1 April, 2005 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the trading or financial position of the Issuer.

12. The Deed of Charge, the Trust Deed and the Security Agreements will provide that the Trustee and the Loan Facility Agents (as applicable) may rely on reports or other information from professional advisors or other experts in accordance with the Deed of Charge, the Trust Deed and the Security Agreements (as applicable), whether or not such report or other information, engagement letter or other document entered into by the Trustee or the Loan Facility Agents (as applicable) and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

13. 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 35 Great St. Helen's, London EC3A 6AP and at the specified offices of the Irish Paying Agent in Dublin during the period of 14 days from the date of this document:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the balance sheet of the Issuer as at 4 May, 2005 and the auditors report thereon;

    (c) the balance sheet of CSCH as at 4 May, 2005 and the accountants' report thereon;

    (d) the Subscription Agreement referred to in **paragraph 7** above; and

    (e) drafts (subject to modification) of the following documents (together with the Subscription Agreement, the **Transaction Documents**):

        (i) the Trust Deed;

        (ii) the Credit Agreements;

        (iii) the Security Agreements;

        (iv) Standard Security;

        (v) Assignation of Rents;

        (vi) CSCH Related Security;

        (vii) Braehead Related Security;

        (viii) the Deed of Charge;

        (ix) the Servicing Agreement;

        (x) the Bank Agreement;

        (xi) the Corporate Services Agreements;

        (xii) the Share Trust Deed;

        (xiii) the Nominee Declaration of Trust;

        (xiv) the Liquidity Facility Agreement;

        (xv) the Agency Agreement;

        (xvi) the Master Definitions Schedule; and

        (xvii) the Post Enforcement Call Option Agreement.

APPENDIX A

FINANCIAL INFORMATION IN RESPECT OF THE BORROWER

BRAEHEAD GLASGOW LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

Company number 2725146

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors submit their report and accounts for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with a group undertaking.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's results and financial position for the year ended 31 December 2004 are set out in full in the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the notes relating thereto.

Both the level of business during the year and the year end financial position were as expected. Profit on ordinary activities before taxation was £1.4 million (2003 loss £(0.2) million). Shareholders' funds at 31 December 2004 were £122.1 million (2003 £100.0 million).

The directors expect that the present level of activity will continue for the foreseeable future.

DIVIDENDS

The directors do not propose a dividend for the year (2003 £nil).

CREDITOR PAYMENT

The company follows the same policy for creditor payments as its ultimate parent company, Liberty International PLC. The majority of trade creditors are paid in accordance with the CBI's Prompt Payers Code. For other suppliers, the company's policy is to agree terms with suppliers for each transaction, to ensure the terms are stated in contracts and to pay in accordance with those terms. The ratio, expressed in days, between the amounts invoiced to the company in the year and its trade creditors as at 31 December 2004 was nil days as calculated in accordance with the requirements of the Companies Acts (2003 4 days).

FIXED ASSETS

The movements in fixed assets are set out in note 5 and 6.

DIRECTORS IN THE YEAR

J G Abel	
P C Badcock	
P C Barton	appointed 23 June 2004
R M Cable	
K E Chaldecott	
D A Fischel	
A C Smith	

DIRECTORS' INTERESTS

During the year no director held a disclosable interest in the shares of the company. The interests of the directors who are also directors of Liberty International PLC and their families, in the share capital of other group companies, are disclosed in the notes of the annual report and accounts of that company. The interests of the remaining directors (i.e. excluding those directors who are also directors of Liberty International PLC) and their families in the share capital of other group companies are shown in the financial statements of Capital Shopping Centres PLC, a subsidiary of Liberty International PLC.

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

AUDITORS

Elective resolutions are in force to dispense with holding annual general meetings, the laying of annual accounts before the company in general meeting and the appointment of auditors annually. No annual general meeting will be held this year unless a requisition to hold the same is received from a member or the auditors within 28 days of receipt of the report and accounts. In the absence of any such requisition, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for each succeeding financial year.

By order of the Board

S Folger
Secretary
9 February 2005

Independent auditors' report to the members of Braehead Glasgow Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
9 February 2005

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £m	2003 £m
Continuing operations			
Turnover	1	15.5	13.9
Net property investment income	1	12.6	11.1
Administrative expenses		(0.5)	(0.4)
Operating profit		12.1	10.7
Net interest	2	(10.7)	(10.9)
Profit/(loss) on ordinary activities before taxation	3	1.4	(0.2)
Taxation	4	(0.5)	(0.7)
Profit/(loss) for the financial year		0.9	(0.9)
Retained loss brought forward	12	(6.5)	(5.6)
Retained loss carried forward	12	(5.6)	(6.5)

There is no difference between the profit on ordinary activities before taxation and the profit for the year as stated above and their historical cost equivalents.

