WHITE TOWER 2006-3 plc

(incorporated with limited liability in England and Wales with registration number 5986980)

£678,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2012

£171,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012

£116,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2012

£116,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012

£68,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING
Sole Arranger

SOCIETE GENERALE CORPORATE & INVESTMENT BANKING
ING WHOLESALE BANKING
Joint Lead Managers and Joint Bookrunners

The date of this Prospectus is 27 November, 2006.

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.

Certain terms used in this section of the Prospectus are defined elsewhere in this document. A list of the pages on which these terms are defined is found in the "Index of Defined Terms" in Appendix 2 to this Prospectus.

The Notes and interest accruing on the Notes will be obligations of the Issuer only. The Notes will not be obligations or responsibilities of, nor will they be guaranteed by, Société Générale, London Branch ("SG"), by the Managers, the Servicer, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Cash Manager or the Operating Bank or any company in the same group of companies as any of them.

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

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

*This document constitutes a prospectus (the "**Prospectus**") for the purposes of the Directive 2003/71/EC (the "**Prospectus Directive**") and approval by the Irish Financial Services Regulatory Authority ("**IFSRA**"). Application has been made to IFSRA, as competent authority under the Prospectus Directive, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List and trading on its regulated market.*

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

No person is or has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Originator, the Managers, the Servicer, the Special Servicer, the Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Facility Provider, the Cash Manager or the Operating Bank or any of their respective affiliates or advisors. Neither the delivery of this Prospectus nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or in any of the information contained herein since the date of this Prospectus or that the information contained herein is correct as of any time subsequent to its date.

Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by, the Issuer, SG or any of the Managers that any recipient of this Prospectus 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 in accordance with the Listing and Admissions to Trading Guidelines for Asset-backed Securities of the Irish Stock Exchange, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the whole or any part of this Prospectus comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus, see "Subscription and Sale" below.

*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. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. Persons (as defined in Regulation S under the Securities Act ("**Regulation S**")) (see "Subscription and Sale").*

*The Notes of each class will 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 6 December, 2006 ("**Closing Date**") with ABN AMRO GSTS NOMINEES LIMITED as nominee for ABN AMRO Bank N.V. (London Branch), as common depositary (the "**Common Depositary**") for Euroclear Bank S.A./N.V. ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Each Temporary Global Note will be exchangeable for interests in a permanent global note (each a "**Permanent Global Note**"), without interest coupons attached, on or after the date which is expected to be 15 January, 2007 upon customary certification as to non-U.S. beneficial ownership. Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the "**Global Notes**") will be shown on, and transfers of them 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 in the Permanent Global Notes.*

*All references in this document to "**sterling**" or "**pounds**" or "**£**" are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland. All references in this document to "**€**" or "**Euro**" or "**euro**" are references to the single currency introduced at the start of the third stage of the European Economic and Monetary Union pursuant to the Treaty of Rome of 25 March, 1957, as amended from time to time.*

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

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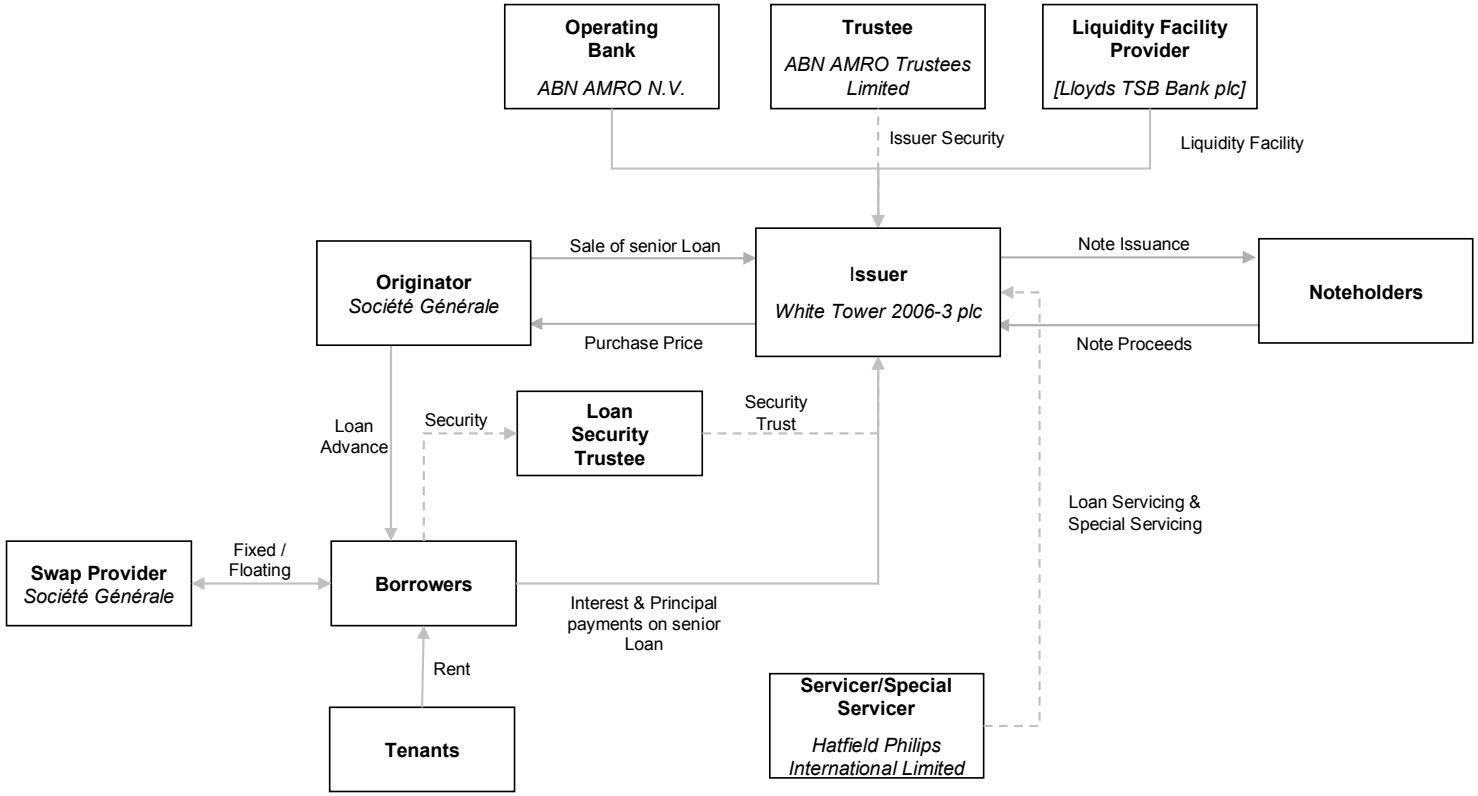
SUMMARY OF THE CHARACTERISTICS OF THE NOTES

	Class A Notes	*Class B Notes*	*Class C Notes*	*Class D Notes*	*Class E Notes*
Total Principal Amount on the Closing Date	£678,500,000	£171,500,000	£116,000,000	£116,000,000	£68,000,000
Denomination	£50,000	£50,000	£50,000	£50,000	£50,000
Issue Price	100%	100%	100%	100%	100%
Frequency of Payments of Interest and of Amortisation of Principal	January April July October	January April July October	January April July October	January April July October	January April July October
Margin	0.16 per cent.	0.20 per cent.	0.27 per cent.	0.44 per cent.	0.80 per cent.
Expected Weighted Average Life(1)	2.9 years	2.9 years	2.9 years	2.9 years	2.9 years
Expected Maturity(1)	October 2009	October 2009	October 2009	October 2009	October 2009
Legal Final Maturity	October 2012	October 2012	October 2012	October 2012	October 2012
Expected S&P Ratings	AAA	AAA	AA	A	BBB
Expected Fitch Ratings	AAA	AAA	AA	A	BBB
Expected Moody's Ratings	Aaa	-	-	-	-
Form at Issue	Global Bearer	Global Bearer	Global Bearer	Global Bearer	Global Bearer
Listing	Application for listing with the Irish Stock Exchange	Application for listing with the Irish Stock Exchange	Application for listing with the Irish Stock Exchange	Application for listing with the Irish Stock Exchange	Application for listing with the Irish Stock Exchange
Clearing Systems	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg	Euroclear and Clearstream, Luxembourg
Common Code	027577091	027577164	027577270	027577318	027577407
ISIN	XS0275770914	XS0275771649	XS0275772704	XS0275773181	XS0275774072

Note:
(1) Based on the assumptions set out under the "*Estimated Average Lives of the Notes and Assumptions*" below.

DIAGRAMMATIC OVERVIEW OF THE 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 and related documents referred to in this Prospectus. Prospective investors are advised to carefully read, and should rely solely on, the detailed information appearing elsewhere and related documents referred to in this Prospectus in making any investment decision. Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus, unless otherwise stated. A list of the pages on which these terms are defined is set out in the "Index of Defined Terms" in Appendix 2 to this Prospectus.

GENERAL

On the Closing Date, the Issuer will issue the Notes and will use the proceeds of such issuance to acquire from SG (in its capacity as the originator of the loan, the "**Originator**") its legal and beneficial interest in a loan, together with the Originator's beneficial interests (pursuant to the relevant security trust) in the related mortgages and other security (together, the "**Loan Security**").

The loan that is to be sold to the Issuer is the senior portion of a fully drawn term loan advanced by SG (the "**Whole Loan**") which has subsequently been divided and an intercreditor agreement (the "**Intercreditor Agreement**") has been entered into in respect of the same. The senior loan part (the "**Senior Loan**") of the Whole Loan will be sold to the Issuer by SG as the senior lender (the "**Senior Lender**"). The other portion of the Whole Loan (the "**Junior Loan**") is held by a junior lender (the "**Junior Lender**" and, together with the Senior Lender, the "**Lenders**") and is, by virtue of the provisions in the Intercreditor Agreement, subordinated to the Senior Loan.

Except where stated otherwise in respect of the Junior Loan, the information in this Prospectus regarding the loan relates to the Senior Loan only (and the term "**Loan**" shall refer to the Senior Loan part of the Whole Loan).

The Loan has been made to nine borrowers (each a "**Borrower**") and, as at 1 November, 2006 (the "**Cut-Off Date**"), the Loan had an outstanding aggregate principal amount of £1,150,000,000. Each Borrower is jointly and severally liable for the obligations of all the Borrowers. However, the outstanding aggregate principal amount of the Loan on the Closing Date may, as a result of any prepayment of the Loan prior to the Closing Date, be lower (see "*Risk Factors – Changes to the Portfolio*" below). The Borrowers have irrevocably appointed one of their holding companies to act as the agent of the Borrowers (the "**Borrowers' Agent**") to complete, execute, give and receive all notices, documents and instructions and make such agreements as are expressed to be capable of being given received or made by the Borrowers without reference to or the consent of the Borrowers.

The Loan Security for the Whole Loan is held by SG as the current chargee (the "**Loan Security Trustee**"), on trust for, amongst others, the Senior Lender (and, upon completion of its acquisition, the Issuer).

The Borrowers in respect of the Whole Loan are Aviva Tower Limited Partnership (the "**Aviva Borrower**"), acting by its general partners Aviva Tower GP 1 Limited and Aviva Tower GP 2 Limited (collectively and severally, the "**Aviva General Partners**"); Alban Gate Property Holdings (Jersey) Limited and Alban Gate Property Holdings (No.2) Limited (collectively and severally, the "**Alban Gate Borrowers**"); Victoria Embankment Properties Limited and Victoria Embankment Holdings Limited (collectively and severally, the "**Victoria Embankment Borrowers**"); Millennium Bridge Investments Limited (the "**Millennium Bridge Borrower**"); Carey Street Limited Partnership (the "**Carey Street Borrower**") acting by its general partners Carey Street GP 1 Limited and Carey Street GP 2 Limited (the "**Carey Street General Partners**"); Chiswick Limited Partnership (the "**Chiswick Borrower**"), acting by its general partners Chiswick GP 1 Limited and Chiswick GP 2 Limited (the "**Chiswick General Partners**"); Leadenhall Court Limited Partnership (the "**Leadenhall Borrower**") acting by its general partners Leadenhall Court GP 1 Limited and Leadenhall Court GP 2 Limited (the "**Leadenhall General Partners**"); Ellegate Limited Partnership (the "**Ellegate Borrower**") acting by its general partners Bankside GP 1 Limited and Bankside GP 2 Limited (the "**Ellegate General Partners**"); and Sampson Limited Partnership (the "**Sampson Borrower**" and, together with the Aviva Borrower, the Alban Gate Borrowers, the Victoria Embankment Borrowers, the Millennium Bridge Borrower, the Carey Street Borrower, the Chiswick Borrower, the Leadenhall Borrower and the Ellegate Borrower, the "**Borrowers**") acting by its general partners Bankside GP 3 Limited and Bankside GP 4 Limited (the "**Sampson General Partners**").

The Loan is evidenced by a credit agreement (the "**Credit Agreement**") which is governed by English law. The Loan provides for the Borrowers to pay a floating rate of interest (although the Borrowers are obliged pursuant to the Credit Agreement to enter into hedging arrangements). The Loan is denominated in sterling, is an obligation of the Borrowers and is secured by first legal mortgages (the "**Mortgages**") over primarily commercial office properties (the "**Properties**") given by the Borrowers and/or a party related to a Borrower (each a "**Mortgagor**").

In accordance with, and subject to, the Credit Agreement and the Intercreditor Agreement, on any Loan Interest Payment Date, monies standing to the credit of the Borrowers' Rent Account shall be paid to the lender of the Senior Loan before any payments are made under the Junior Loan.

In the event that a Property is disposed of, a release amount provided for in the Credit Agreement (equalling 113 per cent. of the original allocated loan amount in the case of the Victoria Embankment Property, the Alban Gate Property and the Aviva Property, 115 per cent. of the original allocated loan amount in the case of the Leadenhall Property and 100 per cent. of the outstanding allocated loan amount in the case of any other Property) (a "**Release Amount**") shall, in accordance with the Credit Agreement, be paid by the relevant Borrower towards repayment of the Whole Loan in accordance with the Credit Agreement and the Intercreditor Agreement (see "*The Intercreditor Agreement*" below).

The Properties charged by way of security for the Whole Loan are as follows:

(i) Alban Gate, 125 London Wall, London EC2 (the "**Alban Gate Property**"), which is leased to JPMorgan Chase Bank, N.A., having a senior unsecured credit rating of AA- by S&P, Aa2 by Moody's and A+ by Fitch;

(ii) Aviva Tower, 1 Undershaft, London EC3 (the "**Aviva Property**"), which is leased to CGU International Insurance plc (a wholly owned subsidiary of Aviva plc), having a senior unsecured credit rating of AA- by S&P;

(iii) 60 Victoria Embankment, 5-17 (odd) Tudor Street and 1 Carmelite Street, London EC4 (the "**Victoria Embankment Property**"), which is leased to JP Morgan Chase Bank, N.A., having a senior unsecured credit rating of AA- by S&P, Aa2 by Moody's and A+ by Fitch;

(iv) Millennium Bridge House, St Paul's Vista, Broken Wharf, Upper Thames Street, London EC4, and land on the South side of Lambeth Hill (the "**Millennium Bridge Property**"), which is leased to SBCI Investment Banking Limited, a wholly owned subsidiary of UBS AG (which has a senior unsecured credit rating of AA+ by S&P, Aa2 by Moody's and AA+ by Fitch);

(v) New Court, 48 Carey Street, London WC1 ("**Carey Street Property**"), which is leased to the Secretary of State for the Environment, Transport and Regions, a department of the Government of United Kingdom (which has a senior unsecured credit rating of AAA by S&P, Aaa by Moody's and AAA by Fitch);

(vi) 389 Chiswick High Road, London W4 4AJ (the "**Chiswick Property**"), whose main tenant is BSI Industries Ltd;

(vii) Leadenhall Court, 1 Leadenhall Street, London EC3 (the "**Leadenhall Property**"), which is leased to Alliance Assurance Company Limited, a subsidiary of Royal & Sun Alliance Insurance Plc (which has a senior unsecured credit rating of A- by S&P, Baa2 by Moody's and BBB by Fitch);

(viii) Ludgate House, 245 Blackfriars Road, London SE1 4UY (the "**Ellegate Property**"), which is leased to United News & Business Media Plc, having a senior unsecured credit rating of BBB- by S&P and Baa2 by Moody's; and

(ix) 48-62 Hopton Street, Sampson House, 64 Hopton Street and 1-110 Falcon Point, London SE1 1JP (the "**Sampson Property**" and, together with the Alban Gate Property, the Aviva Property, the Victoria Embankment Property, the Millennium Bridge Property, the Carey Street Property, the Chiswick Property, the Leadenhall Property and the Ellegate Property, the "**Properties**"), which is leased to IBM United Kingdom Ltd, wholly owned by IBM Corporation (which has a

senior unsecured credit rating of A+ by S&P, A1 by Moody's and AA- by Fitch). The obligations under the lease agreement are guaranteed by IBM United Kingdom Holdings Limited.

For further information with regard to the Properties, see "*The Properties*" below.

The obligations of the Issuer under the Notes to the Noteholders and to the other secured parties will be secured pursuant to a deed of charge and assignment governed by English law. The Issuer will create in favour of the Trustee, amongst other things, (a) an assignment by way of security of the Loan and the Issuer's rights under the Credit Agreement; (b) an assignment by way of security of the Issuer's beneficial interest in the Loan Security; (c) an assignment by way of security of the Issuer's rights under certain contracts and agreements entered into in connection with the issuance of the Notes; (d) an assignment by way of security of the Issuer's interests in the Issuer Transaction Account, the Stand-by Account and Cash Investment Account and certain other accounts in which the Issuer may place and hold cash; (e) a charge over any other Eligible Investments from time to time held by or on behalf of the Issuer; and (f) a floating charge over the whole of the undertaking and assets of the Issuer (other than those assets that are otherwise secured by way of an effective fixed security interest).

THE KEY TRANSACTION PARTIES

Issuer:	White Tower 2006-3 plc (the "**Issuer**") is a public company incorporated in England and Wales with limited liability under registration number 5986980 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP. The entire issued share capital of the Issuer is held by or on behalf of the PECO.
Trustee:	ABN AMRO Trustees Limited, whose registered office is at 82 Bishopsgate, London EC2N 4BN, will act as the note and security trustee (in such capacity, the "**Trustee**") for the holders of the Notes pursuant to a trust deed (the "**Trust Deed**") between the Trustee and the Issuer to be dated on or prior to the Closing Date.
Loan Security Trustee:	SG will act as the loan security trustee (in such capacity, the "**Loan Security Trustee**") for the secured parties under the Whole Loan.
Originator:	Société Générale, a company incorporated in France with limited liability and whose principal office in the United Kingdom is at SG House 41 Tower Hill, London EC3N 4SG, will assign to the Issuer its interests in the Loan and its beneficial interests in the Loan Security pursuant to a loan sale agreement (the "**Loan Sale Agreement**") between the Originator, the Issuer and the Trustee to be dated on or prior to the Closing Date.
Servicer:	Hatfield Philips International Limited ("**Hatfield Philips**"), whose principal office is at 34th Floor, 25 Canada Square, Canary Wharf, London E14 5LB, will act as the servicer (in such capacity, the "**Servicer**") of the Whole Loan, pursuant to a servicing agreement (the "**Servicing Agreement**") between, amongst others, the Servicer, the Special Servicer, the Loan Security Trustee and the Junior Lender dated 13 October, 2006.
Special Servicer:	Hatfield Philips International Limited will also act as the initial special servicer (in such capacity, the "**Special Servicer**") in relation to the Whole Loan pursuant to the Servicing Agreement.
Controlling Party:	The "**Controlling Party**" means the Junior Lender provided that if, at any relevant time, the actual aggregate principal amount (or, if lower, the Adjusted Principal Amount) of the Junior Loan is less than 25 per cent. of the initial principal amount of the Junior Loan then the Controlling Party shall be the Controlling Class. The "**Controlling Class**" shall be the holders of the Most Junior Class of Notes outstanding (after the application of any Appraisal Reduction Amount) which satisfies the Controlling Class Test at the relevant time, provided that, if at any time such class of Notes does not satisfy the Controlling Class Test then the Controlling Class shall be the holders of the next Most Junior Class of Notes which does satisfy the Controlling Class Test, as further described in "*Loan Servicing – The Controlling Class*".
Principal Paying Agent and Agent Bank:	ABN AMRO Bank N.V. (London Branch) acting through its branch at 82 Bishopsgate, London EC2N 4BN will be the principal paying agent (in such capacity, the "**Principal Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**") under an agency agreement (the "**Agency Agreement**") between, amongst others, the Issuer, the Principal Paying Agent and the Agent Bank to be dated on or prior to the Closing Date.
Irish Paying Agent:	NCB Stockbrokers Limited, whose registered office is at 3 George's Dock, International Finance Services Centre, Dublin, Ireland, will act as the Irish paying agent (the "**Irish Paying Agent**") under the Agency Agreement. The Irish Paying Agent, together with the Principal Paying

Agent and any other paying agent(s) that may be appointed pursuant to the Agency Agreement, are together referred to as the "**Paying Agents**".

Cash Manager: ABN AMRO Bank N.V. (London Branch) will act as the cash manager (in such capacity, the "**Cash Manager**") under a cash management agreement (the "**Cash Management Agreement**") between, amongst others, the Issuer and the Cash Manager to be dated on or prior to the Closing Date.

Operating Bank: ABN AMRO Bank N.V. (London Branch) will act as the operating bank (in such capacity, the "**Operating Bank**") under the Cash Management Agreement.

PECO: White Tower Property Estate Capital Options 2 Limited ("**PECO**"), a limited liability company incorporated in England and Wales with limited liability under registration number 5985887 and whose registered office is at 35 Great St. Helen's, London EC3A 6AP will, pursuant to an agreement (the "**Post-Enforcement Call Option Agreement**"), have the benefit of an option (the "**Post-Enforcement Call Option**") to acquire all the Notes of the Issuer then outstanding, which will be exercisable only after certain conditions have been met (see "*Risk Factors – Post-Enforcement Call Option*" below and Condition 6). The entire issued share capital of PECO is held by the Share Trustee for charitable purposes under the terms of the White Tower 2006-3 plc Securitisation Trust dated 17 November, 2006.

Liquidity Facility Provider: Lloyds TSB Bank plc (the "**Liquidity Facility Provider**"), acting through its corporate office located at 10 Gresham Street, London EC2V 7AE, will provide a revolving liquidity facility in an initial amount equal to £77,625,000 (such commitment, as reduced in line with the aggregate principal balance of the Notes as more fully described in "*Credit Structure – Liquidity Facility*" below, the "**Liquidity Facility Commitment**") (the "**Liquidity Facility**") under a liquidity facility agreement (the "**Liquidity Facility Agreement**") between the Liquidity Facility Provider, the Issuer and the Trustee to be dated on or prior to the Closing Date. The Liquidity Facility will be available to fund shortfalls in senior expenses and interest payments in respect of the Notes (a "**Senior Expenses Drawing**") and to advance payments due under the Loan Swap Agreements contracted in relation to the Senior Loan on any Loan Interest Payment Date (a "**Loan Swap Advance**") (as more fully described in "*Credit Structure – 3. Liquidity Facility*").

Corporate Services Provider: Structured Finance Management Limited, whose registered office is at 35 Great St. Helen's, London EC3A 6AP, will act as the corporate services provider (the "**Corporate Services Provider**") and will provide certain corporate, administrative and accounting services to the Issuer and PECO pursuant to a corporate services agreement (the "**Corporate Services Agreement**") between, amongst others, the Corporate Services Provider, the Issuer and PECO to be dated on or prior to the Closing Date.

Share Trustee: SFM Corporate Services Limited will, pursuant to a charitable declaration of trust (the "**Share Declaration of Trust**"), act as the share trustee of the PECO (the "**Share Trustee**") and provide certain services as trustee of White Tower 2006-3 Securitisation Trust (the "**Securitisation Trust**").

THE LOAN

The Loan: The Loan is secured by first priority legal mortgages over primarily office buildings which are located in London, England.

The Loan was originated by the Originator in accordance with the procedure described in "*The Loan and the Loan Security*" below as applied by the Originator in advancing loans subject to such variations or waivers as would have been acceptable to a reasonably prudent lender of money secured on commercial property.

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

Size of Loan at Cut-Off Date	£1,150,000,000
Term to maturity	2.98 years
Cut-Off Date loan rate	5.34 per cent.
Cut-Off Date ICR	144 per cent.
Cut-Off Date LTV	62.77 per cent.

See further "*The Loan* " below.

Valuations: In relation to the Loan, prior to making the initial advance, the Originator obtained an independent valuation of the Properties charged as security as a condition precedent to the making of the advance to the Borrowers (the "**Valuation**"). No further independent valuations of the Properties will be obtained for this transaction before the Closing Date and accordingly all references in this Prospectus to valuations (including LTVs and property values) are references to the Valuation.

Payments on the Loan: The first interest payment date under the Credit Agreement will be on 23 January, 2007. The Loan is repayable on the final maturity date, being 23 October, 2009 (the "**Final Maturity Date**") and has principal repayment obligations arising on each quarterly loan interest payment date, being the 23rd day of January, April, July and October each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each a "**Loan Interest Payment Date**") (other than that in January 2007) before its Final Maturity Date (although prior to the Enforcement Date, such amortisation payments shall be applied first to repay the Junior Loan (after the interest on the Senior Loan and Junior Loan has been paid)). The Whole Loan is prepayable by the Borrowers, in part or in full, upon not less than 10 Business Days' prior written notice (see "*The Loan and the Loan Security — The Credit Agreement — Payments/Prepayments*"). If the Borrowers make a voluntary prepayment of the Whole Loan early, the amounts shall be applied *pari passu* and *pro rata* to repay the Senior Lender and the Junior Lender.

On any Loan Interest Payment Date, monies received in relation to the Properties and standing to the credit of the Borrowers' Rent Account shall be applied in accordance with the terms of the Intercreditor Agreement. Each Borrower under the Whole Loan shall be jointly and severally liable for the obligations and liabilities of each of the other Borrowers pursuant to the Credit Agreement.

"**Business Day**" means a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Jersey, Guernsey and Paris.

Hedging Arrangements: One of the Borrowers, on behalf of all of the Borrowers (the "**Borrower Swap Counterparty**") has, in order to hedge the Borrowers' interest rate liabilities in relation to the Senior Loan and the Junior Loan, entered into separate hedging arrangements (the "**Loan Swap Agreements**") whereby the hedging swap provider has agreed to pay sums to such Borrower Swap Counterparty based on a floating

rate of interest in return for obligations on the Borrower Swap Counterparty to pay to the relevant hedging provider sums based on a fixed rate of interest. The hedging provider is Société Générale, London Branch (the "**Loan Swap Counterparty**") (see "*The Loan and the Loan Security - Credit Agreement - Hedging Arrangements*" and "*The Intercreditor Agreement*" below). Each Borrower is jointly and severally liable for the obligations of the Borrower Swap Counterparty under the Loan Swap Agreements.

Representations and Warranties:

The Loan Sale Agreement contains certain warranties given by the Originator in respect of the Loan and the Loan Security which are summarised in "*The Loan and the Loan Security — Acquisition of the Loan — Representations and Warranties*". The Originator will be required (should the Issuer exercise this right), in the case of a material breach of any such warranty, which (if capable of remedy) has not been remedied within the time specified in the Loan Sale Agreement, to repurchase the Loan, together with the beneficial interest in the Loan Security. The consideration for such repurchase shall be the principal amount of the Loan together with an amount in respect of interest accrued on the Loan (including interest accrued but not yet paid and also any costs or expenses associated with the securitisation of the Loan) up to (but excluding) the date of completion of such repurchase. Any such repurchase would result in redemption of the Notes in whole or in part in accordance with Condition 5(b) of the Terms and Conditions of the Notes.

The Loan Security:

As security for the obligations of the Borrowers under the Credit Agreement, the following security has been granted in favour of the Loan Security Trustee:

(a) a debenture from each Borrower over all of its assets, including a first legal mortgage over each Property (save where the relevant Property is held by a Mortgagor or trustee for the Borrower) (each a "**Debenture**");

(b) a first legal mortgage over the Alban Gate Property, the Victoria Embankment Property and the Leadenhall Property respectively, where the relevant Property is held by a Mortgagor or trustee for the relevant Borrower (each a "**Legal Mortgage**");

(c) a debenture granted by Sampson Option Holdings Limited in favour of the Loan Security Trustee (the "**Sampson Option Holding Debenture**");

(d) a debenture granted by Ludgate Option Holdings Limited in favour of the Loan Security Trustee (the "**Ludgate Option Holding Debenture**");

(e) a subordination agreement pursuant to which any other indebtedness owed by the Borrowers to subordinated creditors (the "**Subordinated Creditors**") is subordinated to the Lenders under the Loan (the "**Subordination Agreement**");

(f) an intercreditor agreement between the Lenders, the Borrowers, the Mortgagors and the Loan Swap Counterparty regulating the priority of monies received in respect of the properties and Loan Swap Agreements (the "**Intercreditor Agreement**");

(g) a charge over the issued share capital of Prime Locations and Properties (GP) Limited (as general partner of the Prime

Locations and Properties Limited Partnership) (the "**Prime Locations Charge**");

(h) Jersey law security interest agreements over the issued share capital of the Alban Gate Borrowers, the Victoria Embankment Borrowers and the Millennium Bridge Borrower (each a "**Borrower Share Charge**");

(i) Jersey law security interest agreements over the issued share capital of the Aviva General Partners, the Carey Street General Partners, the Chiswick General Partners, the Leadenhall General Partners, the Ellegate General Partners and the Sampson General Partners (each (and together with the Prime Locations Charge) a "**GP Share Charge**");

(j) Jersey law security interest agreements over the issued share capital of Aviva Tower No. 1 Limited, Carey Street No. 1 Limited, New Court Properties Limited, Leadenhall Court Holdings Limited, Protractor Holdings Limited, Chiswick No. 1 Limited, Park Tower Investments No. 1 Limited, Bankside No. 1 Limited, Ludgate Property Holdings (Jersey) Limited, Bankside No. 2 Limited, Sampson Property Holdings (Jersey) Limited, Samja Holdings Limited and Samja Holdings (No 2) Limited (each a "**LP Share Charge**");

(k) Jersey law security interest agreements over the issued share capital of each of Leadenhall Court Estates I Limited and Leadenhall Court Estates II Limited (the "**Leadenhall PO Share Charge**");

(l) Jersey law security interest agreements pursuant to which a security interest is granted by either (i) a general partner over the economic benefit of its interest as a general partner or (ii) by a limited partner over all of its interest as a limited partner in a Borrower which is a limited partnership in accordance with the Security Interests (Jersey) Law, 1983 (each a "**Jersey Security Interest Agreement**");

(m) Jersey law security interest agreements (each a "**VE Unit Charge**") over the units held by the Victoria Embankment Borrowers in The 60 Victoria Embankment Unit Trust (the "**VE Unit Trust**");

(n) Guernsey law security interest agreements over the units held by the Alban Gate Borrowers in The Alban Gate Unit Trust (the **"Alban Gate GPUT"**) (each a **"AG Unit Charge"** and, together with the VE Unit Charges, the **"Unit Charges"**);

(o) Jersey Law security interest agreements in respect of the collection accounts (and any future general accounts which may be opened) of the Aviva Borrower, the Victoria Embankment Borrowers, Dominion Corporate Trustees Limited, Dominion Trust Limited, the Alban Gate Borrowers, Ogier Trustee (Guernsey) Limited, Ogier Corporate Services (Guernsey) Limited, the Ellegate Borrower, the Sampson Borrower, the Carey Street Borrower, the Leadenhall Borrower, the Chiswick Borrower, the Millennium Bridge Borrower held at SG Hambros Bank (Channel Islands) Limited into which rental income attributable to the relevant Property is to be paid (each an

"**Account Charge**");

(p) a Jersey law security interest agreement in respect of the Sampson Reserve Account (the "**Sampson Reserve Account Charge**");

(q) a Jersey law security interest agreement granted over the Rent Account and the Operating Reserve Account (the "**Joint Account Charge**"); and

(r) a Jersey Law security interest agreement granted or to be granted over the Leadenhall Reserve Account in accordance with the Security Interests (Jersey) Law 1983 (the "**Leadenhall Reserve Account Charge**").

The Debenture, Legal Mortgage, Sampson Option Holding Debenture, Ludgate Option Holding Debenture, Subordination Agreement, Intercreditor Agreement, Prime Locations Charge, Borrower Share Charge, GP Share Charge, LP Share Charge, Leadenhall PO Share Charge, Jersey Security Interest Agreement, Unit Charges, Account Charge, Sampson Reserve Account Charge, Joint Account Charge, Leadenhall Reserve Account Charge, together with any other security securing the obligations of the Borrowers under the Loan, are referred to in this Prospectus as the "**Loan Security"**.

Further Advances: The Issuer is not required to make any further advance to the Borrowers pursuant to the Credit Agreement. Neither the Servicer nor the Special Servicer is permitted under the Servicing Agreement to agree to an amendment of the terms of the Loan that would require the Issuer to make a further advance to the Borrowers, unless the Issuer has agreed and written confirmation is received from at least one Rating Agency (and in any case from S&P) that the ratings of the Notes will not be adversely affected.

Insurance: Each Property that is charged is covered by a buildings insurance policy maintained by the relevant Borrower or another person with an appropriate insurable interest in the relevant Property, with the exception of the Victoria Embankment Property in relation to which its tenant, JP Morgan Chase Bank, has the option (subject to certain financial criteria) of carrying its own risk so far as insurance of the premises is concerned, although in practice it has taken out separate insurance in respect of usual risks. The insurance obligations in relation to the Carey Street Property have been suspended whilst the tenant is a government department.

For a more detailed description of the insurance arrangements and the related risks see "*Risk Factors — Factors Relating to the Loan — Insurance*" and "*The Loan and the Loan Security — Insurance*".

Unit Trust: The Alban Gate Property is held by Ogier Trustee (Guernsey) Limited and Ogier Corporate Services (Guernsey) Limited in their capacity as trustees of the Alban Gate GPUT, a unit trust constituted under the laws of the Island of Guernsey pursuant to a trust instrument dated 27 October, 2005. Its only asset is the Alban Gate Property which was transferred to it on 27 October, 2005.

The Victoria Embankment Property is held by Dominion Corporate Trustees Limited and Dominion Trust Limited in their capacity as trustees of the VE Unit Trust, a unit trust constituted under the laws of the Island of Jersey pursuant to a trust instrument dated 8 September, 2005, which was amended on 9 September, 2005. Its only asset is the

Victoria Embankment Property, which was transferred to it on 8 September, 2005.

For further information relating to the Alban Gate GPUT and the VE Unit Trust see "*The Borrowers/Mortgagors*" below.

THE NOTES

Classes:

The Issuer will issue £678,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A Notes**"), £171,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), £116,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), £116,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class D Notes**") and £68,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**").

Status, Form and Denomination:

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

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

The Notes will be in the specified denomination of £50,000 and, for so long as the Notes are represented by Global Notes and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes shall be tradeable only in minimum nominal amounts of £50,000.

If Definitive Notes are required to be issued, they will be issued and printed in the denomination of £50,000.

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the holders of the Class A Notes (the "**Class A Noteholders**"), the holders of the Class B Notes (the "**Class B Noteholders**"), the holders of the Class C Notes (the "**Class C Noteholders**"), the holders of the Class D Notes (the "**Class D Noteholders**" and the holders of the Class E Notes (the "**Class E Noteholders**" and, together with the Class A Noteholders, the Class B

Noteholders, the Class C Noteholders and the Class D Noteholders, the "**Noteholders**"), but where there is, in the Trustee's opinion, a conflict between such interests, the Trustee will be required to have regard to only the interests of the holders of the Most Senior Class of Notes then outstanding. Certain classes of Noteholders are restricted in their ability to pass Extraordinary Resolutions.

Limited Resources of the Issuer:

The ability of the Issuer to meet its obligations under the Notes will depend on the receipt by it of principal and interest from the Borrowers under the Loan. If timely payment under the Loan is not made in full on a Loan Interest Payment Date, the Issuer will also have available to it (subject to satisfaction of the conditions for drawing) drawings under the Liquidity Facility Agreement and a Cash Reserve to fund payments in respect of certain expenses and interest on the Notes. Other than the foregoing, prior to the enforcement of the Issuer Security, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes or its obligations in respect of any payments ranking in priority to the Notes.

Security for the Notes:

The obligations of the Issuer to the Noteholders and to each of the Servicer, the Special Servicer, the Trustee, the Corporate Services Provider, the Principal Paying Agent, the Irish Paying Agent, the Cash Manager, the Liquidity Facility Provider, the Agent Bank and the Operating Bank (all of such persons or entities being, collectively, the "**Secured Parties**") will be secured by and pursuant to a deed of charge and assignment (the "**Deed of Charge and Assignment**") to which the Issuer is a party governed by English law and, in part, Jersey law and Guernsey law, and to be entered into on the Closing Date.

The Issuer will create, amongst other things, the following security under the Deed of Charge and Assignment (the "**Issuer Security**"):

(i) an assignment by way of security of the Issuer's right, title, interest and benefit, present and future, in, under and to the Loan, Loan Security and the Transaction Documents;

(ii) a first fixed charge over all of the Issuer's right, interest and benefit, present and future, in, and under the Eligible Investments, together with all interest accruing from time to time on the Eligible Investments and the debts represented by the Eligible Investments and the benefit of all covenants relating to the Eligible Investments and all powers and remedies for enforcing the same;

(iii) an assignment by way of security of the Issuer's interests in the Issuer's Accounts, from time to time;

(iv) a charge with full title guarantee by way of first floating charge over the whole of the undertaking and all the property and assets whatsoever and wheresoever, present and future, save in so far as the same is effectively charged by way of fixed charge or otherwise effectively transferred or assigned by way of security; and

(v) a declaration of trust in respect of a tranching account held by the Operating Bank on trust for the benefit of the Issuer, the Loan Security Trustee, the Junior Lender, the Loan Swap Counterparty and the Borrowers.

The Issuer expects that an appointment of an administrative receiver by the Trustee under the Deed of Charge and Assignment will not be prohibited by Section 72A of the Insolvency Act 1986 as the

appointment would fall within the exception set out under Section 72B of the Insolvency Act 1986 (First exception: capital market).

Upon enforcement of the Issuer Security, the amounts payable to the Secured Parties (other than the Noteholders) will rank higher in priority to payments of principal of or interest on the Notes, except for amounts owed to the Originator under the Loan Sale Agreement and, in the case of the Liquidity Facility Provider, any amounts due to it as described in item (viii) of "*Cash Flows — Payments paid out of the Issuer Transaction Account- Post-Enforcement of the Notes*".

The Issuer will further create security under the Deed of Charge and Assignment in favour of the Trustee on trust for itself and for the benefit of the Liquidity Facility Provider consisting of a first fixed charge over the Issuer's right, interest and benefit, present and future, in and under the Stand-by Account.

Priority of Payments:

Prior to the service of a Note Enforcement Notice by the Trustee, the Issuer will, on each Interest Payment Date, apply Available Interest Receipts in accordance with the relevant priority of payments set out in "*Cash Flows – Payments out of the Issuer Transaction Account – Application of Available Interest Receipts* ".

Prior to the service of a Note Enforcement Notice by the Trustee, the Issuer will, on each Interest Payment Date, apply Borrower Principal Receipts in accordance with the relevant priority of payments set out in "*Cash Flows – Payments out of the Issuer Transaction Account – Priority Amounts*".

Following the service of a Note Enforcement Notice by the Trustee declaring the Notes to be due and payable, the Trustee shall apply funds, to the extent such funds are available, in accordance with the priority of payments set out in "*Cash Flows - Payments out of the Issuer Transaction Account – Post Enforcement of the Notes*".

The Notes will be full recourse obligations of the Issuer. The payment of principal and interest by Borrowers under the Loan will be the principal source of funds for the Issuer to make repayments of principal and payments of interest in respect of the Notes. The Issuer will not as of the Closing Date have any significant assets other than the Loan and the Cash Reserve, its interest in the Loan Security and its rights under any of the documents listed under items (ii) and (iii) of paragraph 8 of "*General Information*" (the "**Transaction Documents**") to which it is a party. Consequently, the Noteholders (or the holders of certain classes of Notes) may in certain circumstances receive by way of principal repayment an amount less than the face value of the Notes upon issuance and the Issuer may be unable to pay interest in full on the Notes (or certain classes of Notes).

Interest:

Interest will be payable on the Principal Amount Outstanding of each Note quarterly in arrear on the 23rd day in January, April, July and October in each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each an "**Interest Payment Date**"). The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling on 23 January, 2007.

The interest rate applicable to the Notes from time to time will be determined by reference to the London interbank offered rate ("**LIBOR**") for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of 2 and 3 month sterling deposits) plus, in each case, the Relevant Margin.

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

Class Relevant Margin

A 0.16 per cent. per annum;

B 0.20 per cent. per annum;

C 0.27 per cent. per annum;

D 0.44 per cent. per annum; and

E 0.80 per cent. per annum.

Interest on the Notes will be calculated on the basis of actual days elapsed and a 365 day year (or, in the case of a leap year, 366).

Failure by the Issuer to pay interest on the Most Senior Class of Notes when due and payable may result in the Trustee enforcing the Issuer Security. To the extent that funds available to the Issuer on any Interest Payment Date, after paying interest then due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of junior ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Interest Payment Date but will be paid on the earlier of (a) any subsequent Interest Payment Date if cashflow is available after the Issuer's other higher priority liabilities have been discharged and (b) the date on which the relevant Notes are due to be redeemed in full. However, a cash reserve of £250,000 will be established for the purpose of making payments to any relevant Class of Noteholders if Prepayment Interest Arrears would otherwise occur in respect of the applicable Class of Notes due to the prepayment of the Loan in whole or in part (the "**Cash Reserve**"). The Cash Reserve has been sized in order to cover the most adverse prepayment scenario of the Loan.

Withholding Tax: All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges unless the Issuer or a Paying Agent is required by applicable law to make any such payment subject to any such withholding or deduction. In that event, the Issuer or the Paying Agent will make any relevant payments after such withholding or deduction has been made. In such circumstances, neither the Issuer nor any other party will be obliged to pay an additional amount as a consequence.

Principal Amount Outstanding: The "**Principal Amount Outstanding**" on any day means:

(a) in relation to a Note, the original principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day; and

(b) in relation to a class, the aggregate of the amount in (a) in respect of the Notes outstanding in such class; and

(c) in relation to the Notes outstanding at any time, the aggregate of the amount in (a) in respect of all Notes outstanding, regardless of class.

Legal Final Maturity: Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in October, 2012.

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

Optional Redemption: The Issuer may on an Interest Payment Date, at its option, redeem all, but not some only, of the Notes at their Principal Amount Outstanding together with accrued interest in the event:

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

(b) the principal outstanding balance of the Loan is less than 10 per cent. of the principal outstanding balance of the Loan as at the Closing Date.

Ratings: The Notes are, upon issue, expected to be rated by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") and Moody's Investors Service Limited ("**Moody's**" and, together with S&P and Fitch, the "**Rating Agencies**") as follows:

Class	S&P	Fitch	Moody's
A	AAA	AAA	Aaa
B	AAA	AAA	-
C	AA	AA	-
D	A	A	-
E	BBB	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 Agencies. 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 in respect of the Notes by the Legal Final Maturity and do not address the likelihood of receipt by any Noteholder of principal prior to the Legal Final Maturity. Furthermore, the ratings on the Notes only address the credit risks associated with the underlying transaction and do not address the non-

	credit risks which may have a significant effect on the receipt by Noteholders of interest and principal. The ratings of the Notes are dependent upon, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider. Consequently, a qualification, downgrade or withdrawal of any such rating by a Rating Agency may have an adverse effect on the ratings of the Notes.
Transfer Restrictions:	Subject to applicable laws and regulations, there are no transfer restrictions in respect of the Notes.
Listing:	Application has been made to the IFSRA, as competent authority under the Prospectus Directive, for the Prospectus to be approved. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on its regulated market.
Governing Law:	The Notes will be governed by English law.

CASH FLOWS

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

Funds paid into the Issuer Transaction Account

Amounts standing to the credit of the Issuer Transaction Account are referable to, amongst other things, the following sources:

(a) "*Borrower Interest Receipts*", comprising all payments of interest, fees, breakage costs, expenses, commissions and other sums (other than principal) paid by Borrowers in respect of the Loan, including recoveries of such amounts on enforcement of the Loan or its Loan Security;

(b) "*Amortisation Funds*", comprising principal received by the Issuer in respect of the Loan and Loan Security on a scheduled payment date and in accordance with the terms of the Credit Agreement;

(c) "*Prepayment Redemption Funds*", comprising all payments in respect of principal received as a result of (i) any prepayment in part or in full of the Loan (including any related release premium), (ii) the repurchase of the Loan by the Originator pursuant to the Loan Sale Agreement; or (iii) the aggregate amount of Available Interest Receipts payable pursuant to item (ix) of *"Payments out of the Issuer Transaction Account – Pre-Enforcement Interest Priority of Payments";*

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

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

Payments out of the Issuer Transaction Account

(a) Priority Amounts

The Issuer shall, prior to the service of a Note Enforcement Notice by the Trustee, out of Borrower Interest Receipts and, where Borrower Interest Receipts are insufficient, out of the aggregate of Amortisation Funds, Prepayment Redemption Funds, Final Redemption Funds and Principal Recovery Funds available to the Issuer (such aggregate amount comprising the "**Borrower Principal Receipts**"), pay sums due to third parties (other than the Servicer, the Liquidity Facility Provider (in respect of any Senior Expenses Drawing), the Originator (other than as specified below), the Special Servicer, the Corporate Services Provider, the Trustee, the Paying Agents, the Agent Bank, the Cash Manager or the Operating Bank), including the Liquidity Facility Provider (in respect of any Loan Swap Advance), the Borrowers (as a consequence of any early transfer of the amounts standing to the credit of the Rent Account into the Tranching Account prior to an Interest Payment Date (see "*Cash Management*")), the Issuer's liability, if any, to corporation tax and/or value added tax, on a date other than an Interest Payment Date under obligations incurred in the course of the Issuer's business and any

amounts payable by the Issuer to the Originator pursuant to the Loan Sale Agreement (other than amounts forming a part of Deferred Consideration).

