

OFFERING CIRCULAR

WHITE TOWER 2004-1 plc

(incorporated with limited liability in England and Wales with registration number 5060616)

£168,730,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2013

£16,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2013

£9,290,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2013

£9,880,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2013

£2,500,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2013

SOCIÉTÉ GÉNÉRALE
Lead Manager and Sole Bookrunner

NIB CAPITAL BANK N.V.
Co-Lead Manager for the Class A Notes and the Class B Notes

[Manager]
EBN BANCO

[Manager]
MORGAN STANLEY

[Manager]
UBM-UNICREDIT
BANCA MOBILIARE

The date of this Offering Circular is 25th March, 2004

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 Offering Circular 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 Offering Circular.

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 ("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 Swap Counterparty, 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 Offering Circular. To the best of the knowledge and belief of the Issuer the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

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

Neither this Offering Circular 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 Offering Circular should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation and appraisal of the creditworthiness of the Issuer.

*Other than the approval by the Irish Stock Exchange of this Offering Circular as listing particulars in accordance with the requirements of the Regulations and the delivery of a copy of this Offering Circular to the Registrar of Companies in Ireland for registration in accordance with the European Communities (Stock Exchange) Regulations, 1984 (as amended) of Ireland (the "**Regulations**"), no action has been or will be taken to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction. The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession the whole or any part of this Offering Circular comes are required by the Issuer and the Managers to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Offering Circular see "Subscription and Sale" below.*

*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 29th March, 2004 ("**Closing Date**") with a common depositary for Euroclear Bank S.A./N.V., as operator of the Euroclear System ("**Euroclear**"), and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Each Temporary Global Note will be exchangeable for interests in a permanent global note (each a "**Permanent Global Note**"), without interest coupons attached, on or after the date which is expected to be 10th May, 2004 upon customary certification as to non-U.S. beneficial ownership. Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the "**Global Notes**") will be shown on, and transfers 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 "**USD**" or "**dollars**" or "**\$**" are to the lawful currency of the United States of America. 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 or any person acting for it may over-allot or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail for a limited period after the issue date. However, there may be no obligation on Société Générale or any of its agents to do this. Such stabilising, if commenced, may be discontinued at any time, and must be brought to an end after a limited period.

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SUMMARY OF THE CHARACTERISTICS OF THE NOTES

	<i>Class A Notes</i>	<i>Class B Notes</i>	<i>Class C Notes</i>	<i>Class D Notes</i>	<i>Class E Notes</i>
Total Principal Amount on the Closing Date	£168,730,000	£16,000,000	£9,290,000	£9,880,000	£2,500,000
Denomination	£10,000	£10,000	£10,000	£10,000	£10,000
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	0.28 per cent.	0.45 per cent.	0.78 per cent.	1.50 per cent.	5.50 per cent.
Expected Weighted Average Life ⁽¹⁾	5.38 years	6.50 years	6.50 years	6.50 years	6.50 years
Expected Maturity ⁽¹⁾	July 2010	July 2010	July 2010	July 2010	July 2010
Legal Final Maturity	January 2013	January 2013	January 2013	January 2013	January 2013
Expected S&P Rating	AAA	AA	A	BBB	BB
Expected Moody's Rating ..	Aaa	Aa3	A3	-	-
Expected Fitch Rating	AAA	AA	A	BBB	BB
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	018895641	018895765	018895803	018895889	018895935
ISIN	XS0188956410	XS0188957657	XS0188958036	XS0188958895	XS0188959356

Note:

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

SUMMARY

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein. Prospective investors are advised to carefully read, and should rely solely on, the detailed information appearing elsewhere in this Offering Circular and related documents referred to herein in making any investment decision. Capitalised terms used, but not defined, in this section can be found elsewhere in this Offering Circular, unless otherwise stated. An index of defined terms is set out in Appendix 2 to this Offering Circular.

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 loans, the "**Originator**") its legal and beneficial interest in a portfolio of five loans (each a "**Loan**" and together the "**Loans**"), together with the Originator's beneficial interests (pursuant to the relevant security trust) in their related Mortgages and other security (together, the "**Loan Security**").

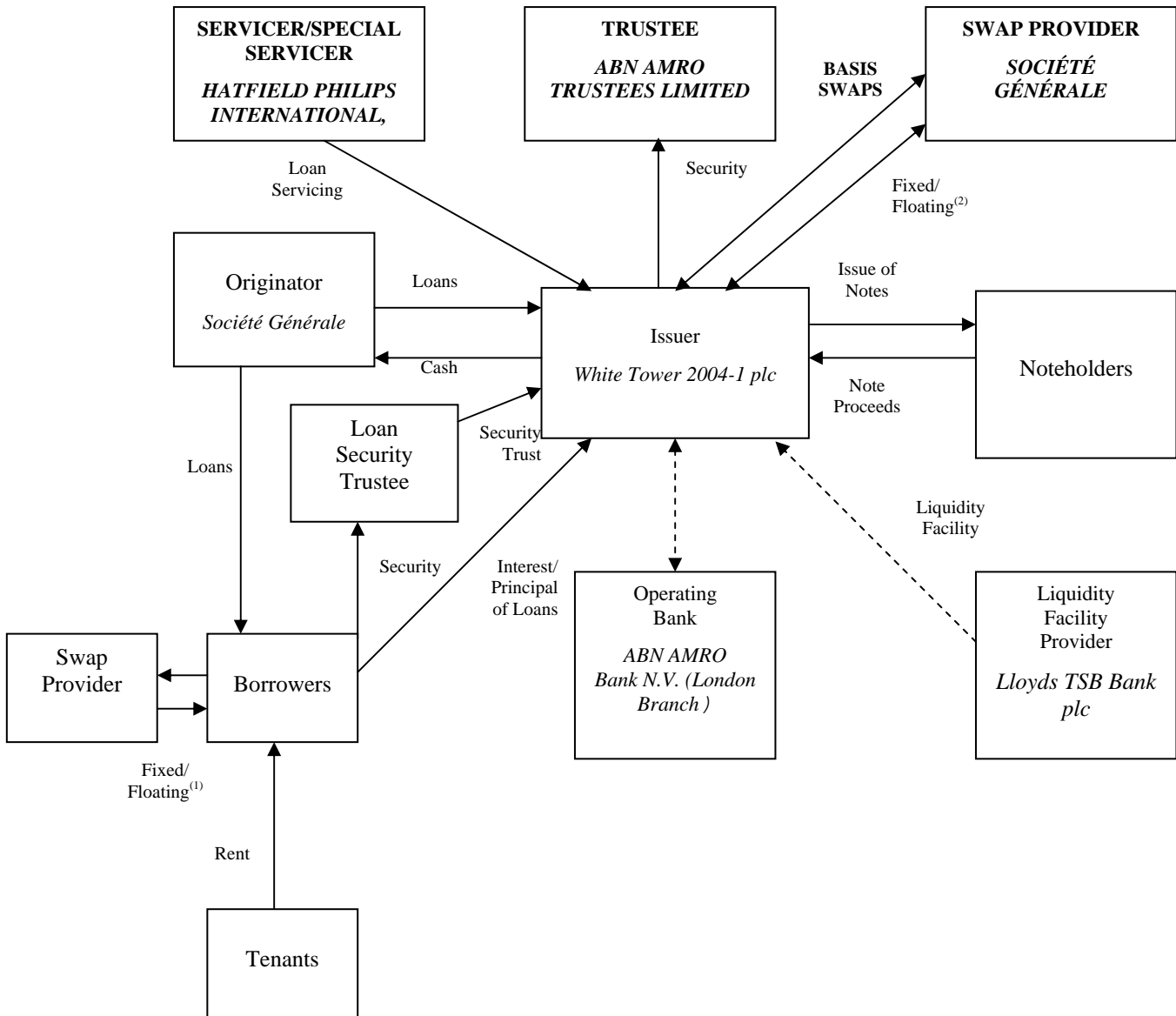
The Loans each comprise a fully drawn term loan and the Originator is the sole lender under the Loans. The Loans together constitute the "**Loan Pool**". The Loans have each been made to a different borrower (each a "**Borrower**") and together, as at 15th November, 2003 (the "**Cut-Off Date**"), had an outstanding aggregate principal amount of £208,235,000. However, the outstanding aggregate principal amount of the Loans will be less on the Closing Date as a result of amortisation of the Loans prior to the Closing Date (see "*Risk Factors — Changes to the Loan Pool*" below) and a partial prepayment of the smallest loan. The Loan Security is held by the current chargee (in each case a "**Loan Security Trustee**"), in all cases on trust for, amongst others, the lender under the relevant Loans (and, upon completion of such acquisition, the Issuer). It is anticipated that shortly after the Closing Date ABN AMRO Trustees Limited will be appointed as the Loan Security Trustee in respect of each Loan.

The Loans are evidenced by loan facility agreements (each a "**Loan Agreement**"). Four Loans provide for the relevant Borrower to pay a floating rate of interest (although in each case the Borrower is obliged pursuant to the relevant Loan Agreement to enter into hedging arrangements) (each a "**Floating Rate Loan**") and one Loan provides for the relevant Borrower to pay a fixed rate of interest (the "**Fixed Rate Loan**"). Each Loan Agreement is governed by English law. All of the Loans are denominated in sterling and are obligations of the relevant Borrowers. All the Loans are secured by first legal mortgages over, *inter alia*, commercial properties (the "**Properties**") given by a Borrower and/or a party related to the Borrower (each a "**Mortgagor**").

The interest rate (3-month LIBOR) in respect of the Floating Rate Loans will be determined on dates that are different to the dates on which the floating interest rate (except for the first Interest Period, 3-month LIBOR) will be determined in respect of the Notes for the corresponding interest period. As a result the rates of interest on the Floating Rate Loans may not equal the floating rates applicable to the Notes. In addition, in respect of the Fixed Rate Loan the interest paid under the Fixed Rate Loan, together with interest paid under the Floating Rate Loans, may be insufficient to meet the floating rate interest payments payable on the Notes. In order to provide the Issuer with protection against any difference or shortfall that might arise as a result of such timing or interest rate differences, the Issuer will enter into Swap Transactions. Under these Swap Transactions the Issuer will pay to the Swap Counterparty an amount calculated by reference to the revenue receipts paid to the Issuer in respect of the Loans, and the Swap Counterparty will pay to the Issuer an amount calculated by reference to the floating rates of interest payable on the Notes.

The obligations of the Issuer under the Notes to the Noteholders and to the other secured parties will be secured pursuant to a deed of charge and assignment governed by English law. The Issuer will create in favour of the Trustee, amongst other things, (a) an assignment by way of security of the Loans and the Issuer's rights under the Loan Agreements; (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).

DIAGRAMATIC OVERVIEW OF THE TRANSACTION



Notes:

- (1) Interest rate swaps relate to the Floating Rate Loans
- (2) Interest rate swap relates to the Fixed Rate Loan

THE KEY TRANSACTION PARTIES

Issuer:	White Tower 2004-1 plc (the " Issuer ") is a public company incorporated in England and Wales with limited liability under registration number 5060616. The entire issued share capital of the Issuer is held by the Share Trustee or its nominee ultimately for charitable purposes.
Trustee:	ABN AMRO Trustees Limited (the " Trustee ") will act as trustee for the holders of the Notes pursuant to a trust deed (the " Trust Deed ") between the Trustee and the Issuer to be dated on or prior to the Closing Date.
Originator:	Société Générale is a company incorporated in France with limited liability, whose principal office in the United Kingdom is at 41 Tower Hill, London EC3N 4SG, which will, pursuant to a loan sale agreement, (the " Loan Sale Agreement "), to be dated on or prior to the Closing Date assign to the Issuer its interests in the Loans and its beneficial interests in the Loan Security.
Servicer:	Hatfield Philips International, LLC (" Hatfield Philips " and, in its capacity as Servicer, the " Servicer ") will, pursuant to a servicing agreement (the " Servicing Agreement ") to be dated on or prior to the Closing Date between, amongst others, the Servicer, the Special Servicer, the Trustee and the Issuer, act as the loan servicer.
Special Servicer:	Hatfield Philips International, LLC (in its capacity as special servicer, the " Special Servicer ") will, pursuant to the Servicing Agreement, be appointed as the initial special servicer in relation to the Loans.
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 ") to be dated on or prior to the Closing Date.
Irish Paying Agent:	NCB Stockbrokers Limited will be 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 (the " Cash Manager ") under a cash management agreement (the " Cash Management Agreement ") 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 its capacity as operating bank, the " Operating Bank ") under the Cash Management Agreement.
Swap Provider:	Société Générale will enter into a swap agreement in the form of an International Swaps and Derivatives Association Inc. (" ISDA ") 1992 Master Agreement (Multicurrency-Cross Border) dated on or prior to the Closing Date with the Issuer together with a Schedule to it (the " Swap Agreement ") under which it will enter into (i) basis swap confirmations (the " Basis Swap Transactions "), in its capacity as the basis swap counterparty (the " Basis Swap Counterparty ") and (ii) an interest rate swap confirmation (the " Interest Rate Swap Transaction ") in its capacity as the interest rate swap counterparty (the " Interest Rate Swap Counterparty ").

The Basis Swap Counterparty and the Interest Rate Swap Counterparty are together referred to as the "**Swap Counterparties**" and the Basis Swap Transactions and the Interest Rate Swap Transaction are together the "**Swap Transactions**".

Liquidity Facility Provider: Lloyds TSB Bank plc (the "**Liquidity Facility Provider**"), acting through its corporate office located at Faryner's House, 25 Monument Street, London EC3R 8BQ, will, under a liquidity facility agreement to be dated on or prior to the Closing Date between the Liquidity Facility Provider, the Issuer and the Trustee (the "**Liquidity Facility Agreement**"), provide a revolving liquidity facility in an initial amount equal to £16,000,000 (the "**Liquidity Facility**"), which will reduce in line with the Notes' aggregate principal balance. When the Principal Amount Outstanding of the Notes is less than £160,000,000 but equal to or greater than £30,000,000 the liquidity facility amount will reduce on each Interest Payment Date in line with the Principal Amount Outstanding of the Notes, such that the available Liquidity Facility will be equal to 10 per cent. of the Principal Amount Outstanding of the Notes. Upon the Principal Amount Outstanding of the Notes being equal to or less than £30,000,000 the Liquidity Facility will be the higher of (i) 25 per cent. of the Principal Amount Outstanding of the Notes and (ii) £3,000,000. The Liquidity Facility will be available to fund shortfalls in senior expenses, interest on the Notes (subject to Condition 4(i)) and scheduled principal amortisation payments in respect of the Notes.

Corporate Services Provider: Structured Finance Management Limited (in its capacity as the corporate services provider, the "**Corporate Services Provider**") will, pursuant to the corporate services agreement to be dated on or prior to the Closing Date between the Corporate Services Provider and the Issuer (the "**Corporate Services Agreement**"), provide certain services to the Issuer.

Share Trustee: SFM Corporate Services Limited (in its capacity as the share trustee, the "**Share Trustee**") will, pursuant to a charitable declaration of trust (the "**Share Declaration of Trust**"), provide certain services as trustee of White Tower 2004-1 Securitisation Trust (the "**Securitisation Trust**").

THE LOANS

The Loan Pool: All the Loans are obligations of the relative Borrowers and are secured by first priority legal mortgages over seven commercial properties which are located in England. 94.3 per cent. of the Properties mortgaged are office properties and 5.7 per cent. are warehouse properties, in each case by property value (calculated by reference to the relevant Initial Valuation).

The Loans were originated by the Originator in all material respects in accordance with the procedure described in "*The Loans and the Loan Security*" below (save for such material variations as are referred to in that section) as applied by the 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 Pool:

Size of Loan Pool at Cut-Off Date	£208,235,000
Minimum Cut-Off Date balance	£16,300,000
Maximum Cut-Off Date balance	£90,000,000
Average Cut-Off Date balance	£41,647,000
Minimum term to maturity	4.67 years
Maximum term to maturity	7.00 years

Average life of loan pool	5.95 years
Minimum Cut-Off Date loan rate	5.14 per cent.
Maximum Cut-Off Date loan rate	6.12 per cent.
Weighted average Cut-Off Date loan rate	5.60 per cent.
Minimum Cut-Off Date ICR	1.61 per cent.
Maximum Cut-Off Date ICR	3.36 per cent.
Weighted average Cut-Off Date ICR	1.97 per cent.
Minimum Cut-Off Date DSCR	1.21 per cent.
Maximum Cut-Off Date DSCR	3.36 per cent.
Weighted average Cut-Off Date DSCR	1.84 per cent.
Minimum Cut-Off Date LTV	40.7 per cent.
Maximum Cut-Off Date LTV	74.9 per cent.
Weighted average Cut-Off Date LTV	66.4 per cent.
Estimated minimum balloon LTV	25.7 per cent.
Estimated maximum balloon LTV	73.0 per cent.
Estimated weighted average balloon LTV	58.0 per cent.

See further "*The Loan Pool*" below.

The above figures reflect the Loan Pool as at the Cut-Off Date (it has been assumed in the ICR and DSCR computations that the lease of the tenant occupying the property financed by Loan No. 3 had commenced on 15th November, 2003 rather than on 1st January, 2004). Since the Cut-Off Date, the size of the Loan Pool has been reduced to £206,400,000 because of (i) scheduled amortisation of the Loans and (ii) the novation of the smallest loan in the pool and the principal balance of such novated Loan being less than the principal balance of the loan it replaces.

Valuations:

In relation to each Loan, prior to making the initial advance, the Originator obtained an independent valuation of the Property or Properties charged as security as a condition precedent to the making of the advance to the relevant Borrower (each an "**Initial Valuation**"). No further independent valuations of the Properties will be obtained for this transaction and accordingly all references in this Offering Circular to valuations (including LTVs and property values) are references to the Initial Valuations.

Payments on the Loans:

All of the Loans have been current since origination and were still current as at the Cut-Off Date. The Loans are repayable at their respective final maturity dates (see further "*The Loans and the Loan Security — The Loan Agreements - Terms of the Loan Agreements*" below). The Loans have principal repayment obligations arising in each case on each quarterly loan interest payment date (the "**Loan Interest Payment Date**") before their respective final maturity date and all of the Loans are prepayable by the related Borrower, in part or in full, upon prior written notice varying from 14 days to 30 days (but in the case of one Loan, not before the expiry of 24 months from the date of the relevant Loan Agreement), and subject to the payment of a prepayment fee in the case of four of the Loans if prepaid within a specified period from the date of the relevant Loan Agreement (see "*The Loans and the Loan Security — The Loan Agreements — Payments/ Prepayments*"). In relation to one of the Loans, representing approximately 23 per cent. of the Loan Pool, the lender may on three months notice and subject to certain conditions require

the relevant Borrower to prepay the Loan on a specified Loan Interest Payment Date after 20th August, 2006.

Representations and Warranties:

The loan sale agreement pursuant to which the Issuer will acquire the Loans and the beneficial interests in the Loan Security from the Originator (the "**Loan Sale Agreement**"), contains certain warranties given by the Originator in respect of the Loans and the Loan Security which are summarised in "*The Loans and the Loan Security — Acquisition of the Loans — 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 any relevant Loan together with the beneficial interest in the relevant Loan Security. The consideration for such repurchase shall be the principal amount of the relevant Loan together with an amount in respect of interest accrued on such Loan (including interest accrued but not yet paid) 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.