The notes on pages 7 to 15 form part of these financial statements.

BALANCE SHEET
AT 31 DECEMBER 2004

	Notes	2004 £m	2003 £m
Fixed assets			
Tangible assets:			
Investment properties	5	290.3	266.8
Other investments	6	–	–
		290.3	266.8
Current assets			
Debtors	7	98.6	298.1
Cash at bank and in hand		9.8	7.8
		108.4	305.9
Creditors: amounts falling due within one year	8	(177.5)	(373.1)
Net current liabilities		(69.1)	(67.2)
Total assets less current liabilities		221.2	199.6
Creditors: amounts falling due after more than one year			
Bank loan	9	(92.7)	(93.7)
Provisions for liabilities and charges	10	(6.4)	(5.9)
Net assets		122.1	100.0
Capital and reserves			
Share capital	11	15.9	15.9
Revaluation reserve	12	111.8	90.6
Profit and loss account	12	(5.6)	(6.5)
Equity shareholders' funds		122.1	100.0

The notes on pages 7 to 15 form part of these financial statements.

Approved by the Board on 9 February 2005

J G Abel
Director

A C Smith
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £m	2003 £m
Profit/(loss) for the financial year	0.9	(0.9)
Increase in valuation of investment properties	21.2	37.5
Total recognised gains and losses for the year	22.1	36.6

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £m	2003 £m
Opening shareholders' funds	100.0	63.4
Total recognised gains and losses for the year	22.1	36.6
Closing shareholders' funds	122.1	100.0

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below:

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention as modified by the revaluation of properties as described below.

Completed investment properties

Completed investment properties are professionally valued on a market value basis by external valuers at the balance sheet date. Surpluses and deficits arising during the year are reflected in the revaluation reserve.

Depreciation

In accordance with Statement of Standard Accounting Practice 19, no depreciation is provided in respect of investment properties including integral plant. The requirement of the Companies Act 1985 is to depreciate all tangible fixed assets but that requirement conflicts with the generally accepted accounting principles set out in Statement of Standard Accounting Practice 19. The Directors consider that, as these properties are held for investment, to depreciate them would not give a true and fair view and it is necessary to adopt Statement of Standard Accounting Practice 19 for the accounts to show a true and fair view. The financial effect of the departure from the Act cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation of properties so the amount which might otherwise have been charged cannot be separately identified or quantified.

Turnover

Turnover consists of gross rental income calculated on an accruals basis, together with sales and services in the ordinary course of business, excluding sales of investment properties. In accordance with UITF 28, rental income receivable in the period from lease commencement to the earlier of the first market rent review and the lease end date is spread evenly over that period. Any incentive for lessees to enter into a lease agreement is spread over the same period.

Taxation

Corporation tax is provided at the current rate on taxable profits. Taxation payable upon realisation of revaluation gains recognised in prior periods is recorded as a movement in reserves and reported in the statement of total recognised gains and losses. Deferred taxation is provided in full on timing differences other than valuation surpluses on investments held for the long term where disposal is not contemplated in the foreseeable future. Deferred taxation is provided on the difference between the tax written down value and book value of all assets and on chargeable capital gains on those investments and investment properties earmarked for sale at the date of the accounts. This liability is not discounted. The potential amount of taxation which would be payable if all valuation surpluses on investments held for the long term were to be realised is disclosed in note 4 to the accounts.

PRINCIPAL ACCOUNTING POLICIES

Debt instruments

Debt instruments are stated at their net issue proceeds, adjusted for amortisation of issue costs.

Cash flow statement

The company is not required to produce a statement of cash flows under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of Liberty International PLC and the cash flows of the company are included in the consolidated financial statements of the ultimate parent company, which are publicly available.

Related party transactions

The company is ultimately wholly owned by Liberty International PLC, whose consolidated financial statements are publicly available, and therefore the company is exempt under the terms of Financial Reporting Standard 8 from disclosing details of transactions with related parties who are members or investees of the Liberty International PLC group.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. Turnover and net property investment income

Turnover arose in the United Kingdom from continuing operations and in the opinion of the directors the company carries on only one class of business.