Priority Amounts payable to the Originator are either (a) amounts that accrued under the Loan prior to the Closing Date, which do not belong to the Issuer; and/or (b) where there has been a breach of warranty under the Loan and the Originator has repurchased the Loan, any moneys subsequently received by the Issuer in respect of the Loan which does not belong anymore to the Issuer.

(b) Application of Available Principal

The Cash Manager shall, on the basis of information provided to it by the Servicer, calculate on each Calculation Date in respect of the Collection Period then ended, the amount of Available Amortisation Funds, Available Prepayment Funds, Available Redemption Funds and Available Principal Recovery Funds less any amount deducted from such funds for the purpose of paying Liquidation Fees and/or Workout Fees (together, "**Available Principal**").

Prior to service of Note Enforcement Notice and no Sequential Redemption Event: On each Interest Payment Date, prior to the service of a Note Enforcement Notice by the Trustee and when a Sequential Redemption Event is not outstanding, Available Amortisation Funds, Available Redemption Funds, Available Principal Recovery Funds and 50 per cent. of Available Prepayment Funds will, to the extent of available funds, be applied in accordance with the following order of priority:

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

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

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

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

(v) in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full.

Then, on the same Interest Payment Date and after the application of Available Amortisation Funds, Available Redemption Funds, Available Principal Recovery Funds and Available Prepayment Funds as described above, all remaining Available Prepayment Funds will be applied in redeeming, *pro rata* and *pari passu*, principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes in proportion to:

(i) if any of the Class A Notes are then outstanding, the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class

E Notes as at the Closing Date;

(ii) if the Class A Notes have been redeemed in full but any of the Class B Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as at the Closing Date bears to the aggregate Principal Amount Outstanding of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes as at the Closing Date;

(iii) if the Class A Notes and the Class B Notes have been redeemed in full but any of the Class C Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class C Notes, the Class D Notes and the Class E Notes as at the Closing Date bears to the aggregate Principal Amount Outstanding of the Class C Notes, the Class D Notes and the Class E Notes as at the Closing Date;

(iv) if the Class A Notes, the Class B Notes and the Class C Notes have been redeemed in full but any of the Class D Notes are then outstanding, the same proportion as the Principal Amount Outstanding of the Class D Notes and the Class E Notes as at the Closing Date bears to the aggregate Principal Amount Outstanding of the Class D Notes and the Class E Notes as at the Closing Date; and

(iv) if the Class A Notes, the Class B Notes, the Class C Notes and Class D Notes have been redeemed in full but any of the Class E Notes are then outstanding, in redemption of the Class E Notes then outstanding.

Prior to service of Note Enforcement Notice but for so long as there is a Sequential Redemption Event continuing: On each Interest Payment Date prior to the service of a Note Enforcement Notice by the Trustee but when a Sequential Redemption Event is continuing, the Issuer will apply Available Principal to make the following payments in the following order of priority (in each case only if and to the extent that payments of a higher priority have been paid in full):

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

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

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

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

and

(v) in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full.

A "**Sequential Redemption Event**" shall occur if, on any Interest Payment Date, any of the following circumstances then applies:

(a) there is a debit balance on the Principal Deficiency Ledger; or

(b) there is an event of default subsisting under the Credit Agreement on such Interest Payment Date;

provided further that in determining whether the Loan has been subject to a default for the purposes of paragraph (b):

(i) such determination shall be made solely on the basis of the terms of the Credit Agreement as at the Closing Date and without regard to any subsequent amendments to the Credit Agreement or waivers granted in respect thereof; and

(ii) a Loan Event of Default shall not be deemed to have occurred if (a) the default is with respect to payment and such default has been remedied or cured within 3 Business Days of such default, and/or (b) the default is other than with respect to payment, the default has been remedied or cured by the Borrowers within 10 days of such default being notified to the Borrowers, and/or (c) enforcement procedures have been completed and the principal amount outstanding of the Loan and all amounts of interest, fees, expenses and any other amounts payable by the Borrowers in respect of the defaulted Loan have been received in full or the Borrowers have prepaid the defaulted Loan in full (including, for the avoidance of doubt, all amounts of interest, fees, expenses and other amounts payable by the Borrowers in respect of the defaulted Loan); or

(c) the aggregate Principal Amount Outstanding of all Classes of Notes on such Interest Payment Date prior to the application of all amounts of Available Principal is less than 10 per cent. of their Principal Amount Outstanding as at the Closing Date.

(c) Application of Available Interest Receipts

Available Interest Receipts will on any Interest Payment Date be comprised of the following:

(a) all payments of interest, fees, breakage costs, if any, expenses, commissions and other sums (in each case including recoveries in respect of such amounts on enforcement of the Loan or Loan Security) paid by

Borrowers in respect of the Loan or the Loan Security (other than any payments in respect of principal) during the Collection Period ended immediately before such Interest Payment Date (the "**Relevant Collection Period**") (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the Priority Amounts);

(b) the proceeds of any Eligible Investments and any interest accrued upon the Issuer's Accounts and paid into the Issuer Transaction Account;

(c) any advances made (or to be made if necessary) under the Liquidity Facility Agreement in respect of a Senior Expenses Drawing and/or any Loan Swap Advance;

(d) any amount deducted from Principal Recovery Funds for the purpose of paying Liquidation Fees and any amount deducted from Amortisation Funds, Final Redemption Funds and Prepayment Redemption Funds for the purpose of paying Workout Fees; and

(e) all other monies received by the Issuer in respect of the Relevant Collection Period and treated as being of a revenue nature,

(in the case of sums referred to in (a),(b),(d) and (e) being such amounts received during the Relevant Collection Period and in the case of sums referred to in (c) being such amounts received on the Calculation Date in the case of a Loan Swap Advance or on the relevant Interest Payment Date in the case of a Senior Expenses Drawing) (such amounts being collectively the "**Available Interest Receipts**" in respect of such Interest Payment Date) and will be applied in the following order of priority (the "**Pre-Enforcement Interest Priority of Payments**") (in each case only if and to the extent that the payments and provisions of a higher priority have been paid in full), all as more fully set out in the Deed of Charge and Assignment;

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

(A) *pro rata* and *pari passu*, the Trustee and any receiver appointed under the Deed of Charge and Assignment; then

(B) *pro rata* and *pari passu*, any amounts due and payable by the Issuer to (a) the Paying Agents and the Agent Bank under the Agency Agreement, (b) the Cash Manager under the Cash Management Agreement, (c) the Operating Bank under the Cash Management Agreement, (d) the Corporate Services Provider under the Corporate Services Agreement, (e) the Servicer and the Special Servicer (including any amounts due to the

Special Servicer in respect of the Special Servicing Fee, any Liquidation Fee or Workout Fee) pursuant to the Servicing Agreement and (f) the Liquidity Facility Provider under the Liquidity Facility Agreement other than in respect of a Liquidity Subordinated Amount; and then

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

(iii) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class A Notes;

(iv) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class B Notes;

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

(vi) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class D Notes;

(vii) in or towards payment or discharge of interest due and interest overdue (and any interest due on such overdue interest) on the Class E Notes;

(viii) in or towards payment or discharge of any amounts (i) in respect of increased costs, mandatory costs or tax gross up amounts payable to the Liquidity Facility Provider to the extent that such increased costs, mandatory costs or tax gross up amounts payable to the Liquidity Facility Provider exceed 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement; and (ii) in respect of any increase in the commitment fee payable to the Liquidity Facility Provider as a result of the imposition of increased costs directly attributable to the implementation of the Capital Requirements Directive to the extent that such amounts exceed (in aggregate with any amounts referred to in (i) above), 0.25 per cent. per annum of the commitment provided under the Liquidity Facility Agreement (the amounts owing under this item (viii) being together the "**Liquidity Subordinated Amount**" in respect of such Interest Payment Date);

(ix) in repaying principal on the Most Senior Class of Notes then outstanding in an amount equal to the amount of the Borrower Principal Receipts previously applied by the Issuer towards the payment of Priority Amounts

less the amount of Available Interest Receipts previously applied on an Interest Payment Date in accordance with this item (ix);

(x) in or towards payment or discharge of any Deferred Consideration described in "*The Loan and the Loan Security – Acquisition of the Loan – Consideration*"; and

(xi) any surplus to the Issuer.

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

The Issuer Security will become enforceable upon the Trustee delivering a Note Enforcement Notice. Following enforcement of the Issuer Security by the Trustee declaring the Notes to be due and payable, the Trustee shall, to the extent that such funds are available, make payments in the following order of priority (the "**Post-Enforcement Priority of Payments**") (in each case only if and to the extent that the payments of a higher priority have been paid in full), and subject to applicable law:

(i) *pro rata* (a) the remuneration payable to the Trustee and any costs, charges, liabilities and expenses (plus value added tax, if any) incurred by it under the provisions of or in connection with any of the Transaction Documents (including any amounts paid in respect of indemnity protection); (b) all amounts payable to any receiver or other similar agent of the Issuer appointed under the Deed of Charge and Assignment;

(ii) *pro rata* and *pari passu*, any amounts due and payable by the Issuer to (a) the Paying Agents and the Agent Bank under the Agency Agreement; (b) the Cash Manager and the Operating Bank under the Cash Management Agreement; (c) the Corporate Services Provider under the Corporate Services Agreement; (d) the Servicer or Special Servicer under the Servicing Agreement and all fees, costs and expenses and other sums (if any) payable to any substitute servicer or special servicer; (e) to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than in respect of a Liquidity Subordinated Amount);

(iii) all amounts payable on the Class A Notes;

(iv) all amounts payable on the Class B Notes;

(v) all amounts payable on the Class C Notes;

(vi) all amounts payable on the Class D Notes;

(vii) all amounts payable on the Class E Notes;

(viii) to the Liquidity Facility Provider in respect of a Liquidity Subordinated Amount under and in accordance with the Liquidity Facility Agreement;

(ix) any Deferred Consideration; and

(x) the surplus (if any) to the Issuer or any other person entitled to the surplus.

The Liquidity Facility Provider will receive any monies owed to it in relation to an outstanding Loan Swap Advance upon the delivery of a Note Enforcement Notice prior to the Trustee making any payments in accordance with the Post-Enforcement Priority of Payments if such Note Enforcement Notice has been delivered in respect of an Event of Default which is not related to an insolvency matter concerning the Issuer in accordance with Condition 10(a) (iii), (iv) and/or (v) of the Notes. Where an insolvency matter has occurred concerning the Issuer in accordance with Condition 10(a) (iii), (iv) and/or (v) of the Notes, such amounts due to the Liquidity Facility Provider in relation to an outstanding Loan Swap Advance will be paid in accordance with the Post-Enforcement Priority of Payments.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loan and the Loan Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement for material breach of warranty in relation to the Loan and, in certain limited circumstances, the Loan Security (as to which, see further "*The Loan and the Loan Security — Representations and Warranties*") and breach of other provisions specified in the Loan Sale Agreement, and (b) in relation to the Servicing Agreement and the Subscription Agreement for breach of the obligations of the Originator, the Issuer and/or the Trustee will have no recourse to the Originator.

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 Operating Bank, the Paying Agents, the Agent Bank and all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of any Liquidity Subordinated Amount specified in "*Application of Available Interest Receipts*")) will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon enforcement of the Issuer Security, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders, all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders and all amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders.

If the Trustee determines, in its sole opinion and discretion, that all amounts outstanding under the Notes have become due and payable, all available funds have been distributed, and that there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of the Issuer Security or otherwise) available to pay amounts outstanding under the Notes, PECO will have the option to purchase all Notes then outstanding for a consideration of one penny in respect of each Note (a "**Post-Enforcement Call Option**") (see "*PECO*" and Condition 6 below).

RISK FACTORS

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

FACTORS RELATING TO THE LOAN

Default by Borrowers

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

The Credit Agreement contains provisions requiring each Borrower to make a final repayment of principal on the Final Maturity Date. The Borrowers' ability to repay the Loan on the Final Maturity Date will be dependent upon their ability to refinance the Loan or the Borrowers' or Mortgagor's ability to sell the Properties providing security for the Loan. None of the Borrowers, the Issuer or the Originator is under any obligation to provide any such refinancing and there can be no assurance that the Borrowers would be able to refinance the Loan or that a Borrower or Mortgagor would be able to sell its Property.

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

An insolvency of any Borrower would result in a Loan Event of Default under the Credit Agreement giving rise to an acceleration of the Loan and an enforcement of the Loan Security. In the event of such a default, the Issuer may be unable to pay to the Noteholders, or the holders of certain classes of Notes, (a) by way of principal repayment, the entire face value of their Notes and (b) by way of interest payment, the full amount due on the Notes.

Limited Payment History

The Whole Loan was originated in October 2006. As such, the Loan does not have a long-standing payment history and there can be no assurance that required payments will be made or, if made, will be made on a timely basis. In addition, six of the Borrowers acquired their related Properties contemporaneously with the origination of the Loan. Accordingly, there is a risk that the net cash flow of such Properties may vary from the cash flow generated by the Properties under prior ownership and management.

Other Indebtedness, Liabilities and Financing

The existence of indebtedness incurred by a Borrower other than the Whole Loan could adversely affect the financial viability of such Borrower. Additional debt increases the likelihood that a Borrower would lack the resources to perform on both the Loan and such additional debt. In addition, the existence of any actual or contingent liabilities of a Borrower may result in the insolvency or (if applicable) administration of that Borrower which may lead to an unanticipated default under the Credit Agreement. The Credit Agreement places restrictions upon the ability of the Borrowers to incur additional debt, on either a secured or unsecured basis, without the consent of the relevant Lender or Agent.

The Senior Loan retained by the Originator shall be sold to the Issuer on the Closing Date. The Junior Loan is held by the Junior Lender. The priority between the Senior Loan and the Junior Loan is regulated by the Intercreditor Agreement. Pursuant to the Intercreditor Agreement, the right of the Junior Lender to receive payments with respect to the Junior Loan is subordinate to the payment rights of the Issuer with respect to the Senior Loan. The Junior Lender may not take any enforcement action without the prior consent of the Loan Security Trustee. In some cases, the Junior Lender has the right to cure certain defaults. For further information see "*The Intercreditor Agreement*" below.

Each Borrower has also incurred intra-group indebtedness in favour of its shareholders and/or associated companies. This indebtedness is unsecured and fully subordinated and postponed to both the Senior Loan and the Junior Loan pursuant to a separate subordination agreement.

Litigation

There may be pending or threatened legal proceedings against any of the Borrowers and their affiliates. The Credit Agreement includes an obligation by the Borrowers to notify the Agent of any legal proceedings which might or could reasonably be expected to have a material adverse effect on the ability of the Borrowers to make payments under the Loan and consequently the Issuer's ability to make payments under the Notes. To the knowledge of the Originator, as at the Closing Date, there is no litigation pending or threatened against any of the Borrowers in respect of the Properties other than as disclosed in relation to the Leadenhall Court Property (see below "*The Loan and the Loan Security – Reserve Accounts*").

SDLT

In relation to the acquisition of the Leadenhall Property it is not anticipated that any Stamp Duty Land Tax ("**SDLT**") will be payable, however, in the event that such a liability should arise then an amount equivalent to such SDLT is to be paid into the Leadenhall Reserve Account by a group company of the Borrower or, if such payment is not made, by SG. (see below "*The Loan and the Loan Security – Reserve Accounts*").

The Properties - General

The Loan is secured by, among other things, the Mortgages over the Properties. The repayment of the Loan in part may be, and the payment of interest on the Loan is, dependent on the ability of the applicable Properties to produce cash flow. However, the income-producing capacity of the Properties may be adversely affected by a large number of factors. Some of these factors relate specifically to a Property itself, such as: (i) the age, design and construction quality of the Property; (ii) perceptions regarding the safety, convenience and attractiveness of the Property; (iii) the proximity and attractiveness of competing properties; (iv) the adequacy of the Property's management and maintenance; (v) an increase in the capital expenditure needed to maintain the Property or make improvements; (vi) a decline in the financial condition or ratings downgrade of a major tenant and the creditworthiness generally of tenants; (vii) a decline in rental rates as leases are renewed or entered into with new tenants; and (viii) the length of tenant leases.

Other factors are more general in nature, such as: (i) national, regional or local economic conditions (including industry slowdowns and unemployment rates); (ii) local property conditions from time to time (such as an oversupply or undersupply of office space); (iii) retrospective changes in building codes or other regulatory changes; (iv) changes in governmental regulations, fiscal policy, planning/zoning or tax laws; (v) potential environmental legislation or liabilities or other legal liabilities; (vi) the availability of refinancing; and (vii) changes in interest rate levels.

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

Any one or more of the above described factors or others not specifically mentioned above could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause the Borrowers to default on the Loan, reduce the chances of the

Borrowers refinancing the Loan or reduce a Borrower/Mortgagor's ability to sell a Property at a required price.

The Properties - Offices

The Loan is secured upon properties that are used primarily as office properties. The income from and market value of an office property, and a borrower's ability to meet its obligations under a loan secured by an office property, are subject to a number of risks. In particular, a given property's age, condition, design, access to transportation and ability to offer certain amenities to tenants, including sophisticated building systems (such as fibre-optic cables, satellite communications or other base building features) all affect the ability of such a property to compete against other office properties in the area in attracting and retaining tenants. Other important factors that affect the ability of an office property to attract and retain tenants include the quality of a building's existing tenants, the quality of the building's property manager, the attractiveness of the building and the surrounding area to prospective tenants and their customers or clients and access to public transportation and major roads. Attracting and retaining tenants often involves refitting, repairing or making improvements to office space to accommodate the type of business conducted by prospective tenants or a change in the type of business conducted by existing major tenants. Such refitting, repairing or improvements are often more costly for office properties than for other property types.

Local and regional economic conditions, changes in local and regional population patterns, sharing of office space and employment growth together with other related factors also affect the demand for and operation of office properties. In addition, an economic decline in the businesses operated by tenants can affect a building and cause one or more significant tenants to cease operation and/or become insolvent. The risk of such an adverse effect is increased if revenue is dependent on a single tenant or a few large tenants or if there is a significant concentration of tenants in a particular business or industry.

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

No assurance can be given that tenants in the Properties will continue making payments under their leases or that any such tenants will not become insolvent or subject to administration in the future or, if any such tenants become subject to administration, that they will continue to make rental payments in a timely manner. In addition, a tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a failure to make rental payments when due. If a tenant, particularly a major tenant, defaults in its obligations under its occupational lease, the applicable Borrower may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the relevant Property.

Tenant Concentration

A deterioration in the financial condition of a tenant of a Property can be particularly significant if a Property is leased to a small number of tenants or a sole tenant. Properties leased to a small number of tenants, or a sole tenant, also are more susceptible to interruptions of cash flow if a tenant fails to renew its lease. This is so because: (i) the financial effect of the absence of rental income may be severe, (ii) more time may be required to re-lease the space, and (iii) substantial capital costs may need to be incurred to make the space appropriate for replacement tenants. Each of the Properties, except for the Chiswick Property, the Leadenhall Court Property and the Alban Gate Property is let to a sole tenant.

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

No Independent Investigation/Reliance on Warranties

None of the Issuer, the Trustee or the Managers has undertaken or will undertake any investigations, searches or other actions to verify the details of the Loan or the Loan Security or to establish the creditworthiness of any Borrower. Due diligence was undertaken and valuations were obtained prior to the origination of the Loan (see "*The Loan and the Loan Security— Loan Origination Procedure*"). No further due diligence will be undertaken in relation to the Loan and no further or updated valuations will be obtained in connection with the sale and purchase of the Loan. The reports issued by the valuers or solicitors in respect of the Properties are addressed to and may be relied upon by the Originator and Loan Security Trustee only. The benefit of such reports will not be assigned to the Issuer. The Issuer will instead rely solely on the warranties given by the Originator in respect of such matters in the Loan Sale Agreement.

If any breach of warranty relating to the Loan and the Loan Security is material and (if capable of remedy) is not remedied, the Issuer may require the Originator to repurchase the Loan together with the Loan Security. However, this does not limit any other remedies available to the Issuer if the Originator fails to repurchase the Loan and the Loan Security when obliged to do so.

Valuations

The Valuations in respect of the Properties have been provided by Colliers CRE. The Valuations express the professional opinion of the relevant valuers on the relevant Property and are not guarantees of present or future value in respect of such Property. One valuer may, in respect of any Property, reach a different conclusion than the conclusion in relation to a particular Property that would be reached if a different valuer were appraising such Property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. There can be no assurance that the market value of a Property will continue to equal or exceed the valuation contained in the relevant report compiled for the purposes of ascertaining the Valuation in respect of each Property prior to advancing any amounts under the Whole Loan. If the market value of a Property fluctuates, there can be no assurance that the market value will be equal to or greater than the relevant portion of unpaid principal and accrued interest on the Whole Loan and any other amounts due under the Credit Agreement. If the Property is sold following an event of default in respect of the Whole Loan, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due in respect of the Loan, irrespective of the value ascribed to it.

Asset Management

The asset management of all of the Properties is undertaken by the same property management entity. Accordingly, to the extent that such senior asset management executives change, are no longer able to carry out their current duties or otherwise devote less of their time to the overall management of the Properties, such Properties may be adversely affected. However, in the case of each such Property, the day-to-day property management is the responsibility of the tenants.

Managing Agents

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. While the managing agents for each of the Properties are experienced in managing office property, there can be no assurance that decisions taken by them or by a future managing agent and/or property manager will not adversely affect the value and/or cash flows of the Property.

Capital Improvements to Properties

In the event that the relevant Borrower or Mortgagor fails to pay the costs for work completed or materials delivered in connection with any capital improvements, such Borrower or Mortgagor could be the subject of legal action by the relevant contractors to recover the costs of such capital improvements and/or materials. The existence of construction or capital improvements at a Property may disrupt the day-to-day activities of the tenants and, accordingly could have a negative effect on net income. The

Credit Agreement and Loan Security, however prohibit the Borrowers from undertaking any such material works without the consent of the Lender/Agent.

Risks relating to Loan Concentration

As there is only one underlying Loan, losses on the Loan may have a substantial adverse effect on the ability of the Issuer to make payments under the Notes. In addition, the Properties are concentrated in one geographic area. This may increase the risk that adverse economic or other developments or a natural disaster affecting that area could increase the frequency and severity of losses on the Loan. Details of the location of the Properties are set out in "*The Loan* " below.

Assignment of the Loan to Issuer

The provisions of the Credit Agreement require the Issuer as assignee of the loan to confirm to the Agent and, where applicable, the other Lenders that it is under the same obligations in relation to the Credit Agreement as if it was an original lender. Until such confirmation has been given, the Agent is not obliged to recognise the assignee as having any rights. The Lenders, however, have no material outstanding obligations under the Credit Agreement since the Whole Loan is fully drawn and there is no obligation to make any further advance.

Borrower Indemnity

In relation to the Loan, the Borrower is only obliged to make additional payments (for example a gross-up obligation) to the Issuer to the extent that it would have been obliged to make such payments to the Originator if the assignment had not occurred. The same principle applies if the Lender (including the Issuer) changes its lending office and such change gives rise to an obligation to make additional payments.

It is not anticipated that there will be any circumstances existing at the date of the assignment to the Issuer that would give rise to such an obligation to make additional payments and the provision is not considered by the Originator to be material in the context of the transaction. The position cannot be anticipated in future circumstances where the Issuer might assign its interest in the Loan to a third party, and the extent to which this provision might affect the range of possible potential assignees.

Yield and Prepayment Considerations

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

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

Partial voluntary prepayments in respect of the Loan will result in a reduction in interest receipts on the Loan by the Issuer and therefore may result in a shortfall in the monies available to be applied by the Issuer in making payments of interest on the Notes as a result of the Issuer still being required to pay certain payments prior to any payment of interest on the Notes. The prepayment risk will, in particular, be borne by the holders of the most junior classes of Notes then outstanding.

In the event that a Property is disposed of, a release amount provided for in the Credit Agreement (equalling 113 per cent. of the original allocated loan amount in the case of the Victoria Embankment Property, the Alban Gate Property and the Aviva Property, 115 per cent. of the original allocated loan amount in the case of the Leadenhall Property and 100 per cent. of the outstanding allocated loan amount in the case of any other Property) (a "**Release Amount**") shall, in accordance with the Credit Agreement, be paid by the relevant Borrower towards repayment of the Whole Loan in accordance with

the Credit Agreement and the Intercreditor Agreement (see "*The Intercreditor Agreement*" below). Such Release Amount mechanism may therefore mean that a Borrower has less flexibility as to when it is able to sell its Property and prepay the Whole Loan.

Rent Account

The position in relation to the establishment of the Rent Account pursuant to the loan documentation is set out below (see "*The Loan and the Loan Security - Secured Accounts*" below).

The Rent Account is maintained by the Borrowers' Agent with SG Hambros Bank (Channel Islands) Limited (a Jersey subsidiary of SG). The Rent Account is the subject of a separate security arrangement governed by Jersey law. Under the Credit Agreement, the Loan Security Trustee has sole signing rights over the Rent Account and therefore control over the account. There are no provisions in the Credit Agreement permitting the Loan Security Trustee to relinquish such control or indeed for the Borrowers or Mortgagor to assume signing rights and control over the Rent Account prior to repayment of the Loan.

The Servicer must request a change of bank for the Rent Account if SG loses control (no longer holds, directly or indirectly, greater than 51 per cent. of the voting rights) in SG Hambros Bank (Channel Islands) Limited or if SG falls below the Requisite Rating for SG Hambros Bank (Channel Islands) Limited to be the bank in respect of the Rent Account. Any replacement bank for the Rent Account must have the Requisite Rating in order for it to be appointed as the relevant account bank.

Rent Assignments

The Loan requires an assignment of rents payable under any lease to which a Property is subject. In such cases (and where no receiver has been appointed and the mortgagee is not in possession), in England and Wales, notice of the assignment is not normally given to the tenant and, the assignment will take effect as an equitable assignment only. Accordingly, the assignment will be subject to any equities or claims, such as rights of set-off between the landlord and the relevant tenant. Where no notice has been given to the relevant tenant, there is also a risk of the Borrower or Mortgagor charging or assigning the rents to a third party, despite the Borrower's or Mortgagor's covenant not to do so. In such case, until formal notice of such assignment is given or until the relevant mortgage is enforced in respect of the relevant Property, any monies previously paid to the holder of such subsequent charge or assignment may rank ahead of any assignment pursuant to the Loan or prior to notice being given to the tenant of that assignment. It is intended, however, that notice of the assignment of rents will be given to the tenants of each Property.

AG Unit Charges

Security interests over the units issued in the Alban Gate GPUT have been created by the Alban Gate Borrowers by way of the deposit of unit certificates in accordance with the requirements of Guernsey law pursuant to each AG Unit Charge. The units are not registered in the name of the Loan Security Trustee and/or its nominee(s) by entry of its or their names on the register of unit holders of the Alban Gate GPUT and whilst the possessory security (including priority) created pursuant to each AG Unit Charge will be preserved, title to the units, if Guernsey law applies, may vest in the relevant insolvency officer for the purpose of realisation of those units. In addition, in *désastre* proceedings, the Royal Court of Guernsey has the power to vest the units in the arresting creditor and direct that they are sold or applied by HM Sheriff.

The Tenants and Landlord's Liability to Provide Services

A Borrower's ability to make payments under the Loan where the Property is let to tenants will generally be dependent on the receipt of rental income from tenants. If a Borrower or Mortgagor is in default of its obligations as landlord, a right of set-off against rental obligations could be exercised by a tenant, notwithstanding that the terms of many of the tenancies specifically exclude such tenants' right of set-off. The terms of the leases affecting the Properties impose prime responsibility for repairs and maintenance on the relevant occupational tenant and the obligations on each Borrower and Mortgagor (as landlord) in this respect are accordingly low.

Headlease Rent Payments

Where a Property is held by a Borrower or a Mortgagor under the terms of a lease, there is a risk of the rents payable pursuant to the occupational underleases being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 if the Borrower fails to pay the relevant headlease rent. In each such case the amounts should not, however, reduce the amount that would otherwise have been available to the Borrower to make payments under the Loan, since payments under any such headlease would in any event have been payable to a superior landlord prior to payment to the Issuer. Under the terms of the Credit Agreement the Loan Security Trustee has the power to withdraw monies standing to the credit of the relevant Collection Account or the Rent Account and apply such in or towards payment of such rents. The Victoria Embankment Property, the Millennium Bridge Property, the Alban Gate Property, the Chiswick Property and the Leadenhall Property are held pursuant to a headlease. The rent payable in respect of the Victoria Embankment Property, the Chiswick Property and the Alban Gate Property is a peppercorn rent. See "*The Properties*" for further details of such headleases.

Compulsory Purchase

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

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

A further consideration is that there is often a delay between the compulsory purchase of a property and the payment of compensation (although interest will 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 Borrower has other funds available to it, give rise to a Loan Event of Default.

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 supervening 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 a Property is frustrated this could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property which could cause the Borrowers to default under the Credit Agreement.

Insurance

In the case of the Aviva Property, the Alban Gate Property, the Millennium Bridge Property, the Chiswick Property, the Leadenhall Property, the Sampson Property and the Ellegate Property, the interest of the Loan Security Trustee has been noted on the relevant insurance policy. In the case of the Victoria Embankment Property, the occupational tenant is responsible for insuring the Property and, although details of the policy maintained by it have been disclosed, the tenant has declined to allow the interest of the Loan Security Trustee to be noted. Given the status of the tenant in this case, and the fact that it remains liable for all repairs and for payment of rent notwithstanding damage by any insured risks, the Originator considers the position acceptable. In the case of the Carey Street Property, the insurance

obligations have been suspended as the tenant is a government department. For further information with regard to the Victoria Embankment Property, see "*The Loan and The Loan Security – 7. Insurance*" below.

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

On the Closing Date, the Issuer will acquire, amongst other things, beneficial interests in the Loan Security (which includes the Loan Security Trustee's interests in the buildings insurance policies), which will form part of the Issuer Security secured under the Deed of Charge and Assignment in favour of the Trustee for the benefit of, amongst others, the Noteholders. For the reasons described above, the ability of the Loan Security Trustee to make a claim under the relevant buildings insurance policies is not certain.

Under the Loan, the building insurance policies must be provided by approved insurance providers if the relevant Property insurance policy in place expires and a new policy is entered into.

In the case of the Aviva Property, an associated company of the tenant is itself responsible for organising the insurances of the Property in the name of the Borrower. In this case, the Borrower has represented and warranted in the Credit Agreement that the insurance policy for the Property shall be provided by an approved insurance provider.

Hedging risks

The Credit Agreement contains an obligation on the Borrowers to enter into hedging arrangements as the interest on the Senior Loan and the Junior Loan is payable by the Borrowers at a floating rate, whilst income received by the Borrowers or Mortgagors is received out of rental payments that do not change to reflect changes in the prevailing rate of interest. The interest rate hedging arrangements attributable to the Senior Loan and the Junior Loan are in the form of interest rate swaps entered into for the duration of the respective loans.

However, in certain circumstances (as described in "*Hedging Arrangements*" below), the hedging arrangements may be terminated and as a result the Borrowers may be unhedged if replacement hedging arrangements cannot be entered into. In particular, except where there is a partial or full prepayment of the Loan, the Senior Lender may suffer a loss if one or more of the hedging arrangements is terminated and the Borrower swap counterparty is, as a result of such termination, required to pay amounts upon termination to the Loan Swap Counterparty.

Any liquidity provided by way of a Loan Swap Advance from the Liquidity Facility Provider shall be to cover operational delays in the timing of payments required to be made into the Tranching Account two Business Days before an Interest Payment Date rather than to cover any payments due to the termination of any hedging arrangements (see "*Credit Structure*" – "*1. Liquidity and Credit Risk*" below).

The Junior Loan provides for amortisation payments to be made prior to the Final Maturity Date. Due to prepayments, the notional amount of the hedging arrangements entered into by the Borrower swap counterparty may not match the principal amount outstanding of the Senior Loan or the Junior Loan, as the case may be. In these circumstances, an adjustment to the notional amount of the hedging arrangements (and amortisation schedule with respect to the Junior Loan) will be required which may result in further breakage costs under the Loan Swap Agreements. However, any partial or full prepayment of the Loan is conditional upon such breakage costs and related prepayment of the Loan being satisfied out of the proceeds giving rise to such prepayment.

Until the maturity of the Loan, sums due to the Loan Swap Counterparty by the Borrower rank *pari passu* with respect to accrued interest due to the Senior Lender. There is therefore a risk that on an enforcement of the Senior Loan the amount available to Noteholders will be reduced to the extent that breakage or other costs are due to the Loan Swap Counterparty.

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.

The occupational leases in respect of the Victoria Embankment Property, Aviva Property, Millennium Bridge Property, Leadenhall Property and Carey Street Property as at the Closing Date were entered into before 1 January, 1996 and the original tenants will therefore 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 principal occupational leases of the remaining Properties were entered into after 1 January, 1996 and contain provisions giving the relevant landlord qualified control over any assignment, and also sets out specific criteria which any assignee must meet prior to being able to take the lease. It also obliges the outgoing tenant to complete an authorised guarantee agreement in respect of the obligations of its immediate successors.

There can, however, be no assurance that any assignee of a lease of premises within the 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. However, in accordance with the terms of the Servicing Agreement, the Servicer has agreed that it shall not agree to the assignment of any occupational lease (which lease constitutes a new tenancy (as such expression is defined in section 28 of the Landlord and Tenant (Covenants) Act 1995)) unless it has received written confirmation from at least two Rating Agencies (and in any case from S&P) that the then current ratings of each class of Notes would not be adversely affected as the result of such consent and/or assignment.

Statutory Rights of Tenants

In certain limited circumstances, tenants of a property may have legal rights to require the landlord of that property to grant them tenancies, for example pursuant to the Landlord and Tenant Act 1954 or the Landlord and Tenant (Covenants) Act 1995. Should such a right arise, the landlord may not have its normal freedom to negotiate the terms of the new tenancy with the tenant, such terms being imposed by the court or being the same as those under the previous tenancy of the relevant premises. Accordingly, while it is the general practice of the courts in renewals under the Landlord and Tenant Act 1954 to grant a new tenancy on similar terms to the expiring tenancy, the basic annual rent will be adjusted in line with the then market rent at the relevant time and there can be no guarantee as to the terms on which any such new tenancy will be granted.

Environmental Risks

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

If any environmental liability were to exist in respect of any Property, none of the relevant Borrower, Mortgagor or the Loan Security Trustee 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 affected Property or could be said to be in control of the Property. After enforcement, the Loan Security Trustee, if deemed to be a mortgagee in possession or a receiver appointed on behalf of the Loan Security Trustee, could become responsible for environmental liabilities in respect of a Property. The Loan Security Trustee may be indemnified against any such liability under the terms of the Credit Agreement, and amounts due in respect of any such indemnity may be payable in priority to payments to the relevant Lenders, including the Issuer.

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

Changes to an Enactment of the Lease Code

The Code of Practice for commercial leases in England and Wales (2nd Edition) was launched in April, 2002 (the "**Lease Code**"). The Lease Code is a non-binding guide to best practice for landlords negotiating leases. It also contains various recommendations on key terms of commercial leases. The Office of the Deputy Prime Minister issued a consultation paper announcing a period of consultation from 1 June, 2004 to 30 September, 2004 and invited representations from relevant bodies in relation to options to deter or prohibit inflexible leasing practices, focusing on the use of upwards only rent review clauses. The consultation paper proposed six options ranging from doing nothing to changing the voluntary nature of the Lease Code to banning upwards only rent review clauses. In February, 2005, the Office of the Deputy Prime Minister issued a report by Reading University entitled "*Monitoring the 2002 Code of Practice for Commercial Leases*" which, among other things, concluded that although the Lease Code is having very little impact on individual lease negotiations, there are clear signs that it has played an important part in the general application of pressure for change in leasing practices and has had some long term effect on the increasing flexibility and choice in commercial property leases.

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

Mortgagee in Possession Liability

The Issuer or the Loan Security Trustee may be deemed to be a mortgagee in possession if there is physical possession of a Property or an act of control or influence which may amount to possession, such as submitting a demand or notice direct to tenants requiring them to pay rents to the Loan Security Trustee or the Issuer (as the case may be). In a case where it is necessary to initiate enforcement procedures against a Borrower, the Loan Security Trustee 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 reduce the risk that the Loan Security Trustee or the Issuer is deemed to be a mortgagee in possession.

A mortgagee in possession has an obligation to account for the income obtained from the relevant property and in the case of tenanted property may be liable to a tenant for any mis-management 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 the Originator because the Originator intends to continue actively to finance real estate-related assets in the ordinary course of its business. During the course of its business activities, the Originator 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 the Originator may differ from, and compete with, the interests of the Issuer, and decisions made with respect to those assets may adversely affect the value of the Properties and therefore the ability to make payments under the Notes.

There are 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 Loan. The properties securing any such loans may be in the same markets 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 Loan 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, such other servicing obligations may pose inherent conflicts for the Servicer or the Special Servicer.

The Servicing Agreement requires the Servicer and the Special Servicer to service the Loan 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 Loan. 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 senior Notes.

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 (such substitute Servicer to be the same entity for both the Junior Loan and the Senior Loan). The ability of any substitute Servicer to administer the loan portfolio successfully would depend on the information and records then available to it. There is no guarantee that a substitute Servicer could be found who would be willing to administer the loan portfolio at a commercially reasonable fee, or at all, on the terms of the Servicing Agreement (even though this agreement provides 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 performing services in this way would be payable in priority to payment of interest under the Notes.

Security Assets outside England and Wales

Where a company has assets situated outside England and Wales which are subject to English security, the ability to enforce such security over those assets would be subject to any local law restrictions. In particular it should be noted that a number of foreign law jurisdictions including Guernsey and Jersey do not recognise the concept of a floating charge and such security may therefore not be effective to create security over assets situated outside England and Wales.

Under the laws of Jersey and Guernsey, a person incorporated, resident or domiciled in Jersey or Guernsey is deemed to have capacity to grant security governed by foreign law over property situated outside the Island of Jersey or the Island of Guernsey, but to the extent that any floating charge is expressed to apply to any asset, property and undertaking of a person incorporated, resident or domiciled in Jersey or Guernsey such floating charge would not be held to be valid and enforceable by the Courts of Jersey or Guernsey in respect of Jersey or Guernsey situs assets.

The shares in the Borrowers (and where applicable the shares in the general partners and the limited partners), the Rent Account, the Sampson Reserve Account, the Operating Reserve Account, the Collection Accounts and the units in the Alban Gate GPUT and VE Unit Trust are all assets situated outside England and Wales and are the subject of specific collateral security taken in accordance with the terms of the laws of Jersey or Guernsey.

Changes to the Portfolio

Unless specified otherwise, information with respect to the Loan relates to the Loan as at the Cut-off Date, being 1 November, 2006. However, the outstanding aggregate principal amount of the Loan on the Cut-Off Date may, as a result of prepayment of the Loan, decline prior to the Closing Date.

Jersey Limited Partnerships

The Aviva Borrower, Carey Street Borrower, Chiswick Borrower, Leadenhall Borrower, Ellegate Borrower and Sampson Borrower are limited partnerships, formed pursuant to the Limited Partnerships (Jersey) Law 1994 (the "**Jersey LP Law**"). Under the Jersey LP Law, the person or persons who are registered as general partners of a limited partnership have unlimited liability for the repayment, satisfaction and discharge of all debts and obligations of the partnership and the person or persons who are limited partners are generally not liable for the debts or obligations of the partnership beyond the sum of capital or property contributed or agreed to be contributed by that particular limited partner on entering into the partnership. The principal exception to the above is where a limited partner takes part in the management of the limited partnership in its dealings with persons who are not partners beyond certain specified activities in which circumstances the limited partner may, in certain circumstances, become liable for the debts and obligations of the limited partnership incurred during the period that it participated in the management of the limited partnership as though the limited partner were a general partner. Limited partnerships registered in Jersey do not have a legal personality separate from their partners.

Unit Trusts

The Victoria Embankment Property is held by two (independent) trustees (both limited companies incorporated in Jersey) on behalf of the unitholders from time to time in a unit trust constituted in Jersey known as The 60 Victoria Embankment Unit Trust (the "**VE Unit Trust**"). The Alban Gate Property is held by two (independent) trustees (both limited liability companies incorporated in Guernsey) on behalf of the unitholders from time to time in The Alban Gate Unit Trust . Where property is held in a unit trust in this manner, the legal and beneficial interests in the property are held by the trustees on behalf of the unitholders, who (subject to operating expenses and other usual costs and liabilities relating to the property) are entitled to the full net rental income arising and the full net proceeds of sale of the property upon a disposal of the same. The unitholders accordingly collectively hold the entire economic interest in the property.

The trustees of VE Unit Trust (the "**VE Trustees**") charged the Victoria Embankment Property by way of legal mortgage to the Loan Security Trustee and each Victoria Embankment Borrower has charged its units in the VE Unit Trust by way of further collateral security. The trustees of the Alban Gate GPUT (the "**AG Trustees**") charged the Alban Gate Property by way of legal mortgage to the Loan Security Trustee and each Alban Gate Borrower has charged its units in the Alban Gate GPUT by way of further collateral security. In an enforcement situation, therefore, the Loan Security Trustee would have the option of effecting a disposal of the whole economic interest in and benefit of the Victoria Embankment Property or the Alban Gate Property, respectively, either by means of a sale of the units in the VE Unit Trust or the Alban Gate GPUT (preserving the existing unit trust structures) or by effecting a sale through its power of sale (which would in practice lead to the VE Unit Trust or the Alban Gate GPUT being liquidated).

Under Guernsey law provided that the AG Trustees as the trustees of the Alban Gate GPUT (a Guernsey law trust) have informed a third party that they are acting as trustees, their liability as trustees shall extend only to the trust property of the Alban Gate GPUT (save for breach of trust or any claim for breach of warranty of authority).

Under Guernsey law and subject to the terms of the trust, a trustee of a Guernsey law trust may by power of attorney delegate the performance of any trust or function vested in him for a period not exceeding 12 months.

Under Jersey law, provided that a third party knows that the VE Trustees are acting as trustee, any claim by the third party shall be against the VE Trustees as trustees and shall extend only to the trust property (save for breach of trust).

Enforcement

If a default occurs in relation to the Loan, the Servicer or, if at the relevant time the Loan is a Specially Serviced Loan, the Special Servicer will be required to apply its then-current default procedures in accordance with the Servicing Standard. These procedures may, in certain circumstances, involve the Servicer or Special Servicer declining or deferring the commencement of formal enforcement proceedings such as the appointment of an administrator or receiver. Instead, the Servicer or Special Servicer may agree to waive or modify certain provisions of the Loan Documentation, provided that to do so would be in accordance with the Servicing Standard.

Administrators

In the case of corporate Borrowers which have their centre of main interests (as such term is used in Council Regulation (EC) No 1346/2000 of 29 May, 2000 on Insolvency Proceedings the "**EC Regulation**")) ("**Centre of Main Interests**") within the United Kingdom, the Servicer or the Special Servicer could, after the security granted by the Borrower/ Mortgagor has become enforceable (and subject to the terms of the Intercreditor Agreement), direct the Loan Security Trustee to appoint an administrator of the relevant Borrower/Mortgagor under the Insolvency Act 1986.

Administration proceedings under the Insolvency Act 1986 may also be commenced if the Borrower/ Mortgagor has its Centre of Main Interests situated within a member State of the European Union (other than Denmark) and has an establishment (as such term is used in the EC Regulation) ("**Establishment**") situated within the United Kingdom, but would in such circumstances be limited to a winding up of the relevant Borrower/Mortgagor through administration proceedings.

The effect of the appointment of an administrator is, amongst other things, to impose a moratorium so that any winding up petition must be dismissed and no steps may be taken to enforce any security over the company or its property without the consent of the administrator or the permission of the court. 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 holder of a valid and enforceable first-ranking floating charge over the whole or substantially the whole of a company's property will, if the charge so provides, and the company has its Centre of Main Interests or an Establishment situated within the United Kingdom as described above, be able to appoint an 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.

It is also possible for an administration order to be made in relation to a company incorporated in Jersey (such as the corporate Borrowers) pursuant to a request for assistance by the Jersey court made under section 426 of the Insolvency Act 1986.

By virtue of the Insolvent Partnership Order 1994, as amended, (the "**1994 Order**"), the Insolvency Act 1986 applies to an insolvent English partnership, subject to the modifications set out in the 1994 Order. The Insolvency Act 1986 together with the 1994 Order provides a mechanism whereby an insolvent partnership may be put into administration rather than be statutorily wound up.