In relation to one Loan, if the Borrower is required to pay increased costs to a Lender other than the Originator or if such a Lender requires repayment of the Loan because of the illegality of maintaining the Loan then the Borrower is entitled to require that the Loan is repurchased by the Originator and the Loan Sale Agreement provides for this (see "*The Loans and the Loan Security – Acquisition of the Loans*" and "*Risk Factors – Borrower Indemnity*"). 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:

For all of the Loans except one, which is advanced to an individual borrower (the "**Individual Borrower Loan**"), the Borrowers have executed a debenture over all of their assets including the Rent Accounts (incorporating, where the relevant Property is vested in such Borrower, a first legal mortgage over the Property) as security for the Borrower's obligations under the relevant Loan and other liabilities owing from time to time to the lender in respect of such Loan (the "**Debentures**"). The Borrower and the Mortgagor securing the applicable Loan are either the same entity or, if different, associated legal entities. Where any relevant Property is vested in a Mortgagor, such Mortgagor has also executed a debenture over all of its assets, including a first legal mortgage over such Property. In relation to the remaining Loan, the Individual Borrower Loan, the Individual Borrower (see further "*The Borrowers – The Individual Borrower*" below) has executed a Deed of Charge (the "**Deed of Charge**") granting security by way of a first legal mortgage over the relevant Property and a first fixed charge over the Rent Account into which rental income derived from the Property is paid. The Individual Borrower Loan has been entered into on a limited recourse basis so that the lender's only recourse to the Individual Borrower is to the Charged Property, being principally the relevant Property and associated Rent Account (the "**Charged Property**").

In addition to a first legal mortgage over the relevant Property, security for a Loan may also include the benefit of a subordination agreement under which any other debt of the relevant Borrower is subordinated to the lender under that Loan (a "**Subordination Agreement**"). In relation to one Loan where the relevant debentures secure the Loan and a junior loan, in each case the parties have entered into an intercreditor agreement (each an "**Intercreditor Agreement**").

In addition, where applicable, share charges are granted over the issued share capital of the relevant Borrowers (and, if a different entity, in relation to certain of the Loans the issued share capital of the relevant Mortgagor) ("**Share Charges**"). Where managing agents have been appointed in relation to a Property, the relevant managing agents have provided a duty of care letter in favour of the Loan Security Trustee ("**Duty of Care Agreement**").

The Debentures, Subordination Agreements, Intercreditor Agreement, Share Charges, the Borrower Level Swap Agreements and Duty of Care Agreements to the extent that they secure the obligations of the Borrowers under the Loans, together with any other security securing the obligations of the Borrowers under the Loans, are referred to in this Offering Circular as the "**Loan Security**".

Further Advances:

The Issuer is not required to make any further advance to any Borrower pursuant to any of the Loans. Neither the Servicer nor the Special Servicer is permitted under the Servicing Agreement to agree to an amendment of the terms of a Loan that would require the Issuer to make a further advance to a Borrower, unless the Issuer has agreed and written confirmation is received from the Rating Agencies 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 one Property that is wholly let to the United Kingdom Secretary of State for the Environment and the tenant in that instance, as a Government entity, self insures. The Loan Security Trustee's interest has been noted in relation to each Loan except for the novated Loan where its interest is in the course of being noted.

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

THE NOTES

Classes:

Status, Form and Denomination:

The Issuer will issue £168,730,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class A Notes**"), £16,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class B Notes**"), £9,290,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class C Notes**"), £9,880,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class D Notes**") and £2,500,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2013 (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**").

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

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

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

Limited Recourse:

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

Security for the Notes:

The obligations of the Issuer to the Noteholders and to each of the 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 Basis Swap Counterparty, the Interest Rate Swap Counterparty, 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 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 Loans, 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; and
- (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.

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 and the Swap Counterparty, any amounts due to either of them as described in items (viii) and (ix) 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 – Pre-Enforcement Interest Priority of Payments*".

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 – Pre-Enforcement Principal Priority of Payments*".

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 Priority of Payments*".

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

issuance and the Issuer may be unable to pay interest in full on the Notes (or certain classes of Notes).

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

Interest:

Interest will be payable on the Principal Amount Outstanding of each Note quarterly in arrear on the 20th 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 in July 2004.

The interest rate applicable to the Notes from time to time will be determined by reference to the London interbank offered rate ("**LIBOR**") for three month sterling deposits (or, in the case of the first Interest Period, the linear interpolation of three and four 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	0.28 per cent. per annum;
B	0.45 per cent. per annum;
C	0.78 per cent. per annum;
D	1.50 per cent. per annum;
E	5.50 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 only be paid on any subsequent Interest Payment Date if cashflow is available after the Issuer's other higher priority liabilities have been discharged.

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:

(i) in relation to a Note, the original principal amount of the Note upon

issue less (a) 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) for the purposes of Condition 3(c) alone, the pro rata amount of the amount credited to the relevant Principal Deficiency Ledger; 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 the Notes outstanding, regardless of class.

Scheduled Redemption: Unless previously redeemed, the Notes will be redeemed at their Principal Amount Outstanding together with accrued interest on the Interest Payment Date falling in January 2013 (the "**Maturity Date**").

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

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 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 Loans 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;
- (b) the aggregate principal outstanding balance of all the Loans is less than 15 per cent. of the aggregate principal outstanding balance of all the Loans as at the Closing Date; or
- (c) the Issuer is obliged to make a withholding or deduction from payments in respect of the Swap Agreement and the Issuer is unable to find a replacement swap counterparty or in the event that any of the Swap Counterparties is obliged to make any withholding or deduction from payments under the Swap Agreement.

Ratings:

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

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

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

The ratings of the Notes are dependent upon, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider and the short term and long term unsecured, unguaranteed and unsubordinated debt ratings of the Swap Counterparties. Consequently, a qualification, downgrade or withdrawal of any such rating by a Rating Agency may have an adverse effect on the ratings of the Notes.

Transfer Restrictions:

Subject to applicable laws and regulations, there are no transfer restrictions in respect of the Notes.

Listing:

Application has been made to the Irish Stock Exchange Limited (the "**Irish Stock Exchange**") for the Notes to be admitted to the Official List of the Irish Stock Exchange.

Governing Law:

The Notes will be governed by English law.

CASH FLOWS

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

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 (other than prepayment fees), expenses, commissions and other sums (other than principal) paid by Borrowers in respect of the Loans, including recoveries of such amounts on enforcement of a Loan and its related Mortgage and Loan Security;
- (b) "*Amortisation Funds*", comprising principal received in respect of the Loans and Loan Security on a scheduled payment date and in accordance with the terms of the relevant Loan Agreement;
- (c) "*Prepayment Redemption Funds*", comprising all payments in respect of principal received as a result of (i) any prepayment in part or in full of a Loan, (ii) the repurchase of a Loan by the Originator pursuant to the Loan Sale Agreement; or (iii) the aggregate amount of Available Interest Receipts payable pursuant to item (xv) 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 a Loan upon its scheduled final maturity date;
- (e) "*Principal Recovery Funds*", comprising all amounts recovered in respect of principal of the Loans as a result of the enforcement of a Loan or the Loan Security; and
- (f) "*Swap Agreement Breakage Receipts*", comprising all amounts paid to the Issuer under the Swap Agreements as a result of the termination of a Swap Agreement.

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 (such aggregate amount comprising the "**Borrower Principal Receipts**"), pay sums due to third parties (other than the Servicer, the Liquidity Facility Provider, the Swap Counterparties, 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 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, including 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 Loans prior to the Closing Date, which do not belong to the Issuer; and/or (b) where there has been a breach of warranty under a Loan and the Originator has repurchased the relevant Loan, any moneys subsequently received by the Issuer in respect of that Loan which do not belong 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 aggregate amount of Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds (together "**Available Principal**")

On each Interest Payment Date prior to the service of a Note Enforcement Notice by the Trustee, the Issuer will apply Available Principal to make the following payments in the following order of priority (the "**Pre-Enforcement Principal Priority of Payments**") (in each case only if and to the extent that payments of a higher priority have been paid in full):

- (i) in repayment of a Principal Drawing under the Liquidity Facility Agreement;
- (ii) in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full;
- (iii) in paying principal on the Class B Notes until all the Class B Notes have been redeemed in full;
- (iv) in paying principal on the Class C Notes until all the Class C Notes have been redeemed in full;
- (v) in paying principal on the Class D Notes until all the Class D Notes have been redeemed in full;
- (vi) in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full; and
- (vi) any remaining amounts shall be applied as Available Interest Receipts.

(c) Application of Available Interest Receipts

On each Interest Payment Date prior to the service of a Note Enforcement Notice by the Trustee:

- (a) all payments of interest, fees (other than prepayment fees), breakage costs (other than

Swap Agreement Breakage Receipts), if any, expenses, commissions and other sums (in each case including recoveries in respect of such amounts on enforcement of a Loan or Loan Security) paid by Borrowers in respect of the Loans or the Loan Security (other than any payments in respect of principal) during the Collection Period ended immediately before such Interest Payment Date (the "**Relevant Collection Period**");

- (b) the net receipts received in respect of such Interest Payment Date from the Basis Swap Counterparty under the Basis Swap Transactions including any Swap Agreement Breakage Receipts (less any amounts received by the Issuer upon termination of the Swap Agreement where the Basis Swap Counterparty was the Defaulting Party);
- (c) the net receipts received in respect of such Interest Payment Date from the Interest Rate Swap Counterparty under the Interest Rate Swap Transaction including any Swap Agreement Breakage Receipts (less any amounts received by the Issuer upon termination of the Swap Agreement where the Interest Rate Swap Counterparty was the Defaulting Party);
- (d) the proceeds of any Eligible Investments and any interest accrued upon the Issuer's Accounts and paid into the Issuer Transaction Account;
- (e) any advances made (or to be made if necessary) under the Liquidity Facility Agreement in respect of a Senior Expenses Drawing;
- (f) any amount deducted from Principal Recovery Funds for the purpose of paying Liquidation Fees;
- (g) all other monies received by the Issuer in respect of the relevant Collection Period and treated as being of a revenue nature; and
- (h) any surplus principal made available in accordance with the Pre-Enforcement Principal Priority of Payments,

(in the case of sums referred to in (a), (b), (c), (d), (f) and (g) being such amounts received during the Relevant Collection Period and in the case of sums referred to in (b), (c), (e) and (h) being such amounts received on the relevant Interest Payment Date) (such amounts being collectively the "**Available Interest Receipts**" in respect of such Interest Payment Date)

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 a Loan and/or Loan Security; 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, (f) the Liquidity Facility Provider or amounts otherwise payable by the Issuer under and in accordance with the Liquidity Facility Agreement in respect of Senior Expenses Drawings made by the Issuer under the Liquidity Facility Agreement other than in respect of any Subordinated Liquidity Facility Amount and (g) the Swap Counterparties under the Swap Agreement in respect of any payments due to be made by the Issuer following an early termination of any Swap Transaction (other than payments to be made by the Issuer as referred to in (xiii) below); 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) not including for such purpose amounts drawn or available under the Liquidity Facility Agreement, amounts in reduction of any

- balance on the A Note Principal Deficiency Ledger;
- (v) 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;
 - (vi) not including for such purpose amounts drawn or available under the Liquidity Facility Agreement, amounts in reduction of any balance on the B Note Principal Deficiency Ledger;
 - (vii) 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;
 - (viii) not including for such purpose amounts drawn or available under the Liquidity Facility Agreement, amounts in reduction of any balance on the C Note Principal Deficiency Ledger;
 - (ix) 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 (but not, for the avoidance of doubt, including any interest (and any interest due on such overdue interest) on the Class D Notes that would have been payable but for the prepayment of one or more of the Loans);
 - (x) not including for such purpose amounts drawn or available under the Liquidity Facility Agreement, amounts in reduction of any balance on the D Note Principal Deficiency Ledger;
 - (xi) 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 (but not, for the avoidance of doubt, including any interest (and any interest due on such overdue interest) on the Class E Notes that would have been payable but for the prepayment of one or more of the Loans);
 - (xii) not including for such purpose amounts drawn or available under the Liquidity Facility Agreement, amounts in reduction of any balance on the E Note Principal Deficiency Ledger;
 - (xiii) in or towards payment or discharge of any amounts due and payable by the Issuer on such Interest Payment Date to the Swap Counterparties under the Swap Agreement in respect of any payments due to be made by

the Issuer following an early termination of any Swap Transaction as a result of an event of default under that Swap Agreement in respect of which the relevant Swap Counterparty is the Defaulting Party (as defined in the Swap Agreement) or following a Downgrade Early Termination Event; except where this provision is attributable to collateral delivered by such Swap Counterparty in excess of the termination amount attributable to the relevant Swap Agreement;

- (xiv) in or towards payment or discharge of any amounts 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 amount exceeds 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement (the amount owing under this item (xiv) being the "**Subordinated Liquidity Facility Amount**" in respect of such Interest Payment Date);
- (xv) in repaying principal on the Most Senior Class of Notes then outstanding in an amount equal to the amount of the Borrower Principal Receipts previously applied by the Issuer towards the payment of Priority Amounts less the amount of Available Interest Receipts previously applied in accordance with this item (xv);
- (xvi) in or towards payment or discharge of those parts of Deferred Consideration described in (a) and (c) of "The Loans and the Loan Security – Acquisition of the Loans – Consideration"; and
- (xvii) any surplus to the Issuer.

For these purposes, "**Downgrade Early Termination Event**" means a downgrade early termination event that occurs in respect of a Swap Counterparty upon the failure of such Swap Counterparty to comply with the downgrade provisions of the Swap Agreement.

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 Servicers 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; (f) the Swap Counterparties under the terms of the Swap Transactions, other than any amounts due to the Swap Counterparties following an event of default under the Swap Agreements where a Swap Counterparty is the Defaulting Party (as defined in the relevant Swap Agreement) or following a Downgrade Early Termination Event;
- (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) any amounts due to the Swap Counterparties not provided for in (ii) above;
- (ix) any Deferred Consideration; and
- (x) the surplus (if any) to the Issuer or any other person entitled to the surplus.

Upon enforcement of the Issuer Security, the Trustee will have recourse only to the rights of the Issuer to the Loans and the Loan Security and all other assets constituting the Issuer Security. Other than (a) as provided in the Loan Sale Agreement for material breach of warranty in relation to the Loans and, in certain limited circumstances, the Loan Security (as to which, see further "*The Loans and the Loan Security — Representations and Warranties*") and breach of other provisions specified in the Loan 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, all payments due to the Swap Counterparty under the Swap Transactions (other than in respect of amounts specified in "*Payments paid out of the Issuer Transaction Account - Post-Enforcement of the Notes*") and all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of amounts specified in "*Payments paid out of the Issuer Transaction Account - Post-Enforcement of the Notes*") will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon enforcement of the Issuer Security, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts owing to the Class B Noteholders will rank higher in priority to all amounts owing to the Class C Noteholders, all amounts owing to the Class C Noteholders will rank higher in priority to all amounts owing to the Class D Noteholders and all amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any such shortfall (which will be borne in accordance with the terms of the Deed of Charge and Assignment). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, save as aforesaid, (i) upon enforcement of the Issuer Security, its right to obtain repayment in full is limited to the Issuer Security, and (ii) the Issuer has duly and entirely fulfilled its repayment obligation by making available to the Noteholder its relevant part of the proceeds of realisation or enforcement with respect to the Issuer Security in accordance with the Deed of Charge and Assignment and all claims in respect of such shortfall will be extinguished.

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 LOANS

Default by Borrowers

The ability of the Issuer to meet its obligations under the Notes will be dependent on the receipt by it of funds from the Borrowers under the Loans and the Loan Security, as well as payments under the Swap Agreements 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 Loans, 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.

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

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

The Properties

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

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

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

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

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

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 Loans or the Loan Security or to establish the creditworthiness of any Borrower. Due diligence was undertaken and valuations were obtained prior to the origination of the relevant Loans (see further "*The Loans and the Loan Security— Loan Origination Procedure*"). No further due diligence will be undertaken in relation to the Loans and no further or updated valuations will be obtained in connection with the sale and purchase of the Loans. The reports issued by the valuers or solicitors in respect of the Properties are addressed to and may be relied upon by the Originator 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 Loans and the Loan Security is material and (if capable of remedy) is not remedied, the Issuer may require the Originator to repurchase any relevant Loan together with the relevant Loan Security. However, this does not limit any other remedies available to the Issuer if the Originator fails to repurchase a Loan and the related Loan Security when obliged to do so.

Risks relating to Loan Concentration

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

Assignment of Loans to Issuer

The provisions of three of the Loans require the Issuer as assignee of the loan to confirm to the Agent and other Lenders (of which, in these circumstances, there are none) that it is under the same obligations in relation to the Loan Agreement as if it was an original lender. Until such confirmation has been given the Agent in relation to each such Loan is not obliged to recognise the assignee as having any rights. It should be noted, however, that the Lender has no material obligations under each Loan Agreement since the Loans are all fully drawn and there is no obligation to make any further advance.

Borrower Indemnity

In relation to one of the Loans comprising 43.2 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date, in the context of the assignment of the Loans to the Issuer, if as a result of the circumstances existing at the date of the assignment, the Borrower is obliged to make additional payments (such as for example a gross-up obligation) to the Issuer then the Issuer is only entitled to receive payment to the extent the existing Lender (SG) would have been 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.

On the basis that 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 the provision is not considered by SG 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 relevant Loan to a third party, and the extent to which this provision might affect the range of possible potential assignees.

In relation to another of the Loans, comprising 11.5 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date, if the Borrower is required to pay increased costs to a Lender other than Société Générale or if the Borrower is required to repay the Loan because of the illegality on the part of the Lender maintaining its commitment then in each case Société Générale is required to take a transfer back of the loan advance within five Business Days of demand.

Individual Borrower

Bankruptcy or Death

The bankruptcy or death of the Individual Borrower would not itself be an event of default under the Loan Agreement but would trigger breaches of representations and undertakings contained in the Loan Agreement that would themselves constitute an event of default. In such circumstances, whether the Servicer or Special Servicer on behalf of the Issuer should call an event of default and seek through the Loan Security Trustee to enforce its security would, in accordance with the terms of the Servicing Agreement, be a matter for the discretion of the Servicer or Special Servicer at the time.

Borrower and Tenant Relationship

The occupational tenant of the corresponding Property is an unlimited company in relation to which, it is understood, the Borrower is interested.

Seller profit scheme arrangement

The consideration for the acquisition of the Property providing security for the Individual Borrower Loan includes a 50 per cent. share of any profit realised on a sale to a third party of the Property prior to 7th May, 2005. The vendor has agreed and acknowledges that any right to such contingent consideration is subordinated to the indebtedness owed by the Individual Borrower to the Lender and will not be paid to the vendor before repayment in full of the loan amount to the Lender.