	2004 £m	2003 £m
Rents receivable	13.2	11.6
Service charge and other income	2.3	2.3
Turnover	15.5	13.9
Outgoings	(2.9)	(2.8)
Net property investment income	12.6	11.1

The directors believe that the nature of the company's business is such that the analysis of costs required by the Companies Act 1985 is not appropriate. As required by the Act the directors have therefore adopted the above format so that costs are disclosed in a manner appropriate to the company's principal activity.

2. Net interest

	2004 £m	2003 £m
Interest payable		
On bank loan due after more than one year	(5.2)	(5.0)
On amount due to immediate parent company	(4.0)	(4.0)
Miscellaneous financing costs	(1.6)	(2.0)
	(10.8)	(11.0)
Interest receivable		
Other	0.1	0.1
Net interest	(10.7)	(10.9)

3. Profit/(loss) on ordinary activities before taxation

The profit on ordinary activities before taxation of £1.4 million (2003 loss £0.2 million) is arrived at after charging:

	2004 £m	2003 £m
Auditors' remuneration - audit services	6,000	6,000
Directors' remuneration	nil	nil

There were no employees during the year (2003 nil).

4. Taxation

(a) Taxation charge for the financial year

The differences between the taxation charged for the year and the current standard rate of United Kingdom corporation tax (30%) are shown below:

	2004 £m	2003 £m
Profit on ordinary activities before taxation	1.4	(0.2)
Current United Kingdom corporation tax at 30% (2002 - 30%)	0.4	(0.1)
Effects of:		
Capital allowances	(1.0)	(1.2)
Group relief	0.6	1.3
Total current taxation	–	–
Deferred taxation	0.5	0.7
Taxation on loss on ordinary activities	0.5	0.7

(b) Contingent taxation

If deferred taxation were to be provided in respect of all valuation surpluses a provision of £33.5 million (2003 £30.4 million) would be required, assuming investment properties were disposed of at 31 December 2004 at their carrying value. The amount is undiscounted and takes no account of the long term deferral of the liability until eventual disposal, or the benefit from future inflation linked indexation allowances.

5. Investment properties

Completed properties at independent valuation	**Feuhold £m**
At 31 December 2003	266.8
Additions	2.3
Surplus on valuation	21.2
At 31 December 2004	290.3

The company's interests in completed investment properties were valued as at 31 December 2004 by external valuers, DTZ Debenham Tie Leung Limited, in accordance with the Appraisal and Valuation Manual of RICS, on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale or purchase and thus values reported at 31 December 2004 do not include purchasers' costs.

The historic cost of completed investment properties was £178.5 million (2003 £176.2 million). In accordance with the company's accounting policy and Statement of Standard Accounting Practice 19, no depreciation has been charged in respect of the freehold investment properties. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Completed properties at 31 December 2004 comprise the company's freehold interest, held jointly with a group undertaking, in the Braehead Shopping and Leisure Centre and Retail Park.

6. Other investments

Other investments comprise £1,000 nominal 7.25 per cent treasury stock 2007 purchased in 1997 and shown at a historic cost of £977.

7. Debtors

	2004 £m	2003 £m
Rents receivable	0.7	0.7
Amounts due from group undertakings	94.7	296.5
Other debtors	0.2	0.1
Prepayments and accrued income	3.0	0.8
	98.6	298.1

Amounts due from group undertakings are unsecured, interest free and repayable on demand. The company has given an undertaking that amounts due from group undertakings will not be requested to be paid unless sufficient funds are available in the group undertakings to repay all other creditor balances.

8. Creditors: amounts falling due within one year

	2004 £m	2003 £m
Bank loan (note 9)	1.0	1.0
Trade creditors	–	0.1
Amounts due to immediate parent company	140.1	316.9
Amounts due to group undertakings	0.6	25.4
Other taxation and social security	6.8	3.3
Other creditors	1.0	0.7
Rents receivable in advance	6.4	6.2
Accruals and deferred income	21.6	19.5
	177.5	373.1

Amounts due to the immediate parent company and group undertakings are unsecured and payable on demand. The immediate parent company and group undertakings have given an undertaking that repayment of amounts owing to them will not be demanded in priority to any other liabilities of the company and unless appropriate funds are available to repay the liabilities and meet the terms of all other creditors.