Unless appointed by the members of the partnership, or by the holder of an agricultural floating charge, an administrator of a partnership must be appointed by the court. The Loan Security Trustee could not therefore, acting alone, initiate an administration of the partnership without making an application to the court. As with a corporate debtor, the effect of an administration order is, amongst other things, to impose a moratorium so that any winding up petition must be dismissed and no steps may be taken to enforce any security over the partnership property without the consent of the administrator or the permission of the court. It directs that the affairs and business of the partnership and the partnership property should be managed by the administrator. During the period of an administration order (i) no

order may be made for the winding up of the partnership, (ii) no order may be made on the joint petition for bankruptcy of the members as such, (iii) the court may not decree a dissolution of the partnership under the statutory provisions in the Partnership Act 1890, and (iv) most enforcement proceedings including execution and repossession of goods are barred save with the consent of the administrator or the permission of the court.

An administration order may be made under the Insolvency Act 1986 in relation to Borrowers which are Jersey partnerships and which have their Centre of Main Interests situated outside the EU (excluding Denmark), provided that the courts in England and Wales would have had jurisdiction to wind up the partnership. If the partnership's Centre of Main Interests is situated within the EU (excluding Denmark), the EC Regulation provides that administration proceedings may only be opened in the United Kingdom if the debtor has its Centre of Main Interests or an Establishment situated within the United Kingdom, and, in the latter case, such proceedings will be limited to winding up through administration.

The appointment of an administrator in respect of a Borrower would preclude the appointment of any receiver over the whole or any part of such Borrower's assets without the consent of the administrator or permission of the court, and any existing receiver of any part of the partnership property must vacate office if required to do so by the administrator. Please note, however, that the concept of administration is not recognised domestically by Jersey law or Guernsey law and neither the courts of Jersey nor the courts of Guernsey are likely to recognise the powers of any administrator appointed in respect of Jersey-situs assets or Guernsey-situs assets, respectively.

Receivers

Pursuant to the Servicing Agreement, the Servicer and the Special Servicer are required, in accordance with the Servicing Standard, to maximise the recovery of amounts due from the Borrowers and to comply with their respective procedures for enforcement of the Loan and Loan Security current from time to time (see "*Loan Servicing*" below). The remedies available following a Loan Event of Default or default under the Loan Security include, but are not limited to, the appointment of a receiver over the relevant Property and/or other assets of the Borrowers or Mortgagor(s), and/or entering into possession of the relevant Property or Properties. The Special Servicer has confirmed to the Issuer and the Trustee that, if enforcement of the Loan Security in respect of the Loan is necessary, its usual procedure for enforcing security would be to direct the Loan Security Trustee to appoint a "Law of Property Act" or "Non-Administrative" receiver. 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 Loan Security Trustee or the Servicer unduly directs, interferes with or influences the receiver's actions, the Loan Security Trustee or the Servicer may be held to be responsible for the receiver's acts.

Please note, however, that the concept of a receiver is not recognised domestically by the laws of Jersey or Guernsey and neither the courts of Jersey nor the courts of Guernsey are likely to recognise the powers of any receiver appointed in respect of Jersey-situs assets or Guernsey-situs assets, respectively.

Jersey Insolvency Law

General: The principal type of insolvency procedure available to creditors under Jersey law is the application for an Act of the Royal Court of Jersey under the Bankruptcy (Désastre) (Jersey) Law 1990, as amended (the "**Jersey Bankruptcy Law**") declaring the property of a debtor to be "*en désastre*" (a "**declaration**"). A debtor may also make a declaration on its own behalf. Upon the making of a declaration, all the property belonging to or vested in the debtor at the date of the declaration vests in Her Majesty's Viscount in Jersey (the "**Viscount**"). In addition, the capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of any property as might have been exercised by the debtor for the debtor's own benefit at the date of the declaration vests in the Viscount. The Viscount has wide powers in relation to the property which vests in him. Generally, the Viscount realises the debtor's property and applies the proceeds of such realisation first in payment of the Viscount's fees and emoluments and all costs, charges, allowances and expenses properly incurred by or

payable by the Viscount in the "*désastre*" then in satisfaction of debts preferred by statutory law and customary law and thereafter in payment of debts provable in the "*désastre*".

Additionally, the shareholders of a company (but not its creditors) can instigate a winding-up of an insolvent company which is known as a "creditors' winding up" pursuant to the Companies (Jersey) Law 1991, as amended (the "**Jersey Companies Law**").

A Jersey company may be wound up in various circumstances, including voluntarily pursuant to a special resolution of its shareholders, or by order of the Jersey court if the court is of the opinion that it is just and equitable that the company should be wound up.

A person may be appointed to take control of a Jersey company or the moveable assets of such a company upon insolvency:

(a) upon the grant by the Royal Court of Jersey (the "**Royal Court**") of an application made by the company to place its property under the control of the Royal Court;

(b) upon the property of the company being declared "*en désastre*";

(c) upon the grant by the Royal Court of an application made by the company to make general "*cession*" of its property for the benefit of its creditors;

(d) upon the decision of the Royal Court judging the property of the company to be renounced; or

(e) upon the appointment of a liquidator.

With effect from the date of a declaration that the property of a person is "*en désastre*" (the "**bankrupt**"), a creditor is precluded from pursuing any alternative remedy against the property or person of the bankrupt or commencing any action or legal proceedings to recover the creditor's debt. Similarly, after the commencement of a 'creditors' winding up' (which is instigated by shareholders not creditors) no action shall be taken or proceeded with against the company except by leave of the court; and the winding up of a company under the Jersey Companies Law bars the right to take any other proceedings in bankruptcy except the right of a creditor or the company itself to apply for a declaration of "*désastre*" under the Jersey Bankruptcy Law.

If the assets of a company are declared "*en désastre*", the Jersey Bankruptcy Law provides that the Viscount shall apply the assets first in payment of the Viscount's fees and emoluments and all costs, charges, allowances and expenses properly incurred by or payable by the Viscount, then in satisfaction of debts preferred by statutory law and customary law and thereafter in payment of debts provable in the "*désastre*". If a Jersey company is wound up pursuant to a creditors' winding up, a similar order of payment applies with preference for the liquidator's fees and costs.

The Jersey Companies Law requires a creditor of a company (subject to appeal) to be bound by an arrangement entered into by the company and its creditors immediately before or in the course of its winding up if (*inter alia*) three quarters in number and value of the creditors acceded to the arrangement.

Transactions at an undervalue: under Article 17 of the Jersey Bankruptcy Law and Article 176 of the Jersey Companies Law the court may, on the application of the Jersey Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (where the company is being wound up pursuant to Chapter 4 of Part 21 of the Jersey Companies Law (a "**creditors' winding up**"), a procedure which is instigated by shareholders not creditors), set aside a transaction entered into by a company with any person (the "**other party**") at an undervalue. There is a five year look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "**relevant time**"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a transaction at an undervalue, the operation of the relevant time and the effect of entering into such a transaction with a person connected with the company or with an associate of the company.

Preferences: under Article 17A of the Jersey Bankruptcy Law and Article 176A of the Jersey Companies Law the court may, on the application of the Viscount (in the case of a company whose property has been declared "*en désastre*") or liquidator (in the case of a creditors' winding up), set aside a preference given by the company to any person (the "**other party**"). There is a twelve-month look-back period from the date of commencement of the winding up or declaration of "*désastre*" during which transactions are susceptible to examination pursuant to this rule (the "**relevant time**"). The Jersey Bankruptcy Law and Jersey Companies Law contain detailed provisions, including (without limitation) those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company.

Disclaimer of Onerous Property: Under Article 15 of the Jersey Bankruptcy Law, the Viscount may within six months following the date of the declaration of *désastre* and under Article 171 of the Jersey Companies Law, a liquidator may within six months following the commencement of a creditors' winding up, disclaim any onerous property of the company. "Onerous property" is defined to include any moveable property, a contract lease or other immoveable property if it is situated outside of Jersey that is unsaleable or not readily saleable or is such that it might give rise to a liability to pay money or perform any other onerous act, and includes an unprofitable contract.

A disclaimer operates to determine, as of the date it is made, the "rights, interests and liabilities of the company in or in respect of the property disclaimed" but "does not, except so far as is necessary for the purpose of releasing the company from liability, affect the rights or liabilities of any other person". A person sustaining loss or damage in consequence of a disclaimer is deemed to be a creditor of the company to the extent of the loss or damage and may prove for the same in the *désastre* or creditors' winding up.

Insolvency of Limited Partnerships: While the Jersey LP Law contains certain specific provisions relating to insolvency, Jersey law does not yet have a full insolvency regime specific to limited partnerships, and thus in general terms, the Jersey insolvency regime that would be applied to a limited partnership with a Jersey company as its general partner is that applicable to that general partner.

A declaration that the property of a person is "en désastre" under the Jersey Bankruptcy Law can only be made against the general partner of a Jersey limited partnership, and not against the limited partnership itself.

Jersey Limited Partnerships Law: The Jersey LP Law provides that, notwithstanding any provision, express or implied, of the limited partnership agreement to the contrary, where the sole or last remaining general partner is a body corporate, its dissolution, bankruptcy (where 'bankruptcy' includes but is not limited to a declaration of desastre as above or the winding up of a company by means of a creditors' winding up) or withdrawal from the limited partnership shall cause the immediate dissolution of the limited partnership which shall forthwith be wound up in accordance with the partnership agreement, or on the application of a limited partner or a creditor of the limited partnership, in accordance with the directions of the Royal Court; but this is subject to the ability of the limited partners to prevent such obligatory dissolution and winding up by within ninety days electing another general partner. Given however that a general partner is fully liable for the debts of the limited partnership, then if the limited partnership is itself insolvent it is unlikely that any replacement general partner could be found.

A creditor would otherwise have his ordinary rights of enforcement of a judgment. The Jersey LP Law provides that no judgment shall be enforced against any property of a limited partnership unless such judgment has been granted against a general partner in his capacity as a general partner of such limited partnership.

On a dissolution of a Jersey limited partnership, limited partners (who are not general partners) rank as creditors in respect of liabilities of the limited partnership except on account of contributions or profits of limited partners.

The Royal Court has an overriding jurisdiction, on the application of a partner, to order the dissolution of a Jersey limited partnership in certain circumstances, such as that it is just and equitable that the limited partnership be dissolved.

Insolvency of the VE Trustees: Pursuant to Article 8(3) of the Jersey Bankruptcy Law, property held by a debtor in trust for any other person shall not vest in the Viscount. In addition, Article 54(4) of the Trusts (Jersey) Law, 1984, as amended, provides that where a trustee becomes insolvent or upon distraint, execution or any similar process of law being made, taken or used against any of his property his creditors shall have no rights or claim against the trust property except to the extent that the trustee himself has a claim against the trust or has a beneficial interest in the trust. Article 24(3) of the Jersey Bankruptcy Law does, however, require a debtor who at the date of a declaration holds the office of trustee to submit his or her resignation forthwith. Accordingly, in the event that the property of either or both of the VE Trustees is declared to be "*en désastre*" the assets of the VE Unit Trust should not vest in the Viscount and the Viscount's claim against the assets of the VE Unit Trust should be limited to the extent that the relevant trustee has a claim against the VE Unit Trust or a beneficial interest therein.

It is not clear as a matter of Jersey law whether or not the assets of a trustee as trustee of a trust can be declared to be "*en désastre*". To date there has been no recorded instance in which such a declaration has been made.

Guernsey Insolvency Law

General: The principal type of insolvency procedure available to creditors under Guernsey law is the application declaring the property of a debtor to be "en désastre" (a "**declaration**"). A debtor may also make a declaration on its own behalf. Upon the making of a declaration, all the property belonging to or vested in the debtor at the date of the declaration vests in Her Majesty's Sheriff in Guernsey (the "**Sheriff**"). In addition, the capacity to exercise and to take proceedings for exercising all such powers in or over or in respect of any property as might have been exercised by the debtor for the debtor's own benefit at the date of the declaration vests in the Sheriff. Generally, the Sheriff realises the debtor's property and applies the proceeds of such realisation first in payment of the Sheriff's fees and emoluments and all costs, charges, allowances and expenses properly incurred by or payable by the Sheriff in the "désastre" then in satisfaction of debts preferred by statutory law and customary law and thereafter in payment of debts provable in the "désastre".

Additionally, the shareholders, directors or creditors of a company or any other interested party can instigate a winding-up of an insolvent company which is known as a "compulsory winding up" pursuant to the Companies (Guernsey) Law, 1994, as amended (the "**Guernsey Companies Law**").

A Guernsey company may be wound up pursuant to the Guernsey Companies Law in various circumstances including voluntarily pursuant to a special resolution of its shareholders or by order of the Guernsey court on the application of the company, any director, member or creditor of the company or other interested party, if the court is of the opinion inter alia that the company is unable to pay its debts (as defined in the Guernsey Companies Law) or it is just and equitable that the company should be wound up.

The circumstances in which someone may be appointed to take control of a Guernsey company or the moveable assets of such a company upon insolvency are as follows:

1. upon the appointment of a liquidator in either a voluntary or compulsory winding up under the Guernsey Companies Law;

2. upon the property of the company being declared "en désastre"; and

3. upon the decision of the Royal Court judging the property of a debtor to be renounced pursuant to an Order in Council of 1929 (which put on statutory footing this formerly customary power). This procedure has been little used since that time and has not and is unlikely to apply to companies.

Désastre, (while primarily utilised in relation to debtors as individuals can also apply to corporations whether or not incorporated in Guernsey) which is in essence a procedure for the enforcement of judgements rather than a true insolvency procedure, provides for the sale and distribution pro rata to creditors of the proceeds of the realisation of the arrested assets. The procedure can only apply to assets situate within the jurisdiction. Unlike a winding-up under the Guernsey Companies Law, the company does not have to be incorporated in Guernsey to be declared en désastre. The debtor is not

obliged to participate in the procedure or to provide any information regarding his assets and is not released from any liabilities which remain unsatisfied following the completion of the Désastre.

There is no clear code of procedure for désastre but in very brief summary:

1. the proceedings arise out of the arrest of the debtor's personalty in Guernsey by HM Sheriff either at the instance of a judgement creditor or creditor without a judgement where there is a good reason for an immediate arrest;

2. following confirmation of the arrest by the Court various appearances are made before either the Court or Court appointed officers in order to realise the assets, establish claims and preferences, marshall the claims and declare a dividend to be payable to the creditors (having prior regard to any preferred debts); and

3. the monies in the hands of HM Sheriff are distributed among creditors with preferential claims being satisfied in full and the other claims met in part according to the dividend declared.

It should be noted that the limited equitable distribution offered by désastre is denied to creditors in general where HM Sheriff is not summoned as sequestrator for example when monies held by a bank are arrested and the bank is summoned to declare and pay over the sum held directly to the arresting creditor.

If the assets of a company are declared "en désastre" in Guernsey HM Sheriff shall apply the assets of such company first in payment of HM Sheriff's fees and emoluments and all costs, charges, allowances and expenses properly incurred by or payable by HM Sheriff in the "désastre" then in satisfaction of debts preferred by statutory law and customary law and thereafter in payment of debts provable in the "désastre".

Priorities: In making distributions to creditors there are a number of creditors who have priority by law. These are set out in a number of laws including the Guernsey Companies Law, the 1979 Law, the Preferred Debts (Guernsey) Law, 1983 (the "**Preferred Debts Law**") and the Security Interests Law. The order of priority, generally, will be determined with primary regard to the following principles:-

1. Where a valid contractual set-off exists the only action which may be taken at any time is in respect of the balance (if any) then due after that set-off (1979 Law);

2. A party with a valid security interest under the Security Interests Law (the "**secured party**"):-

   (a) without title to the collateral, to the extent that the collateral is sufficient, has priority over all other claims, for the amount due to the secured party; and

   (b) with title to the collateral, may realise or otherwise deal with the collateral notwithstanding insolvency, désastre or other judicial proceedings or arrangements with respect to the debtor (subject to the terms of the Security Interests Law, including the right of an arresting creditor to apply to the Court for an order vesting in him the rights of the secured party to the collateral). (Security Interests Law, section 5; also Preferred Debts Law, section 1(7))

3. An award of damages by the Court to a person granting security under the Security Interests Law or pursuant to an assignment under the 1979 Law (a "**debtor**") following:

   (a) a failure to cancel or discharge all or part of a security interest under the Security Interests Law upon payment by the debtor;

   (b) the arrest of collateral the subject of a security interest under the Security Interests Law by HM Sheriff or the winding up of the secured party and tender of full discharge, payment or performance by the debtor; or

   (c) an action for breach of a proviso or condition for re-assignment of the collateral to the debtor,

shall be paid in full in priority to all other debts, other than a debt secured by way of a bond or judgement registered in the *Livre des Obligations* kept at the Greffe (effectively, a debt or judgement secured against Guernsey real property). (Security Interests Law, section 6; 1979 Law, section 3(3)).

4. All costs, charges and expenses properly incurred in the winding up of a company (voluntary or compulsory), including the remuneration of the liquidator, are payable from the company's assets in priority to all other claims. (Guernsey Companies Law, sections 92 and 103; also Preferred Debts Law, section 6, with respect to costs in a désastre)

5. The Preferred Debts Law provides that certain preferred creditors in a désastre or winding up shall be paid in priority to all other debts, including:

   (a) firstly, landlords in respect of rent secured by tacit hypothecation by operation of law (*tacite hypothèque*); and

   (b) thereafter and ranking equally among themselves, employees' wages, unfair dismissal awards, accrued holiday remuneration and certain tax and social security payments deducted in respect of employees (but subject to certain limits).

   (Preferred Debts Law, section 1, subject to any order of the Court made in a winding up: section 2).

6. A creditor who fails to appear before the Commissioner in désastre proceedings at the first general meeting of creditors and therefore does not participate in the first dividend has a prior claim in the event of further assets being realised and a second or subsequent dividend being declared. Additionally ranking equally with such a claim are recoverable costs under an Act of Court. (Ordinance of 1827: Saisies, Partages des Biens-Meubles and Ordinance of 1936 "Preferences encas de Faillète" and Re Rosario Pagliarone, Plaids de Meubles, 21 July, 1983).

7. The Guernsey Companies Law recognises on a winding up of subordination agreements between a Guernsey company and its creditors. (Guernsey Companies Law, section 104).

Subject to the above, remaining assets in a désastre or winding up will be realised and applied in satisfaction of debts and liabilities pari passu. (Guernsey Companies Law, section 104; Ordinance of 1827: Saisies Partages des Biens-Meubles).

Transactions at an undervalue/fraudulent preference: Guernsey does not have a developed modern jurisprudence in respect of the setting aside of transactions which are at an undervalue or which may constitute a "fraudulent preference", nor are these concepts included in the Guernsey Companies Law. Guernsey's customary law, however, recognises that a transaction may be voidable at the instance of creditors where it is effectively a transaction at an undervalue or constitutes a fraudulent preference.

Preference: Under Section 108 of the Guernsey Companies Law the liquidator of a company may apply to the Court for an order under the Guernsey Companies Law if the company has given a preference to any person at any time after the commencement of a period of six months immediately preceding the relevant date. The Guernsey Companies Law contains provisions, including those that define what constitutes a preference, the operation of the relevant time and the effect of entering into a preference with a person connected with the company or with an associate of the company. There is the possibility that the Courts would dismiss the value of a certificate provided by the charging company, to the effect that the creation of a security interest will not result in or is not as a result of a preference or an undervaluation, in the light of any additional factors at the time and overturn the grant of the security interest.

Receivership of Issuer

It is possible for a floating charge holder to appoint an administrative receiver in relation to certain capital market arrangements. Any such arrangement must involve a party who incurs or expects to incur a debt of at least £50,000,000 and the issue of a capital market investment that is rated, listed or traded (or designated to be rated, listed or traded). Such arrangement must also:

(a) involve a grant of security to:

(i) a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement; or

(ii) a party to the arrangement who issues a capital market investment; or

(iii) a person who holds the security as trustee for a party to the arrangement in connection with the issue for a capital market investment; or

(iv) a person who holds the security as trustee for a party to the arrangement who agrees to provide finance (including the provision of indemnity) to another party;

(b) involve at least one party guaranteeing or providing security in respect of the performance of obligations of another party; or

(c) involve an investment of a kind described in Articles 83 to 85 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (Options, Futures and Contracts for differences).

It is anticipated that the Issuer, upon completion of the issue of the Notes (but not any Borrower or Mortgagor), will fall within such exception and that consequently it will be possible for the Trustee to appoint an administrative receiver over the assets of the Issuer under the terms of the Deed of Charge and Assignment, thus preventing the subsequent appointment of an administrator of the Issuer by any other party.

Preferential Creditors, prescribed part and administrations expenses

Crown Preference in relation to all insolvency is now abolished and accordingly the categories of preferential debts that are payable in priority to any assets secured by a floating charge are reduced. However, Section 176A of the Insolvency Act 1986 requires that a prescribed part of a company's net property (property which is available to the holder of a floating charge) can be made available for the satisfaction of unsecured debts. The section is not, nonetheless, relevant to:

(a) property which is subject to a valid fixed security interest;

(b) a floating charge created before 15 September, 2003; or

(c) an insolvency where there are no unsecured creditors.

This will accordingly potentially apply to the Deed of Charge and Assignment granted by the Issuer although it is not anticipated there will be any material unsecured or preferential creditors. Currently, the maximum value of the prescribed part which can be made available to unsecured creditors is £600,000.

In addition, in the event of an administration any expenses of the administration will be paid in priority to the holder of a floating charge.

Insolvency Regimes Differ

The Borrowers are incorporated or established in jurisdictions other than England and Wales and therefore may be subject to insolvency regimes that differ from that of England and Wales. In cases where the Borrower is based in a foreign jurisdiction, enforcement of security may be restricted by local insolvency law, including, for example, any statutory moratorium periods during which enforcement of security interests is prevented.

The Insolvency Act 1986 (either as originally enacted or as amended, including by the provisions of the Enterprise Act 2002) does not apply in Jersey and Guernsey and receivers, administrative receivers and administrators are not part of the laws of Jersey or Guernsey. Accordingly the Courts of Jersey and Guernsey are unlikely to recognise the powers of an administrator, administrative receiver or other receiver appointed in respect of Jersey or Guernsey situs assets. However, subsections (4),(5),(10) and (11) of section 426 of the Insolvency Act 1986 have been adopted by the Island of Guernsey with the intention of imposing reciprocal obligations towards other courts exercising jurisdictions in relation to insolvency. Accordingly a Guernsey court having jurisdiction in relation to insolvency law in Guernsey shall assist the courts of the United Kingdom and the Bailiwick of Jersey having a corresponding jurisdiction. Under the Bankruptcy (Désastre) (Jersey) Law, 1990 the Jersey court shall assist the courts of prescribed countries and territories in all matters relating to the insolvency of any person to the extent that the Jersey court thinks fit. These prescribed jurisdictions include the United Kingdom and the Bailiwick of Guernsey.

FACTORS RELATING TO THE NOTES

Liability under the Notes

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

Limited Resources of the Issuer

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt by it of principal and interest from the Borrowers under the Loan. In addition, the Issuer will have available to it (subject to satisfaction of the conditions for drawing) drawings under the Liquidity Facility Agreement. Other than the foregoing, prior to the enforcement of the Issuer Security, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and in respect of making any payment ranking in priority to, or *pari passu* with, the Notes.

Monitoring of compliance with representations, warranties and covenants and the occurrence of a Loan Event of Default

The Issuer is a special purpose company, therefore it will not, nor does it possess the resources actively to monitor whether a Loan Event of Default has occurred, including, for this purpose, the continued accuracy of the respective representations and warranties made by the Borrowers and compliance by the Borrowers, with their respective covenants and undertakings under the Credit Agreement.

The Loan Security will provide that the Loan Security Trustee will be entitled to assume, unless it is otherwise expressly disclosed in any investor report or compliance certificate thereunder or the Loan Security Trustee is expressly informed otherwise by the Borrowers, that no Loan Event of Default has occurred which is continuing. The Loan Security Trustee will not itself monitor whether any such event has occurred but will (unless expressly informed to the contrary by the Borrowers) rely on certificates delivered under the Credit Agreement to determine whether a Loan Event of Default has occurred. For further details concerning Loan Events of Default see "*The Loan and the Loan Security*" below.

The Loan will require the Borrowers to inform the Issuer, the Servicer and the Loan Security Trustee of the occurrence of any Loan Event of Default promptly upon becoming aware of the same. In addition, each Borrower is required to confirm in each compliance certificate delivered thereunder (each of which will be delivered to, among other recipients, the Loan Security Trustee) whether or not any Loan Event of Default has occurred (and, if one has, what action is being or proposed to be taken to remedy it).

The occurrence of a Loan Event of Default will entitle the Loan Security Trustee to pursue any of the courses of action available to it in respect of the affected Borrower and its Property.

Under the Servicing Agreement, the Servicer and (in relation to a Specially Serviced Loan) the Special Servicer have full power and authority, acting alone, to exercise the rights and powers of the Loan Security Trustee in exercising its rights in relation to the Whole Loan and the Loan Security (other than the right to enforce the Loan or the Loan Security, which rights shall be exercised by the Loan Security Trustee at the direction of the Servicer or, in the case of a Specially Serviced Loan, the Special Servicer) and to do or cause to be done any and all things in connection with such servicing and administration which it may deem necessary or desirable. The Servicer and the Special Servicer will exercise such power and authority in a manner which is consistent with the Servicing Standard.

Post-Enforcement Call Option

To the extent that the Trustee determines, in its sole opinion and discretion, that all amounts outstanding under the Notes have become due and payable, all available funds have been distributed, and that there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of the Issuer Security or otherwise) available to pay amounts outstanding under the Notes, PECO will have the option to purchase from the Noteholders all Notes then outstanding for consideration of one penny in respect of each Note (see Condition 6 below).

Deferral of Interest on Junior Notes

If, on any Interest Payment Date, prior to delivery of a Note Enforcement Notice, there are insufficient funds available to the Issuer to pay accrued interest on any class of Notes other than the Most Senior Class of Notes, the Issuer's liability to pay such accrued interest will be treated as not having fallen due and will be deferred until the earlier of (a) the next following Interest Payment Date on which the Issuer has, in accordance with the Pre-Enforcement Interest Priority of Payments, sufficient funds available to pay such deferred amounts (including any interest accrued thereon) and (b) the date on which the relevant Notes are due to be redeemed in full. Interest will, however, accrue on such deferred interest. However, a Cash Reserve Account will be established in the name of the Issuer with the Operating Bank and will be used by the Issuer to make payments on any Interest Payment Date of any Prepayment Interest Arrears to the Noteholders of the relevant Class before such amounts become due. The Cash Reserve has been sized in order to cover the most adverse prepayment scenario of the Loan.

Rights Available to Holders of Notes of Different Classes

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

Ratings of Notes and Confirmations of Ratings

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

Agencies other than the Rating Agencies could seek to rate the Notes and if such "unsolicited ratings" are lower than the comparable ratings assigned to the Notes by the Rating Agencies, those shadow ratings could have an adverse effect on the value of the Notes. For the avoidance of doubt and unless

the context otherwise requires, any references to "ratings" or "rating" in this Prospectus are to ratings assigned by the specified Rating Agencies only.

Absence of Secondary Market; Limited Liquidity

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

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a revolving committed facility for drawings to be made in the circumstances described in "*Credit Structure — Liquidity Facility*". The Liquidity Facility will be available to cover senior expenses and interest payable on the Notes, other than Prepayment Interest Arrears, to the extent that there is a shortfall (a "**Senior Expenses Drawing**") and to advance payments in relation to the Senior Loan due under the Loan Swap Agreements contracted in relation to the Whole Loan on any Loan Interest Payment Date (a "**Loan Swap Advance**"). Any Loan Swap Advance will be made on a Calculation Date and any Senior Expenses Drawing will be made on an Interest Payment Date.

As any amount to be established on a Calculation Date may be adjusted to take account of amounts received on or before the next Interest Payment Date, it is possible that a notice of drawing may be served under the Liquidity Facility (in respect of a Loan Swap Advance two Business Days before the relevant Calculation Date or in respect of a Senior Expenses Drawing on the Calculation Date for the relevant Interest Payment Date) and subsequently funds received that would make the Liquidity Facility drawing unnecessary. However, the Issuer will still be obliged to draw, and pay interest on, the relevant amounts under the Liquidity Facility until the relevant amounts are repaid either as a Priority Amount or on an Interest Payment Date.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") EU Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries).

As part of an agreement reached in connection with the EU Savings Directive on interest payments, and in line with steps taken by other relevant third countries, Jersey and Guernsey introduced with effect from 1 July, 2005 a retention tax system in respect of payments of interest, or other similar income, made to an individual beneficial owner resident in an EU Member State by a paying agent established in Jersey or Guernsey. The retention tax system applies for a transitional period prior to the implementation of a system of automatic communication to EU Member States of information regarding such payments. During this transitional period, such an individual beneficial owner resident in an EU Member State will be entitled to request a paying agent not to retain tax from such payments but instead to apply a system by which the details of such payments are communicated to the tax authorities of the EU Member State in which the beneficial owner is resident.

The retention tax systems in Jersey and Guernsey is are implemented by means of bilateral agreements with each of the EU Member States, the Taxation (Agreements with European Union Member States) (Jersey) Regulations 2005 and the Taxation (Agreements with European Union Member States) (Guernsey) Regulations 2005 and Guidance Notes issued by the Policy and Resources Committee of the States of Jersey and the Policy Council of the States of Guernsey. Based on these provisions and what is

understood to be the current practice of the Jersey and Guernsey tax authorities, the Issuer would not be obliged to levy retention tax in either Jersey or Guernsey under these provisions in respect of interest payments made by it to a paying agent established outside Jersey or Guernsey respectively.

Corporation Tax Reform

In December 2004, HM Revenue & Customs issued a technical note entitled *"Corporation tax reform"*. The document builds on a number of proposals contained in earlier consultation documents as to how the current corporation tax system might be reformed. It is not currently known whether or in precisely what form any changes arising from the consultation on corporation tax reform will be enacted. It is possible that, if these changes are enacted, they may affect the taxation treatment of the Issuer, and consequently could affect the ability of the Issuer to repay amounts under the Notes. The change may also affect the tax treatment of the Borrowers.

Withholding Tax under the Notes

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

Change of Currency

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

Where such a change in currency occurs, the Notes and the Conditions will be amended in the manner agreed between the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position as if no change in currency had occurred. Such amendments are to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with a change in currency. All such amendments will be binding on the Noteholders. Notification of the amendments will be made in accordance with Condition 15.

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law and administrative practice in effect as at the date of this document. No assurance can be given as to the impact of any possible change to English law or 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.

Implementation of the Basel II framework

On 26 June, 2004, the Basel Committee on Banking Supervision (the "**Basel Committee**") published the text of a new capital accord under the title Basel II: *International Convergence of Capital Measurement and Capital Standards: a Revised Framework* ("**Basel II**"); a revised version was published on 15 November, 2005. Basel II replaces the 1988 Basel Capital Accord and places enhanced emphasis on risk-sensitivity and market discipline. The Basel Committee has suggested that the various approaches under Basel II should be implemented in stages, some from year-end 2006; the most advanced at year-end 2007. National implementation dates may differ depending on the relevant implementation process. If implemented in accordance with its current form, Basel II could affect the risk weighting of the Notes in respect of investors which are subject to Basel II in the form of any national legislative implementation thereof including, in respect of EU financial institution investors, via the proposed capital adequacy framework set out in the "International Convergence of Capital

Measurement and Capital Standards: a Revised Framework", published by the Basel Committee on Banking Supervision on 26 June, 2004 (the "**Capital Requirements Directive**"). Consequently, investors should consult their own advisers as to the consequences to and effect on them of the proposed national implementation of Basel II. No predictions can be made by the Issuer as to the precise effects of potential changes which might result if Basel II is adopted in its current form or otherwise.

Introduction of International Financial Reporting Standards

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

However, the Finance Act 2005 (as amended) requires a "securitisation company" to prepare tax computations for its periods of account beginning on or after 1 January, 2005 and ending before 1 January, 2008 on the basis of UK GAAP as applicable up to 31 December, 2004, notwithstanding the requirement to prepare statutory accounts under IFRS or new UK GAAP. The Issuer has been advised that it should be a "securitisation company" for these purposes.

The stated policy of HM Revenue & Customs is that the tax neutrality of securitisation companies in general should not be disrupted as a result of the transition to IFRS or new UK GAAP, and it has been working with participants in the securitisation industry to establish a permanent regime that would prevent any such disruption. The Finance Act 2005 enables regulations to be made to establish such a regime. A form of such regulations was laid before the House of Commons on 16 November, 2006 (the "**Regulations**") and is currently the subject of the parliamentary process.

If the Regulations are finally approved in their current form, then for accounting periods beginning on or after 1 January, 2007, companies to which they apply will, broadly, be taxed by reference to their "retained profit" (and so should not be subject to the concern outlined above). For a company to fall within the permanent regime under the Regulations, certain conditions are required to be met in relation to the activities of the relevant company and its payment obligations. On the basis of the Regulations in their current form, the Issuer is likely to satisfy the relevant conditions. Under the Regulations, however, companies with accounting periods beginning prior to 1 January, 2007 that qualify as "securitisation companies" under the interim regime described in the preceding paragraph will only be capable of falling within the permanent regime if they elect within the applicable time period for the permanent regime to apply to them.

However, if (for whatever reason) the Regulations are not finally approved in their current form, and other measures are not introduced to deal with the corporation tax position of companies described in the first sub-paragraph above, the Issuer may (like other such companies) be required to recognise profits or losses as a result of the application of IFRS or new UK GAAP which could have tax effects not contemplated in the cashflows for the transaction, and as such adversely affect the Issuer and consequently the Noteholders. This could also be the case for accounting periods ending after 31 December, 2007 if the Issuer does not, for whatever reason, fall within the permanent regime (although it is not clear as to what would be the tax treatment of companies involved in securitisations which fall within the interim regime but not the permanent regime).

Transparency Directive

In December 2004, Directive 2004/109/EC (the "**Transparency Directive**") was formally adopted. The Transparency Directive relates to information about the issuers whose securities are admitted to trading on a regulated market in the European Union ("**EU**") such as the Irish Stock Exchange. The Transparency Directive is required to be implemented in EU member states by 20 January, 2007. Should the Transparency Directive impose requirements on the Issuer that it in good faith determines are unduly burdensome, the Issuer may de-list the Notes in accordance with the rules of the Irish Stock Exchange. The Issuer will use its best endeavours to obtain an alternative admission to listing, trading

and/or quotation for the Notes by another listing authority, exchange and/or system or market outside the EU (or on an alternative non-regulated market in the EU) and outside the United States, as it may decide, in any case such that the Transparency Directive would not apply to the Issuer. If such an alternative admission is not available to the Issuer or is, in the Issuer's good faith opinion, unduly burdensome, an alternative admission may not be obtained. Although no assurance is made as to the liquidity of the Notes as a result of the listing on the Irish Stock Exchange, de-listing the Securities from the Irish Stock Exchange may have a material effect on the ability to resell the Notes in the secondary market.

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

THE ISSUER

The Issuer, White Tower 2006-3 plc, was incorporated in England and Wales on 2 November, 2006 (registered number 5986980), 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 and its telephone number is +44 (0)20 7398 6300. 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, amongst other things, to invest in mortgage loans secured on commercial or other properties within the United Kingdom or elsewhere, to manage and administer mortgage loan portfolios, to issue securities in payment or part payment for any real or personal property purchased, to borrow, raise and secure the payment of money by the creation and issue of bonds, debentures, notes or other securities and to charge or grant security over the Issuer's property or assets to secure its obligations.

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

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

2. Directors and Secretary

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

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

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

3. Capitalisation and Indebtedness

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

Share Capital

Authorised Share Capital £	**Issued Share Capital £**	**Value of each Share £**	**Shares Fully Paid Up**	**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 PECO. The remaining one share in the Issuer (which is fully paid) is held by SFM Nominees Limited (registered number 4115230) as nominee for PECO.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2012	£678,500,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2012	£171,500,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2012	£116,000,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2012.....	£116,000,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2012	£68,000,000
Total Loan Capital	£1,150,000,000

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 Prospectus.

PECO

PECO, White Tower Property Estate Capital Options 2 Limited, was incorporated in England and Wales on 1 November (registered number 5985887), as a private company with limited liability under the Companies Act 1985. The registered office of PECO is at 35 Great St. Helen's, London EC3A 6AP.

1. Principal Activities

The only purposes of PECO are to hold the Post-Enforcement Call Option and other similar options granted in respect of securities granted by other issuers and to be the holding company of White Tower 2006-3 plc. The Post-Enforcement Call Option will be granted to PECO by the Trustee on behalf of all the Noteholders and will permit PECO to acquire from the Noteholders all the Notes then outstanding for a purchase price of one penny per Note. The Post-Enforcement Call Option will only be exercised if the Trustee determines (and gives written notice to PECO of such determination), in its sole opinion and discretion, that all amounts outstanding under the Notes have become due and payable and that there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of the Issuer Security or otherwise) being available to pay amounts outstanding under the Notes. See Condition 6 below.

2. Directors and Secretary

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

3. Capitalisation

The capitalisation of PECO as at the date of this Prospectus is as follows:

Share Capital

Authorised Share Capital £	Issued Share Capital £	Nominal Value of each Share £	Shares Fully Paid Up	Paid Up Share Capital £	Paid Up Share Premium £
1,000	2	1	2	2	49,997

PECO has an authorised share capital of £1,000 divided into 1,000 ordinary shares of £1 each, of which two ordinary shares have been issued with one of such ordinary shares being issued at a premium of £49,997 over its nominal value. All of the issued shares in PECO are held by the Share Trustee under the terms of the White Tower 2006-3 Securitisation Trust.

THE PARTIES

Société Générale

Société Générale is the originator of the Loan and, in addition, the Loan Swap Counterparty.

Société Générale is a French limited liability company (Société Anonyme) having the status of a bank and is registered in France in the Commercial Register under number 552120222. It has its registered office at 29 Boulevard Haussman, 75009 Paris and its head office at Tour S.G., 17 Cours Valmy, 97972 Paris La Defense. Société Générale was incorporated by deed approved by the decree of 4 May, 1864.

Société Générale has an authorised share capital of 439,074,968 shares with a par value of €1.25 each all of which were fully paid up as at 10 October, 2006. The total assets of Société Générale and its subsidiaries (the "**Société Générale Group**") were €902,797 millions as at 30 June, 2006.

The short-term unsecured obligations of Société Générale are rated "A-1+" by S&P, F1+ by Fitch and "P-1" by Moody's and the long-term obligations are rated "AA" by S&P, "AA" by Fitch and "Aa2" by Moody's.

The information contained in this Prospectus with respect to Société Générale has been obtained from publicly available information on its website.

The delivery of this Prospectus shall not create any implication that there has been no change in the affairs of Société Générale since the date of this Prospectus, or that the information contained or referred to in it is correct as of any time subsequent to its date.

Servicer

Hatfield Philips International Limited ("**Hatfield Philips**"), whose principal office is at 34th Floor, 25 Canada Square, Canary Wharf, London E14 5LB, is a limited liability company regulated in England and Wales and will, pursuant to the terms of the Servicing Agreement, act as the Servicer in respect of the Loan.

Special Servicer

Hatfield Philips will, pursuant to the terms of the Servicing Agreement, act as the initial Special Servicer of the Loan if it is appointed to act in such capacity in the circumstances described in "*Servicing - Roles of the Servicer and Special Servicer*".

Liquidity Facility Provider

Lloyds TSB Bank plc acting through its corporate office located at 10 Gresham Street, London EC2V 7AE, will act as the Liquidity Facility Provider under the Liquidity Facility Agreement. Lloyds TSB Bank plc is regulated by the Financial Services Authority. The long term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc are rated "Aaa" by Moody's, AA+ by Fitch and "AA" by S&P and the short term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc are rated "P-1" by Moody's, F1+ by Fitch and "A-1+" by S&P.

Cash Manager

ABN AMRO Bank N.V. (London Branch) will act as the Cash Manager under the Cash Management Agreement. See "*Cash Management*".

Operating Bank

ABN AMRO Bank N.V. (London Branch) will act as the Operating Bank pursuant to the Cash Management Agreement in relation to the Issuer Transaction Account, the Stand-by Account, the Cash Investment Account and the Cash Reserve Account, and under the Servicing Agreement in relation to the Tranching Account through its office located at 82 Bishopsgate, London EC2N 4BN. The short term, unsecured, unguaranteed and unsubordinated debt obligations of ABN AMRO Bank N.V. (London Branch) are rated

"A-1+" by S&P, F1+ by Fitch and "P-1" by Moody's. The long term, unsecured, unguaranteed and unsubordinated debt obligations of ABN AMRO Bank N.V. (London Branch) are rated "AA" by S&P, "AA-" by Fitch and "Aa3" by Moody's.

White Tower Property Estate Capital Options 2 Limited

White Tower Property Estate Capital Options 2 Limited ("**PECO**"), a limited liability company incorporated in England and Wales (registered number 5985887) and whose registered office is at 35 Great St. Helen's, London EC3A 6AP, will, pursuant to the Post-Enforcement Call Option Agreement, have the benefit of the Post-Enforcement Call Option to acquire all the Notes of the Issuer then outstanding, which will be exercisable only after certain conditions have been met.

Principal Paying Agent and Agent Bank

ABN AMRO Bank N.V. (London Branch) will be appointed as Principal Paying Agent and Agent Bank under the Agency Agreement.

Share Trustee

SFM Corporate Services Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP will be appointed as Share Trustee under the Share Declaration of Trust.

Irish Paying Agent

NCB Stockbrokers Limited whose principal office is at 3 George's Dock, International Financial Services Centre, Dublin 1, Ireland will be appointed as Irish Paying Agent under the Agency Agreement.

Corporate Services Provider

Structured Finance Management Limited whose registered office is at 35 Great St. Helen's, London EC3A 6AP will be appointed as Corporate Services Provider under the Corporate Services Agreement.

Among other things, the Corporate Services Agreement sets out when, and the terms upon which, each of the Issuer and the Trustee have the right to terminate the Corporate Services Agreement by removing the Corporate Services Provider if the Corporate Services Provider does any of the following:

(i) commits a material breach of any of the terms or conditions of the Corporate Services Agreement and fails to remedy the same within 30 days (or such other period as shall be agreed between the parties) of being required so to do; or

(ii) enters into liquidation whether compulsorily or voluntarily (other than for the purpose of amalgamation or reconstruction) or compounds with any of its creditors or has a receiver, administrative receiver or administrator appointed over all or any part of its assets or takes or suffers any similar action in consequence of its debt; or

(iii) ceases or threatens to cease to carry on its business or a substantial part of its business; or

(iv) purports to assign the Corporate Services Agreement or any rights under it without the express written consent of the Issuer and the Trustee, such consent not to be unreasonably withheld; or

(v) consolidates or amalgamates with, or merges with or into, or transfers all or substantially all of its assets to, another entity or if control of the Corporate Services Provider changes.

In addition, the Corporate Services Agreement may be terminated by not less than three months' prior written notice given jointly by the Issuer and the Trustee to the Corporate Services Provider or by the Corporate Services Provider to each of the Issuer and the Trustee.

The Corporate Services Provider may terminate the Corporate Services Agreement by giving notice to the Issuer, copied to the Trustee, if the Issuer commits a material breach and this is not remedied in accordance with the terms of the Corporate Services Agreement.

Any termination of the Corporate Services Agreement shall not take effect until a successor corporate services provider has been appointed (and approved in writing by the Trustee) and such of the Directors and/or Secretary (as the case may be) as the Issuer and the Trustee jointly require, tender their resignation provided that such resignations are not effective until after the appointment (and approval in writing by the Trustee) of the successor corporate services provider.

Trustee

ABN AMRO Trustees Limited has its registered office at 82 Bishopsgate, London EC2N 4BN. The Trustee will be appointed pursuant to the Trust Deed to represent the interests of the Noteholders. The Trustee will agree to hold the benefit of the covenants of the Issuer contained in the Trust Deed on trust for the Noteholders and the Issuer Security for the benefit of, *inter alios*, the Noteholders.

Among other things, the Trust Deed:

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

(b) contains various covenants of the Issuer relating to repayment of principal and payment of interest in respect of the Notes, to the conduct of its affairs generally and to certain ongoing obligations connected with its issuance of the Notes;

(c) provides for the remuneration of the Trustee, the payment of expenses incurred by it in the exercise of its powers and performance of its duties and provides for the indemnification of the Trustee against liabilities, losses and costs arising out of the Trustee's exercise of its powers and performance of its duties;

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

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

(f) sets out the extent of the Trustee's powers and discretions, including its rights to delegate the exercise of its powers or duties to agents, to seek and act upon the advice of certain experts and to rely upon certain documents without further investigation;

(g) limits the scope of the Trustee's liability for negligence or wilful default or fraud in connection with the exercise of its duties;

(h) sets out the terms upon which the Trustee may, without the consent of the Noteholders, waive or authorise any breach or proposed breach of covenant by the Issuer or determine that an Event of Default (as defined in Condition 10) will not be treated as such;

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

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

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

The appointment of a successor Trustee will be made by the Issuer or, where the Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Trustee itself. No person may be appointed to act as a successor Trustee unless that person has been previously approved by an Extraordinary Resolution of each class of the Noteholders.