Changes to the Loan Pool

The composition of the Loan Pool will change from time to time after the Closing Date as a result of the repayment or prepayment of the Loans, the possible substitution of two properties in relation to one of the Loans, any default under a Loan resulting in enforcement of the relevant Loan Security and any repurchase by the Originator of Loans pursuant to the Loan Sale Agreement. The periodic composition of the Loan Pool will be described in a quarterly report provided by the Servicer to the Trustee.

Novation of a Loan

In relation to one of the Loans (which represents approximately 23 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) the relevant Borrower has given notice to SG that it wishes to novate the Loan and transfer the Property providing security for that Loan to an associated British Virgin Islands company. The novated loan, subject to certain minor amendments, will be on the same terms as the existing Loan.

SG have agreed in principle to what is proposed, subject to the conduct of appropriate and satisfactory diligence in relation to the new Borrower and completion of all legal formalities in relation to the transfer of the Property, novation of the Loan and granting of equivalent new security as appropriate including a legal mortgage to be granted over the Property by the new Borrower. Subject to these matters being dealt with satisfactorily, the novation will occur after the Closing Date.

Successor Loan Security Trustee and Agent

It ~~has been agreed~~ is anticipated that in relation to each Loan SG will be replaced by ABN Amro Trustees Limited as Loan Security Trustee and that Hatfield ~~Phillips~~ Phillips will replace SG as Agent in relation to each Loan (save for the Individual Borrower where there is no Agent).

Notice has been given to the Borrowers of the intended appointment of the successor Loan Security Trustee and Agent and, subject to the expiry of the requisite notice period (of 60 days) and notice being given to the retiring Loan Security Trustee and Agent ~~then~~, it is anticipated that the succeeding Loan Security Trustee and Agent will assume their roles by the end of April 2004. In the meantime, SG will continue to act as both Loan Security Trustee and Agent on behalf of the Issuer as lender in relation to the Loans.

Yield and Prepayment Considerations

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

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

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

Rent Accounts

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

In relation to all of the Loans, the charges over the Rent Accounts are expressed to be fixed charges. However, under English law, whether or not a charge over book debts, such as Rent Accounts, is fixed or floating will depend on the circumstances of the case, and it is possible that such fixed charges will only take effect as floating charges. The Rent Accounts for the Loans to the corporate borrowers are all held by SG, London Branch (but administered outside of London). The Rent Account for the Loan to the Individual Borrower is held by SG Hambros Bank and Trust Limited, a wholly owned subsidiary of SG. Whilst under the Loans either the Loan Security Trustee or the Agent, has sole signing rights over the Rent Account, there is a risk that if it does not exercise the signing rights and control over the relevant Rent Account the fixed charge will only take effect as a floating charge. In such circumstances rent paid into the Rent Account could be diverted to pay preferential creditors. It should be noted, however, that each Loan Agreement provides that the Loan Security Trustee or Agent shall have signing rights over the Rent Account and therefore control over the account and there are no provisions in the Loan Agreements permitting the Loan Security Trustee or Agent to relinquish such control or

indeed for the relevant Borrower or Mortgagor to assume signing rights and control over the relevant Rent Account.

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

Rent Assignments

Each Loan generally requires an assignment of rents payable under any lease to which a Property is subject. In such cases (and where no receiver has been appointed and the mortgagee is not in possession), in England and Wales, notice of the assignment is not normally given to the tenant and, accordingly, the assignment will take effect as an equitable assignment only. Accordingly, the assignment will be subject to any equities or claims, such as rights of set-off between the landlord and the relevant tenant. Where there has been no assignment or where there has been an assignment without notice to the relevant tenant, there is also a risk of the Borrower or Mortgagor charging or assigning the rents to a third party, despite the Borrower's or Mortgagor's covenant not to do so. Until enforcement of the legal mortgage over the relative 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.

The Tenants and Landlord's Liability to Provide Services

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

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

The landlord's liability to provide such services and maintain the common areas is, however, not conditional upon all such contributions being made and consequently failure by a tenant to pay the service charge contribution on the due date or at all and/or the existence of any sublet areas in respect of which there is no tenant liable to meet such contribution would mean that the landlord would have to make good the shortfall from its own monies. The landlord would also need to pay service charge contributions in respect of any vacant units from its own monies. This may therefore have the effect of reducing amounts available to a Borrower to make payments under a Loan. In the case of the Loan to the First Principal Borrowers, a separate deposit account is established in which the First Principal Borrowers are required to retain specified sums to be applied towards any such service charge shortfalls.

Headlease Rent Payments

Where leasehold Properties in England and Wales are sublet, there is a risk of the rents being diverted to a superior landlord by a notice under Section 6 of the Law of Distress Amendment Act 1908 if the Borrower fails to pay the relevant headlease rent. In each such case the amounts should not, however, reduce the amount that would otherwise have been available to the Borrower to make payments under the Loan, since such payments would in any event have

been payable to a superior landlord. Under the terms of each Loan Agreement the Loan Security Trustee has the power to withdraw monies standing to the credit of the relative Rent Account and apply such in or towards payment of such rents.

Compulsory Purchase

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

However, if a compulsory purchase order is made in respect of a Property (or part 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 tenants' proprietary interests in the Property at the time of the purchase following which tenants would cease to be obliged to make any further rental payments to the Borrower or Mortgagor (as applicable) under the relevant tenancy (or rental payments would be reduced to reflect the compulsory purchase of a part of a Property). Following payment of compensation, the Borrower will be required to prepay an equivalent amount under the Loan Agreement and the prepayment will be used by the Issuer to redeem the Notes (in whole or in part). The risk to Noteholders is that the amount received from the proceeds of purchase of the freehold 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 may be payable from the date upon which the acquiring authority takes possession of the property), which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the open market value of the property. Such a delay may, unless the Borrower has other funds available to it, give rise to an event of default under the relevant Loan Agreement.

Borrower/Mortgagor Trading Representation

In relation to one of the Loans, the Borrower and Mortgagors were incorporated in 1993 and previously owned a larger portfolio of properties than is currently the subject of the relevant Loan. Since 1993 various of the properties from the original portfolio have been sold and the relevant Loan relates to the re-financing (of a then existing SG loan facility) secured by the remaining three properties. Borrowers and Mortgagors usually represent that they have not traded or carried on any business since incorporation other than the ownership and management of the relevant property providing security which in relation to this Loan is not the case. The Originator in conducting its due diligence reviewed the audited accounts of the Borrower and Mortgagors and determined in its opinion that the companies had no material assets or liabilities other than in relation to the Properties provided as security. The companies also represented that they had no contingent liabilities other than in relation to the Properties charged as security.

Frustration

In exceptional circumstances, a tenancy could be frustrated under English law, with the result that the parties need not perform any obligation arising under the relevant agreement after the frustration has taken place. Frustration may occur where superseding events radically alter the continuance of the arrangement under the agreement for a party to the agreement, so that it would be inequitable for such an agreement or agreements to continue. If a tenancy granted in respect of a Property is frustrated this could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property which could cause the relevant Borrower to default on its Loan.

Insurance

Unless the Loan Security Trustee is named as the co-insured, the Loan Security Trustee's interest has been noted on each buildings insurance policy maintained in respect of each

Property or is in the course of being noted or is otherwise included by the relevant insurers under a "general interest noted" provision in the relevant buildings insurance policy.

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

On the Closing Date, the Issuer will acquire, 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.

In the case of one of the Properties, charged as security for one Loan, the tenant is a department of the United Kingdom Government and is permitted to carry its own insurance risk (see "*The Loans and Loan Security – Insurance*" below). The Government department has covenanted to reinstate/rebuild the Property on the occurrence of an event that a tenant would customarily be required to be insured for.

Hedging risks

In order to protect the Borrower under the four Floating Rate Loans, each Floating Rate Loan contains an obligation on the Borrower to enter into hedging arrangements for the duration of the relevant Loan in order to reconcile the fact that interest is payable by the Borrowers at a floating rate, whilst income received by the Borrowers or Mortgagors is received out of rental payments that are at fixed rates. However, in certain circumstances the hedging arrangements may be terminated and as a result the Borrower may be unhedged if replacement hedging arrangements cannot be entered into. In particular, the Lender may suffer a loss if, as a result of a default by a Borrower under a Loan Agreement, one or more of the hedging arrangements is terminated and the Lender is, as a result of such termination, required to pay amounts to the hedge counterparty.

The interest rate hedging arrangements in relation to three of the Floating Rate Loans are in the form of a swap until loan maturity.

In relation to the fourth Floating Rate Loan (accounting for 23.4 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the Loan provides for an interest rate hedge in the form of (i) a collar (i.e. the combination of a cap and a floor) from loan drawing date until 16th October, 2006 and (ii) an agreement from 16th October, 2006 to loan maturity date capping the interest rate risk on the LIBOR rate of the loan to 4.75 per cent. if the value of the USD 12 month LIBOR rate at the beginning of the corresponding interest period is less than 8 per cent. or, if not, swapping the floating rate index value against the value of the USD 12 month LIBOR rate at the beginning of the corresponding interest period minus 0.10 per cent.

There is no requirement applying to the Borrower to enter into complementary hedging arrangements should the value of the USD 12 month LIBOR rate after 16th October, 2006 exceed 8 per cent. However, after 20th August, 2006, (a) the swap counterparty under the hedging arrangements ranks junior to the senior lenders and (b) both the senior lenders and the junior lenders (which have granted to the same Borrower a fully subordinated bullet loan which benefits from identical hedging arrangements) under their respective loans may jointly require repayment of their loan (see "*Payments/Prepayments*" above) subject to the sole condition that a three-month repayment notice has been given to the Borrower. In such case, in accordance with the provisions of the Intercreditor Deed entered into, the Borrower will have to fully repay the senior loan before making principal repayment under the junior loan.

Privity of Contract

The Landlord and Tenant (Covenants) Act 1995 (the "**Covenants Act**") provides that, in relation to leases of property in England and Wales granted after 1st January, 1996 (other than

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

To the extent any occupational leases in respect of the Properties as at the Closing Date were entered into before 1st January, 1996 or pursuant to agreements for lease in existence before 1st January, 1996, because the Covenants Act has no retrospective effect, the original tenant of a lease of any such Property in England will remain liable under these leases notwithstanding any subsequent assignments, subject to any express releases of the tenant's covenant on assignment. In such circumstances the first and every subsequent assignee would normally covenant with his predecessor to pay the rent and observe the covenants in the lease and would give an appropriate indemnity in respect of those liabilities to his predecessor in title, and thus create a "chain of indemnity".

The majority of occupational leases entered into on or after 1st January, 1996 affecting the Properties contain provisions giving the relative landlord qualified control over any assignment, most also setting out specific criteria which any assignee must meet prior to being able to take the lease.

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

Statutory Rights of Tenants

In certain limited circumstances, tenants of a property may have legal rights to require the landlord of that property to grant them tenancies, for example pursuant to the Landlord and Tenant Act 1954 or the Covenants Act. 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 relative 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 relevant Loan

Agreement, and amounts due in respect of any such indemnity may be payable in priority to payments to the relevant lenders including the Issuer.

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.

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 have the effect of reducing 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 will be liable to a tenant for any mismanagement of the relevant property. A mortgagee in possession may also incur liabilities to third parties in nuisance and negligence and, under certain statutes (including environmental legislation), can incur the liabilities of a property owner.

Risks relating to Conflicts of Interest

Conflicts of interest may arise between the Issuer and 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 Loans. 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 Loans at the same time as they are performing services on behalf of other persons with respect to similar loans. Despite the requirement on each of the Servicer and the Special Servicer to perform their respective servicing obligations in accordance with the terms of the Servicing Agreement, 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 Loans for which they are responsible in accordance with the Servicing Standard. Certain discretions are given to the Servicer and the Special Servicer in determining how and in what manner to proceed in relation to the Loans. Further, as the Servicer and the Special Servicer may each acquire Notes, either of them could, at any time, hold any or all of the most junior class of Notes outstanding from time to time, and the holder of that class may have interests which conflict with the interests of the holder of the 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. 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 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.

Save in respect of charges over shares in companies incorporated outside England and Wales, which are the subject of specific collateral security taken in accordance with the terms of the laws of the jurisdiction where such companies are incorporated, all material assets of the Borrowers/Mortgagors are believed to be located within England and Wales.

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 Loans and Loan Security current from time to time (see "Loan Servicing"). The principal remedies available following a default under a Loan or the related Loan Security are the appointment of a receiver over the relevant Property and/or other assets of the relative Borrower or Mortgagor, and/or entering into possession of the relevant Property or Properties. Hatfield Philips International, LLC has confirmed to the Issuer and the Trustee that 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.

In the case of loans secured by floating charges granted by corporate Borrower or Mortgagor prior to 15th September, 2003 (which is the case in respect of three of the Loans) an administrative receiver over the relative Borrower/Mortgagor may also be appointed. The appointment of such an administrative receiver would prevent the subsequent appointment of an administrator over the same company (see below).

Administrators

Alternatively (in the case of Loans to corporate Borrowers) the Servicer or the Special Servicer could direct the Loan Security Trustee to appoint an administrator of the relative Borrower/Mortgagor under the Insolvency Act 1986 (as amended by the provisions of the Enterprise Act 2002). An administrator cannot be appointed in respect of an individual.

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 floating charge over the whole or substantially the whole of a company's property will if the charge so provides 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 no longer possible, in the case of any Borrower/Mortgagor granting security for a Loan after 15th September, 2003 (which is the case with one of the Loans), for an administrative receiver to be appointed in order to prevent the appointment of an administrator.

Receivership of Issuer

It is, however, still 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, 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

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 15th September, 2003; or

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

This will accordingly only apply in the case of one of the Loans, although it will also apply to the Deed of Charge and Assignment granted by the Issuer. Nonetheless, in the case of the Issuer, 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.

Voluntary Arrangements

Under the Insolvency Act 1986 (as amended by the Insolvency Act 2000), certain "small" companies are entitled to a short term moratorium in filing for a voluntary arrangement. The effect of this would be to allow such company protection from its creditors (in that no creditor will be entitled to take enforcement action without the leave of the court) for an initial period of 28 days, which can be extended for a further two months. A company will be "small", in broad terms, if in any financial year it satisfies two or more of the requirements set out in Section 247(iii) of the Companies Act 1985, namely:

- (a) turnover not more than £2,800,000;
- (b) balance sheet in total not more than £1,400,000; and
- (c) number of employees not exceeding 50.

It is anticipated that one or more of the corporate Borrowers/Mortgagors in respect of the Loan may be "small" companies for this purpose.

A small company will be excluded from eligibility for such a moratorium if it is a party to an agreement which is or forms part of certain capital market arrangements under which:

- (i) the party has incurred (or when the agreement was entered into was expected to incur) a debt of at least £10,000,000 and
- (ii) the arrangement involves the issue of a capital market investment.

Such arrangement must also:

- (a) involve a grant of security to a person holding it as trustee for a person who holds a capital market investment issued by a party to the arrangement;
- (b) involve at least one party guaranteeing the performance of obligations of another party;
- (c) involve at least one party providing security in respect of the performance of obligations of another party; or
- (d) involve an investment described in Articles 83-85 of the Financial Securities and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544).

It is expected, therefore, that the Issuer will fall within this exemption.

An individual is also able to ask for a moratorium under the Insolvency Act 1986 by application to the court for an interim order where such individual intends to propose a voluntary arrangement to his or her creditors. The duration of such moratorium is normally initially 14 days but is capable of extension by the court. In the case of the Individual Borrower Loan, this ability to seek a moratorium will not affect the security granted over the relevant property but may give rise to a delay in the availability of rents for the payment of interest or the ability to enforce the security.

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 Swap Counterparties, 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 Recourse

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

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

On each Interest Payment Date, the maximum amount of interest then due and payable on the Class D Notes and the Class E Notes will be limited to the amount equal to the lesser of (a) the Interest Amount (as defined in Condition 4(d)) in respect of the Class D Notes or the Class E Notes, as applicable, and (b) the Adjusted Interest Amount (as defined in Condition 1) for the relevant class of Notes on such Interest Payment Date. If the difference between the Interest Amount and the Adjusted Interest Amount applicable to the Class D Notes or the Class E Notes, as applicable, on any Interest Payment Date is attributable to the prepayment of Loans, the debt that would otherwise be represented by such difference will be deemed to be extinguished on such Interest Payment Date, and the affected Noteholders will have no claim against the Issuer in respect thereof.

Rights Available to Holders of Notes of Different Classes

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

Ratings of Notes and Confirmations of Ratings

The ratings assigned to the Notes by the Rating Agencies are based on the Loans, the Loan Security, the Properties and other relevant structural features of the transaction, including, 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 Maturity Date. There is no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in or unavailability of information or if, in the judgement of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the value of the Notes.

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

Absence of Secondary Market; Limited Liquidity

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

Availability of Liquidity Facility

Pursuant to the terms of the Liquidity Facility Agreement, the Liquidity Facility Provider will provide a revolving committed facility for drawings to be made in the circumstances described in "*Credit Structure — Liquidity Facility*". The facility will, however, be subject to an initial maximum aggregate principal amount of £16,000,000 which will reduce in line with the Notes' aggregate principal balance. When the Principal Amount Outstanding of the Notes is less than £160,000,000 but equal to or greater than £30,000,000 the Liquidity Facility amount will reduce on each Interest Payment Date in line with the Principal Amount Outstanding of the Notes, such that the available Liquidity Facility will be equal to 10 per cent. of the Principal Amount Outstanding of the Notes. Upon the Principal Amount Outstanding of the Notes being equal to or less than £30,000,000 the Liquidity Facility will be the higher of (i) 25 per cent. of the then Principal Amount Outstanding of the Notes and (ii) £3,000,000. The Liquidity Facility will be available to cover senior expenses, interest on the Notes, subject to Condition 4(i), and scheduled principal payments on the Notes (other than on the final repayment of a Loan) to the extent that there is a shortfall.

EU Directive on the Taxation of Savings Income

The European Union ("EU") has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1st January, 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

Withholding Tax under the Notes

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

Introduction of the Euro

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

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

Change of Law

The structure of the issue of the Notes and the ratings which are to be assigned to them are based on English law and 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.

Proposed changes to the Basel Accord

The Basel Committee on Banking Supervision (the "**Basel Committee**") has issued proposals for reform of the 1988 Capital Accord and has proposed a framework which places enhanced emphasis on market discipline and sensitivity to risk. The consultation period on the initial proposals ended in March 2000 and the Basel Committee published its second consultation document, the "New Basel Capital Accord", on 16th January, 2001. The consultation period on the further proposals contained in the New Basel Capital Accord ended on 31st May, 2001.

On 1st October, 2002 the Basel Committee launched a comprehensive field test for banks of its revised proposals known as the quantitative impact study, or QIS3, to gauge the impact of its revised proposals on minimum capital requirements under pillar one of the New Basel Capital Accord before finalisation of the third consultative paper. The survey period ended on 20th December, 2002 and the results were issued on 5th May, 2003. The third consultative paper on the New Basel Capital Accord was issued on 29th April, 2003, with the consultation period ending on 31st July, 2003.