Interest has been charged at a rate of 6.5 per cent per annum on amounts due to the immediate parent company (2003 6.5 per cent). The total interest payable amounted to £4.0 million (2003 £4.0 million).

9. Creditors: amounts falling due after more than one year

	2004 £m	2003 £m
Bank loan due 2014	92.7	93.7

In December 2000 the company and two group undertakings entered into a £730 million loan and revolving facility agreement secured on Braehead Shopping Centre, Glasgow, and another shopping centre, for a fifteen year term. The loan is stated at the fair value of the consideration received after deduction of unamortised costs of £0.8 million (2003 £0.9 million). Amounts due to

the immediate parent company and group undertakings are wholly subordinate to the bank loan under the terms of the loan.

On 2 February 2005 the loan was repaid in full using funds provided to the company by the immediate parent company, and the security over the shopping centre was released.

10. Provisions for liabilities and charges

	Deferred taxation £m
At 31 December 2003	5.9
Charged to the profit and loss account	0.5
At 31 December 2004	6.4

Provisions for liabilities and charges represents a deferred taxation liability relating to capital allowances claimed on plant and machinery within investment properties.

11. Share capital

	2004 No.	2003 No.
Authorised		
100 'A' ordinary shares of £1 each	100	100
16,000,000 'B' ordinary shares of €1.269738 each	16,000,000	16,000,000
Issued, called up and fully paid		
100 'A' ordinary shares of £1 each	100	100
15,547,200 'B' ordinary shares of €1.269738 each	15,547,200	15,547,200
	£m	**£m**
Issued, called up and fully paid		
'A' ordinary shares of £1 each	100	100
'B' ordinary shares of €1.269738 each	15,900,098	15,900,098
	15,900,198	15,900,198

The A and B shares rank pari passu in all respects.

12. Reserves

	Revaluation reserve £m	Profit and loss account £m	Total £m
At 31 December 2003	90.6	(6.5)	84.1
Profit for the financial year	–	0.9	0.9
Increase in valuation of investment properties	21.2	–	21.2
At 31 December 2004	111.8	(5.6)	106.2

13. Capital commitments

	2004 £m	2003 £m
At 31 December the estimated amounts of commitments for future capital expenditure were:		
Contracted but not provided for	3.3	–

14. Ultimate parent company

The ultimate parent company is Liberty International PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained as above.

APPENDIX B

FINANCIAL INFORMATION IN RESPECT OF THE BORROWERS

BRAEHEAD PARK INVESTMENTS LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2004

Company number 2722888

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2004

The directors submit their report and accounts for the year ended 31 December 2004.

PRINCIPAL ACTIVITIES

The principal activity of the company is the joint ownership and management of Braehead Shopping Centre, Glasgow, with a group undertaking.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The company's results and financial position for the year ended 31 December 2004 are set out in full in the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the notes relating thereto.

Both the level of business and the end of the year financial position were as expected. The profit on ordinary activities before taxation was £1.4 million (2003 loss £(0.2) million). Shareholders' funds at 31 December 2004 were £120.4 million (2003 £98.2 million).

The directors expect that the present level of activity will continue for the foreseeable future.

DIVIDENDS

The directors do not recommend a dividend for the year (2003 £nil).

CREDITOR PAYMENT

The company follows the same policy for creditor payments as its ultimate parent company, Liberty International PLC. The majority of trade creditors are paid in accordance with the CBI's Prompt Payers Code. For other suppliers, the company's policy is to agree terms with suppliers for each transaction, to ensure the terms are stated in contracts and to pay in accordance with those terms. During the year payments have been made on behalf of the company by a group undertaking, Braehead Glasgow Limited, and the trade creditor ratio of that company, expressed in days, is stated in the Directors' Report in its report and accounts for the year ended 31 December 2004.

FIXED ASSETS

The movements in fixed assets are set out in notes 5 and 6.

DIRECTORS IN THE YEAR

J G Abel	
P C Badcock	
P C Barton	appointed 23 June 2004
R M Cable	
K E Chaldecott	
D A Fischel	
A C Smith	

DIRECTORS' INTERESTS

During the year no director held a disclosable interest in the shares of the company. The interests of the directors who are also directors of Liberty International PLC and their families, in the share capital of other group companies, are disclosed in the notes of the annual report and accounts of that company. The interests of the remaining directors (i.e. excluding those directors who are also directors of Liberty International PLC) and their families in the share capital of other group

companies are shown in the financial statements of Capital Shopping Centres PLC, a subsidiary of Liberty International PLC.