THE BORROWERS

Borrowers

The Whole Loan has different Borrowers. As at the Cut-off Date, the Whole Loan has an outstanding balance of approximately 1,450,000,000. As at the date of this Prospectus, none of the Borrowers have been required in accordance with the Companies (Jersey) Law 1991 to produce company accounts and none have been produced.

Aviva Borrower, Carey Street Borrower, Chiswick Borrower, Leadenhall Borrower, Ellegate Borrower, Sampson Borrower

The Aviva Tower Limited Partnership, Carey Street Limited Partnership, Chiswick Limited Partnership, Leadenhall Court Limited Partnership, Ellegate Limited Partnership and Sampson Limited Partnership are limited partnerships registered under the Jersey LP Law in Jersey. The affairs of each such limited partnership and the rights and obligations of the partners among themselves are governed by limited partnership agreements entered into between the partners on 12 October, 2006 (the "**Partnership Agreements**").

Each limited partnership generally consists of two general partners and three limited partners. Each partner makes a capital contribution to the limited partnership and in some instances also lends money to the limited partnership.

In relation to the purchase by a limited partnership of property, the legal interest in the property is either held by the general partners or on trust by one or more trustees. Where property is held by two or more trustees, or a single trustee which is a trust corporation, the beneficial interest in the property will be overreached on a sale or disposal of the legal interest in the property but it is nonetheless the practice to require the partnership to charge by way of first fixed charge its beneficial interest in the property by way of collateral security.

The Partnership Agreements include provisions which, *inter alia*, provide that the general and limited partners do not have the right to the return of their capital contributions except on the dissolution of the limited partnership. The Partnership Agreements also provide that in each case the limited partnership shall be dissolved at any time where there is only one general partner, the bankruptcy, insolvency, dissolution, removal, liquidation, retirement or withdrawal of such general partner (unless the limited partners unanimously resolve to continue the limited partnership and elect a new general partner within a 90 day period) or shall otherwise be dissolved with the agreement of the general partners and the limited partners (by unanimous written consent). The relevant partners also covenanted, *inter alia*, not to call for a dissolution of the relevant partnership. A dissolution could nevertheless occur automatically if (i) it or its general partners become insolvent (it should be noted that both the general partners and limited partners (except for one private individual with a 0.2 per cent. interest) are special purpose vehicles and have given representations to the Originator as to their status); or (ii) if the business of the limited partnership becomes unlawful.

If a limited partnership is wound up in breach of a prohibition contained in the relevant limited partnership agreement and/or the Credit Agreement, or is wound up automatically on the occurrence of one of the events referred to in the preceding paragraph, then the statutory subordination contained in the Jersey LP Law ought to apply. The Jersey LP Law provides that, on the dissolution of a limited partnership, the liabilities of a limited partnership to creditors, except to (a) limited partners on account of their contributions or profits and (b) general partners shall be paid first and then, subject to the partnership agreement or a subsequent agreement, the other liabilities of the limited partnership shall be paid in a prescribed order.

Pursuant to the Jersey LP Law, a general partner in a limited partnership is subject to all the restrictions and liabilities of a partner in a partnership without limited partners. Limited partners are however not liable for the debts or obligations of the partnership beyond the value of money or other property that the limited partner has contributed to the partnership and the value of money or other property that is specified in the register of partnership interests to be contributed by the limited partner to the limited partnership. Any debt obligations of the partnership above such level will be the responsibility of the general partner. The principal exception to the above is where the limited partner participates in the

management of the limited partnership in its dealings with persons who are not partners beyond certain specified activities in which circumstances the limited partner may, in certain circumstances, become liable for the debts and obligations of the limited partnership incurred during the period that it participated in the management of the limited partnership as though the limited partner were for that period a general partner. Limited partnerships registered in Jersey do not have a legal personality separate from their partners.

The limited partnerships may be dissolved in accordance with the relevant Partnership Agreement. In addition, a court may, on application of any partner and on the satisfaction of certain statutory grounds, order the dissolution of the partnership. The terms of the Partnership Agreements and the Credit Agreement effectively prohibit, however, any of the partners from petitioning for the winding-up or administration of the partnership so long as the Loan is outstanding.

Victoria Embankment Borrowers

The Victoria Embankment Borrowers comprise (jointly and severally) two limited liability companies registered in Jersey namely Victoria Embankment Properties Limited (company number 91016) and Victoria Embankment Holdings Limited (company number 91070).

The only material assets of these companies are the units in the VE Unit Trust which owns the Victoria Embankment Property (for further information in this respect see "*Risk Factors – Unit Trusts*" above). A legal opinion was obtained from Jersey lawyers on the drawdown of the Whole Loan confirming that both companies comprising the Victoria Embankment Borrowers were duly constituted under Jersey law and had power and capacity to enter into the relevant loan and security documents.

Millennium Bridge Borrower

Millennium Bridge Investments Limited is also a limited liability company incorporated in Jersey. It holds directly the legal and beneficial interest in the Millennium Bridge Property. A legal opinion was obtained on the drawdown of the Whole Loan confirming that it was properly constituted under Jersey law and had power and capacity to enter into the Loan and the relevant security documents.

Alban Gate Borrowers

The Alban Gate Borrowers comprise (jointly and severally) two limited liability companies registered in Jersey namely Alban Gate Property Holdings (Jersey) Limited (company number 91031) and Alban Gate Property Holdings (No.2) Limited (company number 91273).

The only material assets of these companies are the units in the Alban Gate GPUT which owns the Alban Gate Property (for further information in this respect see "*Risk Factors – Unit Trusts*" above). A legal opinion was obtained from Jersey lawyers on the drawdown of the Whole Loan confirming that both companies comprising the Alban Gate Borrowers were duly constituted under Jersey law and had power and capacity to enter into the relevant loan and security documents.

THE LOAN AND THE LOAN SECURITY

1. The Loan

The Loan was originated by SG (the "**Originator**"). The origination of the Loan was undertaken by the Originator in its capacity as sole lender.

The Loan is secured over commercial properties, as described below. The decision to advance the Loan (subject to obtaining satisfactory legal due diligence) was based on compliance with the Originator's loan origination procedure, as described below. The Loan was originated on 16 October, 2006.

Loan Origination Procedure

The description that follows relates to the procedure followed by the Originator in originating the Loan.

2. Origination Procedure

(A) Underwriting and Credit Approval Process

In deciding whether to advance the Loan, the Originator carried out an initial review which included:

- Analysis of the lease structure and tenancies
- Past and current dynamics of the real estate market where the assets are located
- Detailed review of the underlying assets including type, location and quality
- Cash flow simulations
- Loan distribution strategy: syndication or securitisation

Based upon this analysis, loan terms and conditions, amortisation profiles and thresholds for financial covenants were determined and proposed to the client in the form of an indicative term sheet, that was negotiated with the client. Once the indicative terms were agreed with the client, an arrangement and underwriting mandate was signed. The Originator then went through the credit application process described below.

A designated deal leader wrote a Credit Application in respect of the Loan and was responsible for every aspect of the risk analysis (borrower, tenant, income stream analysis, loan structure and covenants). The Credit Application followed a standard format comprising:

- Executive Summary
- Overview of the sponsor
- Overview of the property
- Market analysis
- Tenant analysis
- Cash flows and risk analysis
- Funding structure and terms

The Credit Application was reviewed and approved by the Global Head of Real Estate Finance who assessed the transaction. A further review and subsequent approval was undertaken by two separate SG risk departments, one of which reported directly to the SG Chief Executive Officer.

Once credit approval was granted the full due diligence process commenced. The Originator instructed the chartered surveyors to provide valuations of the Properties.

The Originator instructed its external English Legal advisers, Sidley Austin ("**SA**") who are responsible for drafting and checking the loan and security documentation. See Section 3 below "*Legal Due Diligence*" for a more detailed description as to the due diligence process undertaken.

The deal leader reviewed all the due diligence reports and was responsible for the review of the information provided in these reports. The deal leader also ensured that satisfactory insurance and hedging arrangements were put in place on or prior to the drawdown of the Loan.

The deal leader, in conjunction with SA, confirmed that the Properties were suitable security for mortgage purposes.

Each facility is monitored by the Originator's Agency and Transaction Monitoring department which is independent from the real estate department. Any request for changes to tenancies, sales, changes in ownership etc. is dealt with by this department supported by other relevant areas. Compliance with loan covenants is checked on a minimum quarterly basis when updated property information is received from the borrower. In the case of this financing, Hatfield Philips International Limited was appointed as Servicer under the Servicing Agreement on 13 October, 2006.

3. Legal Due Diligence

Following the approval in principle by the Originator of the relevant loan facility, certain legal due diligence procedures (as detailed below) were followed before the loan was advanced. The legal due diligence was in each case addressed to the Originator and the Loan Security Trustee. All due diligence was dated as of or shortly before the date the Loan was drawn down. It is not updated prior to any securitisation. It is not re-addressed either to any such issuer or other party who must instead each rely solely on the representations and warranties given by the Originator contained in the Loan Sale Agreement.

(A) General Information

SA initially obtained (and, where reasonably practicable, checked) general information relating to a proposed facility including details of a borrower's shareholders; any borrowings that it has entered into; the accounts to be operated in connection with the proposed facility; any managing agents appointed (or to be appointed) in connection with the collection of rents and/or management of the property; and insurance of the property.

(B) Property Title Investigation

An important part of the legal due diligence process was to verify that the prospective borrower and/or mortgagor has or, if the property is being purchased, will have, good title to the property to be charged, free from any encumbrances or other matters which would be considered to be of a material adverse nature. Reports on title had previously been prepared and issued (the "**Historic Reports**") in relation to all of the Properties except for the Aviva Property and the Leadenhall Property. The Historic Reports were re-addressed to the Originator and the Loan Security Trustee by the Borrower's solicitors for the purpose of the origination of the Loan and an updated report in relation to each such Property (the "**Updated Report**") was also issued. The Historic Reports and the Updated Reports (together, the "**Reports on Title**") when read together constituted an up to date report on title in relation to each of the relevant Properties.

In relation to the Leadenhall Property the Borrower's solicitors prepared and issued a report on title (the "**Leadenhall Report**") and in relation to the Aviva Property the Borrower's solicitors prepared and issued a certificate of title (the "**Aviva Certificate**").

SA checked the identity of the solicitors and satisfied themselves on behalf of the Originator that they were of sufficient standing and competence to deliver a report on title or certificate on title in respect of the relevant property and have appropriate professional indemnity insurance cover.

SA reviewed the draft form of the Historic Report when originally issued to ensure that it covered all relevant matters. Once the draft had been issued, they raised requisitions in case of omissions, ambiguities or material disclosures and satisfied themselves in relation to any issues arising from the report. In relation to the Updated Report and in relation to the Leadenhall Report and the Aviva Certificate, SA undertook the same exercise.

SA then prepared executive summaries confirming approval of the form and content of the Reports on Title and the Leadenhall Report and Aviva Certificate and highlighting any matters contained in the reports and certificate which SA considered should be drawn to the attention of the Originator and its valuers (to whom a copy of the executive summaries was sent).

(C) Capacity of Borrowers/Mortgagors

In relation to any Borrower or Mortgagor incorporated or constituted in England and Wales, SA satisfied themselves that the relevant company was validly incorporated or constituted, had sufficient power and capacity to enter into the proposed transaction, whether it was subject to any existing mortgages or charges, whether it was the subject of any insolvency proceedings, and generally that any formalities required to enter into the proposed transaction with the Originator have been (or would by drawdown be) completed.

In relation to any Borrower, Mortgagor or trust incorporated or constituted outside England and Wales, lawyers competent in the jurisdiction where the company was incorporated or trust constituted were appointed to undertake a similar due diligence process to that undertaken by SA taking account of jurisdictional differences. The lawyers advising in connection with jurisdictions outside England and Wales were required to deliver an appropriate legal opinion confirming, among other things, that the choice of English law to govern the loan documentation (save in relation to the security over an asset whose "situs" (deemed location) is outside England and Wales, where local law applied) was recognised and upheld.

The legal due diligence undertaken in each case was addressed to the Originator and the Loan Security Trustee. It will not be updated prior to the sale of the Loan and Loan Security nor will it be readdressed either to the Issuer or the Trustee who will each rely solely on the representations and warranties to be given to them by the Originator in the Loan Sale Agreement (see "*Acquisition of the Loan*" below).

(D) Structural/Environmental/Mechanical and Environmental Reports

SG obtained and reviewed environmental "risk servicing" reports which, based upon published information relating to the property and past uses, attempted to identify the risk of any adverse environmental matters affecting the property and/or works being required to comply with any environmental legislation.

(E) Valuations

Each of the Properties was the subject of a Valuation in connection with the Whole Loan. The valuations contained a detailed description of the Property (including location areas and type of construction) rental values and an assessment of the insurance value of the Property. Each such valuation was undertaken on or about the origination date of the Loan by an independent qualified surveyor (being a member of the Royal Institution of Chartered Surveyors) on the instructions of the Originator. No further valuation will be undertaken in connection with the sale of the Loan to the Issuer.

4. Drawdown and Post-Completion Formalities

SA ensured that all necessary registration formalities and the service of notices were dealt with at drawdown or, as appropriate, within any applicable priority or other time periods following drawdown.

In relation to registrations at any relevant land registry, SA either undertook these or obtained an unconditional undertaking from the Borrower's solicitors to effect the registrations. Where any borrower's solicitors asked to retain any occupational leases in order to deal with day to day management matters, they were permitted to do so subject to providing an unconditional undertaking to hold them to the Loan Security Trustee's order and to deliver them on demand.

5. The Credit Agreement

General

The principal documentation which was entered into by, amongst others, the Borrowers, any Mortgagor, the Loan Swap Counterparty and the Originator (as Agent and Loan Security Trustee) in relation to the Whole Loan comprised the Credit Agreement; a debenture incorporating a legal mortgage from each of the Borrowers; a first legal mortgage over each of the Alban Gate Property, the Victoria Embankment Property and the Leadenhall Property; a first fixed charge in relation to the Rent Account, the Operating Reserve Account; the Sampson Reserve Account; the Leadenhall Reserve Account and each Collection Account; and various share charges over the Borrowers and their limited partners and general partners, where appropriate.

Purpose of the Loan

The purpose of the Whole Loan was to refinance the acquisition of the Millennium Bridge Property, refinance the acquisition of the units of the VE Unit Trust and the Alban Gate GPUT, and finance the acquisition of the Aviva Property, the Carey Street Property, the Leadenhall Property, the Chiswick Property, the Ellegate Property and the Sampson Property.

Borrowers/Mortgagor Description

The Borrowers are sponsored by an experienced property investor and are all special purpose vehicles constituted in Jersey whose only activity, save as referred to below, is represented as having been the beneficial owner (directly or indirectly) of the relevant mortgaged property.

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

Terms of the Credit Agreement

The Credit Agreement contains those representations, warranties and undertakings on the part of the Borrowers that would be acceptable to a reasonably prudent lender of money secured over commercial property.

The Whole Loan has an original maturity of approximately three years. The Loan is scheduled to be repaid on 23 October, 2009.

Loan Amount - Drawdown and Further Advances

The maximum amount of the Loan was calculated by reference to a pre agreed loan to value ratio and there is no obligation on the Originator or the Issuer to make any further advance to the Borrowers.

Neither the Servicer nor the Special Servicer will be permitted under the Servicing Agreement (following sale and purchase of the Loan) to agree to an amendment of the terms of the Loan that would require the Issuer to make any further advances to the Borrowers (unless written confirmation is received from the Rating Agencies that the rating of the Notes will not be adversely affected).

Payments/Prepayments

Each Borrower has the right to prepay voluntarily the whole or any part (but if in part, in a minimum amount of £500,000 and an integral multiple of £100,000) of the Loan upon not less than 10 Business Days' prior notice being given, subject to payment of any breakage costs (including the costs of breaking any associated hedging arrangements).

The Credit Agreement has a principal repayment schedule providing for the repayment of principal on each Loan Interest Payment Date (except for the Loan Interest Payment Date falling in January 2007). All such amortisation payments will, pursuant to the Intercreditor Agreement and prior to the

Enforcement Date, be applied towards the repayment of the Junior Loan before the Senior Loan. Any voluntary prepayments of the Loan shall be apportioned as between the Senior Loan and the Junior Loan and such prepayments potentially allow for further amortisation of the Whole Loan.

Interest

Interest under the Loan is paid quarterly in arrear on the 23rd day of January, April, July and October each year or, if such day is not a Business Day, the next following Business Day (unless such Business Day falls in the next succeeding calendar month, in which event the immediately preceding Business Day) (each such date a "**Loan Interest Payment Date**").

Interest in relation to the Loan is payable at a floating rate, although the Borrowers are obliged to enter into hedging arrangements (see "*Hedging Arrangements*" below).

Hedging Arrangements

A Borrower has entered into hedging arrangements (the "**Hedging Arrangements**") represented by two Principal Hedging Arrangements (as defined below) and a Supplemental Hedging Arrangement (as defined below) in accordance with the obligations of the Borrowers under the Credit Agreement. The two Principal Hedging Arrangements require the Borrower to pay a fixed rate of interest and the Loan Swap Counterparty is required to pay a floating rate applied, in each case, to the notional amount of the respective hedging transactions. The aggregate notional amount of the Principal Hedging Arrangements is, at the date such Principal Hedging Arrangements were entered into, equivalent to the amount of the Whole Loan, though such amount may decrease in respect of the applicable Hedging Arrangements to reflect prepayments or repayments of the Senior Loan and the Junior Loan, as applicable. The Hedging Arrangements are charged or assigned by way of security under a Security Document. The Principal Hedging Arrangements are in the form of an interest rate swap which is scheduled to continue in place until the loan maturity.

The Hedging Arrangements can terminate under certain circumstances. These include:

(a) certain bankruptcy events occurring in relation to the Borrower swap counterparty;

(b) a failure to pay amounts due under the hedging arrangements in a timely manner;

(c) a merger without assumption of all the obligations of a party; and

(d) the imposition of a deduction or withholding for tax on payments to be made by either party.

The Loan Swap Counterparty will, on or prior to the Closing Date, have a rating assigned to its long-term unguaranteed, unsubordinated and unsecured debt obligations of "AA" by S&P, "AA" by Fitch and "Aa2" by Moody's and its short-term unguaranteed, unsubordinated and unsecured debt obligations of "A-1+" by S&P, "F1+" by Fitch and "Prime-1" by Moody's. If the short-term, unsecured and unsubordinated debt obligations of the Loan Swap Counterparty cease to be rated as high as "A-1" by S&P or "P-1" by Moody's or "F1+" by Fitch or the long-term unsubordinated and unsecured debt obligations of the Loan Swap Counterparty cease to be rated as high as "A1" by Moody's or "A" by Fitch (the Minimum Swap Provider Ratings), the Loan Swap Counterparty, must within 30 days at its own cost either:

(a) post acceptable collateral with the Borrower swap counterparty (which in certain circumstances is subject to independent third party verification),

(b) transfer its rights and obligations to an acceptable replacement swap provider with the Minimum Swap Provider Ratings,

(c) find a co-obligor with the Minimum Swap Provider Ratings or obtain an acceptable guarantee from a guarantor with the Minimum Swap Provider Ratings or

(d) take such other actions as may be agreed with the Rating Agencies.

If the Loan Swap Counterparty does not perform (a), (b), (c) or (d) above (or, if having posted collateral pursuant to (a) above, such ratings fall below a further ratings trigger and the Loan Swap Counterparty fails to take any of the measures described in (b), (c) or (d) above within the then applicable time limit) then the Borrower swap counterparty will be entitled to terminate the Hedging Arrangements and enter into replacement hedging arrangements with another appropriately rated entity.

In addition to the periodic payments each party is required to make under the applicable Hedging Arrangements, termination payments will be required in the event of an early termination of the Hedging Arrangements.

In addition, on any day, if the notional amount of the Principal Hedging Arrangements attributable to the Senior Loan and Junior Loan exceeds 100% of the amount of the Senior Loan and 102% of the amount of the Junior Loan, respectively, an adjustment of the notional amount of the transactions under the Hedging Arrangements (and in the case of the Supplemental Hedging Arrangement, a proportionate amount of the Senior Loan) is required, and certain breakage costs may be payable. Thus, significant payments, beyond periodic payments, may be required under the terms of the Hedging Arrangements. However, any partial or full prepayment of the Loan is conditional upon such breakage costs and related prepayment being satisfied out of the proceeds giving rise to such prepayment.

Neither the Loan Swap Counterparty nor the Borrower swap counterparty may amend or waive the terms of any Hedging Arrangement without the consent of the Agent.

6. The Loan Security

Principal Security

All security in relation to the Loan is granted in favour of the Loan Security Trustee on trust for the Lenders under the Senior Loan and Junior Loan and the Loan Swap Counterparty.

Debentures

Each debenture entered into by a Borrower secures the obligations of the Borrower to the Originator pursuant to the Credit Agreement, Hedging Arrangements and other loan documents. It creates fixed and/or floating charges over all the assets (including an assignment of rent and each Borrower's beneficial interest under the declaration of trust described below) of the Borrowers, including any interest which the Borrower may hold in any Property (but excluding any Jersey-situs assets to which a floating charge will not apply).

Mortgages

Each Mortgage is granted by the company or companies in whom the legal estate to the relevant Property is vested, and creates a first fixed legal mortgage over the Property concerned.

Account Charges

The Account Charges create security interests under the Security Interests (Jersey) Law 1983 and give the Loan Security Trustee full security and control over monies standing to the credit of all the Collection Accounts (and security over any future general accounts which may be opened) established by the relevant Borrower/Mortgagor and of the Rent Account established by the Borrowers' Agent for the purposes of the Loan, into which rental income from each Property is paid. Under the Servicing Agreement, the Loan Security Trustee will delegate to the Servicer and the Special Servicer certain of its rights in relation to the secured accounts.

Share Charges/Unit Charges

Charges over the shares in all Borrowers (and their general partners and limited partners where the Borrower is a limited partnership) governed by Jersey law have been granted and the relevant share certificates deposited with or held to the order of the Loan Security Trustee.

The Victoria Embankment Borrowers have also entered into a security interest agreement (under Jersey law) in respect of the units in the VE Unit Trust held by each of them.

The Alban Gate Borrowers have entered into a security interest agreement (under Guernsey law) in respect of the units in the Alban Gate GPUT held by each of them.

Loan Security Trustee/Agent

Société Générale has been appointed as the Agent and the Loan Security Trustee in respect of the Whole Loan.

Additional Security

Subordination

All borrowing obligations of the Borrowers and Mortgagors other than pursuant to the Loan are fully subordinated in the usual manner to all amounts due under the Credit Agreement and the Loan Swap Agreements, subject to permitted payments being made to the subordinated creditor out of surplus amounts after payment of the sums due to the Lenders under the Loan on a Loan Interest Payment Date.

Intercreditor Agreement

In relation to the Loan, the security granted by the Borrowers and Mortgagors provides security for the Senior Lender, Junior Lender and Loan Swap Counterparty. The Intercreditor Agreement confirms that the security in respect of the Senior Loan and associated Hedging Arrangements rank in all respects ahead of and in priority to the security in respect of the Junior Loan (see "*The Intercreditor Agreement*" below).

Duty of Care Undertaking

Atisreal has been appointed as an independent managing agent in relation to the Aviva Property and the Chiswick Property and Allsop Commercial Management Limited has been appointed as an independent managing agent in relation to the Millennium Bridge Property, the Victoria Embankment Property, the Sampson Property, the Ellegate Property and the Carey Street Property, and Cushman and Wakefield has been appointed in relation to the Leadenhall Property as independent managing agent. The Borrowers have entered into duty of care undertakings with the managing agents addressed to the Loan Security Trustee in usual terms. The terms of such duty of care undertakings oblige the managing agents, amongst other things, to manage the Properties and act in the best interests of the Borrowers at all times. They are also obliged to collect promptly rental income and (after deducting any service charge or VAT) to pay any net rental income received by them into the specified Collection Account.

7. Insurance

The Borrowers and the Mortgagors are obliged to comply with all covenants as to insurance in relation to each Property imposed by the terms of any lease under which the Borrower or Mortgagor derives its estate or interest but, so far as not inconsistent with such lease terms, the Borrower shall insure all buildings, trade and other fixtures, fittings, plant and machinery forming part of the Property in such amounts and against such risks as the Loan Security Trustee may reasonably require (including, save as referred to below, in respect of subsidence, terrorism, professional fees, site clearance, Value Added Tax and not less than three years loss of rent but where and to the extent that by the terms of the headlease the Borrowers are not responsible for insurance as set out above then the Borrowers are to use reasonable endeavours to procure compliance by the superior landlord with its obligations in that regard).

Each Property is currently insured for its full reinstatement value against comprehensive risks (including damage as a result of terrorist action) and for at least 3 years' loss of rent. The interest of the relevant Borrower or Mortgagor (as property owner) and the Loan Security Trustee (as mortgagee) has been noted on the insurance policies relating to the Aviva Property and Millennium Bridge Property.

The Aviva Property is insured by the Aviva Borrower against comprehensive risks (including damage caused by terrorist activities) and 3 years' loss of rent.

The tenant of the Victoria Embankment Property has the right, for so long as it has a minimum net worth of US$1,500,000,000 not to insure the Property but to carry its own risk instead. This waiver is personal to the current tenant, JP Morgan Chase Bank, which does not currently exercise this right, and instead has taken out a separate insurance policy to cover its liability in such regard. The tenant has however declined to allow the interest of the Loan Security Trustee to be noted. Given the status of the tenant in this case, and the fact that it remains liable for all repairs and for payment of rent notwithstanding damage by any insured risks, the Originator considers the position acceptable.

In the case of the Millennium Bridge Property, the insurance of the greater part is the responsibility of the superior landlord who, under the terms of the relevant headlease, is obliged to insure against the usual comprehensive risks (including damage by terrorist activity) and four years' loss of (headlease) rent. Under this headlease, the Millennium Bridge Borrower is responsible for payment of insurance premium, although this obligation is passed down to the occupational tenant pursuant to the occupational lease. In respect of the other part of the Millennium Bridge property, the tenant is responsible for insurance against the same risks, again with the occupational tenant being responsible for reimbursing the cost of the insurance premiums.

It should be noted that the loss of rent insurance for the first headlease of the Millennium Bridge Property only covers the rents payable under the relevant headlease and the relevant Borrower has accordingly taken out separate insurance to cover 3 years' loss of rent under the occupational lease.

The buildings on the Alban Gate Property are currently insured by the superior landlord in the joint names of the superior landlord, and the Mortgagors for their full reinstatement value against comprehensive risks (including damage as a result of terrorist action) and the Mortgagors also insure against seven years' loss of rent under the occupational lease as required by the terms of the occupational lease to JPMorgan Chase Bank, N.A. The interest of the Loan Security Trustee has been noted on the insurance policies relating to the Alban Gate Property.

In relation to the Carey Street Property, the headlease granted to the Secretary of State provides that the insurance obligations are suspended whilst the tenant is a government department and there is therefore no insurance policy in relation to which the Loan Security Trustee's interest can be noted.

8. Secured Accounts

General

The Credit Agreement requires the Borrowers to establish sterling denominated bank accounts with a bank acceptable to the Loan Security Trustee, as described below, into which rental income and other monies are required to be paid by the Borrowers or their managing agent (the "**Collection Accounts**"). All Collection Accounts (and any future general accounts that may be opened) are expressed to be the subject of a security interest agreement under Jersey law. In relation to all Collection Accounts, the Loan Security Trustee has signing rights and control over the accounts.

At present, all Collection Accounts are held with SG Hambros Bank (Channel Islands) Limited (formerly SG Hambros Bank & Trust (Jersey) Limited), a subsidiary of SG.

Collection Accounts

Under the Credit Agreement, no more than three Business Days after receipt thereof, the rental income arising out of each Property is to be paid into the relevant collection account held by the relevant Borrower or trustees (the "**Collection Accounts**") over which the Loan Security Trustee has sole signing rights.

Rent Account

The Loan Security Trustee shall, prior to each Loan Interest Payment Date, transfer all sums standing to the credit of each Collection Account in accordance with the terms of the Credit Agreement into an account (the "**Rent Account**") with SG Hambros Bank (Channel Islands) Limited.

Reserve Accounts

The Credit Agreement requires the Borrowers to establish certain reserve accounts (namely, the Sampson Reserve Account, the Operating Reserve Account and the Leadenhall Reserve Account and together, the "**Reserve Accounts**"). The Loan Security Trustee shall have sole signing rights on each such account. On each relevant Loan Payment Date, the Servicer shall transfer any relevant amounts standing to the credit of the Sampson Reserve Account, the Leadenhall Reserve Account or the Operating Reserve Account to the Rent Account or as otherwise specified in the Credit Agreement, in accordance with the Credit Agreement.

The "**Leadenhall Reserve Account**" is a reserve account in the name of the Leadenhall Court Limited Partnership. If no default is outstanding, the Loan Security Trustee is to transfer from the Leadenhall Reserve Account (i) any sums from the £1,500,000 Leadenhall Litigation Reserve Amount (as defined below) required to settle a litigation claim in relation to the Leadenhall Property and associated costs, losses or liabilities; and (ii) any sums paid into the Leadenhall Reserve Account pursuant to the terms of a deed of covenant in relation to the Leadenhall Property entered into on the same date of the Credit Agreement, once deposited in the account, that may be required in order to discharge liabilities for stamp duty land tax, if they should arise in relation to the acquisition of the Leadenhall Property. The "**Leadenhall Litigation Reserve Amount**" is a reserve required by the Originator to make provision for a claim made by an occupational tenant against, *inter alios*, the legal owners of the Leadenhall Property. The Leadenhall Litigation Reserve Amount (or any part of it), is only to be released by the Loan Security Trustee to the Borrowers (or as they direct) once a legal opinion from third party counsel has been provided to the Loan Security Trustee (to its satisfaction) confirming that the Leadenhall Court Limited Partnership has no further liabilities in relation to the litigation claim.

The "**Operating Reserve Account**" is an operating reserve account in the name of the Borrowers opened and maintained by Protractor Holdings Limited. If no default is outstanding, the Loan Security Trustee is to transfer from the Operating Reserve Account on each Loan Payment Date an amount not exceeding in aggregate £140,000 in respect of the rent free periods on vacant space in respect of the Chiswick Property; and not exceeding in aggregate £40,000 to be paid to the Borrowers in respect of any service charge shortfalls or other liabilities payable by the Borrowers in respect of any Property (such amounts not being recoverable under any occupational lease); and to the Managing Agents of all due but unpaid fees of the Managing Agents under the respective appointment agreements between them and the relevant Borrower.

The "**Sampson Reserve Account**" is a reserve account in the name of the Sampson Limited Partnership into which an amount of £5,400,000 has been deposited. On each Loan Payment Date on and following the 23 January, 2007 up to and including the Loan Payment Date falling on 23 October, 2009 and if no default is outstanding, the Loan Security Trustee is to transfer the sum of £450,000 per quarter (the "**Sampson Uplift Amount**") from the Sampson Reserve Account to the Rent Account to top up the current passing rent from the occupational tenant to the level following the pre-agreed rent uplift in 2010.

In the event of a Loan Event of Default, all amounts standing to the credit of the Reserve Accounts will be used to repay the Whole Loan.

Tranching Account

Upon the instruction of the Servicer, two Business Days before each Loan Interest Payment Date, the balance of the Rent Account will be transferred into an account (the "**Tranching Account**") with the Operating Bank, which is held by the Operating Bank under a declaration of trust (the "**Tranching Account Declaration of Trust**") on trust for the benefit of the Issuer, the Loan Security Trustee, the Junior Lender, the Loan Swap Counterparty and the Borrowers. Further to the report provided by the Servicer to the Cash Manager on the account balances, the Cash Manager (on behalf of the Issuer) shall

notify the Liquidity Facility Provider regarding any Senior Expense Drawing that may be needed for payments to be made under the Notes on the Loan Interest Payment Date (as more fully described in "*Loan Servicing – Tranching Account*" below).

Payments from Issuer Transaction Account

On the Loan Interest Payment Date, the Servicer (on behalf of the Loan Security Trustee) will withdraw the monies from the Tranching Account and shall apply them towards payment or repayment of the amounts set forth below in the order specified in the Intercreditor Agreement.

The Servicer (on behalf of the Loan Security Trustee) will transfer sums paid to or for the benefit of the Issuer under the Senior Loan into the collection account of the Issuer (the "**Issuer Transaction Account**"), held with the Operating Bank. In respect of the Junior Loan, the Servicer (on behalf of the Loan Security Trustee) will transfer sums paid to or for the benefit of the Junior Lender directly into the relevant account as directed. Such monies withdrawn from the Tranching Account will be applied in accordance with the Intercreditor Agreement. The Junior Loan will always be subordinated to the Senior Loan.

The Loan Security Trustee (or the Servicer on its behalf) is not obliged to make any withdrawal if a default under the Credit Agreement is then outstanding (or would occur if any such withdrawal were made).

Events of Default: Enforcement

The Credit Agreement sets out events of default following the occurrence of which any mortgages and/ or other security for the repayment of the Loan may be enforced. Subject to any applicable grace periods and materiality the specified events include non-payment of sums due under the Credit Agreement, breach of any other obligations under the Credit Agreement, any representation, warranty or statement being incorrect when made or deemed to be made or repeated, and insolvency of, or the occurrence of any insolvency-related event in respect of any Borrower, non-third party or Mortgagor, enforcement of the security, inability to pay debts, change in beneficial ownership, cessation of business and change in control of Borrowers.

See "*Loan Servicing*" for further details regarding the procedures to be followed by the Servicer on the occurrence of a Loan Event or Default under the Credit Agreement.

9. Acquisition of the Loan

Consideration

Pursuant to the Loan Sale Agreement, the Originator will agree to sell and the Issuer will agree to purchase the Loan. In relation to the Loan Security, the Loan Security Trustee will be notified of the assignment of the Loan and therefore of the Issuer's beneficial interest in the Loan Security.

The initial purchase consideration in respect of the Loan and Loan Security will be approximately £1,149,750,000 which will be paid on the Closing Date. On each Interest Payment Date prior to the service of a Note Enforcement Notice, the Issuer will pay to the Originator (or to the person or persons then entitled to it or any component of it), to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loan and the Loan Security (the "**Deferred Consideration**"), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to:

(a) Available Interest Receipts less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) to (xi) as set out in "*Cash Flows — Payments out of the Issuer Transaction Account — Application of Available Interest Receipts*" above, minus

(b) an amount equal to 0.01 per cent. of the Borrower Interest Receipts transferred by the Servicer into the Issuer Transaction Account during that Collection Period, provided that the resulting amount is greater than nil.

Any amounts standing to the credit of the Cash Reserve Account (see "*Cash Management – Cash Reserve Account*") on the Final Interest Payment Date (after the application of any amounts payable in respect of Prepayment Interest Arrears on the Final Interest Payment Date) will be paid as Deferred Consideration by the Issuer to the Originator (or to the person or persons then entitled to it or any component of it).

The right to receive the Deferred Consideration or any component of the Deferred Consideration is assignable, subject to the assignee agreeing to be bound by the terms of the Deed of Charge and Assignment.

Notification and Transfer of Legal Title

Within ten Business Days of the Closing Date, written notice will be given to each Borrower and Mortgagor of the sale of the Loan and beneficial interests in the Loan Security to the Issuer, and of the assignment by way of security by the Issuer of the Loan (and beneficial interest in the Loan Security) to the Trustee pursuant to the Deed of Charge and Assignment, even if there is a Loan Security Trustee for the Senior Loan and Junior Loan.

Representations and Warranties

None of the Issuer, the Trustee, the Managers or their advisors has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser of the relevant security would normally make in relation to the Loan or the Loan Security purchased on the Closing Date. In addition, none of the Issuer, the Trustee, the Managers or their advisors has made or will make any enquiry, search or investigation at any time in relation to compliance by the Originator or any other person with respect to the loan origination procedure described above, or, in relation to the provisions of the Loan Sale Agreement, the Servicing Agreement or the Deed of Charge and Assignment in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loan or the Loan Security purchased on the Closing Date.

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

If there is a material breach of any representation and/or warranty in relation to the Loan or Loan Security (details of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, the Originator will be obliged within 60 days, if required by the Issuer, to repurchase the Loan and to accept a reassignment of its beneficial interest in the Loan Security from the Issuer for an aggregate amount equal to the outstanding principal amount under the Loan together with accrued interest up to, but excluding, the date of completion of the repurchase and costs incurred in relation to such repurchase (including an amount in respect of any potential shortfall that might be suffered by the Issuer if the repurchase takes place on a day other than an Interest Payment Date). The Issuer will have no other remedy in respect of such a breach unless the Originator fails to re-purchase the Loan, and to accept a reassignment of its beneficial interest in the Loan Security in accordance with the Loan Sale Agreement.

All representations and warranties referred to above are given once only at the Closing Date and will include, without limitation (but subject to disclosures in the Loan Sale Agreement and as disclosed in this Prospectus) statements to the following effect:

(i) The particulars of the Loan and Loan Security (including the Mortgages) set out in the relevant Schedule to the Loan Sale Agreement are in all material respects complete, true and accurate.

(ii) The Originator is the legal and beneficial owner of the Loan, free and clear of all encumbrances, claims and equities (including, without limitation, rights of set off or counterclaim).

(iii) The Loan constitutes a valid and binding obligation of, and is enforceable against, the Borrowers and represents the full recourse obligations of the Borrowers.

(iv) The Loan matures for repayment not later than 23 October, 2009.

(v) The Loan and Loan Security arose from the ordinary course of the Originator's commercial secured lending activities.

(vi) Interest is charged on the Loan at such a rate as may be determined in accordance with the provisions of the Credit Agreement.

(vii) The Credit Agreement is not in whole or part a regulated consumer credit agreement as defined in Section 8 of the Consumer Credit Act 1974, nor constitutes any other agreement regulated by such Act or any modification or re-enactment of such Act.

(viii) In respect of the Loan, the Borrowers are required to make all payments without any deduction for or on account of taxes, except if required to do so by law. If any tax must be deducted from amounts paid or payable under the Loan (save where such obligation arises as a result of voluntary action on the part of the Originator), then the Borrowers, in certain circumstances, are obliged to pay additional amounts to the Originator so that the Originator receives a net amount equal to the full amount it would have received had the payment not been subject to tax.

(ix) No Borrower is at the Closing Date nor was, at the date of any advance made pursuant to the Loan, an employee of or employed by the Originator.

(x) The Loan was not purchased by the Originator and each advance was made by the Originator for its own account.

(xi) No amount of principal, interest or other payment due from the Borrowers under the Credit Agreement or at any time before the Closing Date was more than 14 days overdue and as of the Closing Date no default was subsisting.

(xii) The Credit Agreement does not contain any obligation to make any further advances which remains to be performed by the Originator and no part of any advance pursuant to the Loan has been retained by the Originator pending compliance by the Borrowers with any other conditions.

(xiii) The Loan has not been discharged, terminated, redeemed, cancelled, rescinded or repudiated and neither the Originator nor the Borrowers have given any written intention to do so.

(xiv) The Loan and the beneficial interest in the Security Trusts may be validly assigned to the Issuer and no consent from the Borrowers or any Mortgagor is required for such assignment.

(xv) The Loan does not carry a right to payment of principal of less than the purchase price paid for the Loan by the Issuer.

(xvi) Pursuant to the terms of the Credit Agreement, no Borrower nor Mortgagor is entitled to exercise any right of set-off or counterclaim against the Originator in respect of any amount that is payable under the Loan.

(xvii) Immediately prior to advancing the Loan, each Property charged as security therefor was valued for the Originator by a qualified surveyor or valuer appointed by the Originator (being a fellow or associate of The Royal Institution of Chartered Surveyors) and, at the date of the Loan, the principal amount so advanced did not exceed 83 per cent. of such valuation.

(xviii) Prior to the completion of the Loan and each Mortgage, the Originator:

(a) received from solicitors acting for or approved by the Originator a report summarising reports on title or certificates of title and a related updating letter prepared in relation to each Property (or reports on title or certificates of title from such solicitors), including a report on the terms of each material occupational lease, addressed to the Originator and the Loan Security Trustee in relation to the relevant Property which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender

of money secured on commercial property to decline to proceed with the advance on its agreed terms;

(b) made available to the relevant valuer a copy of the reports on title or certificates of title or the summaries or the relevant parts thereof prepared by the relevant solicitor approved by the Originator, for the relevant valuer to comment on; and

(c) carried out all material investigations, searches and other actions and made such enquiries as to the Mortgagors' title to the Properties as would a reasonably prudent lender of money secured on commercial property (or such matters were undertaken by the entities issuing the reports on title or certificates of title) and nothing was disclosed by such investigations, searches, actions and enquiries which would have led such a reasonably prudent lender either initially or after further investigation to decline to proceed with the Loan.

(xix) Prior to the date of the Loan, the nature of, and amount secured by, the Loan and each Mortgage and the circumstances of the Borrowers and any relevant Mortgagors would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property.

(xx) In respect of each Borrower and Mortgagor that is not an individual nor a company or partnership constituted in England and Wales, the Originator received an opinion from relevant local counsel confirming that each was a properly constituted company or other legal entity in accordance with the terms of the relevant jurisdiction and had all necessary powers to enter into and comply with terms of the Loan and Loan Security.

(xxi) The Originator has undertaken all due diligence that a prudent commercial lender would undertake to establish and confirm that no Borrower has engaged since its formation or incorporation in any activity other than those incidental to its formation or incorporation entering into the Loan and the Loan Security (or prior financing in relation to the relevant Property) nor has had since its incorporation nor does it have as at the Closing Date any material liability or assets other than the Loan and relevant Property providing security for the Loan.

(xxii) To the best of the Originator's knowledge no report on title or certificate of title given by a relevant solicitor nor valuation given by a valuer in connection with the Loan (a) was negligently or fraudulently prepared by the relevant solicitor or valuer nor (b) failed to disclose any fact or circumstance that ought reasonably to have been disclosed by the report and, if disclosed, would have caused the Originator, acting as a reasonably prudent lender secured on commercial property, to decline to proceed with the Loan on its agreed terms.

(xxiii) Prior to making an advance under the Loan, (a) no express recommendation was received by the Originator from a qualified surveyor or valuer to carry out any environmental audit, survey or report of any of the Properties which was not implemented and (b) the results of any such environmental audit, survey or report which was procured by the Originator would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property and have been taken into account in the relevant valuation.

(xxiv) Each Property is situated in England.

(xxv) Each Property constitutes investment property let predominantly for commercial use and is either freehold or leasehold.

(xxvi) In relation to each Property:

(a) the title has been registered at the Land Registry with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property;

(b) it was, as at the date of the relevant Mortgage held by the Mortgagor free (save for the Mortgage or other Loan Security) from any Encumbrance which would materially adversely affect such title or the value for mortgage purposes set out in the valuation

referred to in paragraph (xvii) above (including any Encumbrance contained in the leases relevant to such Properties).

(c) No Property comprises unregistered land.

(d) In relation to the Loan and Loan Security, all Stamp Duty, Land Registry and all other taxes or fees required to be paid in connection with, as applicable, the transfer of title to the Properties into the name of the relevant Mortgagor and/or registration of the legal title to the Loan Security in the name of the Loan Security Trustee have been paid (or, as appropriate in relation to the Leadenhall Property, arrangements for the payment, if required, of any SDLT have been made).

(e) each material occupational lease affecting the Properties contains provisions the effect of which is to prohibit or restrict any contractual right of set-off to which the relative tenant might otherwise be entitled

(xxvii) No Property constitutes a dwelling or is owner occupied except for any Property, all or part of which is let or is capable of being let on the basis of an assured shorthold tenancy, short assured tenancy, assured tenancy or a protected tenancy which tenancy was taken into account in the valuation of that Property referred to in paragraph (xvii) above save for the residential units at Falcon Point, at the Sampson Property, in relation to which no value was attributed.

(xxviii) If the Property subject to a Mortgage is leasehold:

(a) any requisite consent of the landlord and any required notice to the landlord of, the creation of such Mortgage has been obtained or given (or, in the case of required notices, will be given) and placed with the title deeds and the relevant lease contains no provision whereby it may be forfeited or irritated on the bankruptcy or liquidation of the lessee or on any other ground except breach of covenant of the tenant's obligations or non-payment of rent by the lessee;

(b) the term of the lease will not expire earlier than December 2132;

(c) all other terms of the lease are such that, in the light of all the circumstances pertaining to the Loan and Mortgage, a reasonably prudent lender of money secured on commercial property would regard them as acceptable for the purposes of comprising security for the Loan; and

(d) the Originator has not received written notice of any material unremedied breaches of the lease.

(xxix) In respect of each Property that is subject to a lease which provides for rent reviews, such leases provide for upward rent reviews only.

(xxx) Other than any such deeds which have been lodged at Land Registry all Title Deeds to the Properties, the Mortgages, the Debentures, Loan Security and the files relating to the Loan are held by or to the order of the Loan Security Trustee.

(xxxi) The Originator has not received written notice of any default, or forfeiture of any occupational lease granted in respect of a Property or of the insolvency of any tenant of a Property which would, in any case, render the relevant Property unacceptable as security for the Loan.