The Basel Committee intends to finalise the New Basel Capital Accord by no later than mid-year 2004, allowing for implementation of the new framework in each country at year end 2006. If adopted in their current form, the proposals could affect the risk weighting of the Notes for certain investors if those investors are regulated in a manner which will be affected by the proposals. Consequently, recipients of this Offering Circular should consult their own advisers as to the consequences to and effect on them of the potential application of the New Basel Capital Accord proposals.

Hedging risks

In order to protect the Issuer against movements in LIBOR arising as a result of the interest rates for the four Floating Rate Loans being set on a different date to the floating interest rate for the Notes, the Issuer will enter into Basis Swap Transactions with the Basis Swap Counterparty. However, there can be no assurance that the Basis Swap Transactions will adequately address unforeseen hedging risks. Moreover, in certain circumstances the Basis Swap Transactions may be terminated and as a result the Issuer may be unhedged if replacement basis swap transactions cannot be entered into. In particular, Noteholders may suffer a loss if, as a result of a default by a Borrower under a Loan Agreement, one or more of the Basis Swap Transactions is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Basis Swap Counterparty. Certain of such amounts payable by the Issuer on an early termination rank senior to any payments to be made to the Noteholders both before and after enforcement of the Issuer Security. For further information see "*Credit Structure — The Swap Agreement*" below.

One Loan bears interest at a fixed rate while each class of the Notes bears interest at a rate based on, except in the case of the first Interest Period, three-month LIBOR plus a margin. In order to hedge this interest rate risk, the Issuer will enter into the Interest Rate Swap

Transaction with the Interest Rate Swap Counterparty. However, there can be no assurance that the Interest Rate Swap Transaction will adequately address unforeseen hedging risks. Moreover, in certain circumstances, the Interest Rate Swap Transaction may be terminated and as a result the Issuer may be unhedged if replacement interest rate swap transactions cannot be entered into. In particular, Noteholders may suffer a loss if, as a result of a default by a Borrower under the relevant Loan Agreement, the Interest Rate Swap Transaction is terminated and the Issuer is, as a result of such termination, required to pay amounts to the Interest Rate Swap Counterparty. Certain of such amounts payable on an early termination rank senior to any payments to be made to the Noteholders both before enforcement of the Issuer Security and after enforcement of the Issuer Security. For further information, see "*Credit Structure — The Swap Agreement*" below.

In the case of the four Floating Rate Loans, the relevant Loan Agreement contains an obligation on the Borrower to enter into appropriate hedging arrangements. Under these Loans, sums due to the hedge counterparty by the Borrower rank *pari passu* with sums due to the senior lenders. There is therefore a risk that: (i) where a partial payment of interest or principal is received from a Borrower the amount of interest or principal paid to Noteholders will be reduced; or (ii) on an enforcement of the Loan the amount available to Noteholders will be reduced to the extent that breakage or other costs are due to the relevant hedge counterparty. Moreover, in certain circumstances the hedging arrangements may be terminated and as a result the Borrower may be unhedged if replacement hedging arrangements cannot be entered into.

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

THE ISSUER

The Issuer, White Tower 2004-1 plc, was incorporated in England and Wales on 2nd March, 2004 (registered number 5060616), as a public company with limited liability under the Companies Act 1985. The registered office of the Issuer is at Blackwell House, Guildhall Yard, London EC2V 5AE. The Issuer has no subsidiaries.

1. Principal Activities

The principal objects of the Issuer are set out in clause 4 of its Memorandum of Association and are, 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 Offering Circular and matters which are incidental or ancillary to the foregoing.

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

2. Directors and Secretary

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

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

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

3. Capitalisation and Indebtedness

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

Share Capital

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

49,999 of the issued shares (being 49,998 shares of £1 each, each of which is paid up as to 25p and one share of £1 which is fully paid) in the Issuer are held by SFM Corporate Services Limited (the "Share Trustee") as trustee of the White Tower 2004-1 Securitisation Trust pursuant to a declaration of trust declared by the Share Trustee on 25th March, 2004 (the "Share Declaration of Trust"). The remaining one share (which is fully paid) is held by SFM Nominees Limited (registered number 4115230) as nominee for SFM Corporate Services Limited in its capacity as Share Trustee.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due 2013	£168,730,000
Class B Commercial Mortgage Backed Floating Rate Notes due 2013	£16,000,000
Class C Commercial Mortgage Backed Floating Rate Notes due 2013	£9,290,000
Class D Commercial Mortgage Backed Floating Rate Notes due 2013	£9,880,000
Class E Commercial Mortgage Backed Floating Rate Notes due 2013	£2,500,000
Total Loan Capital	£206,400,000

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

4. Accountants' Report

The following is the text of a report, extracted without material adjustment, received by the directors of the Issuer from Ernst & Young who have been appointed as auditors and reporting accountants to the Issuer. Ernst & Young are chartered accountants and registered auditors. The balance sheet contained in the report does not comprise the Issuer's statutory accounts. No statutory accounts have been prepared or delivered to the Registrar of Companies in England and Wales since the Issuer's incorporation. The Issuer's accounting reference date will be 31 March and the first statutory accounts will be drawn up to 31 March 2005.

The Directors
White Tower 2004-1 plc
Blackwell House
Guilldhall Yard
London EC2V 5AE

25 March 2004

Dear Sirs

PROPOSED ISSUE BY WHITE TOWER 2004-1 plc (THE "ISSUER") OF £168,730,000 CLASS A COMMERCIAL MORTGAGE BACKED FLOATING RATE NOTES DUE 2013, £16,000,000 CLASS B COMMERCIAL MORTGAGE BACKED FLOATING RATE NOTES DUE 2013, £9,290,000 CLASS C COMMERCIAL MORTGAGE BACKED FLOATING RATE NOTES DUE 2013, £9,880,000 CLASS D COMMERCIAL MORTGAGE BACKED FLOATING RATE NOTES DUE 2013 AND £2,500,000 CLASS E COMMERCIAL MORTGAGE BACKED FLOATING RATE NOTES DUE 2013 (TOGETHER THE "NOTES")

We report on the financial information set out below. This financial information has been prepared for inclusion in the Offering Circular dated 25 March 2004 (the "Offering Circular") of

White Tower 2004-1 plc (the "Company"). The Company's activities will principally be the issue of the Notes and the purchase of loans from Société Générale.

The Company was incorporated on 2nd March, 2004.

Basis of preparation

The financial information set out below is based on the audited non-statutory financial statements of the Company, to which no adjustment was considered necessary.

Responsibility

Such financial statements are the responsibility of the directors of the Company, who approved their issue.

The Company is responsible for the contents of the Offering Circular in which this report is included. It is our responsibility to form an opinion on the audited non-statutory financial statements prepared by the Company and to report our opinion to you.

Basis of opinion

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

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

Opinion

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

Financial Information

The balance sheet of the Company as at 25 March 2004 is as follows:

		<i>Note</i>
	Current Assets	
£12,501.50	Cash at bank	
<hr/>		
	Capital and reserves	
£12,501.50	Share capital	4
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Notes to the financial information

1. Principal accounting policies

The financial information contained in this report has been prepared in accordance with accounting standards applicable in the United Kingdom under the historical cost convention. A

summary of the principal accounting policies, which have been applied consistently for the period covered by this report, is set out below.

a) Income and expenditure

Income and expenditure are accounted for on an accruals basis. Certain items of expenditure are paid by a related party.

b) Cash flow statement

The Company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a small company.

2. Principal activity

The Company did not trade during the period from incorporation on 2 March, 2004 to 25 March, 2004 nor did it receive any income, nor did it incur any expenses or pay any dividends. Consequently no profit and loss account has been prepared.

3. Statement of recognised gains and losses

No recognised gains or losses have occurred during the period.

4. Share Capital

The Company was incorporated with an authorised share capital of £50,000 comprising 50,000 ordinary shares of £1 each. Two ordinary shares were allotted and fully paid on incorporation for cash. On 18 March 2004, 49,998 ordinary shares were allotted and were quarter paid on 18 March 2004.

5. Post Balance Sheet Events

The Company has entered into the issue of commercial mortgage backed floating rate notes (the "Notes") as detailed in the Offering Circular.

6. Related party transactions

The entire issued share capital of the Company is beneficially owned by SFM Corporate Services Limited in its capacity as trustee of a UK charitable trust known as The White Tower 2004-1 Securitisation Trust. The directors regard SFM Corporate Services Limited, as trustee of The White Tower 2004-1 Securitisation Trust, to be the ultimate controlling party. The Company Secretary is SFM Corporate Services Limited. The directors of the Company are also directors of other special purpose companies. Administration services are provided to the Company by Structured Finance Management Limited (the parent of SFM Corporate Services Limited and the directors of the Company) pursuant to a corporate services agreement.

Yours faithfully

Ernst & Young LLP

THE PARTIES

Société Générale

Société Générale S.A. is the originator of the Loans and, in addition, the Basis Swap Counterparty and the Interest Rate Swap Counterparty.

Société Générale S.A. 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 S.A. was incorporated by deed approved by the decree of 4th May 1864.

Société Générale S.A. has an authorised share capital of 437,669,069 shares with a par value of 1.25 each all of which were fully paid up as at 30th June, 2003. The total assets of Société Générale S.A. and its subsidiaries (the "**Société Générale Group**") were 527,564 million as at 30th June, 2003.

The short-term unsecured obligations of Société Générale S.A. are rated A-1+ by S&P, P-1 by Moody's and F1+ by Fitch and the long-term obligations are rated AA- by S&P, Aa3 by Moody's and AA- by Fitch.

The information contained in this Offering Circular with respect to Société Générale S.A. relates to and has been obtained from it. The delivery of this Offering Circular shall not create any implication that there has been no change in the affairs of Société Générale S.A. since the date of this Offering Circular, or that the information contained or referred to in it is correct as of any time subsequent to its date.

Servicer

Hatfield Philips International, LLC ("**Hatfield Philips**") is a limited company formed under the laws of Georgia in the United States and will, pursuant to the terms of the Servicing Agreement, act as the Servicer in respect of the Loans.

Special Servicer

Hatfield Philips will, pursuant to the terms of the Servicing Agreement, act as the initial Special Servicer of any 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 Faryner's House, 25 Monument Street, London, EC3R 8BQ, 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 "AA+" by Fitch, "Aaa" by Moody's and "AA" by S&P and the short term, unsecured, unsubordinated debt obligations of Lloyds TSB Bank plc are rated "F1+" by Fitch, "P-1" by Moody's 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 and the Cash Investment 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, P-1 by Moody's and F1+ by Fitch. The long term, unsecured, unguaranteed and unsubordinated debt obligations of ABN AMRO Bank N.V. (London Branch) are rated AA- by S&P, Aa3 by Moody's and AA- by Fitch.

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 Blackwell House, Guildhall Yard, London, EC2V 5AE 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 Blackwell House, Guildhall Yard, London, EC2V 5AE 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 principal office at ~~25082~~ 4AABN Bishopsgate, London, EC2M. 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 9) will not be treated as such;
- (i) sets out the terms upon which the Trustee may, without the consent of the Noteholders, make or sanction any modification to the Conditions or to the terms of the Trust Deed or certain other relevant documents; and
- (j) sets out the requirements for and organisation of Noteholder meetings.

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

The appointment of a successor Trustee will be made by the Issuer or, where the Trustee has given notice of its resignation and the Issuer has failed to make any such appointment by the expiry of the applicable notice period, by the Trustee itself. No person may be appointed to act

as a successor Trustee unless that person has been previously approved by an Extraordinary Resolution of each class of the Noteholders.

THE BORROWERS

The Loan Pool consists of five loans each of which has a different Borrower (for one Loan two separate companies jointly comprise the Borrower). Of the five loans, four have been made to Borrowers that are limited liability companies and one has been made to a Borrower who is an individual.

Limited Liability Companies

The Borrowers which are constituted as limited liability companies (or in the case of companies not registered in England, the equivalent of a limited liability company in such relevant jurisdiction) have been incorporated in the jurisdictions of England and Wales, British Virgin Islands and the State of Delaware, United States of America and each such company will be governed by the laws of its jurisdiction of incorporation in relation to its business proceedings. A legal opinion was obtained on origination of a Loan confirming that the choice of English law to govern the documentation relating to the Loan would be recognised or upheld.

Individual Borrower

One Loan (accounting for 14.4 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) has been made to an individual borrower (the "**Individual Borrower**") who is known to hold other assets and likely to have incurred other liabilities. In order to mitigate the risk of this Loan and/or the loan security being prejudiced as a result of action taken by other creditors, this Loan has been ring fenced so far as possible from the Individual Borrower's other assets. For example, the bankruptcy of, or enforcement proceedings against other assets of, the Individual Borrower are not Loan events of default and the occupational tenant at the Property (whose ultimate holding company is a company understood to be wholly owned by the Individual Borrower) is required to pay rent directly into the charged Rent Account. However, as highlighted in "Risk Factors – Individual Borrower", the death or bankruptcy of the Individual Borrower would give rise to a breach of the terms of the Loan Agreement and trigger an event of default.

The recourse of the lender (and other Secured Parties) against the Individual Borrower is limited to (i) enforcement of the security granted by the Deed of Charge over the Charged Property and (ii) any rights of set-off. (Further information in relation to the Individual Borrower is set out in "The Loan and the Loan Security" and "Risk Factors".)

Principal Borrowers

One Loan (accounting for 43.2 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) is made to joint borrowers namely TST Millbank LLC (a limited company incorporated in the State of Delaware, U.S.A.) and Columbina Properties Limited (a limited company incorporated in the British Virgin Islands) (together, the "**First Principal Borrowers**"). Further information relating to the First Principal Borrowers and the Loan to them is set out in Part 1 of Appendix 1.

A further Loan (accounting for 23.4 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date) is made to Pageleaf Limited (a limited liability company incorporated in England and Wales) (the "**Second Principal Borrowers**"). Further information relating to the Second Principal Borrowers and the Loan to it is set out in Part 2 of Appendix 1.

THE LOANS AND THE LOAN SECURITY

1. The Loan Pool

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

The Loan Pool consists of five Loans, all of which are secured over commercial properties, as described below. The decision to advance any Loan (subject to obtaining satisfactory legal due diligence) was based on compliance with the Originator's loan origination procedure, as described below. All of the Loans and Loan Security contained in the Loan Pool were originated by the Originator between May 2003 and February 2004.

There is no right on the part of the Issuer to substitute Loans in the Loan Pool. However, one Borrower (the relative Loan to which comprises 11.5 per cent. of the Loan Pool as of the Cut-Off Date) has the right to substitute a limited number of Properties with other properties in accordance with the terms set out in the relevant Loan and Loan Security documentation (see below "*The Loan Agreements – Substitution*").

It is anticipated that one of the Loans (which represents approximately 23 per cent. of the principal balance of the Loan Pool) will be novated following the Closing Date (see "*Risk Factors – Novation of a Loan*")

Loan Origination Procedure

The description that follows relates to the procedures followed by the Originator in originating loans generally.

2. Origination Procedure

(A) Lending Philosophy

In connection with the Origination of the loans, the Originator ensures that certain due diligence procedures are undertaken as are customary for a prudent lender making loans secured on commercial properties, so as to evaluate the Borrower's ability to service its loan obligations and so as to analyse the quality of the properties securing the Loan. The property investment experience and expertise of the relevant Borrowers' sponsors are also taken into consideration in the analysis.

(B) Underwriting and Credit Approval Process

In deciding whether to advance a loan, the Originator carries out an initial review which includes:

- Review of the borrower or sponsor's experience, track record and financial strengths
- 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 are determined and proposed to the client in the form of an indicative term sheet, that is negotiated with the client. If the indicative terms are agreed with the client, an

arrangement and underwriting mandate is signed. The Originator then goes through the credit application process described below.

For each deal, a designated deal leader writes a Credit Application and is responsible for every aspect of the risk analysis (borrower, tenant, income stream analysis, loan structure and covenants). The Credit Application follows 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 is forwarded to the Paris Head Office for review by the Global Head of Real Estate Finance who assesses the transaction. Once signed off, the transaction is sent to the independent SG CIB risk department where risk officers dedicated to the real estate sector review the Credit Application and approve, amend or reject the proposed financing.

Financing in excess of certain thresholds (namely global exposure to a borrower in excess of €150 million) requires a second and higher-level approval from SG CIB risk department.

Once credit approval is granted then the full due diligence process commences. The Originator instructs the valuers, solicitors, and where appropriate structural surveyors and environmental consultants.

The Originator instructs English solicitors who are responsible for drafting and checking the loan and security documentation.

The deal leader reviews all the due diligence reports and is responsible for the review of the information provided in these reports. All valuations, structural and environmental reports and other due diligence must be fully satisfactory to the Originator. The deal leader also ensures that satisfactory insurance and hedging arrangements are put in place.

The deal leader in conjunction with the solicitors confirms that the property is a suitable security for mortgage purposes. The Originator's policy is to obtain the strongest possible security package including, as applicable, a debenture incorporating a floating charge over the assets of the borrower and a first fixed charge over the property; ISDA Agreement; deed of subordination in respect of shareholder loans in favour of the borrower; satisfactory insurance with the Originator's interest noted; a charged rental account and a charge over any dilapidation payments due from the tenant to the borrower.

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. The borrowers' accounts are reviewed and analysed on a regular basis.

(C) Types of Borrower

Borrowers are typically, limited liability companies or individuals who may be incorporated and/or resident in the United Kingdom or in an overseas jurisdiction.

(D) Security

The Originator's principal security for a loan originated by it will be a first ranking charge by way of a legal mortgage over freehold and/or long leasehold land and buildings financed by the relevant loan and a floating charge over the borrower's other assets. The security is held on trust for the Originator by a security trustee, in each case the Loan Security Trustee.

(E) Advance Level

The Originator normally advances new loans having a principal amount of between £15 million and £125 million. The loan to value ratios of loans originated by the Originator typically range from 65 per cent. to 80 per cent.

(F) Purpose of the Loan

The purpose of the loans will normally be to assist in the acquisition or re-financing of commercial real estate in the United Kingdom.

(G) Repayment Terms

The term of the loans may be between three and seven years. Loans may be interest only or have defined principal repayment schedules. The principal repayment schedule is structured to take account of the cashflow pattern of the leases in effect at the date of commencement of the loan and the anticipated realisable value of the security at its maturity.

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) are followed before the loan is advanced. The legal due diligence is in each case addressed to the Originator and is not updated prior to any securitisation. It is not re-addressed either to any such issuer or trustee who must instead each rely solely on the representations and warranties given by the Originator contained in the relevant loan sale agreement.

(A) General Information

The Originator's external English legal advisers (the "**English Legal Advisers**") initially obtain (and, where reasonably practicable, check) 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 is 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. The report on title may be prepared and issued in favour of the Originator either by the Borrower's solicitors or by the Originator's English Legal Advisers.

(a) Report on Title prepared by Borrower's Solicitors.

If a report is prepared by the Borrower's solicitors, the English Legal Advisers will check the identity of the solicitors and satisfy themselves on behalf of the Originator that they are of sufficient standing and competence to deliver a report on title in respect of the relevant property and have appropriate professional indemnity insurance cover.