DIRECTORS' RESPONSIBILITIES

The directors are required by United Kingdom company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2004. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

AUDITORS

Elective resolutions are in force to dispense with holding annual general meetings, the laying of annual accounts before the company in general meeting and the appointment of auditors annually. No annual general meeting will be held this year unless a requisition to hold the same is received from a member or the auditors within 28 days of receipt of the report and accounts. In the absence of any such requisition, the auditors, PricewaterhouseCoopers LLP, will be deemed to be re-appointed for each succeeding financial year.

By order of the Board

S Folger
Secretary
9 February 2005

Independent auditors' report to the members of Braehead Park Investments Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit 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 statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
9 February 2005

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2004

	Notes	2004 £m	2003 £m
Continuing operations			
Turnover	1	15.5	13.9
Net property investment income	1	12.6	11.0
Administrative expenses		(0.5)	(0.4)
Operating profit		12.1	10.6
Net interest	2	(10.7)	(10.8)
Profit/less) on ordinary activities before taxation	3	1.4	(0.2)
Taxation	4	(0.5)	(0.7)
Profit/(loss) for the financial year		0.9	(0.9)
Retained loss brought forward	12	(6.5)	(5.6)
Retained loss carried forward	12	(5.6)	(6.5)

There is no difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year as stated above and their historical cost equivalents.

The notes on pages 7 to 13 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2004

	Notes	2004 £m	2003 £m
Fixed assets			
Tangible assets:			
Investment properties	5	290.3	266.7
Other investments	6	–	–
		290.3	266.7
Current assets			
Debtors	7	14.1	0.8
Creditors: amounts falling due within one year	8	(84.8)	(69.8)
Net current liabilities		(70.7)	(69.0)
Total assets less current liabilities		219.6	197.7
Creditors: amounts falling due after more than one year:			
Bank loan	9	(92.8)	(93.6)
Provision for liabilities and charges	10	(6.4)	(5.9)
Net assets		120.4	98.2
Capital and reserves			
Share capital	11	14.1	14.1
Revaluation reserve	12	111.9	90.6
Profit and loss account	12	(5.6)	(6.5)
Equity shareholders' funds		120.4	98.2

The notes on pages 7 to 13 form part of these financial statements.

Approved by the Board on 9 February 2005

J G Abel
Director

A C Smith
Director

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £m	2003 £m
Profit/(loss) for the financial year	0.9	(0.9)
Increase in valuation of properties	21.3	37.5
Total recognised gains and losses for the year	22.2	36.6

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2004

	2004 £m	2003 £m
Opening shareholders' funds	98.2	61.6
Total recognised gains and losses for the year	22.2	36.6
Closing shareholders' funds	120.4	98.2

PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies which have been adopted in the preparation of the financial statements are set out below:

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards in the United Kingdom under the historical cost convention as modified by the revaluation of properties as described below.

Completed investment properties

Completed investment properties are professionally valued on a market value basis by external valuers at the balance sheet date. Surpluses and deficits arising during the year are reflected in the revaluation reserve.

Depreciation

In accordance with Statement of Standard Accounting Practice 19 no depreciation is provided in respect of freehold or long leasehold investment properties including integral plant (long leasehold investment properties for this purpose comprise leases with more than 20 years unexpired). The requirement of the Companies Act 1985 is to depreciate all properties but that requirement conflicts with the generally accepted accounting principles set out in Statement of Standard Accounting Practice 19. The directors consider that, as these properties are held for investment, to depreciate them would not give a true and fair view and it is necessary to adopt Statement of Standard Accounting Practice 19 for the accounts to show a true and fair view. The financial effect of the departure from the Act cannot reasonably be quantified as depreciation is only one of the many factors reflected in the annual valuation of properties so the amount which might otherwise have been charged cannot be separately identified or quantified.

Turnover

Turnover consists of gross rental income calculated on an accruals basis, together with sales and services in the ordinary course of business, excluding sales of investment properties. In accordance with UITF 28, rental income receivable in the period from lease commencement to the earlier of the first market rent review and the lease end date is spread evenly over that period. Any incentive for lessees to enter into a lease agreement is spread over the same period.