(xxxii) The Originator:

(a) does not have any actual knowledge of any claim against the Borrowers or Mortgagors under:

(A) the Clean Air Acts 1956, 1968 and 1993;

(B) the Radioactive Substances Acts 1960 and 1993;

(C) the Control of Pollution Act 1974;

(D) the Food and Environmental Protection Act 1985;

(E) the Water Resources Act 1991;

(F) the Water Industry Act 1991;

(G) the Planning (Hazardous Substances) Act 1990;

(H) the Environmental Protection Act 1990;

(I) the Public Health Acts;

(J) the Planning Act 1990;

(K) the Environment Act 1990;

(L) the rule in Rylands v Fletcher or in nuisance;

(M) The Food and Environment Protection Act 1985;

(N) Alkali etc. Works Regulation Act 1906;

(O) The Public Health Acts 1878 to 1907;

(P) Contaminated Land (England) Regulations 2000;

in relation to any Property which would, if adversely determined, materially and adversely affect the valuation of the relevant Property in the context of the loan to value calculation applied to the Loan at or prior to its completion; and

(b) has not received written notice of any matter likely in the opinion of the Originator to give rise to environmental liability for any Borrower and/or Mortgagor in the foreseeable future of such materiality that it would materially and adversely affect the valuation of the relevant Property in the context of the loan to value calculation applied to the Loan at or prior to its completion provided always that this paragraph (b) shall only apply to written notice of matters which under environmental laws or regulations in force in the country or jurisdiction where the relevant property is situated at today's date could give rise to a requirement to clean or to reinstate the relevant Property or to a claim against any Borrower and/or Mortgagor.

(xxxiii) The Credit Agreement, each Debenture and each Mortgage are governed by English law.

(xxxiv) Subject only to the registration of Mortgages at the Land Registry:

(a) each Mortgage is a legal, valid and binding first charge by way of legal mortgage over the Property to which such Mortgage relates for the full amount of the Loan; and

(b) the Loan Security Trustee has a good title to each Mortgage at law and all things necessary to perfect the Loan Security Trustee's title to each Mortgage have been or will be duly completed within the appropriate time or are in the process of being completed without undue delay; and

(c) the Loan Security Trustee is the legal owner and the Originator is the beneficial owner of the rights of the mortgagee and chargee under the Debentures and relevant Mortgages pursuant to the Security Trusts, free and clear of all Encumbrances, unregistered interests which override first registration and unregistered interests which override registered dispositions pursuant to Schedule 1 and Schedule 3 of the Land Registration Act 2002 as such schedules have affect in accordance with Section 90(5)

and Schedule 12 of the Land Registration Act 2002 (other than those to which each Property is subject), claims and equities (including, without limitation, rights of set-off or counterclaim) and there were, at the time of the making of the Loan and execution of the Debentures and Mortgages, no adverse entries or Encumbrances or other such claims or equities or applications for adverse entries of Encumbrances, claims or equities against any title at Land Registry, to any relevant Property or registered at Land Registry which entries would rank prior to the interests of the Loan Security Trustee in such Debenture or Mortgage.

(xxxv) Each relevant Debenture and Mortgage has been delivered to the Companies Registry for registration against the Borrower and Mortgagors that are signatories thereto within 21 days of the creation of the charge under the relevant Debenture or Mortgage pursuant to sections 395 or 410 (and where relevant Section 398) of the Companies Act 1985.

(xxxvi) In relation to any Mortgage where registration is pending at the Land Registry, the application for registration has been made within the relevant priority period and the Loan Security Trustee took or is taking all necessary steps to perfect the Loan Security Trustee's title to the Mortgage (and its registration) and the Loan Security Trustee has an absolute right to be registered as proprietor or registered owner of the Mortgage as first mortgagee or first chargee of the interest in the relevant Property which is subject to that Mortgage.

(xxxvii) Neither the Originator nor the Loan Security Trustee have breached any undertaking given by or on behalf of any of them to the Land Registry in respect of any documentation relating to the Mortgages which has been approved by it.

(xxxviii) In the case of each Property an application has been made for the registration against the registered title in question of a restriction to the effect that (except under order of the Chief Land Registrar) no subsequent charge by the registered proprietor of such Property shall be registered without the written consent of the Loan Security Trustee.

(xxxvix) Where an Encumbrance (which would have otherwise ranked ahead of, or pari passu with, any Debenture or Mortgage) is postponed to and ranks in priority behind that Debenture or Mortgage by virtue of a deed of priorities or postponement or ranking agreement, the right, title and interest of the Loan Security Trustee in each relevant deed of priorities or postponement or ranking agreement may be assigned absolutely to the Issuer.

(xl) No Debenture or Mortgage secures any loan made by the Originator to the Borrowers, or any other liability of the Borrowers to the Originator (excluding interest accrued but not due on the Closing Date) other than the Senior Loan or Junior Loan.

(xli) In relation to each Mortgage, the Mortgagor in respect of each Property had, as at the date of that Mortgage, a good and marketable title to the fee simple absolute in possession or a term of years absolute in the relevant Property and is the legal and beneficial owner of the relevant Property or, where legal and beneficial interests in the Property are split, is the legal owner of the Property and holds the beneficial interest on trust which beneficial interest is either overreached or charged.

(xlii) All owners of the legal estate or title to each Property which is the subject of each Mortgage have joined as parties to the relevant Mortgage.

(xliii) Since the date of the Credit Agreement:

(a) none of the provisions of the Loan or Loan Security has been waived, altered or modified in any material respect except as set out in the documents listed in the Credit Agreement and other documents pursuant to which the Loan was made (the "**Loan Documentation**");

(b) no representations or warranties have been made to the Borrowers or Mortgagors by the Originator, and there are no other terms and conditions applicable to the Loan or

Loan Security, other than in each case, those set out or referred to in the Loan Documentation (so far as applicable) in effect at the relevant time;

(c) the Originator has kept full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to the Loan which are complete and accurate in all material respects and all such accounts, books and records are up to date and are held by, or to the order of the Originator; and

(d) the Originator has not received any written notice of any Encumbrance materially and adversely affecting its title to the Loan and its Loan Security other than those (if any) to which the Originator has given its written consent or to which its consent is not required;

(xliv) The Originator is not aware:

(a) of any circumstances giving rise to a material reduction in the value of any Property since the last review of the Loan (if applicable) other than as a result of market forces affecting the value of comparable properties in the area;

(b) of any litigation or claim calling into question in any way the Originator's title to the Loan or beneficial interest in any Security Trust;

(c) of the bankruptcy, liquidation, receivership or administration of any Borrower or Mortgagor or of a declaration that any of the assets or undertaking of any Borrower or Mortgagor are "en désastre"; nor

(d) of any material default, material breach or material violation under the Loan or Loan Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on residential and commercial property would grant such a waiver) or of any outstanding material default, material breach or material violation by the Borrowers or a Mortgagor under the Loan or Loan Security or of any outstanding event which with the giving of notice and/or the expiration of any applicable grace period and/or making of any determination, would constitute such a default, breach or violation.

(xlv) The Originator has performed in all material respects all its obligations under or in connection with the Loan and its Loan Security and so far as the Originator is aware no Borrower nor Mortgagor has taken or has threatened to take any action against the Originator for any material failure on the part of the Originator to perform any such obligations.

(xlvi) Each Property, other than the Carey Street Property and the Victoria Embankment Property, is covered by an Insurance Policy maintained by the Mortgagor or another person with an interest in the relevant Property and:

(a) is insured in an amount which is equal to or greater than the amount which a qualified surveyor or valuer engaged by SG estimated to be equal to such Property's reinstatement value at the time of the original advance and otherwise complies with the requirements of the Security Documents and the Loan Security Trustee's interest has been noted or is in the course of being noted on each policy or otherwise included by the insurers under a "general interest noted" provision in the relevant policy;

(b) each Property is covered against those risks usually covered by a reasonably prudent mortgagee of a property of the same nature and in a comparable location; and

(c) in the case of each Property the relevant Insurance Policy provides cover in respect of at least three years' loss of revenue.

(xlvii) The Originator has not received written notice that any Insurance Policy is about to lapse on account of failure by the relevant entity maintaining such insurance to pay the relevant premiums.

Notwithstanding the warranties that will be given in relation to the Loan and the Mortgages and Debentures, only limited assurance will be given in relation to any of the remaining Loan Security for the Loan. Certain of the warranties are qualified to reflect the circumstances of individual Properties and, where material, details of such qualification have been included elsewhere in this Prospectus.

The Loan Sale Agreement contains a representation from the Originator, to the Issuer and the Trustee, to the effect that the information in this Prospectus with regard to the Originator, its business, the Loan, the administration of the Loan, the Loan Security, the Security Trusts, the Properties and the relevant buildings insurance policies that is material in the context of the issue, the offering and the sale of the Notes, is true and accurate in all material respects and is not misleading in any material respect. Only the Issuer and the Trustee may rely upon this representation from the Originator. The remedy of the Issuer and the Trustee in the case of breach of such representation is limited to the right to claim damages for any loss suffered as a result.

THE INTERCREDITOR AGREEMENT

General

The loan is a fully drawn term loan advanced by SG (the "**Whole Loan**") which has subsequently been divided. The senior loan part (the "**Senior Loan**") of the Whole Loan will be sold to the Issuer by SG as the senior lender (the "**Senior Lender**"). The other portion of the Whole Loan (the "**Junior Loan**") is held by the junior lender (the "**Junior Lender**" and, together with the Senior Lender, the "**Lenders**").

The security granted in favour of the Loan Security Trustee (see "*The Loan and the Loan Security – 6. The Loan Security*" above), as well as forming security for the Senior Loan, also provides security for the associated Hedging Arrangements and Junior Loan.

The Lenders, Loan Swap Counterparty, Loan Security Trustee, Agents and Borrowers (amongst others) have accordingly entered into an intercreditor agreement in respect of the Whole Loan (the "**Intercreditor Agreement**") to regulate, amongst other things, the priority of, and order of distribution for, rental income and other payments received in respect of the Properties and to be made relating to the Whole Loan and Hedging Arrangements, and as to the position should it be necessary to enforce the Security.

Enforcement

Following the occurrence of any event of default under the Credit Agreement (a "**Loan Event of Default**"), the facility agent appointed in respect of the Senior Loan (the "**Senior Agent**") must notify the Agent for the Junior Loan immediately it becomes aware of the same.

The Senior Agent (or the Servicer or Special Servicer, as applicable, acting on behalf of the Senior Agent) must, within 20 working days of such notice, notify the Junior Lender whether or not it intends to serve an enforcement notice or whether it intends to take no enforcement action. During this period any monies standing to the credit of the Rent Account and (otherwise) payable to the Junior Lender are held in the Rent Account and not distributed.

If, upon the expiry of such period, the Senior Lender determines to enforce the security, all future monies received and/or any monies retained in the Rent Account are applied in accordance with the post-enforcement waterfall (otherwise the pre-enforcement waterfall continues to apply).

The date upon which the relative Loan Event of Default occurs (unless subsequently waived) is referred to as the "**Enforcement Date**".

The Loan Security Trustee must, in deciding whether or not to enforce the security in respect of the Loan or exercise any of its other powers, act on the instructions of the Servicer or, as the case may be, the Special Servicer (see "*Loan Servicing*"), unless and until all monies due and outstanding to the Lenders and associated Loan Swap Counterparty have been paid in full. A facility agent in relation to the Credit Agreement has also been appointed in respect of the Junior Loan (the "**Junior Agent**").

Pre-Enforcement Waterfall

Prior to the Enforcement Date for the Loan (except following the sale of the relevant Property) rental income and any other monies derived from such Property are paid into the relevant Collection Account and distributed in the following order:-

(a) all fees, costs and expenses attributable to the Loan and/or Hedging Arrangements;

(b) rent or other monies due to the superior landlord pursuant to any headlease pursuant to which the relevant Property is held;

(c) interest/periodical payments due under the Principal Hedging Arrangements (except hedging close out payments or payments arising following breach by the Loan Swap Counterparty) attributable to the Senior Loan;

(d) amounts due under Hedging Arrangements (except any arising from breach by Loan Swap Counterparty) attributable to the Senior Loan;

(e) interest/periodical payments due under the Principal Hedging Arrangements (except close out payments or payments arising following breach by Loan Swap Counterparty) attributable to the Junior Loan;

(f) scheduled amortisation/amounts due under the Hedging Arrangements (save any arising from breach by Loan Swap Counterparty) attributable to the Junior Loan;

(g) amounts due to Loan Swap Counterparty arising following breach by it;

(h) any balance towards prepayment of monies due in respect of prepayment of the Junior Loan (to be applied firstly towards prepayment of the Junior Loan and when zero the Senior Loan prior to the Enforcement Date but, after such date, first towards prepayment of the Senior Loan).

Notwithstanding any appropriation or purported appropriation by the Borrowers or other person:

(a) any mandatory prepayment made in connection with the disposal of a Property pursuant to the Credit Agreement shall be apportioned as between the Senior Loan and Junior Loan,

(i) prior to a Waterfall Switch Date, an amount equal to the allocated loan amount of the relevant Property disposed of will be applied first in prepayment of the Senior Loan in an amount up to the Senior Tranche Target Amount and then in prepayment of the Junior Loan and an amount equal to the release premium (if any) shall be apportioned on the same date in the same proportions which (on such date) the principal amount outstanding of each of the Senior Loan and the Junior Loan bears to the aggregate of the principal amounts of the Whole Loan outstanding; or

(ii) on or after a Waterfall Switch Date, in the order of priority set out under "*Post-Enforcement*" below; and

(iii) in relation to any Close-Out Payments or Supplemental Close-Out Payments due to the Principal Hedging Provider or Supplemental Hedging Provider, as applicable, as a result of the disposal of a Property, the Borrowers shall on the date of disposal pay any such amount due to the Principal Hedging Provider and Supplemental Hedging Provider, as applicable;

(b) any voluntary prepayment shall be apportioned as between the Senior Loan and the Junior Loan,

(i) prior to the Waterfall Switch Date, in the same proportions which (as of any relevant date) the principal amount outstanding of the Junior Loan and the Senior Loan bears to the aggregate of the principal amount of the Junior Loan and Senior Loan outstanding; or

(ii) on or after the Waterfall Switch Date, in the order of priority set out below.

"**Close-Out Payments**" means any amount due or payable by either party to any Principal Hedging Arrangement to the other as a result of the termination or close out in whole or in part of the same.

"**Supplemental Close-Out Payments**" means any amount due or payable by either party to any Supplemental Hedging Arrangement to the other as a result of the termination or close out in whole or in part of the same.

"**Senior Tranche Target Amount**" means, in respect of a Mandatory Disposal Prepayment, an amount equal to:

$$\text{allocated loan amount of Property} \quad \mathbf{X} \quad \frac{\text{principal outstanding amount of the Senior Loan}}{\text{principal outstanding amount of the Whole Loan}}$$

"**Waterfall Switch Date**" means an Enforcement Date.

Post-Enforcement

After the Enforcement Date or the date upon which the Property principally charged as security for the Loan is sold, rental income and any other monies (including net sale proceeds) derived from such Property are paid into the Rent Account and then into the Tranching Account before being distributed along with any receipts from any Loan Swap Counterparty in the following order:-

(a) fees, costs (including break costs in relation to the Senior Loan) and expenses attributable to the Loan and/or Hedging Arrangements;

(b) rent or other monies due to the superior landlord pursuant to any headlease under which the relevant Property is held;

(c) net periodical amounts due under any Hedging Arrangement to the Principal Hedging Provider relating or attributable to the Senior Loan;

(d) interest (other than any additional default interest)/principal and periodic/non-periodic payments due under Hedging Arrangements (except any arising following breach by Loan Swap Counterparty) attributable to the Senior Loan;

(e) repayment of any outstanding principal amounts of any cure payments (see below)/made by the Junior Lender and any break costs provided under the Credit Agreement and due in relation to the Junior Loan;

(f) interest (other than any additional Junior Loan prepayment interest), principal and periodic/non-periodic payments due under Hedging Arrangements (except any arising following breach by Loan Swap Counterparty) attributable to the Junior Loan;

(g) any additional default interest in relation to the Senior Loan;

(h) any additional default interest in relation to the Junior Loan;

(i) amounts due to Loan Swap Counterparty arising following breach by it;

(j) amounts due to Loan Swap Counterparty pursuant to the Supplemental Hedging Arrangements; and

(k) any balance towards prepayment of monies due in respect of prepayment of the Senior Loan.

"**Supplemental Hedging Arrangements**" means the arrangements entered into by Millennium Bridge Investments Ltd (the Borrower Swap Counterparty) on behalf of the Borrowers and by the Loan Swap Counterparty for the purposes of hedging the Borrowers' interest obligations in relation to all or part of the Whole Loan (relating to a period after 23 October, 2009) designated as such by the Borrowers and the Loan Swap Counterparty and the Agents, which will be excluded for the purposes of determining the Liabilities in the context of an Appraisal Reduction Amount.

"**Principal Hedging Arrangements**" means, in respect of the Whole Loan, the arrangement entered into by Millennium Bridge Investments Ltd (the Borrower Swap Counterparty) on behalf of the Borrowers and by the Loan Swap Counterparty for the purpose of hedging the Borrowers' interest rate liabilities relating to the Loan which satisfies the provisions of the Credit Agreement.

Junior Lender Cure Rights

The Junior Lender has the right, following the occurrence of any payment default or non-material default (namely a Loan Event of Default of a non-material nature which is capable of remedy), to cure this default within three Business Days (in the case of a payment default) or 10 Business Days (in the case of a non-material default) after receiving notice of the relevant Loan Default. The Junior Lender may cure any payment Loan Event of Default only twice in any one period of 12 months and on no more than four occasions during the term of the Loan.

The provisions shall not apply (and the Junior Lender shall not be entitled to exercise any rights under such clause) if and for so long as, at any relevant time, the actual principal amount (or, if lower, the Adjusted Principal Amount) of the Junior Loan is less than 25 per cent. of the initial principal amount of the Junior Loan.

Junior Lender Defeasance Rights

The Junior Lender may also, within 15 business days of receiving notice of the Senior Lender's intention to enforce security in respect of the Loan, purchase the Senior Loan from the Senior Lender at par, plus any associated costs and expenses incurred by the Senior Lender (including any securitisation costs in relation to the management and servicing of the Loan and any outstanding amount owed under the Loan (and related interest), including Senior Expenses Drawings under the Liquidity Facility Agreement and related interest thereon, which are referable to a Loan Event of Default) and/or associated Loan Swap Counterparty.

THE LOAN

The principal balance outstanding of the Loan, as at the Cut-Off Date, was £1,150,000,000. The Loan is current as of the Cut-Off Date.

The Loan had, at origination, a maturity of approximately three years. The Loan bears interest quarterly on the current principal balance outstanding.

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

(a) "**Loan Rate**" means the contractual rate of interest that the Borrowers are required to pay under the Loan;

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

(c) "**Cut-Off Date ICR**" means the interest cover ratio ("**ICR**") calculated as at the Cut-Off Date;

(d) "**Cut-Off Date LTV**" means the loan to value ratio of the Loan as of the Cut-Off Date and the relevant Property value as set out in the relevant Condition Precedent Valuation; and

(e) "**WAL**" means weighted average life.

The following tables have been compiled by the Originator and provide information in respect of the Loan as at 1 November, 2006. Where the following tables make reference to property valuations, the valuations quoted are as at the date of the relevant Valuation; no revaluation of any of the Properties for the purposes of the issue of the Notes has been obtained. Some of the information set out below in relation to the Loan may change between the date of this Prospectus and the Closing Date as a result of, among other things, the repayment or prepayment of the Loan and the ongoing servicing of the Loan, which may result in a change of the terms of some of the agreements in relation to the Loan.

The Cut-Off Date for these tables is 1 November, 2006.

Overview of the Loans

Loan Amount at Cut-off Date[1] (£m)	% of the Loan Portfolio	MV(£m)[2]	Loan to Value	Properties#	Location	Final Repayment Date	Loan Term[3]	Loan Type	Hedging	Current ICR
1,150.00	100.0%	1,832.05	62.77%	9	London	23/10/09	2.98 years	Floating/Soft Bullet	Fully hedged during loan term	1.44

Overview of the Properties

Property Name	Asset Description	Surface (sq.ft.)	Construction Date	MV (£m)[2]	Date of Valuation	Valuer	Title	Net Rental Income (£m)	% of Portfolio Net Rental Income
Alban Gate	Office	377,793	1992	410.00	13/10/06	Colliers CRE	Leasehold (peppercorn)	18.23	20.18%
Undershaft	Office	315,254	1969	370.00	13/10/06	Colliers CRE	Freehold	16.52	18.28%
60 Victoria Embankment	Office	414,126	1991	350.00	13/10/06	Colliers CRE	Leasehold (peppercorn)	18.00	19.92%
Sampson House	Office	357,978	1978	212.50	13/10/06	Colliers CRE	Freehold	11.30[4]	12.51%
Millennium Bridge House	Office	200,851	1988	134.25	13/10/06	Colliers CRE	Leasehold (£1,760,000)	7.04	7.79%
Leadenhall Court	Office	110,677	1988	108.30	13/10/06	Colliers CRE	Leasehold (£375,000)	7.16	7.92%
Ludgate House	Office	171,846	1989	95.00	13/10/06	Colliers CRE	Freehold	4.87	5.39%
New Court	Office	158,872	Late 1960's	86.00	13/10/06	Colliers CRE	Freehold	4.31	4.77%
BSI	Office	146,974	1966	66.00	13/10/06	Colliers CRE	Leasehold (peppercorn)	2.93	3.24%
TOTAL		**2,254,371**		**1,832.05**				**90.35**	**100%**

Rental Income Analysis

Tenant	Property Name	Net Rental Income (£m)	Rating (S&P/Moody/s/Fitch)	% of Property Net Rental Income	Lease Term (from Cut-Off date) to Lease Expiry	Lease Term (from Cut-Off date[1]
JP Morgan Chase Bank N.A.	Alban Gate	18.01	AA-/Aa2/A+	98.74%	18.41	18.41
CGU International Insurance Plc	Undershaft	16.52	AA-/Aa2/-	100%	17.50	17.50
JP Morgan Chase Bank N.A.	60 Victoria Embankment	18.00	AA-/Aa2/A+	100%	9.42	9.42
IBM United Kingdom Ltd	Sampson House	11.30	A+/A1/AA-	100%	19.16	11.65
SBCI Investment Banking Ltd	Millennium Bridge House	7.04	AA+/Aa2/AA+	100%	6.87	6.87
Alliance Assurance Company Ltd	Leadenhall Court	7.10	A-/Baa1/BBB	99.22%	7.35	7.35
United News & Business Media Plc	Ludgate House	4.87	BBB-/Baa2/-	100%	8.40	8.40
Secretary of State/other Government Departments	New Court	4.31	AAA/Aaa/AAA	100%	5.40	5.40
BSi Management Systems Limited	BSI	2.63		89.90%	9.02	9.02
TOTAL		**89.77**		**99.36%**	**13.31**	**12.37**

1. Cut-Off Date as at 1 November, 2006.
2. according to third party valuation report from Colliers CRE dated 13 October, 2006.
3. based on a settlement date as of 6 December, 2006.
4. a £5,400,000 cash reserve has been set-up on the Closing Date in order to top-up, for the term of the financing, the rent currently paid by IBM United Kingdom Ltd, to the pre-agreed level to be achieved in December 2010.

THE PROPERTIES

The Alban Gate Property

The Alban Gate Property comprises a leasehold interest in an office property within which are a number of retail units at podium level and a residential area comprising five flats and four town houses. It is held by the Trustees of the Alban Gate GPUT (the legal title being held by two nominee companies) under the terms of a lease expiring on 10 October, 2132 at a peppercorn rent with no reviews.

The Alban Gate Property was valued by Colliers CRE on 10 October, 2006. The market value of the Alban Gate Property was valued to be £410,000,000 and its vacant possession value was valued at £250,000,000.

The Alban Gate Property is subject to an occupational lease of the whole of the same for a term expiring in 2025. This lease is currently vested in JPMorgan Chase Bank, N.A. The current annual rent is £18,000,000 payable quarterly in advance on the 25 March, 24 June, 29 September and 25 December in each year. The rent is subject to review (upwards only), the next review date being 25 March, 2008. There are no provisions for the tenant to break the lease prior to expiry of the contractual term. The Landlord has the right to determine the occupational lease upon notice between 25 March and 28 September, 2008 subject to (amongst other things) offering the tenant satisfactory similar alternative accommodation. However, the break cannot in any event be exercised without the consent of the Servicer (acting on behalf of the Loan Security Trustee) who, in accordance with the terms of the Servicing Agreement has agreed that it shall not agree to any request by the Mortgagors or the Borrowers made pursuant to the Credit Agreement and the relevant Mortgage to determine the lease of the Alban Gate Property unless the Loan has been repaid in full and the Notes have been fully redeemed.

JPMorgan Chase Bank, N.A. underlet the retail and residential areas of the Alban Gate Property on the terms of two underleases for terms expiring in 2025, each at a peppercorn rent. These underleases are currently vested in the trustees of the Alban Gate GPUT. The various retail and residential areas are sub-underlet to occupational tenants.

No election to waive VAT exemption has been made in respect of the building so VAT is not payable on rents.

The Aviva Property

The Aviva Property comprises an office building constructed in 1968 and fully refurbished between 1995 and 1997. It is held by Aviva Tower Limited Partnership freehold.

The Aviva Property was valued by Colliers CRE on 10 October, 2006. The market value of the Aviva Property was valued to be £370,000,000 and its vacant possession value was valued at £265,000,000.

The Aviva Property is subject to an occupational lease of whole for a term expiring on 30 April, 2024, currently vested in CGU International Plc. The headlease reserves a current annual rent of £16,516,520 payable quarterly in advance on 15 January, 15 April, 15 July and 15 October in each year. The rent is subject to review (upwards only), the next review date being 30 April, 2009. There are no provisions for the tenant to terminate prior to the expiry of the contractual term other than in the case of non-reinstatement after insured damage.

The landlord has agreed not to elect to charge VAT in respect of the Aviva Property and Aviva Tower Limited Partnership will be bound by this restriction, so VAT is not payable on rents.

The Victoria Embankment Property

The Victoria Embankment Property comprises a substantial office complex arranged in three parts, two of which were constructed in 1991, although the remainder dates from the late 19th Century. It is held by the trustees of the VE Unit Trust leasehold (the legal title being held by two nominee companies) under the terms of a lease expiring on 31 December, 2988 at a peppercorn rent with no reviews.

The Victoria Embankment Property was valued by Colliers CRE on 10 October, 2006. The market value of the Victoria Embankment Property was valued to be £350,000,000 and its vacant possession value was valued at £230,000,000.

The Victoria Embankment Property is subject to an underlease of the whole of the same for a term expiring on 31 March, 2016. This lease is currently vested in JP Morgan Chase Bank and the current annual rent is £18,000,000 payable monthly in advance on the 1st day of each calendar month. The rent is subject to review (upwards only) the next review date being 1 April, 2011.

Under the terms of the lease the tenant (so long as it remains JP Morgan Chase Bank and maintains a minimum net worth of US$1,500,000,000, index linked) has the option of carrying its own risk so far as insurance of the premises is concerned. Whilst it is believed that the tenant currently satisfies this condition, it does not at present exercise this option but has taken out separate insurance in respect of usual risks.

There are no provisions for the tenant to terminate prior to the expiry of the contractual term although the tenant does have the option to renew the lease for a further term of 10 years, on a maximum of five further occasions, at the rent payable immediately prior to the expiry of the previous lease (there is a concession in that, so long as the tenant is JP Morgan Chase Bank and it occupies at least 108,000 sq feet, the rent payable until the first review date of the first renewal will be the greater of the rent payable immediately before the last review date of the original term and 97.5 per cent. of the open market rent attributable to the property at the date the new lease is granted - for subsequent renewals the figure of 95 per cent. of the open market rent is substituted for 97.5 per cent.).

No election to waive VAT exemption has been made in respect of the building so VAT is not payable on rents.

The Millennium Bridge Property

The Millennium Bridge Property comprises an office building located on the north bank of the River Thames in the City of London constructed in 1988. It is held by the Millennium Bridge Borrower under the terms of two leases, the first expiring on 24 December, 2137 at an annual rent equal to the greater of £400,000 or 20 per cent. of the net rents received for the previous year ending 24 December (rent is currently paid at the rate of £1,760,000 per annum). Rent is payable quarterly in arrears on the 25 March, 24 June, 29 September and 25 December in each year. The second headlease is for a term expiring on 24 December, 2137 at a nominal peppercorn rent.

The Millennium Bridge Property was valued by Colliers CRE on 10 October, 2006. The market value of the Millennium Bridge Property was valued to be £134,250,000 and its vacant possession value was valued at £83,000,000.

The Millennium Bridge Property is subject to an underlease of the whole for a term expiring on 13 September, 2013. The underlease is currently vested in SBCI IB Limited (formerly SBCI Swiss Bank Corporation Investment Banking Limited – a subsidiary of UBS AG). The current annual rent under the occupational lease is £8,800,000 payable quarterly in advance on the 25 March, 24 June, 29 September and 25 December in each year, subject to review (upwards only) on 14 September, 2008. There are no provisions entitling the tenant to terminate prior to the expiry of the contractual term.

No election to waive VAT exemption has been made in respect of the building so VAT is not payable on rents.

The Carey Street Property

The Carey Street Property comprises a detached nine storey office building located within the "mid-town" district of Central London lying approximately mid-way between the City and the West End. The building extends to approximately 159,000 square feet arranged over sub-basement, basement, ground and six other floors with basement car-parking for approximately 120 vehicles. The building was constructed in the late 1960s and occupies an irregular shaped island site with frontages to Carey Street, Portugal Street and Serle Street extending over approximately one acre (0.39 hectares). The

Carey Street property is subject to an occupational lease of the whole expiring on 25 March, 2012. The lease is currently vested in the Secretary of State for the Environment, Transport and the Regions but the lease is freely assignable to government bodies. The lease reserves a current annual rent of £4,310,000 payable quarterly in advance on the 25 March, 24 June, 29 September and 25 December in each year. The rent is subject to review (upwards only) the next rent review date being 25 March, 2012.

The Property is held freehold by the Carey Street Limited Partnership.

The Carey Street Property was valued by Colliers CRE on 10 October, 2006. The market value of the Carey Street property was £86,000,000 and its vacant possession value was valued at £75,000,000.

For so long as the tenant is a government department the insurance provisions in the occupational lease which would otherwise require the tenant to insure in the joint names of the landlord and the tenant, do not apply and if the Carey Street property is destroyed or damaged by an insured risk the tenant must reinstate it in accordance with the provisions of the tenant's full repairing covenant which includes the obligation to rebuild the Carey Street Property.

There are no provisions for the tenant to terminate the occupational lease prior to the expiry of the contractual term and there is no provision for cesser of rent following damage by an insured risk.

No election to waive VAT exemption has been made in respect of the building so VAT is not payable on rents.

The Chiswick Property

The Chiswick Property comprises a refurbished 1960s office building on the east side of Chiswick High Road to the north of Gunnersbury Station. The building is arranged over lower basement, basement, ground and seventeen upper floors and includes a three storey decked car park arranged in two main sections along the side of the railway tracks providing for 377 car parking spaces. The refurbishment of the Property occurred in 1994 when the Property was altered and internally reconfigured and new plant and machinery was provided. The Property is held by the Chiswick Limited Partnership on the terms of a headlease dated 30 March, 1990 for a term of 999 years from 30 March, 1990 at the annual rent of one peppercorn. The headlease contains an option for the tenant to acquire the freehold of the Property for £1, exercisable within one year of the date (if any) that the landlord (Network Rail Infrastructure Limited) determines its leasehold interest in the Gunnersbury Station ticket office (excluding the area of the building which overhangs the railway line). In addition to the headlease the Chiswick Limited Partnership is also entitled to the rights and subject to the obligations contained in a lease of easements dated 30 March, 1990 relating to the bridge between the two parts of the Property over the railway track for a term of 999 years from 30 March, 1990.

The Chiswick Property was valued by Colliers CRE on 10 October, 2006. The market value of the Chiswick Property was value to be £66,000,000 and its vacant possession value was valued at £57,500,000.

The Chiswick Property is subject to an occupational lease of the basement, ground, 1st to 11th floors for a term expiring on 8 November, 2015. This lease is currently vested in BSI Industries Limited. The current annual rent is £2,109,222 payable quarterly in advance on the 25 December, 25 March, 24 June, 29 September in each year. VAT is payable in addition to the rent. Rent is to be reviewed in an upwards only direction on the 9 November, 2010. There are no provisions for the tenant to break the lease prior to the expiry of the contractual term. The Property is subject to a management agreement with the principal tenant, BSI Industries Limited pursuant to which the tenant agrees to carry out the functions of the landlord in relation to the maintenance and repair of the structure and common parts of the building and to carry out the services specified to be carried out by the landlord. The remainder of the Property from the 12th to 17th floors is let to other occupational tenants, (Konami Digital Entertainment GmbH, Autobar Group Limited, Actileon Pharmaceuticals UK Limited). BSI Industries Limited are also tenants of the 15th, 16th and 17th floors of the building. The rent and insurance rent is paid to the managing agent Atis Real and service rent is collected by BSI from the other occupational tenants. The managing agents Atis Real are responsible for overseeing, reviewing and monitoring the

proper performance of BSI Industries Limited in relation to the obligations under the management agreement.

An election to waive VAT exemption has been made in respect of the building so that VAT is payable on the occupational rents.

The Leadenhall Property

The Leadenhall Property, known as Leadenhall Court comprises a terraced nine storey office and retail building arranged over basement, lower ground, ground and six upper floors, together with plant housing at 7th floor level. It is bounded by Leadenhall Street, Gracechurch Street and Whittington Avenue. The Leadenhall Property, which was constructed in 1988, forms the UK headquarters of Royal and Sun Alliance Plc. The Property is held on the terms of the headlease from the Mayor and Commonalty and Citizens of the City of London for a term of years expiring in 2139 at the annual rent of £375,000, payable quarterly in advance on 25 March, 24 June, 29 September and 25 December in each year subject to review on the 7 March, 2014. The legal title to the Property is held by two nominee companies, Leadenhall Court Estates I Limited and Leadenhall Court Estates II Limited and the beneficial title to the Property is vested in the Leadenhall Court Limited Partnership. It is anticipated that the legal title will be transferred in due course, subject to the landlord's consent, to the Leadenhall General Partners. The Leadenhall Property was valued by Colliers CRE on 10 October, 2006 with a market value of £108,300 and its vacant possession value was valued at £75,000,000.

The Leadenhall Property is subject to five occupational leases of the Property all vested in Alliance Assurance Company Limited for terms expiring on 6 March, 2014. In addition there are various leases of telecommunications equipment on the roof of the Property. The total rent payable under the terms of the occupational leases vested in Alliance Assurance Company Limited is £7,477,262 a year payable on 1 January, 1 April, 1 July and 1 October in each year, subject to review (upwards only) on 1 April, 2009. VAT is not payable on rents. There are no provisions in the occupational leases for the tenant to terminate the leases prior to the expiry of the contractual term other than in the case of non-reinstatement after insured damage.

Cushman Wakefield have been appointed as managing agents for the Leadenhall Property and will monitor the performance by the tenant of its obligations under the management agreement and will collect rents and insurance rent.

No election to waive VAT exemption has been made in respect of the building and so VAT is not payable on the rents.

The Ellegate Property

The Ellegate Property is known as Ludgate House and comprises an eleven storey office building with 172,000 square feet of office accommodation arranged over lower ground, ground and nine upper floors on an island site bounded by Blackfriars Road, the River Thames and the overland railway line into Blackfriars station. Sampson House is immediately to the east of the Property on the opposite side of the railway line. The building was constructed in 1989 and provides office accommodation and six car parking spaces and the site area is approximately 1.2 acres. The Ellegate Property is held by the Ellegate Limited Partnership freehold. The Ellegate Property was valued by Colliers CRE on 10 October, 2006. The market value of the Ellegate Property was £95,000,000 and its vacant possession value was valued at £80,000,000. The Ellegate Property is subject to an occupational lease of the whole for a term expiring on the 24 March, 2015, currently vested in United Business Media Plc. The annual rent payable is £4,870,000 payable quarterly in advance on 25 March, 24 June, 29 September and 25 December in each year. The rent is subject to review (upwards only) the next review date is 25 March, 2010. There are no provisions for the tenant to terminate the term prior to the expiry of the contractual term other than in the case of non-reinstatement after insured damage. The tenant is responsible for the repair of the entire property.

No election to waive VAT exemption has been made and so VAT is not payable on rents.

The Sampson Property

The Sampson Property is known as Sampson House and comprises a nine storey office building providing approximately 358,000 square feet of office accommodation on the South Bank of the River Thames bounded by Southwark Street, River Thames, Hopton Street and the overland railway line into Blackfriars station. Ludgate House is immediately to the west of the Property on the opposite side of the railway line. The building comprises office accommodation on the sub-basement, basement, ground and six upper floors. The Property also comprises Falcon House being a detached part five and part nine storey predominantly residential building developed in the late 1970s and includes underground parking (demised with Sampson House) and a separate public house (the Founders Arms). A number of retail units are allocated at the ground floor. The residential element of the Property has been let to the Mayor and Burgesses of the London Borough of Southwark on a long lease for a term of 99 years (less ten days) from 15 December, 1978 at a peppercorn rent. The Sampson Property is held by the Sampson Limited Partnership freehold.

The Sampson Property was valued by Colliers CRE on 10 October, 2006. The market value of the Sampson Property was valued to be £212,500,000 and its vacant possession value was valued at £146,250,000. Sampson House is let to IBM United Kingdom Limited and is used as a disaster recovery centre. The term granted is a term expiring on 25 December, 2025 at the annual rent of £9,500,000 subject to review to £11,300,000 on 25 December, 2010, £13,500,000 on 25 December, 2015 and £16,000,000 on 25 December, 2020 (see the description of the Sampson Uplift Amount in "*The Loan and the Loan Security – Secured Accounts*" below). Rent is payable in advance by quarterly payments on 25 March, 24 June, 29 September and 25 December in each year. The tenant is liable to repair the entire premises. There is a break operable by either landlord or tenant on 24 June, 2018 on six months notice and either party may determine in the event that the premises are not reinstated following any damage or destruction by an insured risk.

No election to waive VAT exemption has been made so VAT is not payable on rents.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

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

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

(a) the Loan is not sold by the Issuer;

(b) the Loan does not default, prepay or is enforced and no loss arises;

(c) the Loan Swap Agreements will not be terminated;

(d) the Closing Date is 6 December, 2006; and

(e) the Issuer does redeem the Notes (in accordance with Condition 5(c)) upon the aggregate Principal Amount Outstanding of such Notes being less than 10 per cent. of their aggregate Principal Amount Outstanding as at the Closing Date,

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

Payment Date of Notes	**Class A Notes**	**Class B Notes**	**Class C Notes**	**Class D Notes**	**Class E Notes**
Weighted Average Life (years)	2.9	2.9	2.9	2.9	2.9
First Principal Payment Date	23 January 2007	23 January 2007	23 January 2007	23 January 2007	23 January 2007
Last Principal Payment Date	23 October 2009	23 October 2009	23 October 2009	23 October 2009	23 October 2009

(2) The cut-off date assumed for the WAL calculation is 6 December, 2006.

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

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

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

LOAN SERVICING

General

The servicing and administration of the Whole Loan and the Loan Security is governed pursuant to the terms of a servicing agreement dated 13 October, 2006 (the "**Servicing Agreement**") between the Loan Security Trustee, the Servicer, the Special Servicer, the Senior Lender and the Junior Lender. The Junior Lender, the Senior Lender, the Junior Agent, the Senior Agent and the Loan Security Trustee all have appointed each of the Servicer and the Special Servicer to service and administer the Whole Loan and the Loan Security on behalf of all of them (each according to their respective rights and interests in the same). The Servicer and the Special Servicer shall each act, and exercise all its powers and discretions as servicer pursuant to the Servicing Agreement in accordance with the following requirements (applying such requirements in the following order of priority in the event of a conflict between them):

(a) any and all applicable laws;

(b) the express terms of the Servicing Agreement;

(c) the Servicing Standard;

(d) the express terms of the Intercreditor Agreement; and

(e) the Loan Documentation.

If, in the course of providing the services to be provided by it, a conflict arises between the interests of the Servicer or the Special Servicer or any of their respective affiliates on the one hand, and the interests of the Lenders in accordance with the Servicing Standard, the interests of the Lenders shall prevail. If a conflict arises between the interests of the Issuer and the Junior Lender, then the interests of the Issuer shall prevail , subject to the Servicer and Special Servicer's duty to service in accordance with the requirements set forth above and the terms of the Intercreditor Agreement.

"**Servicing Standard**" requires the Servicer and, as applicable, the Special Servicer to service and administer the Whole Loan in accordance with the standards of a reasonably prudent lender of money secured by mortgages over commercial property located in the United Kingdom, with a view to the timely collection of all sums due from the Borrowers and/or Mortgagors and, in the event of a default, the maximisation of recovery on the Whole Loan to the Lenders (as a collective whole), based on the Servicer's or Special Servicer's determination of the net present value of the same.

The servicing of the Whole Loan will be undertaken for the benefit of the Issuer, the Junior Lender, the Loan Security Trustee and the Trustee according to their respective rights and interests in the Whole Loan and the Loan Security.

Each of the Servicer and the Special Servicer is required to adhere to the above standards without regard to any fees or other compensation to which it is entitled, any relationship it may have with any party to the transaction or the ownership of any Note or any interest in the Junior Loan by the Servicer or the Special Servicer. Each of the Servicer and the Special Servicer or any of their affiliates may become the owner or otherwise hold an interest in the Notes or the Junior Loan with the same rights as each would have if it were not a Servicer or the Special Servicer, as the case may be. Any such interest of the Servicer or the Special Servicer in the Notes or the Junior Loan will not be taken into account by any person when evaluating whether actions of the Servicer or the Special Servicer were consistent with the above standards.

Role of the Servicer and the Special Servicer

Serviced Loan

As from the Closing Date and in accordance with and pursuant to the terms of the Servicing Agreement, save as mentioned below, the Servicer will be responsible for the servicing and administration of the Whole Loan.

Specially Serviced Loan and the effect of a Servicing Transfer Event

If:

(a) any scheduled payment of the Whole Loan (other than any final payment due and payable on the Whole Loan) is more than 15 Business Days delinquent;

(b) there is a payment default on the maturity date of the Whole Loan;

(c) the Borrowers experience certain insolvency events;

(d) the Servicer has received notice of the forfeiture of any headlease on a Property;

(e) there is, to the knowledge of the Servicer, a material default of the Borrowers' obligations under the Credit Agreement or, to the knowledge of the Servicer a material default is likely to occur which is in the Servicer's or the Special Servicer's opinion not likely to be cured within 15 days of its occurrence; or

(f) any other default occurs on the Whole Loan and, in the reasonable judgement of the Servicer (acting in good faith), such default materially impairs, or could materially impair, the use or marketability or value of the Property as security for the Whole Loan,

(each, a "**Servicing Transfer Event**"), the Whole Loan will become a "Specially Serviced Loan" and Hatfield Philips (or the entity that is then named as the Special Servicer in the Servicing Agreement) will commence to act as the Special Servicer in relation thereto. The Servicer must notify the Issuer, the Junior Lender, the Loan Security Trustee, the Trustee, the Rating Agencies and the Operating Adviser (if appointed by the Controlling Party and notified to the Servicer) upon the Whole Loan becoming a Specially Serviced Loan. Within 10 Business Days of having been so notified, the Operating Adviser shall either confirm the appointment of Hatfield Philips as the then Special Servicer or shall, if it has acceded to the Servicing Agreement appoint an alternative entity, which satisfies the requirements set out in the Servicing Agreement for a Special Servicer (but which may not be the Junior Lender or an affiliate of the Junior Lender), as an alternative Special Servicer (and at such time Hatfield Philips will resign as the then Special Servicer). The Operating Adviser will be deemed to have confirmed Hatfield Philips appointment as Special Servicer if it does not respond within such 10 Business Day period.

To the extent that the Whole Loan is a Specially Serviced Loan and either:

(i) an event specified in paragraph (a) above has occurred and the Borrowers have made two consecutive timely quarterly payments in full; or

(ii) an event specified in paragraph (b), (c), (d), (e) and/or (f) above has occurred and the event specified has been remedied, cured (including, for the avoidance of doubt, the exercise of any cure rights by the Junior Lender) or otherwise resolved,

(the Whole Loan, then being a "**Corrected Loan**"), the Special Servicer will no longer specially service the Specially Serviced Loan and the servicing will transfer back to the Servicer.

Ongoing duties of the Servicer in relation to Specially Serviced Loan

Notwithstanding the appointment of the Special Servicer, the Servicer will be required to continue to collect information and prepare all reports required to be collected or prepared by it pursuant to the terms of the Servicing Agreement, which may include reports and information regarding the Specially

Serviced Loan (but provided that the information and reports in respect of the Specially Serviced Loan will, if requested by the Servicer, be based on information and reports provided by the Special Servicer). Neither the Servicer nor the Special Servicer will have responsibility for the performance by the other of its obligations and duties under the Servicing Agreement.