The English Legal Advisers review the draft form of report to ensure that it covers all relevant matters (i.e. the matters that such English Legal Adviser would expect to cover in a report (for

further information, see "*Report on Title from the English Legal Advisers*" below)). Once the draft report has been issued, they will raise requisitions in case of omissions, ambiguities or material disclosures and satisfy themselves in relation to any issues arising from the report.

The English Legal Advisers then prepare a report confirming (if appropriate) approval of the form and content of the report on title and highlighting any matters contained in the report which the English Legal Advisers consider should be drawn to the attention of the Originator and its valuers (to whom the English Legal Advisers check that a copy of the report is sent).

(b) *Report on Title from the English Legal Advisers*

If a report is prepared by the English Legal Advisers, they will undertake the usual investigation of title in relation to the relevant property which will include reviewing copies of title documents and H.M. Land Registry entries (including any lease under which the property is held). All the usual H.M. Land Registry, local authority and any other appropriate searches will be undertaken and preliminary enquiries will be raised of the Borrower's/Mortgagor's solicitors. Where the property is being acquired by a Borrower or Mortgagor, a review of the replies to enquiries raised by the Borrower's/Mortgagor's solicitors will be undertaken. The terms of all leases and tenancies affecting the property will be reviewed and the basic terms (including, among other things, details of rent reviews and tenants' determination rights) will be included in the report, the purchase contract and the form of transfer of the relevant property will be reviewed and approved.

The report that the English Legal Advisers prepare highlights any material or unusual matters but otherwise confirms (if correct) that, in their opinion, the prospective Borrower or Mortgagor has (or would have on completion of any purchase and necessary registration) good title to the property. The report will not normally cover matters relating to the structure or construction of the relevant property, specific environmental surveys or enquiries, or any credit checks on the Borrower or occupational tenants.

The English Legal Advisers ensure that the valuer providing the valuation of a property has a copy of the report, and it cross checks and verifies basic details relating to the property (namely tenure and term and rents for any occupational tenancies) set out in any valuation received by it.

(C) Capacity of Borrowers/Mortgagors

In relation to any Borrower or Mortgagor incorporated in England and Wales, the English Legal Advisers satisfy themselves that the relevant company is validly incorporated, has sufficient power and capacity to enter into the proposed transaction, whether it is subject to any existing mortgages or charges, whether it is 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 be by drawdown) completed.

In relation to any Borrower or Mortgagor incorporated outside England and Wales, lawyers competent in the jurisdiction where the company is incorporated are appointed to undertake a similar due diligence process to that undertaken by the English Legal Advisers taking account of jurisdictional differences. The lawyers advising in connection with jurisdictions outside England and Wales are 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 will apply) will be recognised and upheld.

The legal due diligence undertaken in each case is addressed to the Originator. It will not be updated prior to the sale of the Loans and Loan Security nor will it be readdressed either to the Issuer 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 Loans*" below).

(D) Structural/Environmental Reports

The English Legal Advisors will obtain and review environmental "risk servicing" reports which, based upon published information relating to the property and past uses, attempt to identify the risk of any adverse environmental matters affecting the property and/or works being required to comply with any environmental legislation. However, unless this report suggests that such risk is materially greater than normal, fuller reports or surveys relating to the structure or construction of a property are not usually obtained.

(E) Valuations

Each of the Properties that has been charged by way of security was the subject of an Initial Valuation and was valued in connection with the relevant Loan (save as disclosed below in relation to the novated Loan). The valuations will contain 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 not more than six months prior to the origination of the relevant Loans by an independent qualified surveyor (being a member of the Royal Institution of Chartered Surveyors) on the instructions of the Originator. No further valuation will be undertaken in connection with the sale of the Loans to the Issuer.

In relation to the Loan that has recently been novated to a new Borrower, a new valuation was not obtained and the original Initial Valuation issued in relation to the previous June 2003 loan was relied upon. In relation to the Loan that is to be novated, the same approach will be taken and the original Initial Valuation issued in relation to the existing Loan dated 21st August, 2003 will be relied upon.

4. Drawdown and Post-Completion Formalities

The English Legal Advisors ensure that all necessary registration formalities and the service of notices are dealt with at drawdown or, as appropriate, within any applicable priority or other time periods following drawdown.

~~In relation to the Loan that is to be novated the same approach will be taken and the Original Initial Valuation issued in relation to the existing Loan dated 21 August 2003 will be relied upon.~~

In relation to registrations at any relevant land registry, the English Legal Advisors either undertake these registrations or obtain an unconditional undertaking from the Borrower's solicitors to effect the registrations. Where any borrower's solicitors ask to retain any occupational leases in order to deal with day to day management matters, they are permitted to do so subject to providing an unconditional undertaking to hold them to the English Legal Advisors' order and to deliver them on demand.

5. Standard form documentation

Each loan is documented in a credit agreement which is governed by English law, and which is in a standard form subject to variations which may be negotiated by any Borrower. The standard form of debenture secures all obligations of a Borrower to the Originator pursuant to the credit agreement (and any associated hedging liabilities) and is drafted on a security trust basis, so that the Loan Security Trustee holds the security on trust for, among others, the Originator. Material amendments to the standard form credit agreement and debenture are generally resisted by the Originator unless they are necessary to reflect the terms and conditions or the structure of the particular loan.

6. The Loan Agreements

General

The principal documentation which was entered into by, amongst others, the Borrower, any Mortgagor, any Hedging Counterparty, the Loan Security Trustee and (as Agent and Loan Security Trustee) the Originator in relation to each Loan in the Loan Pool comprised a loan agreement (a "**Loan Agreement**"); a charging deed or debenture from the Borrower and the Mortgagor (incorporating a first legal charge over the relevant Property; a first fixed charge in relation to the rent account and other accounts; and (in the case of corporate Borrowers or Mortgagors) fixed and floating charges over all or substantially all of the Borrower's/Mortgagor's assets).

In the case of the Loan to the Individual Borrower charges over other assets of the Borrower were not taken and the Lender's recourse in relation to the Loan is limited to the relevant Charged Property.

The smallest Loan in the pool (as referred to above at "*The Loans – The Loan Pool*") replaces an earlier loan that was in the Loan Pool at the Cut-Off Date and secured over the same property. The new Loan Agreement was entered into and effected by way of a novation of the former Loan Agreement to the new Borrower subject to a small reduction in the principal balance of that Loan.

Amount and Purpose of Loans

The total principal loan amount initially advanced in relation to the Loans varied between £16,500,000 and £90,000,000. The principal amount outstanding under the smallest Loan has since been reduced to £15,000,000. The maximum Loan advanced as a percentage of the value of the relative Property (the "**LTV**") was at the date of origination 75 per cent. (in relation to the Principal Borrowers this is permitted to rise to 78 per cent.). The maximum permitted LTV at all times in relation to the Individual Borrower is 50 per cent. The purpose of two Loans was to assist in the acquisition of the Property charged as security and the purpose of the remaining three Loans was to refinance such acquisition and/or to provide further working capital.

Borrower/Mortgagor Description

The corporate Borrowers and/or the Mortgagors are sponsored by experienced property investors and are all special purpose vehicles incorporated in England and Wales, British Virgin Islands or the State of Delaware, United States of America whose only activity, save as referred to below, is represented as having been the owning of the relevant mortgaged property.

In relation to one of the Loans the Borrower and Mortgagors were incorporated in 1993 and have owned a portfolio of properties which have been disposed of save for those the subject of the refinancing effected by the relevant Loan (see "*Risk Factors – Previously Owned Properties*").

In relation to the smallest Loan, a sum of money has been deposited on a blocked account with another lender and a first charge granted over such account in favour of such lender. However, this amount does not form part of the Related Security for such Loan (this being secured on the relevant Property) and the rights of such other lender are otherwise fully subordinated to the Loan.

At the time of origination, and with the exception of the Individual Borrower, no Borrower or Mortgagor 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 incorporated Borrower or Mortgagor that has incurred any such liability since the date of origination other than as permitted by the relevant Loan Agreement.

Terms of the Loan Agreements

The Loan Agreements contain those representations, warranties and undertakings on the part of the Borrower that would be acceptable to a reasonably prudent lender of money secured over commercial property. The particular provisions in relation to the Loan to the Individual Borrower are more specifically referred to below (see "*Individual Borrower*").

The Loans all have original maturities of between five and seven years. No Loan is scheduled to be repaid later than 14th November, 2010.

Loan Amount - Drawdown and Further Advances

The maximum amount of a loan was calculated by reference to a pre agreed LTV (see "*Amount and Purpose of Loans*" above) and there is no obligation on the Originator, or indeed the Issuer, to make any further advance to a Borrower.

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

Payments/Prepayments

Save for the exception referred to below, a Borrower has the right to prepay the whole or any part of its Loan on a Loan Interest Payment Date under the relevant Loan (or subject to payment of interest that would otherwise have been payable on the next interest date) between Loan Interest Payment Dates, in either case, upon notice (the period varying in relation to the Loan Pool between 14 days and 30 days) being given, subject to payment of any breakage costs (including the costs of breaking any associated hedging arrangements) and payment of the then applicable prepayment fee (if any)) which fee will depend upon the amount of time left unexpired until the final maturity date of the Loan. One of the Loans can be prepaid at any time without any prepayment fee. Two of the Loans can be prepaid subject to a prepayment fee if prepaid within the first two years equivalent to the margin that would have been paid from the date of the prepayment to the second anniversary of the agreement; the Loan to the Individual Borrower is subject to a similar prepayment fee arrangement but relating to the fourth anniversary of the relevant Loan Agreement. One Borrower is not permitted to prepay until two years after the date of the relative Loan Agreement but without a prepayment fee.

The lender under one Loan (accounting for 23.0 per cent. of the Loan Pool) is entitled to require early prepayment of the Loan on a Loan Interest Payment Date falling after 20th August, 2006 subject to certain conditions.

The Loans in the Loan Pool all have defined principal repayment schedules providing for the repayment of instalments of principal on each Loan Interest Payment Date.

Interest

Interest under the Loans is paid quarterly in arrears on the 15th of January, April, July and October each year (each such date a "**Loan Interest Payment Date**"). A basis hedge will be entered into to align the Loan Interest Payment Dates with the Interest Payment Dates under the Notes and to convert payments of interest at a fixed rate under a Loan into a floating rate payable under the Notes.

Interest in relation to four of the Loans is payable at a floating rate, although the Borrower under each Loan is obliged to enter into hedging arrangements (see "*Hedging Arrangements*" below). In the case of the remaining Loan, to the Individual Borrower, interest is paid at a fixed rate.

Substitution

In relation to one of the Loans (comprising as of the Cut-Off Date 11.5 per cent. of the Loan Pool) the Borrower is entitled in relation to two of the three properties charged to substitute each for an Additional Charged Property on the terms referred to below.

The Borrower is entitled to substitute as security two (but not the third) of the Properties charged as security (which comprise in total 49 per cent. of the initial value of the Properties charged as security for such loan) provided the consideration for such sale is at least the open market value of those properties and that the Release Sum (defined below) is paid into the Sales Account (see below "Secured Accounts – General") with the prior written consent of the Agent, which consent may not be unreasonably withheld provided that certain conditions are satisfied. The most material of these conditions are as follows (a) a new first ranking legal charge over any substituted property is completed in favour of the Loan Security Trustee, and associated due diligence and registration formalities are undertaken; (b) the additional property is similar in nature, usage and quality in all material respects to the property being substituted and (c) the principal amount of the Loan outstanding as a percentage of the collective values of the properties charged as security is no greater after substitution than before; (d) certain criteria related to the weighted average ratings of tenants, length of unexpired terms of occupational leases and aggregate rental income, are satisfied.

Only one substitution will be permitted for each of the two properties that are allowed to be substituted and no further substitution of a substituted property will be permitted.

The Release Sum is defined as the aggregate of: the amount originally lent in respect of the relevant property; the costs of prepayment of the loan that would have been due if prepaid on the date of the Sale; and interest due to the next Interest Date (if prepaying on a date not an Interest Date) (the "**Release Sum**").

The balance of the Sales Account may be used to acquire an additional property or in prepayment of the loan in a sum equal to the greater of 100 per cent. of the allocated amount lent or 75 per cent. of the net sale proceeds. Prepayment, where a substitute property has not been acquired and 24 months has expired from the date of the Agreement, must be effected by a back stop date 6 months after payment of sale proceeds into the Sales Account.

Hedging Arrangements

Four of the Loans (subject to a floating rate of interest) (the "**Floating Rate Loans**") contain an obligation to enter into hedging arrangements (described below) which provide the Borrower with an obligation to pay a fixed rate of interest notwithstanding that interest is payable by such Borrowers pursuant to the relevant Loan Agreements at a floating rate.

Each of the Floating Rate Loans contain obligations for the relevant Borrower to enter into appropriate hedging arrangements for the duration of the Loan. All hedging arrangements are charged or assigned by way of security under a Security Document. The interest hedging arrangements in relation to three of the Floating Rate Loans are in the form of a swap until loan maturity.

In relation to the fourth Floating Rate Loan (accounting for 23.0 per cent. of the principal balance of the Loan Pool as of the Cut-Off Date), the interest rate hedging arrangements are in the form of (i) a collar (i.e. the combination of a cap and a floor) from loan drawing date until 16th October, 2006 and (ii) an agreement from 16th October, 2006 to loan maturity date capping the interest rate risk on the LIBOR rate of the loan to 4.75 per cent. if the value of the USD 12 month LIBOR rate at the beginning of the corresponding interest period is less than 8 per cent. or, if not, swapping the floating rate index value against the value of the USD 12 month LIBOR rate at the beginning of the corresponding interest period minus 0.10 per cent.

There is no requirement applying to the Borrower to enter into complementary hedging arrangements should the value of the USD 12 month LIBOR rate after 16th October 2006 exceed 8 per cent. However, after 20th August, 2006, (a) the swap counterparty under the

hedging arrangements ranks junior to the senior lenders and (b) both the senior lenders and the junior lenders (which have granted to the same Borrower a fully subordinated bullet loan which benefits from identical hedging arrangements) under their respective loans may require repayment of their loan (see "*Payments/Prepayments*" above) subject to the sole condition that a three-month repayment notice has been given to the Borrower. In such case, in accordance with the provisions of the Intercreditor Deed entered into, the Borrower will have to fully repay the Senior loan before making principal repayment under the junior loan.

All hedging arrangements are in the form of a swap or a cap, or (where in combination with one of the preceding instruments) a floor and, in any event, in form and substance satisfactory to the agent of the Loan Agreements, the "**Agent**") and with a counterparty who shall be during this transaction a financial institution whose unsecured and unsubordinated debt has a minimum short-term rating of "A-1" by S&P, a long-term rating of "A1" ~~of~~ short term rating of "P-1" by Moody's and a short-term rating of "F1" by Fitch.

If at any time, the notional principal amount of the applicable Hedging Arrangement (excluding interest rate caps) exceeds the aggregate amount of the Advance made under the relevant Floating Rate Loan at that time, the Borrowers must, at the request of the Agent, reduce the notional principal amount of the Hedging Arrangements by such amount so that it no longer exceeds the aggregate amount of the Advance.

The Borrowers must ensure that any amounts payable to the Borrowers under the Hedging Arrangements are paid into the Rent Account.

Neither a counterparty nor the Borrowers may amend or waive the terms of any Hedging Arrangement without the consent of the Agent.

Terms of the Debentures

The security in relation to each Loan is held by SG (in its capacity as Loan Security Trustee) on trust for itself as lender and for the Secured Parties.

Each debenture entered into by a Borrower and, as applicable, a Mortgagor (but not the Individual Borrower) secures the obligations of the Borrower to SG (including in particular the relevant Loan Agreement) and grants a first ranking charge by way of legal mortgage over the Property.

In addition to the legal mortgage, the relevant Borrower or Mortgagor provides security by way of fixed charge, over, amongst other things, the Rent Account, book and other debts, and the good will and uncalled capital of the Chargor.

The relevant Chargors also provide security by way of an assignment, amongst other things, of all the rights, title and interest, in all rents, income, insurance policies and any hedging arrangement.

All corporate Borrowers and Mortgagors also grant a floating charge over all their respective undertaking, property and assets.

The security provided by the Individual Borrower is provided by way of a Deed of Charge incorporating a first ranking charge by way of legal mortgage over the relevant Property (see further below "**Individual Borrower**").

Loan Security Trustee/Agent

The Loan Security Trustee in relation to each of the Loans is currently the Originator. However, shortly after the acquisition of the Loans by the Issuer, it is anticipated that ABN AMRO Trustees Limited will be appointed as successor Loan Security Trustee.

The Agent in relation to each of the four Loans in relation to which an Agent has been appointed is currently the Originator, however, shortly after the acquisition of the Loans by the

Issuer, Hatfield ~~Phillips~~Phillips will be appointed as successor Agent and in relation to the Individual Borrower Loan the servicing function in relation to the Loan that is currently undertaken by the Originator as Loan Security Trustee will be delegated to Hatfield ~~Phillips~~Phillips to act as agent of the Loan Security Trustee in relation to that role.

Additional Security

Subordination

All borrowing obligations of the Borrowers and Mortgagors other than pursuant to the Loans are (except in the case of the Loan to the Individual Borrower) fully subordinated in the usual manner to all amounts due under the relevant Loan Agreement, subject to permitted payments being made to the subordinated creditor out of surplus amounts after payment of the sums due to the Lenders under the relevant Loan on a Loan Interest Payment Date.

Intercreditor Deed

In relation to one of the Loans the security granted by the Borrower and Mortgagors provides security for both a senior credit agreement and a junior credit agreement in respect of which SG is in each case the originator and lender. In relation to another Loan, in addition to the SG senior credit agreement, the relevant Borrower has entered into a junior credit agreement with its shareholder. Only the SG senior credit agreement in each case is to be included in the Loan Pool and an intercreditor deed (the "**Intercreditor Deed**") confirms that in each case the security in respect of the senior credit agreement ranks in all respects ahead and in priority to the security in respect of the junior credit agreement. The deed contains usual subordination provisions including a non-petition covenant on the part of the junior lender. The senior lender covenants, amongst other things, not to increase the interest or fees under the senior credit agreement, nor to change the basis upon which they are calculated or paid, nor to increase the senior liabilities or extend the final repayment date or increase the senior priority limit (which is the principal amount together with interest costs and charges) and agrees not to change the provisions of the agreement relating to withdrawal of sums in the Rent Account in favour of the Borrower.

Share Charge

Other than in relation to the loan to the Individual Borrower, a share charge is entered into in favour of the Loan Security Trustee in respect of the entire issued share capital of each Borrower and (save in relation to one Loan) in relation to the entire issued share capital of each Mortgagor.

Duty of Care Undertaking

In relation to three of the five loans managing agents have been appointed (the rents in relation to the two remaining loans being paid directly into the Rent Accounts by the tenants) and in each case they have entered into a duty of care undertaking addressed to the Loan Security Trustee in usual terms. The terms of such duty of care undertaking oblige the managing agents, amongst other things, to collect promptly rental income and (after deducting any service charge or VAT) to pay net rental income into the specified Rent Account. The managing agents agree that they will hold net rental income on trust until it is paid into the relevant account, and/or acknowledge that the rental income is subject to a fixed charge in favour of the Loan Security Trustee in relation to the Loans.