Taxation

Corporation tax is provided at the current rate on taxable profits. Taxation payable upon realisation of revaluation gains recognised in prior periods is recorded as a movement in reserves and reported in the statement of total recognised gains and losses. Deferred taxation is provided in full on timing differences other than valuation surpluses on investments held for the long term where disposal is not contemplated in the foreseeable future. Deferred taxation is provided on the difference between the tax written down value and book value of all assets and on chargeable capital gains on those investments and investment properties earmarked for sale at the date of the accounts. This liability is not discounted. The potential amount of taxation which would be payable if all valuation surpluses on investments held for the long term were to be realised is disclosed in note 4 to the accounts.

Debt instruments

Debt instruments are stated at their net issue proceeds, adjusted for amortisation of issue costs.

PRINCIPAL ACCOUNTING POLICIES

Cash flow statement

The company is not required to produce a statement of cash flows under Financial Reporting Standard 1 (Revised 1996) as it is a wholly owned subsidiary of Liberty International PLC and the cash flows of the company are included in the consolidated financial statements of the ultimate parent company, which are publicly available.

Related party transactions

The company is ultimately wholly owned by Liberty International PLC, whose consolidated financial statements are publicly available, and therefore the company is exempt under the terms of Financial Reporting Standard 8 from disclosing details of transactions with related parties who are members or investees of the Liberty International PLC group.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2004

1. Turnover and net property investment income

Turnover arose in the United Kingdom from continuing operations and in the opinion of the directors the company carries on only one class of business.

	2004 £m	2003 £m
Rents receivable	13.3	11.6
Service charge and other income	2.2	2.3
Turnover	15.5	13.9
Outgoings	(2.9)	(2.9)
Net property investment income	12.6	11.0

The directors believe that the nature of the company's business is such that the analysis of costs required by the Companies Act 1985 is not appropriate. As required by the Act the directors have therefore adopted the above format so that costs are disclosed in a manner appropriate to the company's principal activity.

2. Net interest

	2004 £m	2003 £m
Interest payable		
On bank loan due after more than one year	(5.2)	(4.9)
On amounts due to group undertakings	(4.0)	(4.0)
Miscellaneous financing costs	(1.6)	(2.0)
	(10.8)	(10.9)
Interest receivable		
Other	0.1	0.1
Net interest	(10.7)	(10.8)

3. Profit/(loss) on ordinary activities before taxation

The profit on ordinary activities before taxation of £1.4 million (2003 loss £0.2 million) is arrived at after charging.

	2004 £m	2003 £m
Auditors' remuneration – audit services	6,000	6,000
Directors' remuneration	nil	nil

There were no employees during the year (2003 nil).

4. Taxation

(a) Taxation charge for the financial year

The differences between the taxation charged for the year and the current standard rate of United Kingdom corporation tax (30%) are shown below:

	2004 £m	2003 £m
Profit/(loss) on ordinary activities before taxation	1.4	(0.2)
Current United Kingdom corporation tax at 30% (2003 30%)	0.4	(0.1)
Effects of:		
Capital allowances	–	(1.2)
Group relief	(0.4)	1.3
Total current taxation	–	–
Deferred taxation	0.5	0.7
Taxation on profit/(loss) on ordinary activities	0.5	0.7

(b) Contingent taxation

If deferred taxation were to be provided in respect of all valuation surpluses a provision of £33.5 million (2003 £30.4 million) would be required, assuming investment properties were disposed of at 31 December 2004 at their carrying value. The amount is undiscounted and takes no account of the long term deferral of the liability until eventual disposal, or the benefit from future inflation linked indexation allowances.

5. Investment properties

Completed properties at independent valuation	Freehold £m
At 31 December 2003	266.7
Additions	2.3
Increase in valuation of investment properties	21.3
At 31 December 2004	290.3

The company's interests in completed investment properties were valued as at 31 December 2004 by external valuers, DTZ Debenham Tie Leung Limited, in accordance with the Appraisal and Valuation Manual of RICS, on the basis of market value. Market value represents the figure that would appear in a hypothetical contract of sale between a willing buyer and a willing seller. Market value is estimated without regard to costs of sale or purchase.

The historic cost of completed investment properties was £178.4 million (2003 £176.1 million). In accordance with the company's accounting policy and Statement of Standard Accounting Practice 19, no depreciation has been charged in respect of the freehold investment properties. The effect of this departure from the Companies Act 1985 has not been quantified because it is impracticable and, in the opinion of the directors, would be misleading.