The Controlling Class

The holders of the Most Junior Class of Notes outstanding at the relevant time shall be the "**Controlling Class**" unless at such time such class of Notes does not satisfy the Controlling Class Test then the Controlling Class shall be the holders of the next Most Junior Class of Notes which do satisfy the Controlling Class Test.

The "**Controlling Class Test**" shall, in relation to any class of Notes, be satisfied if at the relevant time the total principal amount outstanding of such class of Notes (after the application of any Appraisal Reduction Amount) is not less than 25 per cent. of the initial principal amount outstanding of such class of Notes on the Closing Date unless no Class of Notes satisfies these requirements, when the Controlling Class will be the Most Junior Class of Notes then outstanding.

The "**Most Junior Class of Notes**" means:

(a) whilst any Class E Notes are outstanding, the Class E Notes;

(b) if no Class E Notes are outstanding, the Class D Notes;

(c) if no Class D Notes are outstanding, the Class C Notes;

(d) if no Class C Notes are outstanding, the Class B Notes; or

(e) if no Class B Notes are outstanding, the Class A Notes.

The Conditions of the Notes and the Servicing Agreement permit the Controlling Class to appoint a representative (a "**Controlling Class Representative**") to represent its interests. The Controlling Class Representative will be appointed (or replaced) in writing by Noteholders representing a majority of the Controlling Class upon delivery of a written instrument by such majority to the Trustee. No Extraordinary Resolution is required in connection with the appointment (or replacement) of the Controlling Class Representative. Upon receipt of such written instrument, the Trustee will be required to forward a copy of such instrument to the Special Servicer.

The Controlling Class Representative will have those rights as set forth under "*Rights and Powers of the Controlling Party*" below.

The Controlling Party

The "**Controlling Party**" means the Junior Lender provided that if, at any relevant time, the actual aggregate principal amount (or, if lower, the Adjusted Principal Amount) of the Junior Loan is less than 25 per cent. of the initial principal amount of the Junior Loan then the Controlling Party shall be the Controlling Class. However, please see the section headed "*Rights and Powers of the Controlling Party*" in relation to the circumstances in which the Controlling Party will always be the Junior Lender.

The "**Adjusted Principal Amount**" means (as of any relevant date) the actual principal amount of the Junior Loan then outstanding less any Appraisal Reduction Amount.

A "**Valuation Event**" shall occur on the earlier of:

(a) the date 120 days after the occurrence of any non-payment with respect to the Whole Loan if such non-payment remains uncured;

(b) the date 90 days after an order is made or an effective resolution is passed for the winding up of the Borrowers or an administration order is granted or an administrative receiver or other

receiver, liquidator or other similar official is appointed in relation to the Borrowers or a related Property, provided such order, resolution or appointment is still in effect;

(c) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of the Whole Loan, other than the extension of the date that a final principal payment is due for a period of less than six months;

(d) the date 60 days following the date the Whole Loan becomes a Specially Serviced Loan; and

(e) the date upon which the Servicer has reasonable grounds to consider that an event has occurred which has caused a material adverse effect on the property market and a related material change on the value of any of the Properties.

Upon the occurrence of a Valuation Event, the Servicer shall (unless at such time there is already in existence a Valuation of the Properties less than 12 months old) commission and use its best endeavours to obtain a further Valuation of the Properties.

Upon receipt of a Valuation (or, if there is already such a Valuation less than 12 months old, immediately after a Valuation Event) the Servicer shall calculate any applicable Appraisal Reduction Amount applicable to the whole or any part of the Whole Loan and/or any Class of Notes in order to determine who at such time constitutes the Controlling Party. The Servicer shall promptly upon completion of such calculation notify the Cash Manager, the Issuer, Junior Lender, the Loan Security Trustee, the Trustee and the Noteholders (as applicable) as to the identity of such Controlling Party at such time.

If at any time subsequently the Servicer reasonably believes that the initial Controlling Party ceases to qualify as such then, provided always that it calculates any further Appraisal Reduction Amount based upon a Valuation of the Properties undertaken not less than 12 months previously, the Servicer may determine that another party shall be the Controlling Party which procedure may be repeated as often as the Servicer considers appropriate or necessary.

An "**Appraisal Reduction Amount**" means

(a) with respect to the Junior Loan, the sum calculated in accordance with the following formula:

£(a - b) – (c - d)

where

a = the aggregate of the Liabilities (other than any arising pursuant to the Supplemental Hedging Arrangement) in respect of the Whole Loan;

b= the aggregate of any sums (in cleared funds) standing to the credit of the Rent Account;

c = 90 per cent. of the open market values of each of the Properties (after deduction of the amount required to redeem other charges or security interests ranking in priority to those created by the Mortgages) as determined by the most recent Valuations provided that if, as of any relevant date, any Valuation is dated more than 12 months previously, the Servicer or the Special Servicer (or, if neither are in office at the relevant time, the Agent) shall commission a further and/or updated Valuation in respect of the relevant Property and Properties for the purposes of making this calculation; and

d = amounts due but unpaid by way of rent or other sums payable under the terms of any headlease under which any Property is held

(b) with respect to any class of Notes the sum calculated in accordance with (a) above but after further deduction of (i) the principal amount outstanding under the Junior Loan and (ii) the principal amount outstanding of any Class of Notes junior to the Class of Notes in respect of which such calculation is to be made

provided that, if any such calculation produces a negative amount, then in such circumstances the Appraisal Reduction Amount shall be zero.

"**Liabilities**" means, in the context of an Appraisal Reduction Amount, all sums, liabilities and obligations (whether actual, contingent, present and/or future) due or owing by the Borrowers relating to the Whole Loan and/or the Hedging Arrangements relating or attributable to the Whole Loan including any accrued and unpaid interest, charges, fees and other expenses due to the Lenders pursuant to the Financing Documents.

"**Valuation**" means, in relation to any Property, an open market valuation of that Property addressed to the Creditors prepared in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (in association with others) current at the date of the valuation undertaken by Colliers CRE or such other valuers as may be appointed by the Senior Agent and the Junior Agent (or, in default of agreement, appointed by or on behalf of the President for the time being of the Royal Institution of Chartered Surveyors) from time to time.

Rights and Powers of the Controlling Party

The Servicer or Special Servicer will be required to consult with the Controlling Party (or the Operating Adviser if an Operating Adviser has been appointed by the Controlling Party to represent it) with respect to proposals for it to take any significant action with respect to the Whole Loan or any Mortgage or Loan Security and to consider alternative actions recommended by the Controlling Party. The Servicer or Special Servicer will also be required to inform the Trustee of the result of any consultation with the Controlling Party where the Controlling Party is the Controlling Party Representative.

In addition, the Servicer or the Special Servicer, as the case may be, prior to taking or consenting to any of the following actions with respect to the Whole Loan shall obtain the written approval of the Controlling Party (a copy of which approval the Servicer shall promptly forward to the Loan Security Trustee and Trustee) if there is:

(a) a material increase in the amount of the Liabilities or the overall obligations of the Borrowers (or any other party to the Loan Security) under the Loan Documentation and the Loan Swap Agreements (save in respect of any further monies advanced or costs incurred in connection with the protection and/or enforcement of the Loan Security);

(b) any change to the date of payment of any amount to a party under the Loan Documentation and the Loan Swap Agreements;

(c) a reduction in the interest rate or a reduction in the amount of any payment of principal, interest, fee or other amount payable under the Loan Documentation and the Loan Swap Agreements;

(d) an increase in, or an extension of, a commitment or total commitments under the Loan Documentation and the Loan Swap Agreements;

(e) any change to the basis upon which a payment is calculated in accordance with the original provisions of that Loan Documentation and the Loan Swap Agreements;

(f) a release of any Loan Security or security provider;

(g) any change to the right of a party to assign or transfer its rights or obligations under the Loan Documentation and the Loan Swap Agreements;

(h) any change to the rights of a party against another party or the priority or subordination intended to be achieved by the Intercreditor Agreement (save for (i) any changes agreed with the Issuer in respect of its Liabilities where such change does not affect the amount of its Liabilities as a whole or otherwise adversely affect the position of the Junior Lender and/or (ii) any changes agreed with the Junior Lender in respect of its Liabilities where such change does not adversely affect the position of the Issuer);

(i) any change to the insurance requirements set out in the Credit Agreement or to any insurance policy effected in accordance therewith; or

(j) any material changes to the Credit Agreement which may adversely affect directly or indirectly the value of a Property or the enforceability of the Loan Documentation and the Loan Swap Agreements,

unless the amendment, waiver or consent:

(i) is contemplated in or permitted by the Loan Documentation and the Loan Swap Agreements;

(ii) is agreed to by all the parties to the Loan Documentation and the Loan Swap Agreements; or

(iii) constitutes a procedural or administrative change arising in the ordinary course of administration of the relevant facility and is not material

provided that (if and for so long as the Junior Loan is outstanding) in the case of the matters specified in such paragraphs (a), (c), (d), (e) and (h) above, the Controlling Party shall at all times be the Junior Lender.

The Servicer will not be able to take any of the actions described above in respect of the Whole Loan after it has become a Specially Serviced Loan without first obtaining the consent of and direction from the Special Servicer.

The Special Servicer must notify the Controlling Party in advance of any action it intends to take with regard to the matters set out above and must take due account of the advice and representations of the Controlling Party, although if the Special Servicer determines that immediate action is necessary to protect the interests of the Senior Lender, and, if applicable, the Junior Lender, the Special Servicer may take whatever action it reasonably considers necessary, without waiting for the Controlling Party's response. If the Special Servicer does take such action and the Controlling Party objects in writing to the actions taken within 10 Business Days after being notified of the action and being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations made by the Controlling Party regarding any further steps that it considers should be taken.

The Controlling Party will be considered to have approved any action taken by the Special Servicer without the prior approval of the Controlling Party if it does not object within 10 Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Controlling Party for any actions to be taken with respect to the Whole Loan if the Special Servicer has notified the Controlling Party in writing of the actions that the Special Servicer proposes to take with respect to the Whole Loan and, after the expiry of 30 days following the first such notice, during which period the Controlling Party has objected to those proposed actions, there are no ongoing communications between the Controlling Party and the Special Servicer which are likely (in the reasonable opinion of the Special Servicer) to be conclusive in nature. In any event, if the Special Servicer determines in accordance with the Servicing Standard that immediate action is necessary to protect the interests of the Issuer, and, if applicable, the interests of the Junior Lender, the Special Servicer may take whatever action it reasonably considers necessary, without waiting for the Controlling Party's response, subject to the provisions of the prior paragraph concerning the need of the Special Servicer to take due account of the advice and representations of the Controlling Party if the Controlling Party has objected to actions taken by the Special Servicer.

Notwithstanding the foregoing, no advice, direction, representation or objection given or made by the Controlling Party may require or cause the Special Servicer to violate any law of any applicable jurisdiction, be inconsistent with the Servicing Standard or violate any provisions of the Servicing Agreement.

Where the Controlling Party in respect of the Whole Loan would be a Controlling Class Representative, but the Controlling Class has not appointed such a representative, the Servicer or Special Servicer shall,

if it is required to consult with or obtain the consent of the Controlling Party in respect of any matter, give notice to the relevant Noteholders, in accordance with Condition 15 of the Notes governing notices to Noteholders (as amended by the terms of the Global Notes), of their ability to appoint a Controlling Class Representative and details of the relevant matter. If the requisite majority of Noteholders have not responded to such notice within 10 Business Days they shall be considered to have consented to any such proposed action or conduct of the Servicer or Special Servicer.

The Controlling Party will have no ability to take direct action in respect of the exercise of rights with respect to the Whole Loan.

Neither the Controlling Class Representative, the Junior Lender nor the Controlling Party will have any liability to the Issuer, any Noteholder, the Junior Lender, the Loan Security Trustee or the Trustee for any action taken, or for refraining from the taking of any action, in good faith pursuant to the Servicing Agreement, or for any errors in judgement.

Appointment of Operating Adviser

In certain circumstances set out in the Servicing Agreement, the Controlling Party may elect to (if the Controlling Party is a Controlling Class, by an Extraordinary Resolution) appoint an operating adviser (the "**Operating Adviser**").

The Operating Adviser shall be appointed by the Controlling Party to represent its interests, to decide whether to confirm the appointment of the person then acting as Special Servicer or to replace the Special Servicer and to advise the Special Servicer about the following matters in relation to the Specially Serviced Loan: (a) appointment of a receiver or similar actions to be taken; (b) the amendment, waiver or modification of any term of the Whole Loan which affects the amount payable by the Borrowers or the time at which any amounts are payable, or any other material term of the Whole Loan; (c) any release of any security for the Specially Serviced Loan, other than in accordance with the terms of, or upon satisfaction of, the Whole Loan; and (d) the release of any part of the Specially Serviced Loan's Loan Security, or the acceptance of substitute or additional Loan Security other than in accordance with the terms of the Whole Loan.

Upon the appointment of an Operating Adviser by the Controlling Party, the Issuer, the Trustee, the Loan Security Trustee, the Servicer and the Special Servicer will be required, pursuant to the terms of the Servicing Agreement, to use all reasonable endeavours to enable the Operating Adviser to accede to the terms of the Servicing Agreement. If an Operating Adviser does not accede to the terms of the Servicing Agreement, then before taking any action in connection with the matters referred to in (a) to (d) above, the Special Servicer must notify the Operating Adviser of the action it intends to take and must take due account of the advice and representations to the Operating Adviser. However, in the event that the Special Servicer determines that immediate action is required to meet the Servicing Standard, it 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, 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 shall not be obliged to consult further with the Operating Adviser for any actions to be taken with respect to the Specially Serviced Loan if the Special Servicer has notified the Operating Adviser in writing of any actions that the Special Servicer proposes to take with respect to the Whole Loan and, for 30 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Standard.

The Operating Adviser and its officers, directors, employees and owners will have no liability to the Issuer, the Junior Lender, the Loan Security Trustee or the Trustee (or the Controlling Party, if applicable) for any advice given, or representations made, to the Special Servicer, or for refraining from the giving of advice or making of representations. The Operating Adviser is not prohibited from (a) having special relationships and interests that conflict with those of holders of one or more classes of Notes, (b) acting solely in the interests of the Controlling Party, and (c) acting to favour the interests of

the Controlling Party over the interests of other Noteholders. The Operating Adviser will neither violate any duty nor incur any liability by acting solely in the interests of the Controlling Party. Notwithstanding the appointment of the Operating Adviser, the Special Servicer must act at all times in accordance with the requirements of the Servicing Agreement, including the requirement to act in accordance with the Servicing Standard.

Servicing Fees, Workout Fees, Special Servicing Fees and Other Compensation

On each Interest Payment Date and in accordance with the priority of payment of the Available Interest Receipts the Issuer must pay:

(a) a fee (the "**Servicing Fee**") to the Servicer in relation to the Whole Loan (other than during a period when the Whole Loan is a Specially Serviced Loan) of 0.0125 per cent. per annum (plus VAT if applicable) x (current outstanding principal balance of the Senior Loan + current outstanding principal balance of the Junior Loan) / current outstanding principal balance of the Senior Loan, payable quarterly in arrears based on the outstanding principal balance of the Senior Loan on a daily basis, excluding any days on which the Loan was a Specially Serviced Loan;

(b) a fee (the "**Special Servicing Fee**") to the Special Servicer in relation to the Whole Loan which was a Specially Serviced Loan at any time during the immediately preceding Collection Period. The Special Servicing Fee payable in respect of the Whole Loan will accrue at the rate of 0.19 per cent. per annum (plus VAT if applicable) x (current outstanding principal balance of the Senior Loan + current outstanding principal balance of the Junior Loan) / current outstanding principal balance of the Senior Loan, payable quarterly in arrears based on the outstanding principal balance of any Senior Loan on a daily basis when the Senior Loan was in each such Collection Period a Specially Serviced Loan;

(c) a fee (the "**Administration Services Fee**") to the Servicer in relation to the Whole Loan which is a Specially Serviced Loan of 0.005 per cent. per annum (plus VAT if applicable) x (current outstanding principal balance of the Senior Loan + current outstanding principal balance of the Junior Loan) / current outstanding principal balance of the Senior Loan, payable quarterly in arrears based on the outstanding principal balance of any Senior Loan on a daily basis when such Senior Loan was a Specially Serviced Loan; and

(d) a fee (the "**Workout Fee**") will be payable by the Issuer to the Servicer in relation to the Whole Loan which becomes a Corrected Loan during the immediately preceding Collection Period. The Workout Fee in relation to the Whole Loan will accrue at the rate of 0.30 per cent. per annum (plus VAT if applicable) x (current outstanding amount of the Senior Loan + current outstanding amount of the Junior Loan) / current outstanding amount of the Senior Loan, payable in any period will apply to a Specially Serviced Loan that has become a Corrected Loan based on the interest and principal received in respect of such Corrected Loan in such period. The Workout Fee shall cease to accrue in relation to a Whole Loan when a Liquidation Event occurs or upon the date when the Whole Loan becomes once more a Specially Serviced Loan.

The Servicing Fee, any Special Servicing Fee and any Workout Fee in relation to the Loan will cease to be payable by the Issuer when any of the following events (each, a "**Liquidation Event**") occurs in relation to the Loan:

(a) the Whole Loan is repaid in full;

(b) a Final Recovery Determination (as defined under "*Calculations by the Servicer and the Special Servicer*" below) is made with respect of the Whole Loan; and

(c) the Whole Loan is sold to a third party or acquired by the Originator in circumstances where the Senior Loan was repurchased by the Originator under the Loan Sale Agreement.

In addition to the Special Servicing Fee and the Workout Fee, the Special Servicer will be entitled to receive a fee (the "**Liquidation Fee**") with respect to the Specially Serviced Loan based on the proceeds of sale (including, without limitation, any amount to be paid in respect of (other than where the Specially Serviced Loan subsequently becomes a Corrected Loan) any indemnity), and net of any tax (including, without limitation, any stamp duty land tax payable thereon, to the extent not paid by a purchaser) and the costs and expenses of sale, if any, arising from the sale of any Property following the

enforcement of the related mortgage or the sale or repurchase of the Loan (such proceeds, the "**Liquidation Proceeds**"). A Liquidation Fee will not be payable to the Servicer where the senior part of the Specially Serviced Loan is purchased by the Junior Lender pursuant to its rights under the Intercreditor Agreement. The amount of the Liquidation Fee payable in respect of the Specially Serviced Loan will be equal to 0.30 per cent. of the net sale proceeds, (plus VAT, if applicable), but will be capped at an amount equal to 0.30 per cent. of the outstanding principal balance of the Specially Serviced Loan. The Liquidation Fee is payable by the Issuer to the Special Servicer in relation to the Whole Loan in accordance with the relevant priority of payments payable by the Issuer on the first relevant Interest Payment Date after a Liquidation Event and in priority (either directly or indirectly) to payment of interest and principal on the Whole Loan. Therefore, although Liquidation Fees are intended to provide the Special Servicer with an incentive to better perform its duties, the payment of any Liquidation Fee will reduce principal amounts payable to the Noteholders.

The Servicer and the Special Servicer will be required to pay their respective overhead costs and any general and administrative expenses incurred by them in connection with their servicing activities carried out pursuant to the terms of the Servicing Agreement and will, in general, not be entitled to reimbursement for such expenses. However, on each Interest Payment Date, the Servicer and the Special Servicer are entitled, pursuant to the terms of the Servicing Agreement and in accordance with the relevant priority of payments payable by the Issuer, to be reimbursed in respect of certain out-of-pocket costs, expenses and charges properly incurred by them in the performance of their servicing obligations including, without limitation, those described under "*Ground Rents and Forfeiture*", "*Insurance*" and *"Annual Review"* below. Such costs and expenses are usually payable by the Issuer on the Interest Payment Date following the Collection Period during which they are incurred by the Servicer or Special Servicer.

The Workout Fee, the Servicing Fee, the Special Servicing Fee and other amounts payable by the Issuer to the Servicer and the Special Servicer are payable in accordance with the relevant priority of payments payable by the Issuer and, save in certain limited circumstances, in priority to any payments of interest or principal on the Notes, both before and after the enforcement of the Issuer Security.

Termination of the Appointment of the Servicer or the Special Servicer

Pursuant to the terms of the Servicing Agreement:

(a) the Issuer and the Trustee may, at any time (with 30 days' prior notice), terminate the Servicer's or the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Servicer or Special Servicer;

(b) the Issuer and the Trustee as a result of an event of default (as specified below) of the Servicer or Special Servicer may, at any time (with 30 days' prior written notice), terminate the Servicer's or the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Servicer or Special Servicer;

(c) the Operating Adviser may replace the Special Servicer as described under "*Role of the Special Servicer – Effect of a Servicing Transfer Event*" above, or if there has been a change in the Controlling Party and in the Operating Adviser and the new Operating Adviser appoints a new Special Servicer in accordance with the Servicing Agreement.

Events of default in respect of the Servicer and the Special Servicer include, amongst other things:

(a) a default in the payment on the due date of any payment to be made by the Servicer or the Special Servicer pursuant to the terms of the Servicing Agreement;

(b) a default in the performance of any of the Servicer's or the Special Servicer's other material covenants or obligations pursuant to the terms of the Servicing Agreement;

(c) the occurrence of certain insolvency related events in relation to the Servicer or the Special Servicer.

In addition, the Servicer and/or the Special Servicer may resign by the Servicer or, as applicable, the Special Servicer giving at least three months' notice to, amongst others, the Issuer, the Loan Security Trustee and the Trustee.

Regardless of the reason, the termination of the appointment of the Servicer or the Special Servicer will not take effect until a successor Servicer or successor Special Servicer has been appointed in its place. The identity and terms of appointment of any successor Servicer or successor Special Servicer must meet certain criteria set out in the Servicing Agreement. These include written confirmation by each Rating Agency that the current ratings of each class of Notes rated by such Rating Agencies will not be adversely affected as a result of such appointment. The fee payable to any successor Servicer or Special Servicer must be approved by the Trustee, but must not in any event exceed the rate then commonly charged by providers of loan servicing services in relation to loans secured on commercial properties similar to the Properties.

Upon any termination of its appointment, the Servicer or the Special Servicer is required (subject to any legal or regulatory restrictions) to deliver the documents, information, computer stored data and moneys held by it in relation to its appointment to the successor Servicer or Special Servicer, as applicable, and is required to take such further lawful action as the Trustee may reasonably direct to enable the successor Servicer or Special Servicer to perform its servicing duties.

In no circumstances shall the Trustee or the Loan Security Trustee be obliged to assume the obligations of the Servicer or the Special Servicer.

Enforcement of the Loan

Upon the occurrence of a Servicing Transfer Event, special servicing of the Whole Loan will, as described under "*Roles of the Servicer and Special Servicer*" above, be undertaken by the Special Servicer who may elect to implement its enforcement procedures in relation to the Whole Loan. Such enforcement procedures may include the giving of instructions to the Loan Security Trustee as to how to enforce the security for the repayment of the Whole Loan, including as to the appointment of a receiver or administrator (where appropriate) of the secured assets. The terms of appointment of any such receiver or administrator may, in certain circumstances, include an indemnity in favour of the receiver or administrator. The Servicer or, as applicable, the Special Servicer may consult with the receiver or administrator and agree upon a strategy for best preserving the Issuer's rights and securing any available money from the relevant Property, which may involve the receiver or administrator managing the Property (including the handling of payments of rent) for a period of time and/or seeking to sell the Property to a third party. In certain circumstances the Special Servicer may defer commencement of formal enforcement procedures and may instead waive or modify certain provisions of the Loan Documentation if to do so would be in accordance with the Servicing Standard.

If a Mortgage is enforced and a Property is sold, the Liquidation Proceeds will, together with any amount payable to the Borrowers on any related insurance contracts (to the extent such amounts may be applied by the Special Servicer in repayment of the Whole Loan), be applied against the sums owing from the Borrowers to the extent necessary to repay the Whole Loan.

Modifications, Waivers, Amendments and Consents

The Servicer or, in the case of Specially Serviced Loan, the Special Servicer, will be responsible for responding to requests by the Borrowers and Mortgagors for consents, modifications, waivers or amendments to the Credit Agreement and other documentation related to the Whole Loan. With respect to requests for consents, modifications, waivers or amendments not contemplated by the Loan documents, the Servicer or, as applicable, the Special Servicer may exercise its discretion (always in accordance with the Servicing Standard) and agree to the request provided that:

(a) the granting of consent or the making of the modification, waiver or amendment would be in accordance with the Servicing Standard; and

(b) the consent, if granted, would not:

  (i) release the Borrowers or any Mortgagor from any of its payment obligations under the Whole Loan or Intercreditor Agreement;

  (ii) release any security for the Whole Loan (unless a corresponding principal payment is made);

(iii) require the Issuer, the Junior Lender or the Loan Security Trustee to make any further advance of monies;

(iv) extend the final maturity date of the Whole Loan;

(v) materially impair the security for the Whole Loan; or

(vi) reduce the likelihood of timely payments of amounts due on the Whole Loan.

If the consent, modification or amendment is one of those contemplated above, the Servicer or the Special Servicer shall not grant its consent thereto without the prior consent of the Trustee and notification to the Rating Agencies.

Notwithstanding the foregoing, the Servicer or, as the case may be, the Special Servicer may not grant any consents, modifications, amendments or waivers in respect of the Whole Loan or Specially Serviced Loan, whether in the nature of any consent, modification, waiver or amendment contemplated above or any other modification, waiver or amendment of the Whole Loan, if the Servicer or, as the case may be, the Special Servicer, determines that such proposed consent, modification, amendment or waiver could have a material adverse effect on any class of Noteholders, without the Servicer or the Special Servicer, as the case may be, first having received, among other things, written confirmation from at least one Rating Agency (and in any case from S&P) that the then current ratings of each class of Notes would not be adversely affected as a result of such consent, modification, amendment or waiver.

In addition, in accordance with the terms of the Servicing Agreement, the Servicer has agreed that it shall not agree nor consent to, nor permit a Mortgagor to agree or consent to:

(i) the determination of any occupational lease (save following repayment of the Whole Loan or payment of the relevant allocated loan amount together with all interest and other monies payable in relation to the Loan in accordance with the Loan Documentation, including, but not limited to, the relevant release amount simultaneously with such determination) unless (x) it has received written confirmation from at least two Rating Agencies (and in any case from S&P) that the then current ratings of each class of Notes would not be adversely affected as the result of such determination of an occupational lease and (y) the effect of such determination will not reduce the Interest Cover Percentages (as such terms is defined in the Credit Agreement), assuming the same were being calculated on the date the occupational lease was being determined; nor

(ii) the assignment of any occupational lease (which lease constitutes a new tenancy (as such expression is defined in section 28 of the Landlord and Tenant (Covenants) Act 1995)) unless it has received written confirmation from at least two Rating Agencies (and in any case from S&P) that the then current ratings of each class of Notes would not be adversely affected as the result of such consent and/or assignment.

To the extent that the consent of any person or confirmation from any Rating Agency is required prior to the Servicer or Special Servicer taking any action in relation to the Whole Loan, the Servicer shall not be liable for the consequences of any delay pending receipt of such consent or confirmation.

The Servicer and the Special Servicer will be required to deposit in the related mortgage file an original counterpart of any agreement related to a consent, modification, waiver or amendment agreed to by it promptly following its execution and to forward a copy to the Trustee and each Rating Agency. Upon reasonable prior written notice from the Trustee, any of the Rating Agencies or the Servicer or Special Servicer to the Servicer or, as applicable, Special Servicer, copies of each agreement by which any consent, modification, waiver or amendment of any term of the Loan is effected are required to be available for review during normal business hours at the offices of the Servicer.

Tranching Account

Pursuant to the Servicing Agreement, ABN AMRO Bank N.V. (London Branch) (in this capacity, the "**Operating Bank**") will open and maintain an account in its name (the "**Tranching Account**") (or such other accounts with any other branch and/or bank as may be opened to replace such accounts pursuant to the Servicing Agreement) into which will be received all amounts due to the Issuer and the Junior Lender pursuant to the Loan Documentation including payments under the Loan Swap Agreements. The Tranching Account is held by the Operating Bank under the Tranching Account

Declaration of Trust on trust for the benefit of the Senior Lender, the Junior Lender, the Loan Swap Counterparty and the Borrowers. The Operating Bank has agreed to comply with the direction of the Servicer or the Loan Security Trustee to effect payments from the Tranching Account to the Junior Lender and the Issuer Transaction Account if such direction is made in writing.

Calculations by the Servicer

If a Loan Swap Payment is due to the Borrowers on the following Interest Payment Date, the Servicer shall notify the Cash Manager (copied to the Liquidity Facility Provider) within 10 Business Days of a 3 month Sterling LIBOR interest rate being set for the following Interest Payment Date and whether or not a payment is due to be received by the Borrower from the Loan Swap Counterparty on the following Interest Payment Date.

The Servicer will calculate the amounts due from the Borrowers to the Issuer pursuant to the terms of the Credit Agreement and, two Business Days before each Loan Payment Date, transfer such amounts from the Rent Account into the Tranching Account. One Business Day prior to each Calculation Date, the Servicer will determine which of the amounts transferred constitute Borrower Interest Receipts, which constitute Borrower Principal Receipts and which constitute prepayment fees for the Whole Loan. The Servicer will also determine which portions of Borrower Principal Receipts consist of Amortisation Funds, Principal Recovery Funds, Final Redemption Funds and Prepayment Redemption Funds (each as defined in Condition 5) and the amount of all priority payment amounts which it is aware are required to be paid by the Issuer from time to time. The Servicer will notify the Cash Manager of all such determinations made by it by 10.00 a.m. (London time) one Business Day before each Calculation Date. The Servicer will transfer sums standing to the credit of the Tranching Account on the Loan Interest Payment Date in accordance with the Intercreditor Agreement.

Final Recovery Determination

If the Special Servicer determines at any time that there has been a recovery of all Liquidation Proceeds, insurance proceeds and any other payments that the Special Servicer has determined in accordance with the Servicing Standard, that will be ultimately recoverable in relation to the Loan (except where the Loan was paid in full or was repurchased by the Originator pursuant to the terms of the Loan Sale Agreement) (a "**Final Recovery Determination**"), it is required to notify the Servicer, the Issuer, the Cash Manager and the Trustee of the amount of such Final Recovery Determination.

Annual Review

The Servicer or Special Servicer in the case of Specially Serviced Loan is required to undertake an annual review of each Borrower, Mortgagor and of the Whole Loan. The cost of conducting each annual review will be reimbursed by the Issuer. The Servicer or the Special Servicer, as the case may be, is however authorised to conduct the review process more frequently if the Servicer, acting in accordance with the Servicing Standard, has cause for concern as to the ability of a Borrower to meet its financial obligations pursuant to the terms of the Credit Agreement. Such a review may (but need not necessarily) include an assessment of the quality of the cash flow arising from them, along with a compliance check of all the Borrowers' and any Mortgagors' financial covenants under the relevant Loan documents. The Servicer or Special Servicer in the case of Specially Serviced Loan will be required to inspect each Property every year.

Ground Rents and Prevention of Forfeiture

The Servicer (in relation to the Whole Loan when it is not a Specially Serviced Loan) and the Special Servicer (in relation to the Whole Loan when it is a Specially Serviced Loan) shall maintain accurate records with respect to each related Mortgaged Property reflecting the status of any ground rents payable in respect thereof and use reasonable efforts to confirm, from time to time, the payment of such items.

Subject to the paragraph below, the Servicer shall, on behalf of the Issuer, pay to the appropriate third party any ground rents not paid by the Borrower or Mortgagor in accordance with the Credit Agreement, including any penalties or other charges rising from the Borrower or Mortgagor's failure to timely pay such items. In addition, the Servicer, on being notified or becoming aware of steps being taken to

forfeit a Borrower or Mortgagor's headlease in relation to any Property, shall, subject to the paragraph below, use all reasonable endeavours to prevent the forfeiture of such a Borrower's headlease or, where applicable, to obtain relief of the court in respect of such forfeiture (such actions to include, where necessary, the payment of all amounts due or owing by the Borrowers or Mortgagor pursuant to the terms of such headlease).

Notwithstanding the above, neither the Servicer nor the Special Servicer shall be required to pay any amount or take any action if, in its reasonable opinion, such would not accord with the Servicing Standard.

Insurance

The Servicer (in relation to the Whole Loan when it is not a Specially Serviced Loan) and the Special Servicer (in relation to the Whole Loan when it is a Specially Serviced Loan) shall use reasonable efforts consistent with the Servicing Standard to monitor the Borrowers' and each Mortgagor's compliance with the requirements of the Credit Agreement regarding the maintenance of insurance of each Property.

The Servicer shall use reasonable endeavours (i) (where insurance is the responsibility of the landlord under the headlease) to monitor and ensure compliance by such landlord of the landlord's obligations relating to insurance contained in the headlease; and (ii) (where insurance is not the responsibility of the landlord under the headlease but the Borrowers are obliged to effect such insurance under the terms of the Credit Agreement) to require the Mortgagors to obtain the required insurance coverage from insurers that have a "claims paying ability" or "financial strength" rating, as applicable, of at least "A" from S&P, "A" from Fitch and "A1" from Moody's (or, if at such time there are any Notes outstanding) such lower rating as will not result in the then current rating of each Class of Notes being adversely affected as a result, as evidenced in writing by at least one Rating Agency (one of which shall be S&P)).

Subject to the paragraph below, in the event that the Servicer (in relation to the Whole Loan when it is not a Specially Serviced Loan) or the Special Servicer (in relation to the Whole Loan when it is a Specially Serviced Loan) become aware that either (1) a Property is not covered by a buildings insurance policy; (2) a buildings insurance policy may lapse in relation to a Property due to the non payment of any premium; (3) in the case of Victoria Embankment Property, JP Morgan Chase Bank, N.A., as the current tenant of the Property, can no longer maintain its own building insurance policy or carry its own insurance risk in accordance with its occupational lease; or (4) in the case of the Carey Street Property, the tenant is no longer an entity which is a department, agency or organisation of H.M. Government, the Servicer or Special Servicer, as appropriate, shall procure a buildings insurance policy (with an insurer having (or whose obligations are guaranteed or backed, in writing, by entities having) a "claims paying ability" or "financial strength" rating, as applicable, of at least "A" from S&P, "A" from Fitch and "A1" from Moody's) to be maintained in respect of such Property and shall on behalf of the Issuer, pay all necessary premiums (in the case of (1) preceding) or pay to the insurer any unpaid premiums, together with any penalties or other charges arising from the Borrower's or Mortgagor's failure to timely pay such items (in the case of (2) preceding).

Neither the Servicer nor the Special Servicer shall be required to pay any amount described above if, in its reasonable opinion, the expense of making such payment and/or taking such actions would not be in accordance with the Servicing Standard.

Under the Credit Agreement, the building insurance policies must be provided by approved insurance providers if the relevant Property insurance policy in place expires and a new policy is entered into.

Other Matters

In addition to the duties described above, the terms of the Servicing Agreement require the Servicer to perform duties customary for a servicer of mortgage loans, such as retaining or arranging for the retention of loan and property deeds and other documents in safe custody and regularly informing the Issuer (copied to the Trustee) of any modifications and redemptions.

In no circumstances will the Servicer or, as applicable, the Special Servicer be liable for any obligation of the Borrowers or, if different, the Mortgagors under the Whole Loan or have any liability to any third

party for the obligations of the Issuer, the Loan Security Trustee or the Trustee or any other party to the Transaction Documents (as defined below). Neither the Servicer nor the Special Servicer will have any liability to the Issuer, the Loan Security Trustee or the Trustee, the Noteholders or any other person for any failure by the Issuer to make any payment due by it under the Notes or any of the documents listed under paragraph 9 of "*General Information*" (the "**Transaction Documents**"), unless such failure by the Issuer results from a failure by the Servicer and/or the Special Servicer, as the case may be, to perform its obligations under the Servicing Agreement.

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

CASH MANAGEMENT

Cash Manager

Pursuant to an agreement to be entered into on or prior to the Closing Date between the Issuer, the Servicer, the Trustee, the Cash Manager and the Operating Bank (the "**Cash Management Agreement**"), each of the Issuer and the Trustee will appoint ABN AMRO Bank N.V. (London Branch) (in this capacity, the "**Cash Manager**") to be its agent to provide certain cash management services in relation to, among other things, the Issuer Transaction Account, as are more particularly described below. The Cash Manager will undertake with the Issuer and the Trustee in the Cash Management Agreement that in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will exercise the same level of skill, care and diligence as it would apply if it were the beneficial owner of the moneys to which the services relate and that it will comply with any directions, orders and instructions which the Issuer or the Trustee may from time to time give to it in accordance with the provisions of the Cash Management Agreement.

Issuer's Accounts

(a) Issuer Transaction Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Issuer Transaction Account**") (or such other accounts with any other branch and/or bank as may be opened to replace such accounts pursuant to the Cash Management Agreement) into which will be received all amounts due to the Issuer pursuant to the Transaction Documents including payments under the Liquidity Facility. The Operating Bank has agreed to comply with any direction of the Cash Manager, the Issuer or the Trustee to effect payments from the Issuer Transaction Account if such direction is made in writing and in accordance with the mandate governing the applicable account.

(b) The Stand-by Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Stand-by Account**"). If the Liquidity Facility Provider elects not to grant a renewal of the Liquidity Facility upon the expiry of the term (and a replacement Liquidity Facility has not been entered into by the Issuer) or, if the Liquidity Facility Provider's unguaranteed, unsecured and unsubordinated short term debt ratings cease to be rated "A-1+" by S&P, F1 by Fitch and "P-1" by Moody's, the Cash Manager on behalf of the Issuer shall draw down the whole of the undrawn portion (if any) of the Liquidity Facility and place such amount in this account in its name with the Operating Bank which shall then be available on equivalent terms to the terms on which the Liquidity Facility would have been available for drawing but for such drawdown.

(c) Cash Investment Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Cash Investment Account**") (or such other account with any branch/or bank as may be opened to replace such account pursuant to the Cash Management Agreement) for all amounts standing to the credit of the Issuer Transaction Account only in excess of £10,000. The excess from the Issuer Transaction Account will generally be swept on a daily basis into this account and (prior to the service of a Note Enforcement Notice) will be invested in Eligible Investments.

(d) Cash Reserve Account

Pursuant to the Cash Management Agreement, the Operating Bank will open and maintain an account in the name of the Issuer (the "**Cash Reserve Account**") (or such other accounts with any other branch and/or bank as may be opened to replace such accounts pursuant to the Cash Management Agreement) into which will be received all amounts paid by the Originator to the Issuer on the Closing Date for such credit to the account. Such amounts will be used on any Interest Payment Date by the Issuer to pay any Prepayment Interest Arrears to the Noteholders of the relevant Class. The Operating Bank has agreed to comply with any direction of the Cash Manager, the Issuer or the Trustee to effect payments from the

Cash Reserve Account if such direction is made in writing and in accordance with the mandate governing the applicable account.

Calculation of Amounts to be paid on an Interest Payment Date

On each Calculation Date (being the second Business Day prior to the relevant Interest Payment Date save in respect of the Final Interest Payment Date when it shall be the actual Interest Payment Date falling in October 2012), the Cash Manager is required to determine, on the basis of information provided by the Servicer in accordance with the Servicing Agreement, the various amounts required to pay interest and principal due on the Notes on the forthcoming Interest Payment Date and all other amounts then payable by the Issuer, and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding for each class of Notes for the Interest Period commencing on such forthcoming Interest Payment Date and the amount of each Note Principal Payment due on the next following Interest Payment Date.

If the Cash Manager, acting on the basis of information provided to it by the Servicer, determines (i) two Business Days before any Calculation Date that a drawing is required to be made under the Liquidity Facility Agreement in respect of a Loan Swap Advance, (or (ii) on a Calculation Date that a drawing is required to be made under the Liquidity Facility Agreement in respect of a Senior Expenses Drawing) then the Cash Manager will on the date of such determination, on behalf of the Issuer, submit a notice of drawdown to the Liquidity Facility Provider. If the Cash Manager, acting on the basis of information provided to it by the Servicer, determines on any Calculation Date that a withdrawal is required to be made from the Cash Reserve Account in respect of any Prepayment Interest Arrears, then the Cash Manager will, on behalf of the Issuer, make such withdrawal to cover such Prepayment Interest Arrears on an Interest Payment Date before such amounts become in arrears. If the Cash Manager fails to make a withdrawal when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may make such withdrawal.

Flow of Funds between the Bank Accounts

Under the Servicing Agreement and in order to facilitate prompt payments due under the Notes on an Interest Payment Date, two Business Days before each Interest Payment Date (also being the Loan Interest Payment Date), the Servicer is entitled on behalf of the Loan Security Trustee to transfer all monies in the Rent Account (being the net rental income amounts due under the Whole Loan) into the Tranching Account (see "*Loan Servicing – Tranching Account* " above). Any interest which accrues on the Tranching Account during the two Business Day period before the Interest Payment Date shall be owed to the Borrowers (as a consequence of any early transfer of the balances of the Rent Account into the Tranching Account prior to a relevant Interest Payment Date, which would otherwise be accruing interest owed to them on the Rent Account) and transferred automatically by the Operating Bank on account of the Borrowers once the interest is credited to the Tranching Account.

The Loan Security Trustee shall prior to each Loan Interest Payment Date transfer all sums standing to the credit of each Collection Account into the Rent Account.

On each Loan Interest Payment Date the Servicer shall transfer any relevant amounts standing to the credit of the Sampson Reserve Account or the Operating Reserve Account to the Rent Account or as otherwise specified in the Credit Agreement.

In addition, upon the instruction of the Cash Manager (based on information provided by the Servicer), all amounts under the Liquidity Facility Agreement required for payments to be made on the Interest Payment Date will be paid into the Issuer Transaction Account on the Calculation Date in the case of Loan Swap Advances and on the Interest Payment Date in the case of Senior Expenses Drawings. Any Standby Drawing will be paid into the Standby Account.

On the Interest Payment Date, the Servicer will withdraw the monies from the Tranching Account and apply them towards payment or repayment of the amounts set forth and in the order specified in the Intercreditor Agreement.

The Servicer will transfer sums paid to or for the benefit of the Issuer under the Senior Loan into the Issuer Transaction Account on the Interest Payment Date. Once such funds have been credited to the

Issuer Transaction Account, the Cash Manager shall invest sums in excess of £10,000 in Eligible Investments and is required to apply such funds in accordance with the Deed of Charge and Assignment and the Cash Management Agreement. In respect of the Junior Loan, the Servicer will transfer sums paid to or for the benefit of the Junior Lender directly into the relevant account as directed.

On each Interest Payment Date, the Cash Manager will determine and pay on behalf of the Issuer, out of the Available Interest Receipts and Available Principal determined by the Cash Manager to be available for such purposes as described above, each of the payments required to be paid pursuant to and in the priority set forth in the Deed of Charge and Assignment.

Priority Amounts

On the Loan Interest Payment Date, in accordance with the Loan Swap Agreements, following a notification from the Servicer, the Loan Swap Counterparty will transfer all sums owed by it to the Borrower Swap Counterparty on such date into the Tranching Account. Such amounts in relation to the Senior Loan will then be transferred upon the instruction of the Servicer into the Issuer Transaction Account which will then be paid by the Issuer to the Liquidity Facility Provider in repayment of any outstanding Loan Swap Advance (and any related interest amounts) (for further information, see "*Credit Structure – 3. Liquidity Facility – Repayment of Loan Swap Advances*" below). Such amounts in relation to the Junior Loan will be transferred by the Servicer into the relevant account of the Junior Lender.

As discussed above, in order to facilitate prompt payments due under the Notes on an Interest Payment Date, two Business Days before each Interest Payment Date, the Servicer is entitled on behalf of the Loan Security Trustee to transfer all monies in the Rent Account into the Tranching Account. In such case, the Borrowers will be entitled to be paid interest on such monies up to any Interest Payment Date, so long as no Loan Event of Default has occurred, and the Operating Bank will transfer such interest amounts received on the Tranching Account from the date of transfer until the applicable Interest Payment Date to an account bank of the Borrowers once the interest is credited to the Tranching Account.

Principal Deficiency Ledger

The Cash Manager will maintain a principal deficiency ledger (the "**Principal Deficiency Ledger**") for each class of Notes. When the Loan has defaulted and the Servicer has made a Final Recovery Determination and an amount of principal remains outstanding, an amount shall be applied to the Principal Deficiency Ledger in an amount equal to the principal amount still outstanding in respect of the Loan.

The Principal Deficiency Ledger comprises four sub-ledgers, known as the "**A Note Principal Deficiency Ledger**", the "**B Note Principal Deficiency Ledger**", the "**C Note Principal Deficiency Ledger**", the "**D Note Principal Deficiency Ledger**" and the "**E Note Principal Deficiency Ledger**, respectively, amounts applied to the Principal Deficiency Ledger shall be credited by the Cash Manager to the sub-ledgers in the following order:

(i) first, the E Note Principal Deficiency Ledger, subject to a maximum balance on such sub-ledger equal to the Principal Amount Outstanding of the Class E Notes from time to time;

(ii) second, the D Note Principal Deficiency Ledger, subject to a maximum balance on such sub-ledger equal to the Principal Amount Outstanding of the Class D Notes from time to time;

(iii) third, the C Note Principal Deficiency Ledger, subject to a maximum balance on such sub-ledger equal to the Principal Amount Outstanding of the Class C Notes from time to time;

(iv) fourth, the B Note Principal Deficiency Ledger, subject to a maximum balance on such sub-ledger equal to the Principal Amount Outstanding of the Class B Notes from time to time; and

(v) fifth, the A Note Principal Deficiency Ledger, subject to a maximum balance on such sub-ledger equal to the Principal Amount Outstanding of the Class A Notes from time to time.