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 3 years loss of rent).

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

In the case of one of the Properties, charged as security for one Loan, the tenant is a department of the United Kingdom Government and is permitted to carry its own insurance risk (see "*The Loans and Loan Security – Insurance*" below). In addition, the Government department has covenanted to reinstate/rebuild the Property on the occurrence of an event that a tenant would customarily be required to be insured for.

8. Secured Accounts

General

Each Loan Agreement requires the Borrower 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 Borrower or its managing agent (the "**Rent Account**"). In relation to one of the Loans a Deposit Account is required for the retention of amounts to cover projected rental voids. In relation to another Loan a Sales Account (the "**Sales Account**") may be required in the future for retention of sales proceeds in the manner referred to above (see "*Substitution*"). All accounts are expressed to be the subject of a first fixed charge by way of security. In relation to all accounts either the Agent or the Loan Security Trustee has signing rights and control over the accounts.

At present, all accounts are held with SG or a wholly owned subsidiary of SG.

Rent Account

Under the Loans not less than five Business Days before each Interest Date net rental income is paid into a Rent Account over which the Loan Security Trustee has sole signing rights either (a) (in the case of three of the Loans) by a managing agent which has entered into a duty of care undertaking as above, or (b) (in the case of two of the Loans) directly by the relative occupational tenant or tenants upon whom notice has been served requiring them to do so.

Deposit Account

In the case of the Loan to the Principal Borrowers, there is additionally a Deposit Account into which monies are to be paid from time to time and out of which service charge shortfalls in respect of any vacant or unlet parts of the relative Property can be paid. The Loan Security Trustee has sole signing rights.

Payments from Rent/Deposit Accounts

The Loan Security Trustee, on each Interest Date, withdraws monies from the Rent Account and applies such as follows (and in the order of priority set out):-

- (a) any unpaid fees, costs of the lenders/Loan Security Trustee;
- (b) (on a pari passu pro rata basis) interest due to the lenders under the relative Loan Agreement and periodical payments due to the hedging counterparty under any associated hedging arrangements;
- (c) (on a pari passu pro rata basis) amortisation and other principal repayment instalments due under the relative Loan Agreement and any amounts payable to hedging counterparties as a result of any termination/closing out of any associated hedging arrangements;

- (d) any amounts due to any hedging counterparty arising from termination or closing out of any associated hedging arrangements as a result of illegality, default or the occurrence of any termination event under such hedging arrangements.

In cases where there are junior or subordinated loans as well, the Loan Security Trustee may also, so long as there is no breach by the Borrower of the terms of (and subject to the terms of) the relevant Loan Agreement, pay over any surplus monies standing to the credit of the Rent Account to such junior or subordinated creditor.

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

Amounts may also be withdrawn to pay rents due under headleases. The aggregate amount of headlease rents payable in relation to Properties charged as security for the Loans is at present (and subject in some cases to future review), approximately £967,000 per annum.

In relation to the Deposit Account, the Loan Security Trustee will pay the Managing Agents such amounts as the Agent considers necessary to meet any shortfall in the service charge due to a part of the relevant property being unlet.

Events of Default: Enforcement

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

See "*Servicing*" for further details regarding the procedures to be followed by the Servicer on the occurrence of an event of default under a Loan Agreement.

9. Individual Borrower

The loan to the Individual Borrower is made on a limited recourse basis, limited to the charged assets, and in conformity with this the representations, warranties and undertakings on the part of the Borrower are focused on, and in certain case limited to, matters relating to the relevant Property and the Tenant of that property. By way of example, the negative pledge undertaking provided by the Borrower relates to the Property only. The undertaking on the part of the Borrower not to incur further Indebtedness also relates to the Property only and not to the Borrower incurring further Indebtedness himself.

The events of default are generally as usually provided for, whilst noting however that the Borrower is not a corporate entity, but in particular it should be noted that the bankruptcy of the Borrower, or his inability to pay his debts (other than a default in payment of the amounts due under the Loan) would not constitute an event of default. Instead, default on insolvency relates to the Tenant rather than the Borrower and inter alia, the insolvency of the Tenant or a material unremedied breach of the Tenant's lease would constitute an event of default.

The Individual Borrower provides security by way of a Deed of Charge (rather than a Debenture as given by corporate security providers in relation to other Loans) over the Property and the related Rent Account and, as referred to above, the recourse of the Lender and, following assignment of the loan the Issuer, is limited to these charged assets and any right of set off.

(See "*Risk Factors – Individual Borrower*")

10. Acquisition of the Loans

Consideration

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

The initial purchase consideration in respect of the Loans and Loan Security will be approximately £206,400,000 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 Loans and their related Loan Security (the "**Deferred Consideration**"), if any, which is calculated in respect of the Collection Period ended on the Calculation Date immediately preceding such Interest Payment Date and which is equal to:

- (a) Issuer Receipts less an amount equal to the sum of the payments scheduled to be paid on such Interest Payment Date pursuant to items (i) through (xv) set out in "*Cash Flows – Payments out of the Issuer Transaction Account – Application of Available Interest Receipts*", plus
- (b) the prepayment fees paid on the prepayment of a Loan during that Collection Period, less
- (c) 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.

For avoidance of doubt, prepayment fees payable upon the sale of a Property following enforcement of the relevant Loan and Loan Security will be applied as prepayment fees only upon satisfaction in full of the principal amount outstanding under such Loan and all interest accrued due and payable on such Loan. 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 Loans and beneficial interests in the Loan Security to the Issuer, and of the assignment by way of security by the Issuer of the Loans (and beneficial interest in the related Loan Security) to the Trustee pursuant to the Deed of Charge and Assignment.

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 Loans or the related 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 any Loan or the Loan Security purchased on the Closing Date.

In relation to the foregoing matters concerning the Loans and the related Loan Security and the circumstances in which advances were made to Borrowers prior to their purchase by the Issuer, 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 any Loan or Loan Security (details of which are set out below) and such breach is not capable of remedy or, if capable of remedy, has not been remedied, the Originator will be obliged, if required by the Issuer, to repurchase such 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 relevant Loan together with accrued interest up to, but excluding, the date of completion of the repurchase and costs. The Issuer will have no other remedy in respect of such a breach unless the Originator fails to re-purchase the relevant Loan, and to accept a reassignment of its beneficial interest in the Loan Security in accordance with the relevant Loan Sale Agreement.

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

- (i) The particulars of the Loans 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 Loans, free and clear of all encumbrances, claims and equities (including, without limitation, rights of set off or counterclaim).
- (iii) Each Loan constitutes a valid and binding obligation of, and is enforceable against, the relative Borrower and (save as disclosed in relation to the Individual Borrower) represents the full recourse obligations of such Borrower.
- (iv) Each Loan matures for repayment not later than 14th November, 2010.
- (v) The Loans and Loan Security arose from the ordinary course of the Originator's commercial secured lending activities.
- (vi) Interest is charged on the Loans at such a rate as may be determined in accordance with the provisions of the relative Credit Agreement.
- (vii) No Loan is 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 thereof.
- (viii) In respect of each Loan, the Borrower is 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 such Loan (save where such obligation arises as a result of voluntary action on the part of the Originator) then the Borrower, subject to the specific disclosure in relation to two particular Loans in certain circumstances (see "Risk Factors – Borrower Indemnity"), in certain circumstances is 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 relevant Loan, an employee of or employed by the Originator.
- (x) No Loan was purchased by the Originator and each advance was made by the Originator for its own account.
- (xi) No amount of principal or interest due from any Borrower under a Credit Agreement at the date hereof is more than seven days overdue at the date hereof where the first interest payment date for the relevant Loan occurred before the Closing Date.

- (xii) The Loans do not contain any obligation to make any further advances which remains to be performed by the Originator on the Closing Date and no part of any advance pursuant to any Loan has been retained by the Originator pending compliance by the relative Borrower with any other conditions.
- (xiii) No Loan has been discharged, terminated, redeemed, cancelled, rescinded or repudiated and neither the Originator nor the Borrower has given any written intention to do so.
- (xiv) Each Loan and the beneficial interest in the Security Trusts may be validly assigned to the Issuer and no consent from the Borrower or any Mortgagor is required to such assignment and assignation.
- (xv) No Loan carries a right to payment of principal of less than the purchase price paid for such Loan by the Issuer.
- (xvi) Pursuant to the terms of each 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 relevant Loan.
- (xvii) Immediately prior to advancing each Loan (save as disclosed in relation to one 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 relative Loan, the principal amount so advanced did not exceed 75 per cent. of the aggregate of such valuation.
- (xviii) Prior to the completion of each Loan and Mortgage (save as disclosed in relation to one Loan), the Originator:
 - (a) received from solicitors acting for or approved by the Originator a report summarising reports on title or certificates of title 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 report on title or certificate of title or the summary 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 Mortgagor's title to the Properties as would a reasonably prudent lender of money secured on commercial property 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 such Loan.
- (xix) Prior to the date of each Loan, the nature of, and amount secured by, such Loan and each Mortgage and the circumstances of the Borrower and any relative 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 relative 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 relative Loan and its Loan Security nor has had since its incorporation nor does it have as at the Closing Date any material liability or assets other than such Loan and relevant Properties providing security for such Loan.
- (xxii) To the best of the Originator's knowledge no report on title or certificate of title given by a relevant solicitor in connection with any Loan (a) was negligently or fraudulently prepared by the relevant solicitor and (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 such Loan on its agreed terms.
- (xxiii) Prior to making an advance under any 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) To the best of the Originator's knowledge, no valuation given by a valuer in connection with any Loan was negligently or fraudulently undertaken by the valuer and no such valuation failed to disclose any fact or circumstance that ought reasonably to have been disclosed by the report which, if disclosed, would have caused the Originator, acting as a reasonably prudent lender of money secured on commercial property, to decline to proceed with the Loan.
- (xxv) Each Property is situated in England or Wales.
- (xxvi) Each Property constitutes investment property let predominantly for commercial use and is either freehold or leasehold.
- (xxvii)
 - (a) In relation to each Property, the title has been registered at H.M. Land Registry with title absolute in the case of freehold property or absolute or good leasehold title in the case of leasehold property;
 - (b) Each Property 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 Loans and Loan Security, all Stamp Duty, H.M. Land Registry and all other taxes or fees required to be paid in connection with, as applicable, the transfer of title to 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 an amount of money equivalent to such duties taxes or fees is held by or to the order of the Loan Security Trustee and is available for and will be applied in payment of such duties taxes or fees at the appropriate time.
- (xxviii) 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.

- (xxix) 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 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 8 years after the expiry of the term of the relative Loan;
 - (c) all other terms of the lease are such that, in the light of all the circumstances pertaining to the relative 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.
- (xxx) In respect of each Property that is subject to a lease which provides for rent reviews, such leases provide for upward rent reviews only.
- (xxxi) Other than any such deeds which have been lodged at H.M. Land Registry all Title Deeds to the Properties, the Mortgages, the Debentures, Loan Security and the files relating to the Loans are held by or to the order of the Loan Security Trustee.
- (xxxii) As of the date hereof, 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 secured by the Mortgage over that Property.
- (xxxiii) As at the date hereof, the Originator:
- (a) does not have any actual knowledge of any claim against any Borrower or Mortgagor 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 Clean Air Act 1993;
 - (N) The Food and Environment Protection Act 1985;
 - (O) Alkali etc. Works Regulation Act 1906;
 - (P) The Public Health Acts 1878 to 1907;
 - (Q) 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 relative 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 relative 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.

(xxxiv) The Credit Agreements and each Mortgage are governed by English law.

(xxxv) Subject only, in the case of Mortgages required to be registered or recorded at H.M. Land Registry, to such registration:-

- (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 Loans 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 H.M. Land Registry, to any relevant Property or registered at H.M. Land Registry which entries would rank prior to the interests of the Loan Security Trustee in such Debenture or Mortgage.

(xxxvi) 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.

(xxxvii) In relation to any Mortgage where registration is pending at H.M. Land Registry 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.

- (xxxviii) Neither the Originator nor the Loan Security Trustee have breached any undertaking given by or on behalf of any of them to H.M. Land Registry in respect of any documentation relating to the Mortgages which has been approved by it.
- (xxxvix) 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.
- (xl) 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.
- (xli) No Debenture or Mortgage secures any loan made by the Originator to the Borrower, or any other liability of the Borrower to the Originator (excluding interest accrued but not due on the Closing Date) other than a Loan to be purchased by the Issuer pursuant hereto.
- (xlii) 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.
- (xliii) 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.
- (xliv) Since the date of each Loan:
- (a) none of the provisions of any Loan or Loan Security has been waived, altered or modified in any material respect except as set out in the documents listed in the Loan Agreements and other documents pursuant to which the Loans were made (the "**Loan Documentation**");
- (b) no representations or warranties have been made to the Borrower or Mortgagors by the Originator, and there are no other terms and conditions applicable to any 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 and those documents (if any) sent by or on behalf of the Originator to the Borrower under any Loan setting out how the Originator calculates the relevant fixed rate of interest;
- (c) the Originator has kept full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to such 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 such 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 any Loan (if applicable) other than as a result of market forces affecting the value of comparable properties in the area;

- (b) that any Borrower under any Loan has been in default of any payment due under such Loan for a period in excess of 14 days (per default) prior to the date of the Loan Sale Agreement;
 - (c) of any litigation or claim calling into question in any way the Originator's title to any Loan or beneficial interest in any Security Trust;
 - (d) of the bankruptcy, liquidation, receivership or administration of any Borrower or Mortgagor; nor
 - (e) of any material default, material breach or material violation under the Loans or Loan Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on residential and commercial property would grant such a waiver) or of any outstanding material default, material breach or material violation by the Borrower or a Mortgagor under the Loans 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.
- (xlvi) The Originator has performed in all material respects all its obligations under or in connection with the Loans and their 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.
- (xlvii) At the date hereof, each Property (save as disclosed in relation to one Loan) 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 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.
- (xlviii) 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 Loans and the related Mortgages and Debentures, only limited assurance will be given in relation to any of the remaining Loan Security for a Loan.

The Loan Sale Agreement contains a representation from the Originator, to the Issuer and the Trustee, to the effect that the information in this Offering Circular with regard to the Originator, its business, the Loans, the administration of the Loans, the Loan Security, the Security Trusts, the Properties and the relevant buildings insurance policies that is material in the context of the issue, 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.

In relation to one of the Loans, referred to above in "Risk Factors – Borrower Indemnity", there are certain circumstances (as described above) where the Borrower may require the Originator

to repurchase the relevant Loan within five business days of service of notice to that effect. The Loan Sale Agreement provides for and requires the Issuer to transfer such Loan to the Originator in consideration of an aggregate amount equal to the outstanding principal amount under the relevant Loan together with accrued interest up to but excluding the date of completion of the repurchase and costs.

THE LOAN POOL

The aggregate of the principal balance outstanding within the Loan Pool, as at the Cut-Off Date, was £208,235,000. All of the Loans are current as of the Cut-Off Date.

The Loans had, at origination, an average maturity of approximately 6.14 years. The Loans bear interest quarterly on the current principal balance outstanding. Each Loan may consist of one or more tranches which may differ in terms of interest rate characteristics, principal repayment profile and maturity. In addition one Loan is secured by a first fixed charge on more than one Property.

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

- (a) "**Loan Rate**" means the contractual rate of interest that the Borrower is required to pay under the relevant Loan.
- (b) "**Remaining Term to Maturity**" means the number of years remaining to the maturity date of the Loan as of the Cut-Off Date.
- (c) "**Cut-Off Date DSCR**" means the debt service coverage ratio ("**DSCR**") calculated as of the Cut-Off Date.
- (d) "**Cut-Off Date ICR**" means the interest cover ratio ("**ICR**") calculated as at the Cut-Off Date.
- (e) "**Cut-Off Date LTV**" means the loan to value ratio of the Loan as of the Cut-Off Date and the relevant Property value as set out in the relevant Condition Precedent Valuation.
- (f) "**Balloon LTV**" means the loan to value ratio of the Loan determined by using the value of the relevant Property as set out in the relevant Condition Precedent Valuation and the projected scheduled principal amount of the Loan outstanding as at the maturity date. The balloon payments are expected to be paid on the maturity date.
- (g) "**WA**" means weighted average.

Overview of the Loans

Loan no	Property type	No properties	No. tenants	No. Leases	Loan amount at cut-off	Current LTV	Current ICR	Drawdown Date	Maturity date	Estimated Loan amount at maturity	% Estimated WAVG Balloon LTV	Interest type	Amortisation
1	Office	1	34	91	90,000,000	73.8	1.61x	4 Aug 2003	15 July 2010	78,500,000	64.3	Floating	Yes
2	Office	1	1	1	47,935,000	74.9	1.65x	21 Aug 2003	15 Oct 2008	46,700,000	73.0	Floating	Yes
3	Office	1	1	1	30,000,000	40.7	3.36x	7 May 2003	7 May 2010	19,000,000	25.7	Fixed	Yes
4	Office/ Warehouse	3	13	16	24,000,000	48.9	2.33x	14 Nov 2003	14 Nov 2010	22,040,000	44.9	Floating	Yes
5	Office	1	1	1	16,300,000	74.0	1.78x	17 June 2003 ¹	17 July 2008	12,800,000	58.2	Floating	Yes
Total		7	50	110	208,235,000	66.4	1.97x			179,040,000	58.0		

Weighted Average Interest Cover and Debt Service Cover Ratios as of the Cut-Off Date

No. loans	Aggregate Cut-Off Date loan amount (£)	Share of aggregate Cut-Off Date loan amount	Loan rate	Original term to maturity (years)	Remaining term to maturity (years)	Cut-Off Date ICR	Cut-Off Date DSDR	Cut-Off Date LTV	Estimated Loan Amount at maturity	Estimated Balloon LTV*
1	90,000,000	43.22%	5.69%	6.95	6.67	1.61x	1.61x	73.8%	78,500,000	64.3%
2	47,935,000	23.02%	5.41%	5.15	4.92	1.65x	1.50x	74.9%	46,700,000	73.0%
3	30,000,000	14.41%	5.45%	7.00	6.48	3.36x	3.36x	40.7%	19,000,000	25.7%

¹ This loan has been replaced by a new loan which finances the same property and has similar features to the original loan. It was drawn down on 20th February, 2004.

4	24,000,000	11.53%	6.12%	7.00	7.00	2.33x	1.96x	48.9%	22,040,000	44.9%
5	16,300,000	7.83%	5.14%	5.00	4.70	1.78X	1.21X	74.0%	12,800,000	58.2%
TOTAL	208,235,000	100%	5.60%	6.39	6.11	1.97X	1.84X	66.4%	179,040,000	58.0%

Rental Revenues

Loan Number	Number of Tenants	Rental revenues at cut-off date						Rental revenues at loan maturity date ¹		
		WA term until earlier of (lease expiry date, first break up option)	WA term until earlier of (lease expiry date, first break up option)	Gross Rent	Net Rent	% of rent from tenants rated AAA	% of rent from tenants rated investment grade	Net Rent	% of rent from tenant rated AAA	% of rent from tenant rated investment grade
1	34	7.51	11.10	9.14	8.23	57%	63%	6.3	61%	70%
2	1	11.63	11.63	4.30	4.30	0%	100%	4.3	0%	100%
3	1	21.14	21.14	5.49	5.49	0%	0%	6.4	0%	0%
4	13	50.0	50.8	3.53	3.42	43%	78%	1.9	51%	82%
5	1	9.12	9.12	1.50	1.50	100%	100%	1.5	100%	100%
Total	50	15.4	17.1	23.96	22.93	33%	60%	20.4	28%	50%

¹ Assumes that break-options are exercised, that there is no increase in rent at review dates (except in the case of agreed fixed increases) and that there are no relettings.