Completed investment properties represent the company's freehold interest, held jointly with a group undertaking, in the Braehead Shopping and Leisure Centre and Retail Park.

6. Other investments

Other investments comprise £1,000 nominal 7.25 per cent treasury stock 2007 purchased in 1997 and shown at a historic cost of £977.

7. Debtors

	2004 £m	2003 £m
Amounts due from immediate parent company	14.1	–
Other	–	0.8
	14.1	0.8

Amounts due from the immediate parent company are unsecured, interest free and repayable on demand. The company has given an undertaking that amounts due from the immediate parent company will not be requested to be paid unless sufficient funds are available in the immediate parent company to repay all other creditor balances.

8. Creditors: amounts falling due within one year

	2004 £m	2003 £m
Bank loan (note 9)	0.9	0.9
Amounts due to immediate parent company	83.9	68.9
	84.8	69.8

Amounts due to the immediate parent company are unsecured and payable on demand. The immediate parent company has given an undertaking that repayment of amounts owing to it will not be demanded in priority to any other liabilities of the company and unless appropriate funds are available to repay the liabilities and meet the terms of all other creditors.

Interest has been charged at a rate of 6.5 per cent per annum on amounts due to the immediate parent company (2003 6.5 per cent). The total interest payable amounted to £4.0 million (2003 £4.0 million).

9. Creditors: amounts falling due after more than one year

	2004 £m	2003 £m
Bank loan due 2014	92.8	93.6

In December 2000 the company and two group undertakings entered into a £730 million loan and revolving facility agreement secured on Braehead Shopping Centre, Glasgow, and another shopping centre, for a fifteen year term. The loan is stated at the fair value of the consideration after deduction of unamortised costs of £0.8 million (2003 £0.9 million). Amounts due to the immediate parent company are wholly subordinate to the bank loan under the terms of the loan.

On 2 February 2005 the loan was repaid in full using funds provided to the company by the immediate parent company, and the security over the shopping centre was released.

10. Provisions for liabilities and charges

	Deferred taxation £m
At 31 December 2003	5.9
Charged to the profit and loss account	0.5
At 31 December 2004	6.4

Provisions for liabilities and charges represents a deferred taxation liability relating to capital allowances claimed on plant and machinery within investment properties.

11. Share capital

	2004 £m	2003 £m
Authorised		
15,000,000 ordinary shares of £1 each	15.0	15.0
Issued, called up and fully paid		
14,067,650 ordinary shares of £1 each	14.1	14.1

12. Reserves

	Revaluation Reserve £m	Profit and Loss £m	Total £m
At 31 December 2003	90.6	(6.5)	84.1
Profit for the financial year	–	0.9	0.9
Increase in valuation of investment properties	21.3	–	21.3
At 31 December 2004	111.9	(5.6)	106.3

13. Ultimate parent company

The ultimate parent company is Liberty International PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained from the Company Secretary, 40 Broadway, London, SW1H 0BT. The immediate parent company is Capital Shopping Centres PLC, a company incorporated and registered in England and Wales, copies of whose accounts may be obtained as above.

INDEX OF DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER

Opera Finance (CSC 3) plc
35 Great St. Helen's
London EC3A 6AP

SERVICER

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

SPECIAL SERVICER

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

TRUSTEE

HSBC Trustee (C.I.) Limited
1 Grenville Street
St Helier
Jersey JE4 9PF

AUDITORS TO THE ISSUER

KPMG Audit Plc
One Canada Square
London E14 5AG

LEGAL ADVISERS

To the Joint Bookrunners

Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ

As to Scots law

Tods Murray LLP
Edinburgh Quay
133 Fountain bridge
Edinburgh EH3 9AG

To the Issuer, the Note Arranger and the Trustee

Allen & Overy LLP
One New Change
London EC4M 9QQ

As to Scots law

Dundas & Wilson CS LLP
Saltire Court
20 Castle Terrace
Edinburgh EH1 2EN

PRINCIPAL PAYING AGENT AND AGENT BANK

HSBC Bank plc
Level 24
8 Canada Square
London E14 5HQ

IRISH PAYING AGENT

HSBC Institutional Trust Services (Ireland) Limited
HSBC House
Harcourt Centre
Harcourt Street
Dublin 2

LISTING AGENT

J&E Davy
Davy House
49 Dawson Street
Dublin 2

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