Any debits to these sub-ledgers will be made in reverse order.

Delegation by the Cash Manager

The Cash Manager may, in certain circumstances, without the consent of the Issuer or the Trustee, sub-contract or delegate its obligations under the Cash Management Agreement. Notwithstanding any sub-contracting or delegation of the performance of any of its obligations under the Cash Management Agreement, the Cash Manager will not be released or discharged from any liability under the Cash Management Agreement and will remain responsible for the performance of its obligations under the Cash Management Agreement by any sub-contractor or delegate.

Cash Management Fee

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

Both before and (subject to certain exceptions) after enforcement of the Notes amounts payable by the Issuer to the Cash Manager and the Operating Bank will be payable in priority to payments due on the Notes. This order of priority has been agreed with a view to procuring the continuing performance by each of the Cash Manager and the Operating Bank of their duties in relation to the Issuer, the Trustee, the Loan, the Loan Security and the Notes.

Termination of Appointment of the Cash Manager

The appointment of the Cash Manager may be terminated by virtue of its resignation or its removal by the Issuer or the Trustee. The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things, (i) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer in accordance with the Cash Management Agreement, or (ii) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for a period of 15 Business Days after the earlier of the Cash Manager becoming aware of such default or receipt by the Cash Manager of written notice from the Trustee requiring the same to be remedied, or (iii) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator or similar officer or such officer is otherwise appointed. On the termination of the appointment of the Cash Manager by the Trustee, the Trustee may, subject to certain conditions, appoint a successor cash manager.

The Cash Manager may resign as Cash Manager upon not less than three months' written notice of resignation to each of the Issuer, the Servicer, the Operating Bank and the Trustee provided that a suitably qualified successor Cash Manager shall have been appointed.

Termination of Appointment of the Operating Bank

The Cash Management Agreement requires that the Operating Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If the Operating Bank ceases to be an Authorised Entity, the Operating Bank will give written notice of such event to the Issuer, the Servicer, the Cash Manager and the Trustee and will, within 30 days after such downgrade procure the transfer of the Issuer Transaction Account and each other account held by the Issuer with the Operating Bank to another bank which is an Authorised Entity. If at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the Cash Manager shall take such other action as may be acceptable to the Rating Agencies.

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.

"**Requisite Rating**" means, in relation to any party, an "A-1+" rating (or its equivalent) by S&P, F1 (or its equivalent) by Fitch and "P-1" rating (or its equivalent) by Moody's for such party's short term, unguaranteed, unsecured and unsubordinated debt obligations.

If, other than in the circumstances specified above, the Cash Manager wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Cash Manager is required to obtain the prior written consent of the Issuer and the Trustee, 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.

Reports to Noteholders; Available Information

Noteholder Reports. Based solely on information provided in reports prepared by the Servicer and the Special Servicer and delivered to the Cash Manager, the Cash Manager will be required to provide or otherwise make available as described under "Information Available Electronically" below, on each Interest Payment Date, to the Trustee, for the benefit of and on behalf of the Noteholders, and the Rating Agencies:

- a Payment Date Statement (as defined in the Master Definitions Agreement); and
- a Loan Periodic Update File, a Financial File and a Property File setting forth information with respect to the Whole Loan and the Properties, respectively, each in the form approved by the Commercial Mortgage Securities Association ("**CMSA**").

The Servicer or the Special Servicer, as specified in the Servicing Agreement, are required to deliver to the Cash Manager periodically, and the Cash Manager is required to make available, as described below under "Information Available Electronically", and to the Rating Agencies, a copy of each of the following reports with respect to the Whole Loan:

- a CMSA Historical Liquidation Report;
- a CMSA Delinquent Loan Status Report;
- a CMSA Historical Loan Modification Report;
- a Servicer Watch List; and
- a Comparative Financial Status Report.

The reports identified in the preceding paragraph will be in the form as prescribed in the most recent standard CMSA investor reporting package (as it or each such report may be modified to reflect the fact that the Properties are located in the United Kingdom).

Information Available Electronically The Cash Manager will make available quarterly, for the relevant reporting periods, to the Trustee, on behalf of the Noteholders, the Payment Date Statement and the mortgage loan information presented in the standard CMSA investor reporting package format via the Cash Manager's internet website. All the foregoing reports will be accessible only with a password provided by the Cash Manager free to any Noteholder upon due certification of its status as a Noteholder to the satisfaction of the Cash Manager. The Cash Manager shall be entitled to rely on such certification without responsibility or liability and shall not be responsible for verifying the contents of any such certificate provided to it. Further, the Cash Manager shall not be liable or responsible for any unauthorised access to the foregoing reports that is obtained by any person who has obtained the password by any other means or who has falsely or fraudulently certified that it is a Noteholder to the Cash Manager. The Cash Manager's internet website will initially be located at www.eTrustee.net. The Cash Manager's internet website does not form part of this Prospectus.

The Cash Manager will not make any representations or warranties as to the accuracy or completeness of, and may disclaim responsibility for, any information made available by the Cash Manager for which it is not the original source.

CREDIT STRUCTURE

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

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

1. Liquidity and Credit Risk

The Issuer is subject to:

(a) the risk of delay arising between scheduled dates for the payment of interest and repayment of principal in respect of the Loan (a "**Loan Payment Date**") and the receipt of payments due from the Borrowers. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings (each a "**Senior Expenses Drawing**") under the Liquidity Facility Agreement to cover shortfalls in funds required to make due payment of interest under the Notes;

(b) the risk of delay on Interest Payment Dates in the payment of amounts due to the Borrower Swap Counterparty from a Loan Swap Counterparty under a Loan Swap Agreement in respect of the Loan and the receipt of such payments then due from the Borrowers. Such amounts are required to have been received by the Operating Bank two Business Days before an Interest Payment Date to facilitate prompt payments to the Lenders on such Interest Payment Date. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings (a '**Loan Swap Advance**") under the Liquidity Facility Agreement to cover any advance of such amounts to the Operating Bank to make due payment of interest under the Notes; and

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

2. Liabilities under the Notes

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

On each Interest Payment Date, payments of interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, respectively, will be due and payable only if and to the extent that there are sufficient funds available to the Issuer to pay interest on the Class A Notes and other liabilities of the Issuer ranking higher in priority to interest payments on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, respectively, as provided in "*Cash Flows — Payments out of the Issuer Transaction Account*", and which have been paid or provided for in full. To the extent that there are insufficient funds available to the Issuer on any Interest Payment Date to pay in full interest otherwise

due on any one or more classes of junior-ranking Notes then outstanding, after making the payments and provisions ranking higher in priority to the relevant interest payment, as the case may be, such interest will not then be due and payable but will become due and payable, together with accrued interest on such Notes, on subsequent Interest Payment Dates, if and to the extent that funds are then available or at the latest on the date on which the relevant Notes are due to be redeemed in full.

3. Liquidity Facility

Senior Expenses Drawing

To address the risk of Available Interest Receipts being insufficient to cover all interest payments due under the Class A Notes, Class B Notes, Class C Notes, Class D Notes and the Class E Notes, the Issuer will enter into the Liquidity Facility Agreement with the Liquidity Facility Provider and the Trustee under which the Liquidity Facility Provider will provide a revolving committed liquidity facility to the Issuer, in an initial amount equal to £77,625,000. Investors should note that the purpose of the Liquidity Facility Agreement is to provide liquidity, not credit support, and that the Liquidity Facility Provider is entitled to receive interest on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders which would ultimately reduce the amount available for distribution to Noteholders.

The Liquidity Facility will be available to cover interest payments due under the Notes, other than Prepayment Interest Arrears, to the extent that there is a shortfall and to the extent specified below. Amounts from the Stand-by Account will be available to be drawn by the Issuer on equivalent terms to the Liquidity Facility. Interest due under the Class E Notes and covered by any Senior Expenses Drawings under the Liquidity Facility will be restricted to a total of 15 months of interest at any one time (being up to five consecutive Senior Expenses Drawings) due under the Class E Notes. A separate Cash Reserve Account will be established in the name of the Issuer with the Operating Bank to be used by the Issuer to make payments on any Interest Payment Date of any Prepayment Interest Arrears to the relevant Class of Noteholders arising on repayment in whole or in part of the Loan. The Cash Reserve has been sized in order to cover the most adverse prepayment scenario of the Loan.

On each Calculation Date, the Cash Manager will determine whether Available Interest Receipts will be sufficient to make payments due in respect of items (i) to (vii) of the Pre-Enforcement Interest Priority of Payments. If there is an anticipated shortfall in Available Interest Receipts, the Cash Manager will make a Senior Expenses Drawing.

The amount of the advance will, subject as set out below, equal the aggregate shortfall amount. The proceeds of any such drawings will be credited to the Issuer Transaction Account.

Repayment of Senior Expenses Drawings

The Issuer shall repay together with accrued interest thereon each Senior Expenses Drawing made to it in full on the Liquidity Advance Repayment Date therefor.

Loan Swap Advance

The Liquidity Facility will also be available to advance in relation the Senior Loan on any Loan Interest Payment Date in amounts equal to payments due from the Loan Swap Counterparty to the Borrower Swap Counterparty under a Loan Swap Agreement. Any Loan Swap Advance will be paid into the Issuer Transaction Account two Business Days prior to an Interest Payment Date.

The amount of the advance will, subject as set out below, equal the amount owed to the Borrower by the Loan Swap Counterparty. The Cash Manager shall not be able to make a Loan Swap Advance drawing under the Liquidity Facility if a Loan Swap Advance is outstanding and has not been repaid as set out below.

Repayment of Loan Swap Advance

The Issuer shall repay each Loan Swap Advance made to it in full on the Liquidity Advance Repayment Date. The Issuer shall pay interest accrued on such Loan Swap Advance on such Liquidity Advance

Repayment Date or, if such Liquidity Advance Repayment Date is not an Interest Payment Date, on the next Interest Payment Date following such Liquidity Advance Repayment Date.

Interest shall accrue on any interest accrued on a Loan Swap Advance and not paid on the Interest Payment Date immediately following after such Loan Swap Advance.

"**Liquidity Advance Repayment Date**" means:

(a) with respect to a Senior Expenses Drawing, the Interest Payment Date immediately following the Liquidity Drawdown Date of such Senior Expenses Drawing; and

(b) with respect to a Loan Swap Advance in relation to a payment to be made by a Loan Swap Counterparty (a "**Loan Swap Payment**"):

(i) if such Loan Swap Payment is received on or prior to the relevant Interest Payment Date immediately following the Liquidity Drawdown Date of such Loan Swap Advance and before the payments have been made in accordance with the Pre-Enforcement Priority of Payments on such Interest Payment Date, such Interest Payment Date;

(ii) if such Loan Swap Payment is received on such Interest Payment Date (after the payments have been made in accordance with the Pre-Enforcement Priority of Payments on such Interest Payment Date) or during the immediately following Collection Period, the Business Day on which such Loan Swap Payment is made; or

(iii) if neither of the conditions in paragraphs (i) and (ii) is satisfied, then on the second Interest Payment Date following the Liquidity Drawdown Date of such Loan Swap Advance.

If a Loan Swap Advance is made in relation to more than one Loan Swap Payment, then the tests at paragraphs (b)(i) and (b)(ii) above shall be applied in relation to each part of such Loan Swap Advance as such part relates to a particular Loan Swap Payment.

"**Liquidity Drawdown Date**" means in respect of a Loan Swap Advance, a Senior Expenses Drawing or a Stand-by Drawing the date such Loan Swap Advance, Senior Expenses Drawing or Stand-by Drawing (as the case may be) is made.

Amortisation

The initial Liquidity Facility Commitment will be £77,625,000 and on any Interest Payment Date this will start to reduce when the Principal Amount Outstanding of the Notes is less than £835,000,000 as described below. If the Principal Amount Outstanding of the Notes is less than or equal to £835,000,000 but greater than £700,000,000 the Liquidity Facility Commitment will reduce on each Interest Payment Date in line with the Principal Amount Outstanding of the Notes, such that the available liquidity facility will the higher of (i) 7.25 per cent. of the Principal Amount Outstanding of the Notes and (ii) £54,250,000. Upon the Principal Amount Outstanding of the Notes being equal to or less than £700,000,000 but greater than £450,000,000, the Liquidity Facility Commitment will be the higher of (i) 7.75 per cent. of the Principal Amount Outstanding of the Notes and (ii) £37,125,000. Upon the Principal Amount Outstanding of the Notes being equal to or less than £450,000,000 but greater than £200,000,000, the Liquidity Facility Commitment will be the higher of (i) 8.25 per cent. of the Principal Amount Outstanding of the Notes and (ii) £16,500,000. Upon the Principal Amount Outstanding of the Notes being equal to or less than £200,000,000, the Liquidity Facility Commitment will be equal to £16,500,000. Drawings under the liquidity facility are of a revolving nature, repayable on the Liquidity Advance Repayment Date next following the date of drawing. Amounts repaid may be redrawn.

The Liquidity Facility Agreement may be renewed until the earlier of 23 October, 2012 or such date upon which the interest payment obligations of the Loan have been reduced to zero. The Liquidity Facility Agreement will provide that if at any time the rating of the short-term, unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Facility Provider falls below the Requisite Rating, or the Liquidity Facility Provider refuses to renew the Liquidity Facility Agreement, then the Issuer may appoint a replacement liquidity facility provider with the Requisite Rating and acceptable to the Trustee. In the

event that the Issuer is not able to appoint a replacement liquidity facility provider pursuant to the terms of the Liquidity Facility Agreement, then the Cash Manager will make a drawing under the Stand-by Facility (a "**Stand-by Drawing**") equal to the Liquidity Facility Provider's undrawn commitment under the Liquidity Facility Agreement and pay such amount into the Stand-by Account. In the event that the Cash Manager makes a Stand-by Drawing and/or there are, during an Interest Period, sums standing to the credit of the Transaction Account, the Cash Manager is required (save to the extent that the same are required to make payments on behalf of the Issuer prior to the next following Interest Payment Date) to invest such funds in Eligible Investments.

Amounts standing to the credit of the Stand-by Account will be available to the Issuer for drawing in respect of a Senior Expenses Drawing as described above, and otherwise in the circumstances provided in the Liquidity Facility Agreement. Following enforcement of the Issuer Security, all funds standing to the credit of the Stand-by Account will be repaid to the Liquidity Facility Provider.

4. Loan Swap Agreements

In accordance with the terms of the Credit Agreement and as at the drawdown date of the Whole Loan, the Borrower Swap Counterparty entered into hedging arrangements with SG (acting in this instance in the capacity of Loan Swap Counterparty) in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border), in order to hedge the interest rate liabilities in relation to all or part of the monies payable under the Whole Loan (see "*The Loan and the Loan Security – Credit Agreement - Hedging Arrangements*"). The Loan Swap Agreements each contain swap rating downgrade provisions (see "*The Loan and the Loan Security* – The Credit Agreement – *Hedging Arrangements*").

The interest rate in respect of the Loan will be determined on the same dates that the interest rate will be determined in respect of the Notes for the corresponding interest period. As a result, it will not be necessary for the Issuer to enter into any basis swap arrangement to protect against any difference or shortfall that might arise as a result of the Loan and Notes interest rate calculation mismatch.

TERMS AND CONDITIONS OF THE NOTES

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

The £678,500,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class A Notes**"), the £171,500,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class B Notes**"), the £116,000,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class C Notes**"), the £116,000,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class D Notes**" and the £68,000,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2012 (the "**Class E Notes**" and, together with the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes, the "**Notes**") of White Tower 2006-3 plc (the "**Issuer**") are constituted by a trust deed dated on or about 6 December, 2006 (the "**Trust Deed**", which expression includes such trust deed as from time to time may be modified in accordance with its provisions and any deed or other document expressed to be supplemental to it as from time to time so modified) and made between the Issuer and ABN AMRO Trustees Limited (the "**Trustee**", which expression includes its successors or any further or other trustee under the Trust Deed) as trustee for the holders for the time being of the Notes. Any reference to a "**class**" of Notes or of Noteholders shall be a reference to any, or all of, the respective Class A Notes, the Class B Notes, the Class C Notes, Class D Notes and the Class E Notes or any or all of their respective holders, as the case may be.

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

(i) an agency agreement dated on or about the Closing Date (the "**Agency Agreement**") between the Issuer, ABN AMRO Bank N.V. (London Branch), in its capacity as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor or substitute principal paying agent) and in its capacity as agent bank (the "**Agent Bank**", which expression shall include any successor or substitute agent bank appointed pursuant to the Agency Agreement), NCB Stockbrokers Limited in its capacity as Irish paying agent (the "**Irish Paying Agent**", which expression shall include any successor or substitute Irish paying agent and, together with the Principal Paying Agent and any other paying agent appointed pursuant to the Agency Agreement, the "**Paying Agents**") and the Trustee;

(ii) a cash management agreement dated on or about the Closing Date (the "**Cash Management Agreement**") between ABN AMRO Bank N.V. (London Branch) as operating bank (the "**Operating Bank**", which expression shall include any successor or substitute bank appointed pursuant to the terms of the Cash Management Agreement) and in its capacity as cash manager (the "**Cash Manager**", which expression shall include any successor or substitute cash manager appointed pursuant to the terms of the Cash Management Agreement), the Originator, the Servicer, the Special Servicer, the Issuer and the Trustee;

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

(iv) a servicing agreement dated on or about the Closing Date (the "**Servicing Agreement**") between the Issuer, the Trustee, the Junior Lender, Hatfield Philips International Limited in its capacity as servicer (the "**Servicer**", which expression shall include any successor or substitute servicer appointed pursuant to the terms of the Servicing Agreement) and in its capacity as the special servicer (the "**Special Servicer**", which expression shall include any successor or substitute special servicer appointed pursuant to the terms of the Servicing Agreement);

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

(vi) a loan sale agreement dated on or about the Closing Date (the "**Loan Sale Agreement**") between Société Générale in its capacity as originator (the "**Originator**"), the Issuer and the Trustee;

(vii) a corporate services agreement dated on or about the Closing Date (the "**Corporate Services Agreement**") between the Issuer, Structured Finance Management Limited (the "**Corporate Services Provider**"), PECO and SFM Corporate Services Limited (the "**Share Trustee**");

(viii) the post-enforcement call option agreement dated on or about the Closing Date (the "**Post-Enforcement Call Option Agreement**") between PECO and the Trustee;

(ix) a subscription agreement dated on or about 27 November, 2006 (the "**Subscription Agreement**") between, amongst others, Société Générale and the Issuer; and

(x) a master definitions agreement dated on or about the Closing Date (the "**Master Definitions Agreement**") between, amongst others, the Issuer and the Trustee.

Copies of the Trust Deed, the Agency Agreement, the Cash Management Agreement, the Deed of Charge and Assignment, the Servicing Agreement, the Liquidity Facility Agreement, the Loan Sale Agreement, the Corporate Services Agreement, the Subscription Agreement and the Master Definitions Agreement are available for inspection during normal business hours at the principal office of the Principal Paying Agent (presently ABN AMRO Bank N.V. (London Branch)) and the Irish Paying Agent (presently at NCB Stockbrokers Limited) for the time being. Noteholders and the holders (the "**Couponholders**") of the interest coupons relating to the Notes in definitive form (the "**Coupons**") and, where applicable, talons for further Coupons (the "**Talons**") are entitled to the benefit of, are bound by and are deemed to have notice of, all the provisions of the Trust Deed and the other Transaction Documents applicable to them.

1. Definitions

In these Conditions, all capitalised terms that are not otherwise herein defined shall have the meanings given to them in the Master Definitions Agreement.

"**Adjusted Principal Amount**" means (as of any relevant date) the principal amount of the Junior Loan then outstanding less any Appraisal Reduction Amount.

"**Appraisal Reduction Amount**" means

(a) with respect to the Junior Loan, the sum calculated in accordance with the following formula:

£(a - b) – (c - d)

where

a = the aggregate of the Liabilities (other than any arising pursuant to the Supplemental Hedging Arrangement) in respect of the Whole Loan;

b= the aggregate of any sums (in cleared funds) standing to the credit of the Rent Account;

c = 90 per cent. of the open market values of each of the Properties (after deduction of the amount required to redeem other charges or security interests ranking in priority to those created by the Mortgages) as determined by the most recent Valuations provided that if, as of any relevant date, any Valuation is dated more than 12 months previously, the Servicer or , if at the relevant time the Whole Loan is a Specially Service Loan, the Special Servicer (or, if neither are in office at the relevant time, the Agent) shall commission a further and/or updated Valuation in respect of the relevant Property and Properties for the purposes of making this calculation and paid for by the Borrowers; and

d = amounts due but unpaid by way of rent or other sums payable under the terms of any headlease under which any Property is held

(b) with respect to any class of Notes the sum calculated in accordance with (a) above but after further deduction of (i) the principal amount outstanding under the Junior Loan and (ii) the principal amount outstanding of any Class of Notes junior to the Class of Notes in respect of which such calculation is to be made

provided that, if any such calculation produces a negative amount, then in such circumstances the Appraisal Reduction Amount shall be zero.

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

(i) all Borrower Interest Receipts transferred by or at the direction of the Servicer into the Issuer Transaction Account during the Collection Period ended immediately before such Interest Payment Date (the "**Relevant Collection Period**") (net of any Borrower Interest Receipts applied during such Collection Period in payment of any of the Priority Amounts);

(ii) the proceeds of any Eligible Investments and any interest accrued upon the Issuer's Accounts and paid into the Issuer Transaction Account;

(iii) the proceeds of any Senior Expenses Drawing or Loan Swap Advance made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date;

(iv) any amount deducted from Available Principal Recovery Funds for the purpose of paying Liquidation Fees; and

(v) all other monies received by the Issuer and treated as being of a revenue nature.

In the case of sums referred to in (i), (ii), (iv) and (v) being such amounts received during the Relevant Collection Period and in the case of sums referred to in (iii) being such amounts received on the relevant Calculation Date in the case of a Loan Swap Advance or on the relevant Interest Payment Date in the case of a Senior Expenses Drawing.

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

"**Basic Terms Modification**" means any of the following matters in respect of the Notes of any class, namely any modification of the date of maturity of such Notes, any modification which would have the effect of postponing any day for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of such Notes, or altering the currency of payment of such Notes (other than redenomination of the Notes pursuant to Condition 7(i)) or of interest thereon, or any alteration of this definition of "Basic Terms Modification" or of the majority required to pass any Extraordinary Resolution.

"Borrower" means, in relation to the Loan, the body corporate, trust, partnership, other body or person, as the case may be, from time to time assuming an obligation to repay the Loan.

"**Borrower Interest Receipts**" means all payments of interest, fees, breakage costs, expenses, commissions and other sums (other than principal) paid by the Borrowers in respect of the Loan, including recoveries of such amounts on enforcement of the Loan and its related Mortgage and Loan Security.

"**Business Day**", means (other than in relation to Condition 5 and Condition 7) a day (other than a Saturday or a Sunday) which is a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London, Jersey, Guernsey and Paris.

"**Calculation Date**" means the second Business Day prior to the relevant Interest Payment Date save in respect of the Final Interest Payment Date when it means the actual Interest Payment Date falling in October 2012.

"**Cash Investment Account**" means the account in the name of the Issuer, with account number 40215490 (account ref: 700490.3) at the Operating Bank with sort code 40-50-30 and entitled "White Tower 2006-3 No. 1 plc Cash Investments Account" or such other account of the Issuer as the Trustee may approve with the Operating Bank in accordance with the provisions of the Cash Management Agreement.

"**Cash Reserve Account**" means the account in the name of the Issuer, with account number 40215490 (account ref: 700490.4) at the Operating Bank with sort code 40-50-30 and entitled "White Tower 2006-3 Cash Reserve Account" or such other account of the Issuer as the Trustee may approve with the Operating Bank in accordance with the provisions of the Cash Management Agreement.

"**Charged Property**" means all of the assets, rights and undertaking of the Issuer whatsoever and wheresoever situated, present and future, for the time being held as security (whether fixed or floating) for the secured amounts under or pursuant to the Deed of Charge and Assignment.

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

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

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

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

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

"**Closing Date**" means 6 December, 2006 or such other date as may be agreed between the Issuer and the managers that are parties to the Subscription Agreement.

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

"**Controlling Class**" means the holders of the Most Junior Class of Notes outstanding (after the application of any Appraisal Reduction Amount) which satisfies the Controlling Class Test at the relevant time, provided that, if at any time such class of Notes does not satisfy the Controlling Class Test then the Controlling Class shall be the holders of the next Most Junior Class of Notes which does satisfy the Controlling Class Test.

"**Controlling Class Test**" shall, in relation to any class of Notes, be satisfied if at the relevant time the total principal amount outstanding of such class of Notes (after the application of any Appraisal Reduction Amount) is not less than 25 per cent. of the initial principal amount outstanding of such class of Notes on the Closing Date provided further that, if no class of Notes satisfies these requirements, then the Controlling Class will be the Most Junior Class of Notes then outstanding.

"**Controlling Class Representative**" means the representative appointed by the Controlling Class to represent its interests pursuant to the Conditions and the Servicing Agreement.

"**Controlling Party**" means the Junior Lender provided that if, at any relevant time, the actual aggregate principal amount (or, if lower, the Adjusted Principal Amount) of the Junior Loan is less than 25 per cent. of the initial principal amount of the Junior Loan then the Controlling Party shall be the Controlling Class.

"**Credit Agreement**" means the Credit Agreement documenting the Whole Loan.

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

"**Deferred Consideration**" means the amounts payable by way of deferred consideration for the purchase of the Loan and the Originator's interest in the Loan Security pursuant to the Loan Sale Agreement.

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

"**Eligible Investments**" means (i) commercial paper and other marketable debt securities issued by any central government of any member of the European Union having been assigned short term unsecured debt credit ratings by the Rating Agencies at least equal to (in the case of S&P) A-1+, (in the case of Fitch) F1+ and (in the case of Moody's) P-1, and having been assigned a long term unsecured debt credit rating by Moody's of A1; (ii) certificates of deposit, demand and term deposits of, and banker's acceptances sold by eligible depository institutions and trust companies having been assigned short term unsecured debt credit ratings by the Rating Agencies of at least (in the case of S&P) A-1+, (in the case of Fitch) F1+ and (in the case of Moody's) P-1 and having been assigned a long term unsecured debt credit rating by Moody's of A1; and (iii) investments in short term investment funds and in money market instruments with a credit rating from S&P and Fitch of AAA and Aaa from Moody's and (iv) any other investments confirmed in writing as acceptable to the Rating Agencies; provided that all such investments are denominated in sterling, are held by a custodian (where applicable), have a fixed principal amount at maturity and such investments will mature at least one Business Day prior to the next Interest Payment Date.

"**Eligible Noteholders**" means:

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

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

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

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

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

"**Event of Default**" has the meaning given to such term in Condition 10.

"**Extraordinary Resolution**" means a resolution passed at a meeting of the relevant class of Noteholders duly convened and held in accordance with the provisions contained in the Trust Deed by a majority consisting of not less than 75 per cent. 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 given on such poll.

"**Final Interest Payment Date**" means the Interest Payment Date falling in October 2012.

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

"**Interest Payment**" means, in respect of an Interest Period, the amount of interest payable on the Notes of each class.

"**Interest Payment Date**" means the 23rd day of January, April, July and October in each year (or, if such day is not a Business Day, the next succeeding Business Day unless such Business Day falls in the next succeeding calendar month in which event the immediately preceding Business Day).

"**Intercreditor Agreement**" means the intercreditor agreement entered into between the Borrowers, the Loan Swap Counterparty and the Loan Security Trustee in relation to the Whole Loan.

"**Interest Period**" means the period beginning on (and including) the Closing Date and ending on (but excluding) the Interest Payment Date falling in January 2007 and each successive period commencing on (and including) such Interest Payment Date and each subsequent Interest Payment Date and ending on (but excluding) the next Interest Payment Date.

"**Irish Stock Exchange**" means the Irish Stock Exchange Limited.

"**Issuer's Accounts**" means the Issuer Transaction Account, the Stand-by Account and the Cash Investments Account.

"**Issuer Security**" means the security created by or pursuant to Clause 3 of the Deed of Charge and Assignment.

"**Issuer Transaction Account**" means the account in the name of the Issuer, with account number 40215490 (account ref: 700490.1) at the Operating Bank with sort code 40-50-30 and entitled "White Tower 2006-3 Issuer Transaction Account" or such other account of the Issuer as the Trustee may approve with the Operating Bank in accordance with the provisions of the Cash Management Agreement.

"**Junior Lender**" means the holder of interests in the Whole Loan other than the Issuer.

"**Junior Loan**" means the junior portion of the Whole Loan as determined pursuant to the Tranching Declaration.

"**Legal Final Maturity**" means the Interest Payment Date falling in October 2012.

"**Liabilities**" means, in the context of an Appraisal Reduction Amount, all sums, liabilities and obligations (whether actual, contingent, present and/or future) due or owing by the Borrowers relating to the Whole Loan and/or the hedging arrangements (other than any Supplemental Hedging Arrangements) relating or attributable to the Whole Loan including any accrued and unpaid interest, charges, fees and other expenses due to the Lenders pursuant to the Loan Documentation and other monies due to the Loan Swap Counterparty pursuant to the Principal Hedging Arrangements.

"**Liquidation Fee**" means a liquidation fee payable to the Special Servicer in respect to a Specially Serviced Loan in accordance with the terms and conditions of the Servicing Agreement.

"**Loan**" means the loan purchased by the Issuer from the Originator pursuant to the Loan Sale Agreement as more particularly identified in Schedule 3 Part A of the Loan Sale Agreement.

"**Loan Documentation**" means the documents listed in Schedule 3 Part A and B of the Loan Sale Agreement.

"**Loan Security**" means the Mortgages, Debentures, Subordination Agreement, share charges, charges over cash deposits (in each case, if any) and/or any other security granted by any person in respect of a Borrower's liabilities under or in respect of the Loan, the beneficial interest in the Security Trust created over which is to be acquired by the Issuer pursuant to the Loan Sale Agreement.

"**Loan Security Trustee**" means the trustee holding the Loan Security provided by a Mortgagor in respect of the Whole Loan on trust for the secured creditors.

"**Loan Swap Counterparty**" means Société Générale, acting through its principal office at SG House 41 Tower Hill, London EC3N 4SG.

"**Loan Swap Agreements**" means the Principal Hedging Arrangement and the Supplemental Hedging Arrangement entered into between the Borrower Swap Counterparty and a Loan Swap Counterparty in relation to the Whole Loan.

"**Loan Swap Advance**" means an advance made under the Liquidity Facility Agreement for an amount due to the Borrower Swap Counterparty from the Loan Swap Counterparty under a Loan Swap Agreement on any Loan Interest Payment Date.

"**Minimum Denomination**" means, in respect of the Notes, a minimum notional amount of £50,000.

"**Mortgage**" means a first-ranking charge by way of legal mortgage granted by a Mortgagor in respect of one or more Properties and identified in Schedule 3 Part B of the Loan Sale Agreement.

"**Mortgage Deeds**" means:

(a) all deeds and documents of title to a Property and associated papers received from a solicitor including the results of any searches and enquiries and any consents to the Loan or the Loan Security;

(b) the Mortgage and any Loan Security for the Loan; and

(c) where relevant, any deed of postponement, ranking agreement, form of consent or deed of variation.

"**Mortgagor**" means each chargor, mortgagor or other person providing security of any form in connection with the obligations and liabilities of the Borrowers under the Loan.

"**Most Junior Class of Notes**" means:

(a) whilst any Class E Notes are outstanding, the Class E Notes;

(b) if no Class E Notes are outstanding, the Class D Notes;

(c) if no Class D Notes are outstanding, the Class C Notes;

(d) if no Class C Notes are outstanding, the Class B Notes; or

(e) if no Class B Notes are outstanding, the Class A Notes.

"**Most Senior Class of Notes**" means:

(a) while any Class A Notes are outstanding, the Class A Notes;

(b) if no Class A Notes are outstanding, the Class B Notes;

(c) if no Class A Notes or Class B Notes are outstanding, the Class C Notes;

(d) if no Class A Notes, Class B Notes or Class C Notes are outstanding, the Class D Notes;

(e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the Class E Notes.

"**Note Enforcement Notice**" has the meaning given to such term in Condition 10.

"**Note Principal Payment**" means the principal amount (if any) to be redeemed in respect of each Note.

"**Noteholders**" means holders of the Notes.

"**Operating Bank**" means ABN AMRO Bank N.V. (London Branch).

"**PECO**" means White Tower Property Estate Capital Options 2 Limited.

"**Post-Enforcement Call Option**" means the option granted to PECO pursuant to a post-enforcement call option agreement to acquire all the Notes of the Issuer then outstanding, which will be exercisable only after certain conditions in Condition 6 have been met.

"**Prepayment Interest Arrears**" means any amount of interest in respect of a Class of Notes which is due but not paid on any Interest Payment Date and the Servicer determines that such non-payment is attributable to prepayment of the Loan by the Borrowers, including any interest accruing on such amounts from time to time.

"**Principal Amount Outstanding**" means, on any day;

(i) in relation to a Note, the original principal amount of that Note upon issue less the aggregate amount of any principal payments in respect of that Note which have become due and payable (and been paid) on or prior to that day; and

(ii) in relation to a class, the aggregate of the amount in (i) in respect of the Notes outstanding in such class; and

(iii) in relation to the Notes outstanding at any time, the aggregate of the amount in (i) in respect of all Notes outstanding, regardless of class.

"**Principal Deficiency Ledger**" means the principal deficiency ledger maintained by the Cash Manager comprising five sub-ledgers, known as "**A Note Principal Deficiency Ledger**", the "**B Note Principal Deficiency Ledger**", the "**C Note Principal Deficiency Ledger**", the "**D Note Principal Deficiency Ledger**" and the "**E Note Principal Deficiency Ledger**" for each class of Notes to which amounts are applied which equal the principal amount still outstanding in respect of a defaulting loan.

"**Principal Hedging Arrangements**" means, in respect of the Whole Loan, the arrangement entered into by Millennium Bridge Investments Ltd (the Borrower Swap Counterparty) on behalf of the Borrowers and by the Loan Swap Counterparty for the purpose of hedging the Borrowers' interest rate liabilities relating to the Loan which satisfies the provisions of the Credit Agreement.

"**Priority Amounts**" means any sums due to third parties (other than the Servicer, the Liquidity Facility Provider (in respect of any Senior Expenses Drawing), the Originator (other than as specified below), the Special Servicer, the Corporate Services Provider, the Trustee, the Paying Agents, the Agent Bank, the Cash Manager or the Operating Bank), including the Liquidity Facility Provider (in respect of any Loan Swap Advances), the Borrowers and the Issuer's liability, if any, to corporation tax and/or value added tax, on a date other than an Interest Payment Date under obligations incurred in the course of the Issuer's business, and any amounts payable to the Originator pursuant to the Loan Sale Agreement (other than amounts forming a part of Deferred Consideration).

"**Property**" means a property identified in Schedule 4 of the Loan Sale Agreement.

"**Rate of Interest**" means the annual rate of interest at which each class of Notes will bear interest on their Principal Amount Outstanding.

"**Rating Agencies**" means each of Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") and Moody's Investors Service Limited ("**Moody's**" and, together with S&P and Fitch, the "**Rating Agencies**"), which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class of the Notes).

"**Reference Banks**" means Barclays Bank PLC, Lloyds TSB Bank plc, HSBC Bank plc and The Royal Bank of Scotland plc or any substitute reference bank(s) as may be nominated by the Issuer and approved by the Trustee.

"**Relevant Date**" has the meaning given to such term in Condition 9.

"**Relevant Margin**" means:

(A) in respect of the Class A Notes, 0.16 per cent. per annum;

(B) in respect of the Class B Notes, 0.20 per cent. per annum;

(C) in respect of the Class C Notes, 0.27 per cent. per annum;

(D) in respect of the Class D Notes, 0.44 per cent. per annum; and

(E) in respect of the Class E Notes, 0.80 per cent. per annum.

"**Security Documents**" means the debentures, the charge over shares, the Subordination Agreement and any other guarantee or document creating, evidencing or acknowledging security in respect of any of the obligations and liabilities of each Borrower in connection with the financing arrangements for the Loan.

"**Secured Parties**" means each of the Noteholders, the Trustee, any Receiver the Corporate Services Provider, the Servicer, the Special Servicer, the Liquidity Facility Provider, the Paying Agents, the Agent Bank, the Cash Manager and the Operating Bank.

"**Security Trusts**" means the trusts pursuant to which the Loan Security is held on trust for the Issuer by the Loan Security Trustee.

"**Senior Expenses Drawing**" means a drawing under the Liquidity Facility Agreement in order to pay any amounts detailed in items (i) through (vii) of Clause 6.2.2 of the Deed of Charge and Assignment.

"**Specially Serviced Loan**" means the Loan which has become a specially serviced loan under the terms and conditions of the Servicing Agreement.

"**Stand-by Account**" means the account in the name of the Issuer, with account number 40215490 (account ref: 700490.2) at the Operating Bank with sort code 40-50-30 and entitled "White Tower 2006-3 No. 1 plc Stand-by Account" or such other account of the Issuer as the Trustee may approve with the Operating Bank in accordance with the provisions of the Cash Management Agreement.

"**Subordination Agreement**" means a subordination agreement and/or priority agreement under which any other debt of the relevant Borrower is expressed to be subordinated to the Senior Lender or Junior Lender.

"**Supplemental Hedging Arrangements**" means the arrangements entered into by Millennium Bridge Investments Ltd (the Borrower Swap Counterparty) on behalf of the Borrowers and by the Loan Swap Counterparty for the purposes of hedging the Borrowers' interest obligations in relation to all or part of the Whole Loan (relating to a period after 23 October, 2009) designated as such by the Borrowers and the Loan Swap Counterparty and the Agents, which will be excluded for the purposes of determining the Liabilities in the context of an Appraisal Reduction Amount.

"**Tranching Account**" means the account in the name of the Operating Bank, with account number 40215490 (account ref: 700490.5) at the Operating Bank with sort code 40-50-30 and entitled "White Tower 2006-3 No.1 plc Tranching Account" or such other account that the Loan Security Trustee and the Trustee may approve with the Operating Bank in accordance with the provisions of the Cash Management Agreement.

"**Tranching Account Declaration of Trust**" means the declaration of trust entered into by the Operating Bank for the benefit of *inter alios*, the Borrowers, the Loan Swap Counterparty and the Issuer in relation to the Tranching Account.

"**Transaction Documents**" means:

(a) the Agency Agreement;

(b) the Cash Management Agreement;

(c) the Corporate Services Agreement;

(d) the Deed of Charge and Assignment;

(e) the Intercreditor Agreement;

(f) the Liquidity Facility Agreement;

(g) the Loan Sale Agreement;

(h) the Master Definitions Agreement;

(i) the Post-Enforcement Call Option Agreement;

(j) the Servicing Agreement;

(k) the Subscription Agreement; and

(l) the Tranching Account Declaration of Trust;

(m) the Trust Deed,

including any supplements to any of the agreements listed above, and all other agreements and documents comprised in the security for the Notes pursuant to the Deed of Charge and Assignment.

"**Valuation**" means, in relation to any Property, an open market valuation of that Property addressed to the Lenders, the Loan Swap Counterparty, the Agent and the Loan Security Trustee prepared in accordance with the Appraisal and Valuation Manual issued by the Royal Institution of Chartered Surveyors (in association with others).

"**VAT**" means value added tax provided for in the Value Added Tax Act 1994 and any other tax of a similar fiscal nature whether imposed in the United Kingdom (instead of or in addition to value added tax) or elsewhere.

"**Whole Loan**" means both the Senior Loan part and Junior Loan part of an entire loan as more particularly identified in Schedule 3 Part A of the Loan Sale Agreement.

"**Workout Fee**" means a workout fee payable to the Special Servicer in respect of a Corrected Loan in accordance with the terms and conditions of the Servicing Agreement.

2. Form, Status, Security and Priority

(A) Form and Denomination, Title and Transfer

(a) The Notes will be serially numbered and in bearer form in the denomination of £50,000, each with Coupons (and, where appropriate, a Talon) attached on issue. Title to each of the Notes, Coupons and Talons will pass by delivery.

(b) The holder of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft, destruction or loss) and no person will be liable for so treating the holder.

(c) For so long as the Notes of any class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes of that class will be tradeable in minimum nominal amounts of £50,000, being the Minimum Denomination.

(d) If Definitive Notes for that class of Notes are required to be issued and printed, such Notes will be in the denomination of £50,000.

(B) Status and relationship between the Notes

(a) The Notes constitute direct, secured and unconditional obligations of the Issuer. The Notes of each class rank pari passu without preference or priority among themselves.

(b) As between the classes of the Notes, in the event of the Issuer Security being enforced, the Class A Notes will rank higher in priority to the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes; the Class B Notes will rank higher in priority to the Class C Notes, the Class D Notes and the Class E Notes; the Class C Notes will rank higher in priority to the Class D Notes and the Class E Notes; and the Class D Notes will rank higher in priority to the Class E Notes. Prior to enforcement of the Issuer Security, payments of principal of and interest on the Class E Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes; payments of principal of and interest on the Class D Notes will be subordinated to payments of principal of and interest on the Class A Notes, the Class B Notes and the Class C Notes; payments of principal of and interest on the Class C Notes will be subordinated to payments of principal of and interest on the Class A Notes and the Class B Notes; and payments of principal of and interest on the Class B Notes will be subordinated to payments of principal of and interest on the Class A Notes.

(c) The Trust Deed and the Deed of Charge and Assignment each contain provisions requiring the Trustee to have regard to the interests of the holders of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes equally as regards all powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), provided that:

(i) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class A Noteholders (for so long as the Class A Notes are outstanding (as defined in the Trust Deed)); and

(B) the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders,

then the Trustee shall have regard only to the interests of the Class A Noteholders;

(ii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class B Noteholders (for so long as the Class B Notes are outstanding); and

(B) the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders,

then the Trustee shall, subject to (i) above, have regard only to the interests of the Class B Noteholders;

(iii) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class C Noteholders (for so long as the Class C Notes are outstanding); and

(B) the Class D Noteholders and/or the Class E Noteholders,

then the Trustee shall, subject to (i) and (ii) above, have regard only to the interests of the Class C Noteholders; and

(iv) if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class D Noteholders (for so long as the Class D Notes are outstanding); and

(B) the Class E Noteholders,

then the Trustee shall, subject to (i), (ii) and (iii) above, have regard only to the interests of the Class D Noteholders.

Except where expressly provided otherwise, so long as any of the Notes remains outstanding, the Trustee is not required to have regard to the interests of any other persons entitled to the benefit of the Issuer Security.

(d) The Trust Deed contains provisions limiting the powers of (i) the Class B Noteholders, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect such may have on the interests of the Class A Noteholders, (ii) the Class C Noteholders, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect such may have on the interests of the Class A Noteholders or the Class B Noteholders, (iii) the Class D Noteholders, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect such may have on the interests of the Class A Noteholders, the Class B Noteholders or the Class C Noteholders, and (iv) the Class E Noteholders, amongst other things, to request or direct the Trustee to take any action or to pass an effective Extraordinary Resolution according to the effect such may have on the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders or the Class D Noteholders. Except in certain circumstances, the Trust Deed contains no such limitation on the powers of the Class A Noteholders, the exercise of which powers will be binding on the Class B Noteholders and/or the Class C Noteholders and/or the Class D Noteholders and/or the Class E Noteholders irrespective of the effect on their interests. Except in certain circumstances, the exercise of their powers by (i) the Class B Noteholders will be binding on the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, irrespective of the effect on their interests, (ii) the Class C Noteholders will be binding on the Class D Noteholders and the Class E Noteholders, irrespective of the effect on their interests and (iii) the Class D Noteholders will be binding on the Class E Noteholders, irrespective of the effect on their interests.

(C) Security and Priority of Payments

The security in respect of the Notes is set out in the Deed of Charge and Assignment. The Deed of Charge and Assignment contains provisions regulating the priority of application of the Available Principal and Available Interest Receipts among the persons entitled to the same prior to the service of a Note Enforcement Notice, and of the Available Principal and the Available Interest Receipts and the proceeds of enforcement or realisation of the Issuer Security by the Trustee after the service of a Note Enforcement Notice.

3. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, assignment, assignation, charge, sub-charge, pledge, lien (unless arising by operation of law), hypothecation, assignation or other security interest whatsoever over any of its assets, present or future (including any uncalled capital);

(b) Restrictions on Activities

(i) engage in any activity whatsoever which is not incidental to or necessary in connection with any of the activities which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) have any subsidiaries or any employees or own, rent, lease or be in possession of any buildings or equipment; or

(iii) amend, supplement or otherwise modify its memorandum or articles of association or other constitutive documents;

(c) Disposal of Assets

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking (including for these purposes the Charged Property) or any interest, estate, right, title or benefit in its assets or undertaking;

(d) Dividends on Distributions

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Deed of Charge and Assignment;

(e) Borrowings

incur or permit to subsist any indebtedness in respect of borrowed money whatsoever, except in respect of the Notes or the Liquidity Facility Agreement or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) Variation

permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created by any of the Transaction Documents, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the terms of, the Trust Deed, the Deed of Charge and Assignment or any of the other Transaction Documents, or permit any party to any of the Transaction Documents or the Issuer Security or any other person whose obligations form part of the Issuer Security to be released from such obligations;

(h) Bank Accounts

have an interest in any bank account other than the Issuer's Accounts and the Issuer's beneficial interest in the Tranching Account unless such account or interest in such account is charged to the Trustee on terms acceptable to it;

(i) Assets

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests to the Issuer Security, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired under the Transaction Documents, as all of the same may vary from time to time; and

(j) VAT

apply to become part of any group for the purposes of section 43 of the Value Added Tax Act 1994 with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Value Added Tax Act 1994.