Overview by Region

Region	No. properties	Aggregate property value (£)	Percent property value	Aggregate Cut-Off Date amount of Loans (£)	Percentage of the aggregate amount of the Loans	Average Cut-Off Date*
London	4	281,800,000	85%	184,235,000	88.4%	65.4%
South East	2	24,050,000	7%	11,768,000	5.7%	48.9%
West Midlands	1	25,000,000	8%	12,232,000	5.9%	48.9%
Total	7	330,850,000	100%	208,235,000	100%	66.4%

Overview by Property Type

Property type	No. properties	Aggregate property value (£)	Percent property value	Aggregate Cut-Off Date amount of the Loans (£)	Percentage of the aggregate amount of the Loans	Average Cut-Off Date LTV
Office	5	306,800,000	92.7%	196,467,000	94.3%	71.9%
Warehouse	2	24,050,000	7.3%	11,768,000	5.7%	48.9%
Total	7	330,850,000	100%	208,235,000	100%	66.4%

Amortisation schedule ¹	With balloon ¹	Without balloon ¹
2004	3 908 750	3 908 750
2005	3 459 375	3 459 375
2006	5 050 625	5 050 625
2007	4 958 125	4 958 125
2008	64 233 125	3 533 125
2009	4 317 500	4 317 500
2010	122 307 500	2 767 500
2011	0	0
2012	0	0
Total	208 235 000	27 995 000

¹ Assumes that clean-up call option is exercised.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

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

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

- (a) no Loans are sold by the Issuer;
- (b) no Loans default, prepay or are enforced and no loss arises;
- (c) the Swap Transactions will not be terminated; and
- (d) the Closing Date is 29th March, 2004; 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 15 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
Closing Date	100%	100%	100%	100%	100%
20/07/2004	99.2%	100%	100%	100%	100%
20/10/2004	98.8%	100%	100%	100%	100%
20/01/2005	98.3%	100%	100%	100%	100%
20/04/2005	97.9%	100%	100%	100%	100%
20/07/2005	97.5%	100%	100%	100%	100%
20/10/2005	96.7%	100%	100%	100%	100%
20/01/2006	96.0%	100%	100%	100%	100%
20/04/2006	95.2%	100%	100%	100%	100%
20/07/2006	94.5%	100%	100%	100%	100%
20/10/2006	93.7%	100%	100%	100%	100%
20/01/2007	93.0%	100%	100%	100%	100%
20/04/2007	92.3%	100%	100%	100%	100%
20/07/2007	91.5%	100%	100%	100%	100%
20/10/2007	90.8%	100%	100%	100%	100%
20/01/2008	90.1%	100%	100%	100%	100%
20/04/2008	89.3%	100%	100%	100%	100%
20/07/2008	81.0%	100%	100%	100%	100%
20/10/2008	52.7%	100%	100%	100%	100%
20/01/2009	52.1%	100%	100%	100%	100%
20/04/2009	51.4%	100%	100%	100%	100%
20/07/2009	50.8%	100%	100%	100%	100%
20/10/2009	50.2%	100%	100%	100%	100%
20/01/2010	49.5%	100%	100%	100%	100%
20/04/2010	48.9%	100%	100%	100%	100%
20/07/2010	0.0%	0.0%	0.0%	0.0%	0.0%
20/10/2010	0.0%	0.0%	0.0%	0.0%	0.0%
20/01/2011	0.0%	0.0%	0.0%	0.0%	0.0%
20/04/2011	0.0%	0.0%	0.0%	0.0%	0.0%
Weighted Average Life(years)	5.38	6.50	6.50	6.50	6.50
First Principal Payment Date	20/04/2004	20/07/2010	20/07/2010	20/07/2010	20/07/2010
Last Principal Payment Date	20/07/2010	20/07/2010	20/07/2010	20/07/2010	20/07/2010

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 Loans and the Loan Security will be governed pursuant to the terms of a servicing agreement dated on or about the Closing Date (the "**Servicing Agreement**") between the Loan Security Trustee, the Servicer, the Trustee, the Issuer and the Special Servicer. Pursuant to the terms of the Servicing Agreement, the Servicer and, as applicable, the Special Servicer must service and administer the Loans for which they are responsible in accordance with:

- (a) any and all applicable laws;
- (b) the express terms of the Servicing Agreement;
- (c) the express terms of the Loans; and
- (d) to the extent consistent with the foregoing, the Servicing Standard.

The "**Servicing Standard**" requires the Servicer and, as applicable, the Special Servicer to service and administer the Loans 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 by a Borrower or a Mortgagor under a Loan, the maximisation of recovery on such Loan to the Noteholders (as a collective whole), based in the Servicer's or Special Servicer's determination of the net present value thereof.

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

Role of the Servicer and the Special Servicer

Specially Serviced Loans

As from the Closing Date and in accordance with and pursuant to the terms of the Servicing Agreement, the Servicer will initially be responsible for the servicing and administration of all the Loans.

Effect of a Servicing Transfer Event

However, if:

- (a) any scheduled repayment of a Loan (other than any final payment due and payable on such Loan) is more than 45 days delinquent;
- (b) there is a payment default on the maturity date of a Loan;
- (c) any Borrower experiences certain insolvency events;
- (d) the Servicer has received notice of the foreclosure or proposed foreclosure on a Property;
- (e) there is, to the knowledge of the Servicer, a material default on a Loan or a material default is imminent on a Loan and is not likely to be cured by the relevant Borrower within 30 days after such default; or
- (f) any other default occurs on a Loan and, in the reasonable judgment of the Servicer (acting in good faith), such default materially impairs, or could materially impair, the use or marketability of any related Property and the value thereof as security for such Loan,

(each, a "**Servicing Transfer Event**"), the relevant 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 Trustee, the Rating Agencies and the Operating Adviser (if appointed by the Controlling Party and

notified to the Servicer) upon a Loan becoming a Specially Serviced Loan. Within 14 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, who satisfies the requirements set out in the Servicing Agreement for a Special Servicer, 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 14 day period.

To the extent that any Specially Serviced Loan with respect to which either

- (i) an event specified in paragraph (a) above has occurred and the related Borrower has made two consecutive timely quarter payments in full, in accordance with the relevant Loan Agreement's original terms; 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 or otherwise resolved.

(such a Loan, a "**Corrected Loan**"), the Special Servicer will transfer servicing of the then Specially Serviced Loan back to the Servicer.

Ongoing duties of the Servicer in relation to Specially Serviced Loans

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 Specially Serviced Loans (but provided that the information and reports in respect of any Specially Serviced Loans will 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.

Appointment of Operating Adviser

The Controlling Party may elect to appoint an operating adviser (the "**Operating Adviser**") 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 each 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 applicable Loan which affects the amount payable by the relevant Borrower or the time at which any amounts are payable, or any other material term of the relevant Loan; (c) any release of any security for the Specially Serviced Loan, other than in accordance with the terms of, or upon satisfaction of, that Loan; and (d) the release of any part of a Specially Serviced Loan's Loan Security, or the acceptance of substitute or additional Loan Security other than in accordance with the terms of the relevant 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 and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Party. The Operating Adviser will be considered to have approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Business Days. Furthermore, the Special Servicer shall not be obliged to consult further with the Operating Adviser for any actions to be taken with respect to any 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 such Loan and, for 60 days following the first such notice, the Operating Adviser

has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Standard.

The Operating Adviser and its officers, directors, employees and owners will have no liability to Noteholders (save with respect to the Controlling Party) 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 and, in fact, owes no duties to any class of Noteholder except 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:

- (a) a fee (the "**Servicing Fee**") will be payable by the Issuer to the Servicer in relation to each Loan other than a Loan which was a Specially Serviced Loan during the whole of the immediately preceding Collection Period. The Servicing Fee payable in respect of each Loan will accrue at the rate of 0.04 per cent. per annum (exclusive of VAT) of the outstanding principal balance of each Loan on a daily basis, excluding any days in each such Collection Period on which a Loan was a Specially Serviced Loan;
- (b) a fee (the "**Special Servicing Fee**") will be payable by the Issuer to the Special Servicer in relation to each Loan which was a Specially Serviced Loan at any time during the immediately preceding Collection Period. The Special Servicing Fee payable in respect of each Loan will accrue at the rate of 0.15 per cent. per annum (exclusive of VAT) of the outstanding principal balance of each Specially Serviced Loan on a daily basis according to the number of days in each such Collection Period on which a Loan was (at any time) a Specially Serviced Loan; and
- (c) a fee (the "**Workout Fee**") will be payable by the Issuer to the Special Servicer in relation to each Loan which is a Corrected Loan during the immediately preceding Collection Period. The Workout Fee will accrue at the rate of 0.025 per cent. per annum (exclusive of VAT) of the outstanding principal balance of any Corrected Loan on a daily basis according to the number of days in each such Collection Period on which a Loan was (at any time) a Corrected Loan. In addition to the circumstances set out in the next paragraph, the Workout Fee in respect of a Corrected Loan will cease to accrue once such loan becomes a Specially Serviced Loan.

The Servicing Fee, any Special Servicing Fee and any Workout Fee in relation to a Loan will cease to be payable by the Issuer when any of the following events (each, a "**Liquidation Event**") occurs in relation to a Loan:

- (a) such 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 such Loan; and
- (c) such Loan is repurchased by the Originator in accordance with and pursuant to the terms of the **relevant** 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 each Specially Serviced Loan based on the proceeds of sale (including, without limitation, any amount to be paid in respect of (other than in relation to a Specially Serviced Loan that subsequently becomes a Corrected Loan) any indemnity), and net of any tax (including, without limitation, any stamp duty 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 (such proceeds, the "**Liquidation Proceeds**"). The amount of the Liquidation Fee payable in respect of a Specially Serviced Loan will be equal to 0.2 per cent. of the net sale proceeds, (exclusive of VAT), but will be capped at an amount equal to 0.2 per cent. of the

outstanding principal balance of the corresponding Specially Serviced Loan. The Liquidation Fee is payable by the Issuer to the Special Servicer in relation to each Loan in accordance with the relevant priority of payments payable by the Issuer on each relevant Interest Payment Date and in priority (either directly or indirectly) to payment of principal on the Notes. 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*" and "*Insurance*" 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 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 day's prior notice), terminate the Servicer's or, as applicable, the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Servicer or, as the case may be, a successor Special Servicer;
- (b) the Issuer and the Trustee as a result of an event of default (as specified below) of the Servicer or, as the case may be, the Special Servicer) may, at any time (with 30 day's prior written notice), terminate the Servicer's or, as applicable, the Special Servicer's appointment and appoint (in accordance with the terms of the Servicing Agreement) a successor Servicer or, as the case may be, a successor 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, as the case may be, the Special Servicer pursuant to the terms of the Servicing Agreement;
- (b) a default in the performance of any of the Servicer's or, as the case may be, 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, as the case may be, 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, as the case may be, 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 successor 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 Loans

Upon the occurrence of a Servicing Transfer Event, servicing of such Loan will, as described under "*Roles of the Servicer and Special Servicer*" above, be transferred to the Special Servicer who will implement its enforcement procedures in relation to that 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 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.

If a mortgage is enforced and a Property is sold, the Liquidation Proceeds will, together with any amount payable to the related Borrower on any related insurance contracts (to the extent such amounts may be applied by the Special Servicer in repayment of the related Loan), be applied against the sums owing from the related Borrower to the extent necessary to repay the related Loan.

Modifications, Waivers, Amendments and Consents

The Servicer or, in the case of a Specially Serviced Loan, the Special Servicer, will be responsible for responding to requests by Borrowers and Mortgagors for consents, modifications, waivers or amendments to the Loan Agreements and other documentation related to the Loans. With respect to requests for consents, modifications, waivers or amendments not contemplated by the related Loan documents, the Servicer or, as applicable, the Special Servicer may exercise its discretion and agree to the request provided that:-

- (a) the granting of consent would be in accordance with the Servicing Standard; and
- (b) the consent, if granted, would not:
 - (i) release any Borrower or Mortgagor from any of its payment obligations under the related Loan;
 - (ii) release any security for the related Loan (unless a corresponding principal payment is made);
 - (iii) require the Issuer or the Loan Security Trustee to make any further advance of monies;
 - (iv) extend the final maturity date of the related Loan beyond the date which is two years prior to the Maturity Date;
 - (v) materially impair the security for such Loan; or
 - (vi) reduce the likelihood of timely payments of amounts due on such Loan.

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 a 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 a 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 each Rating Agency 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. Furthermore, notwithstanding the above, the Servicer or the Special Servicer may consent to any other consent, modification, waiver or amendment in respect of a Loan or a Specially Serviced Loan that is consistent with the Servicing Standard; provided that, in the event of any proposed consent, modification, amendment or waiver (including a modification of the payment terms (such as a waiver of principal or an adjustment of the applicable interest rate) of a Loan or Specially Serviced Loan) that would likely have a material adverse effect on the Noteholders, the Servicer or the Special Servicer, as the case may be, shall be required to have received written confirmation from each Rating Agency 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.

If they are different entities, the Servicer will be required to obtain the consent of the Special Servicer (which will not be unreasonably withheld or delayed) to (i) change the property manager of any Property (other than in the case of a change of a property manager to an affiliate of such property manager); (ii) modify any material monetary terms or other material Borrower covenants under any Loan Agreement; and/or (iii) waive an event of default under any Loan Agreement. In deciding whether to grant or withhold its consent, the Special Servicer must act in accordance with the Servicing Standard and the Servicer will not be liable for failing to take the relevant action pending receipt of such consent or taking action consented to by the Special Servicer.

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 or any Loan is effected are required to be available for review during normal business hours at the offices of the Servicer.

Calculations by the Servicer and Special Servicer

The Servicer will calculate the amounts due from the Borrowers to the Issuer pursuant to the terms of the Loan Agreements and, on each Loan Payment Date, transfer such amounts from the Rent Accounts into the Issuer Transaction Account. On 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. 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 payments amounts which it is aware require 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) on each Calculation Date.

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 a Loan (other than in respect of a Loan that was paid in full or which was repurchased by the Originator pursuant to the terms of the relevant 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 a Specially Serviced Loan is required to undertake an annual review of each Borrower, Mortgagor and each Loan. 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 related Loan 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 Mortgagor's financial covenants under the relevant Loan documents. The Servicer or Special Servicer in the case of a Specially Serviced Loan will be required to inspect each Property every two years.

Ground Rents and Prevention of Forfeiture

The Servicer (as to each Loan which is not a Specially Serviced Loan) and the Special Servicer (as to each 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 applicable Loan 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 relevant Borrower 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, acting in accordance with the Servicing Standard, the expense of making such payment and/or taking such actions would not be to the benefit of the Noteholders as a collective whole.

Insurance

The Servicer (in relation to each Loan which is not a Specially Serviced Loan) and the Special Servicer (in relation to each Specially Serviced Loan) shall use reasonable efforts consistent with the Servicing Standard to monitor each Borrower's and each Mortgagor's compliance with the requirements of the related Loan Agreement regarding the maintenance of insurance of such Property.

Subject to the paragraph below, in the event that the Servicer (in the case of any Loan that is not a Specially Serviced Loan) or the Special Servicer (in the case of any Specially Serviced Loan) become aware that either (1) a Property is not covered by a buildings insurance policy; or (2) a buildings insurance policy may lapse in relation to a Property due to the non payment of any premium, the Servicer or Special Servicer, as appropriate, shall procure a buildings insurance policy 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 to the benefit of Noteholders as a collective whole.

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 a Borrower or, if different, a Mortgagor under a 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.

Operating Bank and Issuer's Accounts

(a) Issuer Transaction Account

Pursuant to the Cash Management Agreement, ABN AMRO Bank N.V. (London Branch) (in this capacity, 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 Swap Transactions and 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, "P-1" by Moody's and "F1+" by Fitch, 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 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.

Calculation of Amounts and Payments

Under the Servicing Agreement, the Servicer is entitled on behalf of the Loan Security Trustee to transfer all Borrower Interest Receipts, Borrower Principal Receipts and, if deemed necessary, prepayment fees from the Rent Accounts into the Issuer Transaction Account. All payments required to be made by the Issuer to either the Interest Rate Swap Counterparty under the Interest Rate Swap ~~Agreement~~Transaction, or the Basis Swap Counterparty under the Basis Swap ~~Agreement~~Transactions will be deducted from the Issuer Transaction Account. In addition, all payments made by the Interest Rate Swap Counterparty and/or the Basis Swap Counterparty other than those contemplated by the Interest Rate Swap Agreement Credit Support Document or the Basis Swap

Agreement Credit Support Document (as applicable) and all Principal Drawings and Senior Expenses Drawings (together, the "**Liquidity Drawings**") will be paid into the Issuer Transaction Account. Once such funds have been credited to the Issuer Transaction Account, the Cash Manager shall invest such sums in Eligible Investments and is required to apply such funds in accordance with the Deed of Charge and Assignment and the Cash Management Agreement, as described below.

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 January 2013), the Cash Manager is required to determine, on the basis of information provided by the Servicer, 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.

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.

If the Cash Manager, acting on the basis of information provided to it by the Servicer, determines on any Calculation Date that a drawing is required to be made under the Liquidity Facility Agreement, then the Cash Manager will, on behalf of the Issuer, submit a notice of drawdown to the Liquidity Facility Provider. If the Cash Manager fails to submit a notice of drawdown when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

Principal Deficiency Ledger

The Cash Manager will maintain a principal deficiency ledger (the "**Principal Deficiency Ledger**") for each class of Notes. When a 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 that Loan.

The Principal Deficiency Ledger comprises five 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;
- (i) 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;
- (ii) 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;
- (iii) 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
- (iv) 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 Loans, 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 a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Trustee, and subject to establishing substantially similar arrangements to those contained in the Cash Management Agreement, 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 accounts need not be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

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

"**Requisite Rating**" means, in relation to any party, an "A-1+" rating (or its equivalent) by S&P, a "F1+" rating (or its equivalent) by Fitch and "P-1" rating (or its equivalent) by Moody's for such party's short term, unguaranteed, unsecured and unsubordinated debt obligations (or such other short-term debt rating as is commensurate with the ratings assigned to the Notes from time to time).

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).
- a Loan Periodic Update File, a Financial File and a Property File setting forth information with respect to the Loans 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 Loans the Properties:

- a Historical Liquidation Report
- a Delinquent Loan Status Report.
- a Historical Loan Modification Report.
- a Servicer Watch List.
- a Comparative Financial Status Report.

The reports identified in the preceding two paragraphs 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 CSMA 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 Offering Circular.