In giving any consent to the foregoing, the Trustee may require the Issuer to make such modifications or additions to the provisions of any of the Transaction Documents or may impose such other conditions or requirements as the Trustee may deem expedient (in its absolute discretion) in the interests of the Noteholders, provided that each of the Rating Agencies has provided written confirmation to the Trustee that the then applicable ratings of each class of Notes then rated by them under any of the Transaction Documents will not be qualified, downgraded or withdrawn as a result of such modifications or additions.

(B) Servicer and Special Servicer

So long as any of the Notes remains outstanding, the Issuer will procure that there will at all times be a Servicer. In certain circumstances a Special Servicer will also be appointed in respect of the Whole Loan. Neither the Servicer nor the Special Servicer will be permitted to terminate its appointment unless a replacement Servicer or Special Servicer acceptable to the Issuer and the Trustee has been appointed. The appointment of the Servicer and the Special Servicer (in respect of a Specially Serviced Loan) may be terminated by the Issuer and/or Trustee if, amongst other things, the Servicer or the Special Servicer fails to comply with any of its obligations under the Servicing Agreement which failure in the opinion of the Trustee is materially prejudicial to the interests of the Noteholders and such failure is not remedied within 30 days after written notice has been served on the Servicer or Special Servicer (as applicable) by the Issuer and/or by the Trustee.

(C) Controlling Class Representative

The Controlling Class Representative will be appointed (or replaced) by Noteholders representing a majority of the Controlling Class upon delivery of a written instrument by such majority to the Trustee. No Extraordinary Resolution is required in connection with the appointment (or replacement) of the Controlling Class Representative. Upon receipt of such written appointment (or replacement), the Trustee shall forward a copy of such written instrument to the Special Servicer.

(D) *Controlling Party*

The Servicer or Special Servicer will be required to consult with the Controlling Party (or the Operating Adviser if an Operating Adviser has been appointed by the Controlling Party to represent it) with respect to proposals for it to take any significant action with respect to the Whole Loan or any Mortgage or Loan Security and to consider alternative actions recommended by the Controlling Party. The Servicer or Special Servicer will also be required to inform the Trustee of the result of any consultation with the Controlling Party where the Controlling Party is the Controlling Party Representative.

In addition, the Special Servicer, prior to taking or consenting to any of the following actions with respect to the Whole Loan will obtain the written approval of the Controlling Party (a copy of which approval the Servicer shall promptly forward to the Loan Security Trustee and Trustee) if there is:

(a) a material increase in the amount of the Liabilities or the overall obligations of the Borrowers (or any other party to the Loan Security) under the Loan Documentation and the Loan Swap Agreements (save in respect of any further monies advanced or costs incurred in connection with the protection and/or enforcement of the Loan Security);

(b) any change to the date of payment of any amount due to a party under the Loan Documentation and the Loan Swap Agreements;

(c) a reduction in the interest rate or a reduction in the amount of any payment of principal, interest, fee or other amount payable under the Loan Documentation and the Loan Swap Agreements;

(d) an increase in, or an extension of, a commitment or total commitments under the Loan Documentation and the Loan Swap Agreements;

(e) any change to the basis upon which a payment is calculated in accordance with the original provisions of that Loan Documentation and the Loan Swap Agreements;

(f) a release of any Loan Security or security provider;

(g) any change to the right of a party to assign or transfer its rights or obligations under the Loan Documentation and the Loan Swap Agreements;

(h) any change to the rights of a party against another party or the priority or subordination intended to be achieved by the Intercreditor Agreement (save for (i) any changes agreed with the Issuer in respect of its Liabilities where such change does not affect the amount of its

Liabilities as a whole or otherwise adversely affect the position of the Junior Lender and/or (ii) any changes agreed with the Junior Lender in respect of its Liabilities where such change does not adversely affect the position of the Issuer);

(i) any change to the insurance requirements set out in the Credit Agreement or to any insurance policy effected in accordance therewith; or

(j) any material changes to the Credit Agreement which may adversely affect directly or indirectly the value of a Property or the enforceability of the Loan Documentation and the Loan Swap Agreements

unless the amendment, waiver or consent:

(i) is contemplated in or permitted by the Loan Documentation and the Loan Swap Agreements;

(ii) is agreed to by all the parties to the Loan Documentation and the Loan Swap Agreements; or

(iii) constitutes a procedural or administrative change arising in the ordinary course of administration of the relevant facility and is not material;

provided that (if and for so long as the Junior Loan is outstanding) in the case of the matters specified in such paragraphs (a), (c), (d) (e) and (h) above, the Controlling Party shall at all times be the Junior Lender.

The Servicer will not be able to take any of the actions described above in respect of the Whole Loan after it has become a Specially Serviced Loan without first obtaining the consent of and direction from the Special Servicer.

The Special Servicer must notify the Controlling Party in advance of any action it intends to take with regard to the matters set out above and must take due account of the advice and representations of the Controlling Party, although if the Special Servicer determines that immediate action is necessary to protect the interests of the Senior Lender and, if applicable, the Junior Lender, the Special Servicer may take whatever action it reasonably considers necessary, without waiting for the Controlling Party's response. If the Special Servicer does take such action and the Controlling Party objects in writing to the actions taken within 10 Business Days after being notified of the action and being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations made by the Controlling Party regarding any further steps that it considers should be taken.

The Controlling Party will be considered to have approved any action taken by the Special Servicer without the prior approval of the Controlling Party if it does not object within 10 Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Controlling Party for any actions to be taken with respect to the Whole Loan if the Special Servicer has notified the Controlling Party in writing of the actions that the Special Servicer proposes to take with respect to the Whole Loan and, after the expiry of 30 days following the first such notice, the Controlling Party has objected to all of those proposed actions, there are no ongoing communications between the Controlling Party and the Special Servicer which are likely (in the reasonable opinion of the Special Servicer) to be conclusive in nature. In any event, if the Special Servicer determines in accordance with the Servicing Standard that immediate action is necessary to protect the interests of the Senior Lender, and, if applicable, the Junior Lender, the Special Servicer may take whatever action it reasonably considers necessary, without waiting for the Controlling Party's response, subject to the provisions of the prior paragraph concerning the need of the Special Servicer to take due account of the advice and representations of the Controlling Party if the Controlling Party has objected to actions taken by the Special Servicer.

Notwithstanding the foregoing, no advice, direction, representation or objection given or made by the Controlling Party may require or cause the Special Servicer to violate any law of any applicable

jurisdiction, be inconsistent with the Servicing Standard or violate any provisions of the Servicing Agreement.

Where the Controlling Party in respect of the Whole Loan would be a Controlling Class Representative, but the Controlling Class has not appointed such a representative, the Servicer or Special Servicer shall, if it is required to consult with or obtain the consent of the Controlling Party in respect of any matter, give notice to the relevant Noteholders, in accordance with the Condition 15 (as amended by the terms of the Global Notes), of their ability to appoint a Controlling Class Representative and details of the relevant matter, but if the requisite majority of the Noteholders have not responded to such notice within 10 Business Days they shall be considered to have consented to any such proposed action or conduct of the Servicer or Special Servicer.

The Controlling Party will have no ability to take direct action in respect of the exercise of rights with respect to the Whole Loan.

Neither the Controlling Class Representative, the Junior Lender nor the Controlling Party will have any liability to the Issuer, any Noteholder, the Junior Lender, the Loan Security Trustee or the Trustee for any action taken, or for refraining from the taking of any action, in good faith pursuant to the Servicing Agreement, or for any errors in judgement.

Each Noteholder acknowledges and agrees, by its purchase of the Notes, that:

(a) the Controlling Party may have special relationships and interests that conflict with those of the holders of one or more classes of the Notes;

(b) the Controlling Party may act solely in the interests of the Controlling Class or Junior Lender, as applicable;

(c) the Controlling Party does not have any duties to any Noteholders (other than, if applicable, the Controlling Class);

(d) the Controlling Party may take actions that favour the interests of the Controlling Class or Junior Lender, as applicable, over the interests of the other Noteholders;

(e) the Controlling Party will not be deemed to have been negligent or reckless, or to have acted in bad faith or engaged in wilful misconduct, by reason of its having acted solely in the interests of the Controlling Class or Junior Lender, as applicable; and

(f) the Controlling Party will have no liability whatsoever for having acted solely in the interests of the Controlling Class or Junior Lender, as applicable, and no holder of any other class of Notes may take any action whatsoever against the Controlling Party for having so acted.

(E) Appointment of Special Servicer

In certain circumstances set out in the Servicing Agreement, the Controlling Party may, by an Extraordinary Resolution appoint an Operating Adviser who shall be entitled, amongst other things, to appoint a Special Servicer in respect of the Whole Loan.

4. Interest

(a) Period of Accrual

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

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest from its due date for redemption unless, upon due presentation, payment of the relevant amount of principal or any part of such principal is improperly withheld or refused. In such event, interest will continue to accrue on the Note (before as well as after any judgement) at the rate applicable to such Note up to (but excluding) the date on which, on presentation of such Note, payment in full of the relevant amount of principal, together with the interest accrued on it, is made or (if earlier)

the seventh day after notice is duly given to the holder of the Note (either in accordance with Condition 15 or individually) that, upon presentation of the Note being duly made, such payment will be made, provided that upon presentation of the Note being duly made, payment is in fact made.

(b) Interest Payment Dates, Interest Periods and Deferral of Interest

Subject to the terms of this Condition 4(b), interest on the Notes will be paid quarterly in arrear on each Interest Payment Date in respect of the Interest Period ending immediately prior thereto. The first Interest Payment Date in respect of each class of Notes will be the Interest Payment Date falling on 23 January, 2007. Interest in respect of any Interest Period or any other period will be calculated on the basis of the actual number of days elapsed and a 365 (or, in the case of an Interest Period or other period ending in a leap year, 366) day year.

Subject to Condition 11 and for so long as any Class A Note is outstanding, in the event that on any Interest Payment Date there are insufficient Available Interest Receipts, after deducting the amounts ranking in priority to a particular class of Notes in accordance with Clause 6.2.2 of the Deed of Charge and Assignment (each such available amount with respect to the relevant class of Notes, an "**Interest Residual Amount**"), to satisfy in full the Interest Amount due and, subject to this Condition, payable on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, respectively, on such Interest Payment Date, there shall instead be payable on such Interest Payment Date, by way of interest on each Class B Note and/or Class C Note and/or Class D Note and/or Class E Note, as the case may be, only a *pro rata* share of the amount available to be applied in payment of amounts due on that particular class of Notes on such Interest Payment Date. The amount payable shall be calculated by dividing the original principal amount of each such Class B Note, Class C Note, Class D Note or Class E Note, as the case may be, by the aggregate principal amount of the Class B Notes, Class C Notes, Class D Notes or Class E Notes, as at the Closing Date, as the case may be, and multiplying the result by the relevant Interest Residual Amount, and then rounding down to the nearest penny.

In any such event the Issuer shall in respect of the Class B Notes, Class C Notes, Class D Notes and Class E Notes, create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest paid on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, on any Interest Payment Date in accordance with this Condition falls short of the Interest Amount due on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, on that date pursuant to this Condition. Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as applicable, and shall be payable together with such accrued interest on the earlier of (a) any succeeding Interest Payment Date when any such unpaid interest and accrued interest thereon shall be paid, but only if and to the extent that, on such Interest Payment Date, there are sufficient Available Interest Receipts, after deducting amounts ranking in priority to the relevant class of Notes in accordance with Clause 6.2.2 of the Deed of Charge and Assignment and (b) the date on which the relevant Notes are due to be redeemed in full.

In the event that no Class A Note is outstanding, the provisions in this Condition shall apply, *mutatis mutandis*, save that reference to the Class A Notes shall be read as a reference to the next Most Senior Class of Notes outstanding and the remainder of this Condition 4 (b) shall be construed accordingly.

(c) Rate of Interest

Each Rate of Interest will be determined by the Agent Bank on the Interest Determination Date.

Each Rate of Interest for the Interest Period commencing on the relevant Interest Determination Date shall be the aggregate of:

(i) the Relevant Margin; and

(ii) (1) the arithmetic mean of the offered quotations to leading banks (rounded to five decimal places of a percentage point with the mid-point rounded up) for three month sterling deposits (or, in the case of the first Interest Determination Date, the linear interpolation of 2 and 3 month sterling deposits), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the "**Screen**

Rate") (rounded to five decimal places of a percentage point with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or

(2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places of a percentage point with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as the rate at which three month sterling deposits in an amount of £10,000,000 (save, in the case of the first Interest Determination Date, the linear interpolation of 2 and 3 month sterling deposits) are offered for the same period as that Interest Period by that Reference Bank to leading banks in the London inter-bank market at or about 11.00 a.m. (London time) on the relevant Interest Determination Date. If on any such Interest Determination Date, two or three only of the Reference Banks provide such offered quotations to the Agent Bank, the relevant rate will be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one or none of the Reference Banks provide the Agent Bank with such an offered quotation, the Agent Bank will forthwith consult with the Trustee and the Issuer for the purposes of agreeing two banks (or, where one only of the Reference Banks provided such a quotation, one additional bank) to provide such a quotation or quotations to the Agent Bank (which bank or banks are in the opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question will be determined, as aforesaid, on the basis of the offered quotations of such banks as so agreed (or, as the case may be, the offered quotations of such bank as so agreed and the relevant Reference Bank). If no such bank or banks is or are so agreed or such bank or banks as so agreed does or do not provide such a quotation or quotations, then the rate for the relevant Interest Period will be the Screen Rate in effect for the last preceding Interest Period to which sub-paragraph (1) of the foregoing provisions of this sub-paragraph (ii) shall have applied.

(d) Determination of Rates of Interest and Calculation of Interest Amounts for Notes

The Agent Bank shall, on or as soon as practicable after each Interest Determination Date, determine and notify the Issuer, the Trustee, the Servicer and the Paying Agents in writing of (i) the Rate of Interest applicable to the Interest Period beginning on and including the immediately succeeding Interest Payment Date (or, in respect of the first Interest Amount, the Closing Date) in respect of the Notes of each class, and (ii) the sterling amount (the "**Interest Amount**") payable, subject to Condition 4(b), in respect of such Interest Period in respect of the Notes of each class.

(e) Publication of Rates of Interest for the Notes, Interest Amounts and other Notices

As soon as practicable after receiving notification thereof, the Issuer shall cause the Rate of Interest and Interest Amount applicable to the Notes of each class for each Interest Period and the Interest Payment Date in respect thereof to be notified in writing to the Irish Stock Exchange (for so long as the Notes are listed on the Irish Stock Exchange) and shall cause notice thereof to be given to the Noteholders in accordance with Condition 15. The Interest Amounts and any Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of any extension or shortening of the Interest Period for the Notes.

(f) Determination or Calculation by the Trustee

If the Agent Bank does not at any time for any reason determine the Rate of Interest and/or calculate the Interest Amount for each class of the Notes in accordance with the foregoing Conditions, the Trustee shall determine the Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described above), it shall deem fair and reasonable in all the

circumstances and any such determination and/or calculation shall be deemed to have been made by the Agent Bank.

(g) Notifications to be Final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Trustee, the Servicer, the Special Servicer, the Paying Agents and all Noteholders and (in such absence as aforesaid) no liability to the Noteholders shall attach to the Issuer, the Reference Banks, the Agent Bank or the Trustee in connection with the exercise or non-exercise by them or any of them of their powers, duties and discretions hereunder.

(h) Reference Banks and Agent Bank

The Issuer shall ensure that, so long as any of the Notes remains outstanding, there are, at all times, four Reference Banks and an Agent Bank. If the principal London office of any such Reference Bank or Agent Bank is unable or unwilling to continue to act as a Reference Bank or Agent Bank, as the case may be, the Issuer shall nominate such other bank as may have been previously approved in writing by the Trustee to act as such in its place. Any purported resignation by the Agent Bank shall not take effect until a successor so approved by the Trustee has been appointed.

5. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Interest Payment Date.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in this Condition but without prejudice to Condition 11.

(b) *Mandatory Redemption in Part*

Subject as provided in Condition 5(c), (d) or (e) below, the Issuer shall, prior to the service of a Note Enforcement Notice by the Trustee and subject as provided below, redeem some or all of the Notes then outstanding in part on each Interest Payment Date if on the Calculation Date relating thereto there are any Available Amortisation Funds, Available Prepayment Funds, Available Redemption Funds or Available Principal Recovery Funds (each as defined below), after paying in accordance with the Deed of Charge and Assignment any and all amounts payable out of such funds in priority to payments on the relevant class of Notes, and if the amount of such funds after paying any and all amounts payable in priority to payments on the relevant class of Notes, is not less than £1.

For the purposes of these Conditions:

(A) "**Amortisation Funds**" means (i) the aggregate amount of principal received by or on behalf of the Issuer in respect of the Loan on a scheduled payment date and in accordance with the terms of the Credit Agreement and (ii) on the Interest Payment Date falling on 23 January, 2007 only, an amount equal to the Principal Amount Outstanding of the Notes on the Closing Date less the aggregate outstanding principal balance of the Loan as at the Closing Date and "**Available Amortisation Funds**" means, in respect of any Calculation Date, the Amortisation Funds received by or on behalf of the Issuer during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (and including) the Closing Date to (but excluding) such first Calculation Date) (each a "**Collection Period**"), less (iii) the aggregate amount of Amortisation Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(B) "**Prepayment Redemption Funds**" means (i) the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of any prepayment in part or in full made by the Borrowers (including any related release premium) pursuant to the terms of the Credit Agreement (including upon the receipt of insurance proceeds not applied prior to the final maturity of the Loan, but not, for the avoidance of doubt, including any legal repayment of the Loan that is intended to be novated following the Closing Date to a new Borrower unless the Issuer receives funds on or as a result of such novation), (ii) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of a repurchase of the Loan by the Originator pursuant to the Loan Sale Agreement and (iii) the aggregate amount of Available Interest Receipts payable pursuant to item (ix) of Clause 6.2.2 of the Deed of Charge and Assignment, and "**Available Prepayment Funds**" means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Prepayment Redemption Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(C) "**Final Redemption Funds**" means the aggregate amount of principal payments received by or on behalf of the Issuer in respect of the Loan as a result of the repayment of the Loan upon its scheduled final maturity date, and "**Available Redemption Funds**" means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer during the Collection Period then ended less the aggregate amount of Final Redemption Funds applied by the Issuer in respect of Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment;

(D) "**Principal Recovery Funds**" means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer as a result of actions taken in accordance with the enforcement procedures in respect of the Loan and/or the Loan Security and "**Available Principal Recovery Funds**" means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer during the Collection Period then ended less (i) the aggregate amount of Principal Recovery Funds applied by the Issuer in respect of any Priority Amounts during that Collection Period in accordance with the Deed of Charge and Assignment, and (ii) any amount to be transferred to Available Interest Receipts on the Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Interest Payment Date;

but in each case, only to the extent that such moneys have not been taken into account in the calculation of Available Amortisation Funds, Available Prepayment Funds, Available Redemption Funds and Available Principal Recovery Funds, as applicable, on any preceding Calculation Date. Available Amortisation Funds, Available Prepayment Funds, Available Redemption Funds and Available Principal Recovery Funds determined on each Calculation Date shall be applied, on the immediately following Interest Payment Date, in order to redeem Notes in accordance with and in the order of priority set out in Clauses 6.2 and 6.3 of the Deed of Charge and Assignment.

However, if on any Calculation Date the Trustee receives written confirmation from the Rating Agencies that the then applicable ratings of the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will not be downgraded, withdrawn or qualified by them, the Available Amortisation Funds, Available Prepayment Funds, Available Redemption Funds and Available Principal Recovery Funds may, at the option of the Issuer, be applied on any Interest Payment Date to redeem in whole or in part the Principal Amount Outstanding of any other class or classes of Notes that would not otherwise be entitled to redemption on such Interest Payment Date.

(c) Optional Redemption for Tax or Other Reasons

If the Issuer at any time satisfies the Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the United Kingdom or any other jurisdiction (or the application or official interpretation of such law) from that in effect on the Closing Date, on the next Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes) (other than in respect of default interest), any amount for or on account of any present or future

taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political sub-division or authority of that relevant jurisdiction having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) by virtue of a change in law from that in effect on the Closing Date, any amount payable by the Borrowers in relation to the Loan is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Interest Period preceding the next Interest Payment Date and, in either case, the Issuer has, prior to giving the notice referred to below, certified to the Trustee that it will have the necessary funds on such Interest Payment Date to discharge all of its liabilities in respect of the Notes to be redeemed under this Condition 5(c) and any amounts required under the Deed of Charge and Assignment to be paid in priority to, or pari passu with, the Notes to be so redeemed, which certificate shall be conclusive and binding, and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice has been served, then the Issuer may, but shall not be obliged to, on any Interest Payment Date on which the relevant event described above is continuing, having given not more than 60 nor less than 30 days' written notice ending on such Interest Payment Date to the Trustee, the Paying Agents and to the Noteholders in accordance with Condition 15, redeem in the following order:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 5(c).

(d) Optional redemption in full

On giving not more than 60 nor less than 30 days' written notice to the Trustee and the Paying Agents and to the Noteholders in accordance with Condition 15 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served, and further provided that the Issuer has, prior to giving such notice, certified to the Trustee, that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(d) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or pari passu with, the Notes, which certificate will be conclusive and binding, and further provided that on the relevant Interest Payment Date the principal outstanding balance of the Loan would be less than 10 per cent. of the principal outstanding balance of the Loan as at the Closing Date, the Issuer shall redeem on such Interest Payment Date in the following order:

(A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and

(B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and

(C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and

(D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon;

(E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this Condition 5(d).

(e) Note Principal Payments

The Note Principal Payment on any Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d), as applicable, will, in relation to the Notes of a particular class, be a *pro rata* share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d), as applicable, (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

(f) Irrevocable Notices

Any notice of redemption given by the Issuer in connection with a redemption described in any of Conditions 5(b), (c), (d) or (e) shall be irrevocable and, upon the expiry of such notice, the Issuer will be bound to redeem the Notes of the related class in the amounts specified in these Conditions.

(g) *Cancellation*

All Notes redeemed in full pursuant to the foregoing provisions shall be cancelled forthwith and may not be resold or re-issued.

(h) *Purchase of Notes*

The Issuer may not at any time purchase any Notes in the open market or otherwise.

6. Post-Enforcement Call Option

(a) *Sales of Notes to PECO*

The Noteholders will, at the request of PECO, sell all (but not some only) of their holdings of Notes then outstanding to PECO pursuant to the Post-Enforcement Call Option, which entitles PECO to acquire all (but not some only) of the outstanding Notes (plus accrued interest thereon) for a consideration of £0.01 per Note, granted to PECO by the Trustee (on behalf of the Noteholders) under the Post-Enforcement Call Option Agreement.

(b) *Exercise of Post-Enforcement Call Option*

The Post-Enforcement Call Option will become exercisable on the date upon which the Trustee gives written notice to PECO that it has determined, in its sole opinion and discretion, that all amounts outstanding under the Notes have become due and payable, all available funds have been distributed, and there is no reasonable likelihood of there being any further realisations (whether arising from an enforcement of the Security or otherwise) which would be available to pay amounts outstanding under the Notes.

(c) *Acknowledgement of Post-Enforcement Call Option*

Each of the Noteholders grants to the Trustee, and acknowledges that the Trustee has, the authority and the power to bind such Noteholder in accordance with the provisions set out in the Post-Enforcement Call Option Agreement and each Noteholder by acquiring the relevant Notes irrevocably authorises the Trustee to act on its behalf in respect of the Post-Enforcement Call Option and agrees to

be bound by the terms of this Condition and the Post-Enforcement Call Option Agreement, on its behalf, accordingly.

(d) Notice of exercise

The Issuer shall give notice of the exercise of the Post-Enforcement Call Option by PECO to the Noteholders in accordance with the Condition 15.

7. Payments

(a) Notes

Payments of principal and interest in respect of any Note will be made only against presentation, surrender (or, in the case of part payment only, endorsement) of such Note or the appropriate Coupon (as the case may be) at the specified office of any Paying Agent by sterling cheque drawn on, or by transfer to, a sterling account maintained by the payee to which sterling may be lawfully transferred or credited.

(b) Laws and Regulations

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable to them.

(c) Overdue Principal Payments

If payment of principal is improperly withheld or refused on or in respect of any Note or part of the Note, the interest which continues to accrue in respect of such Note or part of the Note in accordance with Condition 4(a) will be paid against presentation of such Note at the specified office of any Paying Agent and in accordance with Condition 7(a).

(d) Change of Paying Agents and Agent Bank

The Principal Paying Agent is ABN AMRO Bank N.V. (London Branch). The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or, subject to the appointment of replacement, terminate the appointment of the Principal Paying Agent, any other Paying Agent and the Agent Bank and to appoint additional or other agents. The Issuer will at all times maintain a Paying Agent with a specified office in Dublin, for so long as the Notes are listed on the Irish Stock Exchange and the Irish Stock Exchange requires such a Paying Agent. The Issuer shall cause at least 30 days' notice of any change in or addition to the Paying Agents to be given to the Noteholders in accordance with Condition 15.

(e) Presentation on Non-Business Days

If any Note or Coupon is presented (if required) for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 7(a) above) in London, payment will be made on the next succeeding day that is a business day and no further payments of additional amounts by way of interest, principal or otherwise will be due in respect of such Note or Coupon. For the purposes of Condition 5 and this Condition 7, "**business day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(f) Unmatured Coupons and unexchanged Talons

Upon the date on which any Note becomes due and payable in full pursuant to Conditions 5, unmatured Coupons appertaining to such Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons and any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified

office of the Principal Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet).

(h) Accrual of Interest on Late Payments

If interest is not paid in respect of a Note of any class on the date when due and payable (other than by reason of non-compliance with Condition 7(a) or (b)), then such unpaid interest shall itself bear interest at the applicable Rate of Interest until such interest and interest on the unpaid interest is available for payment and applicable notice has been duly given to the Noteholders in accordance with Condition 15, provided that such interest and interest on the unpaid interest are, in fact, paid.

(i) Redenomination

(i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling will be translated into, and/or any amount becoming payable under the Notes after such change as specified in these Conditions will be paid in, the currency or currency unit of the United Kingdom, and in the manner designated by the Principal Paying Agent.

Any such translation will be made at the official rate of exchange recognised for that purpose by the Bank of England.

(ii) Where such a change in currency occurs, the Notes then outstanding, the applicable Transaction Documents and these Conditions will be amended in the manner agreed by the Issuer and the Trustee so as to reflect that change and, so far as practicable, to place the Issuer, the Trustee and the Noteholders in the same position each would have been in had no change in currency occurred (such amendments to include, without limitation, changes required to reflect any modification to business day or other conventions arising in connection with such change in currency). All amendments made pursuant to this Condition 7(i) will be binding upon holders of such Notes.

(iii) Notification of the amendments made to Notes pursuant to this Condition 7(i) will be made to the Noteholders in accordance with Condition 15 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

8. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

9. Prescription

Claims for principal in respect of Notes will become void unless the relevant Note is presented for payment within 10 years of the appropriate relevant date. Claims for interest in respect of Coupons will become void unless the relevant Coupon is presented for payment within five years of the appropriate Relevant Date.

In this Condition 9, the "**Relevant Date**" means the date on which a payment in respect of this Condition 9 first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 15.

10. Events of Default

(a) Eligible Noteholders

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Trustee may, and if so requested in writing by the Eligible Noteholders or if so directed by or pursuant to an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes, shall, and in any case as aforesaid, subject to the Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

(i) default is made for a period of seven days or more in the payment on the due date of any principal or interest due on the Most Senior Class of Notes (for such purposes ignoring any deferral of interest); or

(ii) default is made by the Issuer in the performance or observance of any obligation, condition or provision binding upon it under any of the Notes of any class, the Trust Deed, the Deed of Charge and Assignment or the other Transaction Documents to which it is party (other than any obligation referred to in (i) above for the payment of any principal or interest on any class of Notes) and, (except where in the opinion of the Trustee such default is incapable of remedy in which case no notice of default will be required to be delivered) such default continues for a period of 30 days following the service by the Trustee on the Issuer of written notice requiring the same to be remedied and provided that the Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders; or

(iii) the Issuer, otherwise than for the purposes referred to in Condition 10(iv) below, ceases or threatens to cease to carry on its business or a substantial (in the opinion of the Trustee acting in the interests of the Noteholders) part of its business or the Issuer is deemed unable to pay its debts within the meaning of section 123(1)(a), (b), (c) or (d) of the Insolvency Act 1986 (as the section may be amended, modified or re-enacted) or becomes unable to pay its debts as they fall due or otherwise becomes insolvent; or

(iv) an order is made or an effective resolution is passed for winding up the Issuer except a winding up for the purpose of a merger, reconstruction or amalgamation, the terms of which have previously been approved either in writing by the Trustee or by an Extraordinary Resolution of the holders of the relevant class of Notes; or

(v) proceedings are initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws, including, for the avoidance of doubt, any application to court for an administration order or the appointment of an administrator, administrative receiver, other receiver or other similar official in relation to the Issuer or in relation to the whole or any substantial part (in the opinion of the Trustee acting in the interests of the Noteholders) of the assets or undertaking of the Issuer or an encumbrancer shall take possession of the whole or any substantial part (in the opinion of the Trustee acting in the interests of the Noteholders) of the assets or undertaking of the Issuer or a distress, execution, or diligence or other process shall be levied or enforced upon or sued out against the whole or any substantial part (in the opinion of the Trustee acting in the interests of the Noteholders) of the assets or undertaking of the Issuer and in any of the foregoing cases it shall not be discharged within 14 days or if the Issuer initiates or consents to judicial proceedings relating to itself under applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally.

(b) Effect of Declaration by Trustee

Upon any declaration being made by the Trustee in accordance with Condition 10(a) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

11. Enforcement

Subject to the provisions of Condition 10 and Condition 13, the Trustee may, without notice, take such proceedings against the Issuer or any other person as it may think fit to enforce the provisions of the Notes and the Transaction Documents and may, at any time after the Issuer Security has become enforceable, without notice, take possession of the Issuer Security or any part of the Issuer Security and may in its discretion sell, call in, collect and convert into money the Issuer Security or any part of the Issuer Security in such manner and upon such terms as the Trustee may think fit to enforce the Issuer Security, but it will not be bound to take any such proceedings or steps unless:

(a) subject to the proviso below, it is directed to do so by an Extraordinary Resolution of the Noteholders of the Most Senior Class of Notes then outstanding or by a notice in writing signed by the Eligible Noteholders; and

(b) it shall be indemnified and/or secured to its satisfaction against all actions, proceedings, claims and demands to which it may render itself liable under the Notes and the Transaction Documents and all liabilities, losses, costs, charges, damages and expenses (including any VAT) which it may incur by so doing,

PROVIDED THAT:

(i) the Trustee shall not be bound to act at the direction of the Class B Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the interests of the Class A Noteholders or the Trustee has been directed to take such action by an Extraordinary Resolution of the Class A Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes then outstanding;

(ii) the Trustee shall not be bound to act at the direction of the Class C Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders and the Class B Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders and the Class B Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes and the Class B Notes then outstanding;

(iii) the Trustee shall not be bound to act at the direction of the Class D Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders and the Class C Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes and the Class C Notes then outstanding; and

(iv) the Trustee shall not be bound to act at the direction of the Class E Noteholders unless to do so would not in the opinion of the Trustee be materially prejudicial to the respective interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or the Trustee has been directed to take such action by Extraordinary Resolutions of each of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders and the Class D Noteholders or by a notice in writing signed by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding of the Class A Notes, the Class B Notes, the Class C Notes and the Class D Notes then outstanding.

No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security. No Noteholder will be entitled to take proceedings for the winding up or administration of the Issuer. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party under the Deed of Charge and Assignment.

12. Meetings of Noteholders, Modification and Waiver

(a) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, inter alia, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.

(b) In relation to each class of Notes:

(i) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);

(ii) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that none of the holders of each of the other classes of Notes ranking senior to such class would be materially prejudiced by the absence of such sanction; and

(iii) any resolution passed at a meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such meeting and whether or not voting and, except in the case of a meeting relating to a Basic Terms Modification, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.

(c) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Trust Deed) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting 33 per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

(d) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the

Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the Noteholders of the then Most Senior Class of Notes (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable after such modification in accordance with Condition 15.

(e) Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.

(f) The Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, as the case may be, the Class B Noteholders or, as the case may be, the Class C Noteholders or, as the case may be, the Class D Noteholders or, as the case may be, the Class E Noteholders and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Trustee shall be entitled to take into account, amongst 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.

13. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified and/or secured to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title to the Issuer Security, being uninsured or inadequately insured or being held by or to the order of other parties to the Transaction Documents, clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other similar persons whether or not on behalf of the Trustee.

The Trust Deed contains provisions pursuant to which the Trustee or any of its related companies is entitled, *inter alia*, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Security and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties, under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received as a result of or in connection with the same.

The Trust Deed also relieves the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Deed of Charge and Assignment. The Trustee has no responsibility in relation to the validity, sufficiency and enforceability of the Issuer Security. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless indemnified and/or secured to its satisfaction or to supervise the performance by the Servicer, the Special Servicer, the Operating Bank, the Liquidity Facility Provider, or any other person of their obligations under the Transaction Documents and the Trustee will assume, until it has actual knowledge

to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part of the Issuer Security) may, as a consequence, be treated as floating rather than fixed security.

14. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

15. Notice to Noteholders

(a) All notices, other than notices given in accordance with the following paragraphs of this Condition 15, to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however*, that, so long as the Notes are listed on the Irish Stock Exchange and its rules so require, notices will also be published in a leading newspaper printed in the English language having general circulation in Dublin (which is expected to be *The Irish Times*) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice so published in a newspaper shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required.

(b) Any notice specifying an Interest Payment Date, a Rate of Interest, an Interest Amount or Principal Amount Outstanding shall be deemed to have been duly given if the information contained in such notice appears on the relevant page of the Reuters Screen or such other medium for the electronic display of data as may be previously approved in writing by the Trustee and notified to the Noteholders. Any such notice shall be deemed to have been given on the first date on which such information appeared on the relevant screen. If it is impossible or impractical to give notice in accordance with this paragraph then notice of the matters referred to in this paragraph shall be given in accordance with Condition 15(a).

(c) A copy of each notice given in accordance with this Condition 15 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Fitch Ratings Ltd. ("**Fitch**") and Moody's Investors Service Limited ("**Moody's**" and, together with S&P and Fitch, the "**Rating Agencies**"), which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class of the Notes). For the avoidance of doubt, and unless the context otherwise requires, all references to "*rating*" and "*ratings*" in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies.

(d) The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed, the Agency Agreement, the other Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law.

The Deed of Charge and Assignment is governed by English law other than certain provisions which shall be governed by Jersey law or by Guernsey law.

FORM OF THE NOTES

1. Global Notes

The Notes of each class will be represented initially by a Temporary Global Note in bearer form, without Coupons which will be deposited with the Common Depositary for Euroclear and Clearstream, Luxembourg on the Closing Date.

Upon the deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit, by means of book entries, each subscriber of the Notes represented by the Temporary Global Notes with the principal amount of the Notes for which it has subscribed and paid.

Interests in each Temporary Global Note will be exchangeable not earlier than the Exchange Date (provided customary certification of non-U.S. beneficial ownership by the Noteholders has been received) for an interest in a Permanent Global Note of the corresponding class in bearer form without Coupons attached in a principal amount equal to the Principal Amount Outstanding of the corresponding Temporary Global Note. References in this Prospectus to the "**Global Notes**" means the Temporary Global Notes and the Permanent Global Notes or any of them, as the context may require.

On the exchange of each Temporary Global Note for the corresponding Permanent Global Note, such Permanent Global Note will remain deposited with the Common Depositary.

Title to the Global Notes will be transferable by delivery. Definitive Notes will not be available except in the limited circumstances described below and not in any event before the Exchange Date. While any Global Note is outstanding, payments on the Notes represented by such Global Note will be made to, or to the order of, the Common Depositary as the holder of the Global Note. In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, each of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as the holder of a Note (each, an "**Accountholder**") will be entitled to receive any payment made in respect of that Note, provided, however, that if any payment of principal and/or interest in respect of any Notes falls due whilst such Notes are represented by a Temporary Global Note, payment of principal and/or interest in respect of such Notes will be made only to the extent that customary certification of non-U.S. beneficial ownership has been received by Euroclear or Clearstream, Luxembourg.

Each Accountholder must, for as long as the Notes remain represented by a Global Note, look solely to Euroclear or, as the case may be, Clearstream, Luxembourg for its share of each payment made by the Issuer to the bearer of such Global Note, subject to and in accordance with the rules and procedures of Euroclear or Clearstream, Luxembourg, as appropriate.

Whilst the Notes are represented by a Global Note, the relevant Accountholders shall have no claim directly against the Issuer in respect of payments due on the relevant Notes and the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

To the extent permitted by applicable law, the Issuer, the Trustee, the Principal Paying Agent and any other Paying Agents may treat the holder of a Note represented by a Global Note as the absolute owner of the same (notwithstanding any notice of ownership, trust or other interest including that of the Noteholders) for the purpose of making payments on the Notes represented by it, and the expression "**Noteholder**" shall be construed accordingly.

For so long as the Notes are represented by Global Notes, the Notes will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

Principal and interest on the Permanent Global Note will be payable against presentation of that Global Note at the specified office of the Principal Paying Agent or any other Paying Agents. A record of each payment made on a Global Note, distinguishing between any payment of principal and payment of interest, will be endorsed on that Global Note by or on behalf of the Principal Paying Agent and such record shall be *prima facie* evidence that the payment in question has been made.

2. Amendments to Conditions

Each Global Note contains provisions that apply to the Notes that it represents, some of which modify the effect of the Conditions of the Notes set out in this Prospectus. The following is a summary of those provisions:

(a) ***Payments***: Payments of principal and interest in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.

(b) ***Meetings***: The holder of each Global Note will be treated as being two persons for the purposes of any quorum requirements of, or the right to demand a poll at, a meeting of Noteholders and, at any such meeting, as having one vote in respect of each £50,000 of principal amount of Notes for which the relevant Global Note may be exchanged.

(c) ***Cancellation***: Cancellation of any Note required by the Conditions to be cancelled will be effected by reduction in the principal amount of the applicable Global Note.

(d) ***Issuance of Definitive Notes***: If, after the Exchange Date, (i) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no other clearing system satisfactory to the Trustee is available or (ii) the Issuer would suffer a material disadvantage in respect of the Notes as a result of any amendment to, or change in, the laws or regulations of the United Kingdom (or of any political subdivision or other authority having power to tax in the United Kingdom) or in the interpretation or administration by a revenue authority or a court or in the administration of such laws or regulations which becomes effective on or after the Closing Date, or the Issuer or any Paying Agent is or will be required to make a deduction or withholding from any payment in or in respect of the Notes which would not be required were the Notes in definitive form, then the Issuer will, at its sole cost and expense, issue Notes in definitive form. If any such event referred to above occurs while any Notes are represented by a Temporary Global Note, then Definitive Notes will not be issued until the relevant Temporary Global Note has been exchanged for the Permanent Global Note, which exchange shall not, in any event, occur before the Exchange Date. Definitive Notes, if issued, will be available at the offices of any Paying Agent.

If the Issuer fails to meet its obligations to issue Notes in definitive form in exchange for a Permanent Global Note, then the Permanent Global Note shall remain in full force and effect.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be approximately £1,150,000,000 and this will be applied by the Issuer in part towards payment to the Originator of the purchase consideration in respect of the Loan and interest accrued on the Loan and the Originator's beneficial interests in the Loan Security to be purchased on the Closing Date pursuant to the Loan Sale Agreement (See "*The Loan and the Loan Security*"). Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by the Originator and, to a limit of £37,500, by the Issuer.

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 HM Revenue & Customs practice as at the date of this Prospectus relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. Withholding tax on payments of interest on the Notes

For so long as the Notes are and continue to be listed on a "*recognised stock exchange*" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a "*recognised stock exchange*" for this purpose) interest payments on each of the Notes will be treated as a "*payment of interest on a quoted Eurobond*" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) from interest paid on them, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in sections 349A to 349D of the Income and Corporation Taxes Act 1988.

2. Provision of Information

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply HM Revenue & Customs details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or the deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to HM Revenue & Customs may, in certain cases, be passed by HM Revenue & Customs to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

3. Further United Kingdom tax issues for non-United Kingdom resident Noteholders

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency, or in the case of a Noteholder which is a company carries on a trade through a permanent establishment, in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by the HM Revenue and Customs as constituting "qualifying corporate bonds" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "accrued income scheme" described in 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "accrued income scheme" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp duty and stamp duty reserve tax

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Global Notes or of a Definitive Note.

EU Directive on the taxation of savings income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the "**EU Savings Directive**") EU Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to, or collected by such person for, an individual resident in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments, deducting tax at a rate rising over time to 35 per cent. (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries, and certain dependent or associated territories of certain Member States have agreed to adopt equivalent measures.

SUBSCRIPTION AND SALE

Société Générale, London Branch, and ING Bank N.V. (the "**Managers**"), pursuant to a subscription agreement dated 27 November, 2006 (the "**Subscription Agreement**"), between the Managers, the Issuer and the Originator, have agreed, jointly and severally, subject to certain conditions, to subscribe and pay for the Class A Notes at 100 per cent. of the principal amount of such Notes, the Class B Notes at 100 per cent. of the principal amount of such Notes, the Class C Notes at 100 per cent. of the principal amount of such Notes, the Class D Notes at 100 per cent. of the principal amount of such Notes and the Class E Notes at 100 per cent. of the principal amount of such Notes.

The Issuer has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Managers against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Managers has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in certain transactions exempt from the registration requirements of the Securities Act. Each of the Managers has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 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 and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. Persons. Terms used in this paragraph have the meanings given to them by Regulation S of the Securities Act.

In addition, 40 days after the commencement of the offering of the Notes, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

United Kingdom

Each of the Managers has further represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("**FSMA**"), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for

that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this 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 23 November, 2006.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 27 November, 2006, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in sterling and for delivery on the third working day after the day of the transaction.

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A.....	027577091	XS0275770914
Class B.....	027577164	XS0275771649
Class C.....	027577270	XS0275772704
Class D	027577318	XS0275773181
Class E.....	027577407	XS0275774072

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.

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

6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.

7. Save as disclosed herein, since 2 November, 2006 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.

8. For so long as the Notes are listed on the Irish Stock Exchange and the rules of the Irish Stock Exchange so require, copies of the following documents will be available in electronic format for inspection 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:

   (i) the Memorandum and Articles of Association of the Issuer;

   (ii) the Subscription Agreement referred to in paragraph 6 above; and

   (iii) drafts (subject to modification) of the following documents:

      (a) the Agency Agreement;

      (b) the Cash Management Agreement;

      (c) the Corporate Services Agreement;

      (d) the Deed of Charge and Assignment;

      (e) the Intercreditor Agreement;

      (f) the Liquidity Facility Agreement;

(g) the Loan Sale Agreement;

(h) the Master Definitions Agreement;

(i) the Post-Enforcement Call Option Agreement;

(j) the Servicing Agreement;

(k) the Subscription Agreement;

(l) the Tranching Account Declaration of Trust; and

(m) the Trust Deed,

including any supplements to any of the above, and all other agreements and documents comprised in the security for the Notes pursuant to the Deed of Charge and Assignment.

APPENDIX 1 - INDEX OF DEFINED TERMS

REGISTERED AND HEAD OFFICE OF THE ISSUER
35 Great St. Helen's
London EC3A 6AP

SERVICER AND SPECIAL SERVICER
Hatfield Philips International Limited
34th Floor
25 Canada Square
Canary Wharf
London E14 5LB

TRUSTEE
ABN AMRO Trustees Limited
82 Bishopsgate
London EC2N 4BN

LEGAL ADVISERS

To the Managers
As to English Law:
Sidley Austin
Woolgate Exchange
25 Basinghall Street
London EC2V 5HA

To the Managers
As to Jersey and Guernsey Law
Carey Olsen
47 Esplanade
St Helier
Jersey JE1 0BD

To the Servicer and Special Servicer
As to English Law:
Katten Muchin Rosenman Cornish LLP
1-3 Frederick's Place
Old Jewry
London, England EC2R 8AE

To the Trustee
As to English Law:
Clifford Chance Limited Liability Partnership
10 Upper Bank Street
London E14 5JJ

PRINCIPAL PAYING AGENT, AGENT BANK, CASH MANAGER AND OPERATING BANK
ABN AMRO Bank N.V. (London Branch)
82 Bishopsgate
London EC2N 4BN

IRISH PAYING AGENT

NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland

LISTING AGENT
NCB Stockbrokers Limited
3 George's Dock
International Financial Services Centre
Dublin 1
Ireland