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

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

1. Liquidity, Credit and Basis Risk

The Issuer is subject to:

- (a) the risk of delay arising between scheduled dates for the payment of interest and repayment of principal in respect a Loan ("**Loan Payment Dates**") and the receipt of payments due from the Borrowers. This risk is addressed in respect of the Notes through the ability of the Issuer to seek drawings under the Liquidity Facility Agreement to cover shortfalls in funds required to make due payment of interest under the Notes;
- (b) 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 relevant Loan and Loan Security in order to discharge all amounts due and owing by the relevant Borrower under a Loan. This risk is addressed in respect of the Notes by the credit support provided to classes of Notes by those classes of Notes (if any) ranking lower in priority to that class; and
- (c) the risk of the interest payable by the Borrowers on the Loans being less than that required by the Issuer in order to meet its commitments under the Notes and its other obligations. This risk is addressed by the Swap Transactions (see "The Swap Agreements" below), and by the ability of the Issuer to make drawings under the Liquidity Facility Agreement to cover certain third party expenses and interest payments under the Notes.

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 Swap Counterparty, 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, only if and to the extent that funds are then available and subject in the case of the Class D Notes and the Class E Notes to Condition 4(i).

3. Liquidity Facility

To address the risk of Available Interest Receipts being insufficient to cover all interest payments due under the Class A Notes, Class B Notes and Class C Notes and, subject to Condition 4(i), the 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 £16,000,000. 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 both interest and scheduled principal payments, other than on the final repayment date of a Loan, 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.

The initial liquidity facility amount will be £16,000,000 and this will start to reduce in line with the Notes' aggregate principal balance when the Principal Amount Outstanding of the Notes is less than £160,000,000. If the Principal Amount Outstanding of the Notes is less than £160,000,000 but equal to or greater than £30,000,000 the liquidity facility amount will reduce on each Interest Payment Date in line with the Principal Amount Outstanding of Notes, such that the available liquidity facility will be equal to 10 per cent. of the Principal Amount Outstanding of the Notes. Upon the Principal Amount Outstanding of the Notes being equal to or less than £30,000,000 the liquidity facility will be the higher of (i) 25 per cent., of the Principal Amount Outstanding of the Notes and (ii) £3,000,000. Drawings under the liquidity facility are of a revolving nature, repayable on the Loan Interest Payment Date next following the date of drawing. Amounts repaid may be redrawn.

On each Calculation Date, the Cash Manager will determine whether Available Interest Receipts will be sufficient to make payments due to any Swap Counterparty on such Interest Payment Date (other than those payments set out under "*Cash Flows — Payments out of the Issuer Transaction Account*") and the payments then due in respect of items (i) to (xi) of the Pre-Enforcement Interest Priority of Payments (but not for those purposes including items (iv), (vi), (viii) or (x)). If there is an anticipated shortfall in Available Interest Receipts, the Cash Manager will make a Senior Expenses Drawing.

In addition, on each Calculation Date the Cash Manager will determine whether all scheduled amortisation principal payments have been received by the Issuer during the relevant Collection Period and, if there has been a shortfall the Cash Manager will make a Principal Drawing.

In each case, 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.

Not later than the earliest to occur of (i) the date 120 days after the occurrence of any non-payment with respect to a Loan if such non-payment remains uncured, (ii) the date 90 days after an order is made or an effective resolution is passed for the winding up of the relevant Borrower or an administration order is granted or an administrative receiver or other receiver, liquidator or other similar official is appointed in relation to the relevant Borrower or a related Property, provided such order, resolution or appointment is still in effect, (iii) the effective date of any modification to the maturity date, interest rate, principal balance, amortisation term or payment frequency of a Loan, other than the extension of the date that a final principal payment is due for a period of less than six months, and (iv) the date 60 days following the date a Loan becomes a Specially Serviced Loan (a valuer having been instructed to provide a valuation within 30 days of such an event), the Servicer or, if it has been appointed in relation to a Specially Serviced Loan, the Special Servicer is required to ~~obtain~~have received an appraisal by a member of the Royal Institute of Chartered Surveyors (if the outstanding principal balance of the Loan is greater than £5,000,000) or an internal valuation (if the outstanding principal balance of the loan is equal to or less than £5,000,000) of the related Property, unless such an

appraisal or valuation had previously been obtained within the preceding 12 months and the Servicer has confirmed that, in its view, neither the asset nor the relevant property market has experienced any significant change since the date of the last valuation. As a result of such appraisal or internal valuation, an "Appraisal Reduction" may be created, being an amount;

- (a) in the case of a Loan whose related Property is the subject of an appraisal by a Member of the Royal Institute of Chartered Surveyors, calculated as of the first Calculation Date that is at least 15 days after the date on which the appraisal or valuation is obtained or performed, equal to the excess, if any, of (i) the sum of the outstanding principal balance of such Loan, all unpaid interest on such Loan, all currently due and unpaid taxes and assessments (net of any amount escrowed for such items), insurance premiums, and, if applicable, ground rents in respect of the relevant Property, over (ii) 90 per cent. of the appraised value of such Property as determined by such appraisal or valuation; or
- (b) in the case of a Loan whose related Property is the subject of an internal valuation, equal to the greater of (i) the amount calculated in accordance with paragraph (a) above, and (ii) 25 per cent. of the then outstanding principal balance of the relevant Loan.

An Appraisal Reduction will be reduced to zero as of the date that the relevant Loan is brought current under the then current terms of the relevant Credit Agreement for at least three consecutive months, paid in full, liquidated, repurchased or otherwise disposed of.

The creation of an Appraisal Reduction will proportionately reduce the amount available to be drawn by way of Principal Drawings and Senior Expenses Drawings under the Liquidity Facility Agreement.

The Liquidity Facility Agreement may be renewed until the earlier of January 2013 or such date the principal balance of the Loans has 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, a Principal 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. The Swap Agreement

On or before the Closing Date, the Issuer will enter into a swap agreement in the form of an ISDA 1992 Master Agreement (Multicurrency – Cross Border) with the Interest Rate Swap Counterparty and the Basis Swap Counterparty, the "Swap Agreement").

Interest Rate Swap Agreement

In accordance with the terms of the Swap Agreement, the Issuer will enter into the Interest Rate Swap Transaction with the Interest Rate Swap Counterparty (the "Interest Rate Swap Transaction") in respect of the Loan which bears fixed rate interest (being the Loan to the Individual Borrower). There is a risk that such fixed rate of interest could result in there being insufficient interest paid under such Loan to meet the interest payable on the Notes on the next Interest Payment Date. Accordingly the Issuer will enter into the Interest Rate Swap ~~Transactions~~Transaction in order to protect itself against such interest rate risk arising.

Pursuant to the terms of the Individual Borrower Loan the Individual Borrower is required to indemnify the Issuer in respect of any amounts payable by the Issuer to the Interest Rate Swap Counterparty upon breakage of the Interest Rate Swap Transaction prior to its stated termination date as a result of an event of default or repayment by the Individual Borrower other than on the repayment date.

Under the terms of the Interest Rate Swap Transaction, on each Interest Payment Date, the Interest Rate Swap Counterparty will pay to the Issuer an amount equal to the excess (if any) of an amount based on LIBOR (set on 15th day of the month) less an amount based on a fixed rate of interest and the Issuer will pay to the Interest Rate Swap Counterparty an amount equal to the excess (if any) of an amount based on the LIBOR (set on 15th day of the month).

Basis Swap Agreements

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

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

General Terms

The Swap Transactions may be terminated in accordance with certain termination events and events of default, only some of which are more particularly described below and, if a Swap Transaction is terminated in whole or in part, a termination payment may be due. In addition, if the Loans are repaid or sold (in full or in part) or if there is a redemption (in full or in part) of the Notes, then the corresponding portion of the transaction entered into under the Swap Agreements will be terminated.

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

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

The Swap Agreements will provide, however, that if due to action taken by a taxing authority or brought in a court of competent jurisdiction or any change in tax law either the Issuer or the relevant Swap Counterparty will, or there is a substantial likelihood that it will, on the next Interest Payment Date, be required to pay additional amounts in respect of tax under the Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (a "**Tax Event**"), the relevant Swap Counterparty will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or

affiliates or a suitably rated third party to avoid the relevant Tax Event. The Swap Agreements will also provide that if due to action taken by a taxing authority or brought in a court of competent jurisdiction or any change in law the Issuer will, or there is a substantial likelihood that it will, make payment to the Swap Counterparties from which an amount is required to be deducted for or on account of tax, the Swap Counterparty will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Tax Event. In either of the foregoing circumstances, if no such transfer can be effected, the Swap Agreements and the Swap Transactions may be terminated. If a Swap Agreement is terminated and the Issuer is unable to find a replacement Swap Counterparty, the Issuer may redeem all of the Notes in full. Such redemption will be made by the Issuer in an amount equal to the then aggregate Principal Amount Outstanding of each class of Notes then outstanding plus interest accrued and unpaid on the Notes. See "*Terms and Conditions of the Notes — Condition 5(e)*". The Swap Agreements will contain certain other limited termination events and events of default which will entitle either party to terminate it.

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

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

6. Swap Counterparty Downgrade Event

If the rating of the short-term unsecured, unguaranteed and unsubordinated debt obligations of any Swap Counterparty falls below "A-1" by S&P or "F1" by Fitch, or "P-1" by Moody's or the rating of the long-term unsecured, unsubordinated debt obligations of the relevant Swap Counterparty falls below "A1" by Moody's, or if any of the aforementioned ratings is withdrawn, in each case, at any time, then the relevant Swap Counterparty is required, bearing in each case all costs associated with the relevant change in rating or withdraw of rating, to:

- (i) appoint, within 30 days of such rating downgrade or rating withdrawal, a replacement swap counterparty acceptable to the Rating Agencies with a rating of its short-term unsecured, unguaranteed and unsubordinated debt obligations of at least "A-1" by S&P and "F1" by Fitch and "P-1" by Moody's and a rating of its long-term unsecured, unsubordinated debt obligations of at least "A1" by Moody's; or
- (ii) appoint, within 30 days of such rating downgrade or rating withdrawal, a swap guarantor acceptable to the Rating Agencies with a rating of its short-term unsecured, unguaranteed and unsubordinated debt obligations of at least "A-1" by S&P and "F1" by Fitch and "P-1" by Moody's and a rating of its long-term unsecured, unsubordinated debt obligations of at least "A1" by Moody's who unconditionally and irrevocably guarantees the obligations of the Swap Counterparty under the Agreement; or
- (iii) execute, within 30 days of the rating downgrade or rating withdrawal, a Swap Credit Support Document and deliver to the Trustee collateral (which collateral may be in the form of cash or securities and shall, in the case of securities be marked-to-market, determine compliance with the Rating Agencies requirements) in respect of its obligations under the Swap Transactions in an amount or value determined in accordance with the swap collateral requirements of the Rating Agencies as set out in the Schedule to the relevant Swap Agreement; or
- (iv) deal with such downgrade or rating withdrawal as otherwise agreed by the Rating Agencies.

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

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

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

Collateral amounts that may be required to be posted by a Swap Counterparty pursuant to a Swap Credit Support Document may be delivered in the form of cash or securities. Cash amounts will be paid into an account designated a Swap Collateral Cash Account and securities will be transferred to an account designated a Swap Collateral Custody Account. References in this Offering Circular to the Swap Collateral Cash Account and to the Swap Collateral Custody Account and to payments from such accounts are deemed to be a reference to and to payments from such accounts as and when opened by the Issuer in relation the Basis Swap Agreement, or the Interest Rate Swap Agreement, as applicable.

If the Swap Collateral Cash Account and the Swap Collateral Custody Account are opened, amounts equal to any amounts of interest on the credit balance of the Swap Collateral Cash Account, or equivalent to distributions received on securities held in the Swap Collateral Custody Account, are required to be paid to the Swap Counterparty in accordance with the terms of the Swap Credit Support Document and the Deed of Charge and Assignment in priority to any other payment obligations of the Issuer, other than to the Trustee and to any receiver following the enforcement of the Notes. The obligation of the Issuer in respect of any return of securities posted as collateral pursuant to the Swap Credit Support Document in the form of a 1995 ISDA Credit Support Annex (Bilateral Form — Transfer) is to return "equivalent securities".

"**Swap Collateral Cash Amounts**" means the Interest Rate Swap Collateral Cash Account and, as applicable, the Basis Rate Swap Collateral Cash Account together.

"**Swap Collateral Custody Account**" means the Interest Rate Swap Collateral Custody Account and, as applicable, the Basis Rate Collateral Custody Account together.

8. Borrower Level Swap Agreements

In the case of the four Floating Rate Loans, in accordance with the terms of the relevant Loan Agreement and from the date of each loan advance, the relevant Borrower has entered into hedging arrangements with SG (acting in this instance in the capacity of swap counterparty) in the form of ISDA 1992 Master Agreements (Multicurrency – Cross Border), in order to hedge the relevant Borrower's interest rate liabilities in relation to all or part of the monies payable under each Loan (the "**Borrower Level Swap Agreements**").

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 £168,730,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class A Notes**"), the £16,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class B Notes**"), the £9,290,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2013 (the "**Class C Notes**"), the £9,880,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2013 ("**Class D Notes**") and the £2,500,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2013 ("**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 2004-1 plc (the "**Issuer**") are constituted by a trust deed dated on or about 29th March, 2004 (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, the Class D Notes and the Class E Notes or any or all of their respective holders, as the case may be.

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

- (i) an agency agreement dated on or about 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, Hatfield Philips International, LLC 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 and 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 swap agreement (including the related schedule and any Swap Confirmations) dated on or about the Closing Date (the "**Swap Agreement**") between the Issuer and Société Générale in

its capacity as the swap counterparty (the "**Swap Counterparty**", which expression shall include any person to whom some or all of the rights and obligations are transferred or novated);

- (vii) a loan sale agreement dated on or about the Closing Date (the "**Loan Sale Agreement**") between Société Générale in its capacity as originator (the "**Originator**"), the Issuer and the Trustee;
- (viii) 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**") and SFM Corporate Services Limited (the "**Share Trustee**");
- (ix) a subscription agreement dated on or about 25th March, 2004 (the "**Subscription Agreement**") between, amongst others, Société Générale, NIB Capital Bank N.V. 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, the Swap Agreement and the Master Definitions Agreement are available for inspection during normal business hours at the principal office of the Principal Paying Agent (presently 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

"**Adjusted Interest Amount**" means an amount equal to the Available Interest Receipts in respect of an Interest Payment Date minus the sum of all amounts payable out of Available Interest Receipts on such Interest Payment Date in priority to, in the case of the Class D Notes, the payment of interest on those Class D Notes and, in the case of the Class E Notes, the payment of interest on those Class E Notes, in each case in accordance with the Deed of Charge and Assignment.

"**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 or applied to make any relevant payment pursuant to the Swap Agreement or Swap Credit Support Document on such date);
- (ii) any payments (other than any amounts provided by the Swap Counterparty by way of collateral pursuant to the Swap Credit Support Document) received by the Issuer under a Swap Transaction including any Swap Agreement Breakage Receipts (less amounts received by the Issuer upon termination of the Swap Agreement where the Swap Counterparty was the Defaulting Party);
- (iii) the proceeds of any Senior Expenses Drawing made under and in accordance with the Liquidity Facility Agreement in respect of such Interest Payment Date;
- (iv) any interest accrued upon the Issuer's Accounts and paid into the Issuer Transaction Account together with the proceeds of any Eligible Investments made by or on behalf of the Issuer out

of amounts standing to the credit of the Issuer's Accounts and paid into the Issuer Transaction Account;

- (v) any amount deducted from Available Principal Recovery Funds for the purpose of paying Liquidation Fees;
- (vi) all other monies received by the Issuer and treated as being of a revenue nature; and
- (vii) any surplus principal made available in accordance with Condition 5(b)

In the case of sums referred to in (i), (ii), (iv), (v) and (vi) being such amounts received during the Relevant Collection Period and in the case of sums referred to in (ii), (iii) and (vii) being such amounts received on the relevant Interest Payment Date .

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

"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 6(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 each Loan, the body corporate, trust, partnership, other body or person, as the case may be, from time to time assuming an obligation to repay such Loan.

"Borrower Interest Receipts" means all payments of interest, fees (excluding prepayment fees), expenses, commissions and other sums (other than principal) paid by Borrowers in respect of Loans, including recoveries of such amounts on enforcement of a Loan, its related Mortgage and other security.

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

"Calculation Date" means the second Business Day prior to the relevant Interest Payment Date save in respect of the Final Interest Payment Date when it means the actual Interest Payment Date falling in January 2013.

"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.

"Cash Investments Investment Account" means the account in the name of the Issuer, with account number •40176622 at the Operating Bank with sort code •40-50-30 and entitled "White Tower 2004-1 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.

"**Closing Date**" means 29th March, 2004 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).

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

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

"**Deferred Consideration**" means the amounts payable by way of deferred consideration for the purchase of the Loans and the 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 Fitch), F1+ (in the case of S&P), A-1+ 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 Fitch) F1+ (in the case of S&P), A-1+ 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 or in money market instruments with a credit rating from S&P or Fitch of AAA or 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; or
- (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 9.

"**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 January 2013.

"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 20th 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).

"Interest Period" means the period beginning on (~~but excluding~~ **and including**) the Closing Date and ending on (but excluding) the Interest Payment Date falling in July 2004 and each successive period commencing on 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 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 ~~40176614~~ at the Operating Bank with sort code ~~40-50-30~~ and entitled "White Tower 2004-1 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.

"Issuer's Accounts" means the Issuer Transaction Account, the Stand-by Account and the Cash Investments Account.

"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 a 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 Agreement" means, in respect of any Loan, the loan agreement documenting such Loan.

"Loan Security" means the Mortgages, Debentures, Subordination Agreements, 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 a 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 a Loan on trust for the secured creditors.

"Maturity Date" means the Interest Payment Date falling in January 2013.

"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 relevant Loan or its Loan Security;

- (b) the Mortgage and any Loan Security for any Loan; and
- (c) where relevant, any deed of postponement, ranking agreement, form of consent or deed of variation.

"**Mortgagor**" means each person providing security of any form in connection with the obligations and liabilities of a Borrower under any Loan.

"**Most Senior Class of Notes**" means:

- (a) while any Class A Notes are outstanding, the Class A Notes;
- (b) if no Class A Notes are outstanding, the Class B Notes;
- (c) if no Class A Notes or Class B Notes are outstanding, the Class C Notes;
- (d) if no Class A Notes, Class B Notes or Class C Notes are outstanding, the Class D Notes; and
- (e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are outstanding, the Class E Notes.

"**Note Enforcement Notice**" has the meaning given to such term in Condition 9.

"**Note Principal Payment**" means the principal amount (if any) to be redeemed in respect of each Note.

"**Noteholders**" means holders of the Notes.

"**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 (b) for the purposes of Condition 3(C) alone, the pro rata amount of the amount credited to the relevant Principal Deficiency Ledger; 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 Drawing**" means a loan made to cover a shortfall in scheduled amortisation principal payments pursuant to the Liquidity Facility Agreement.

"**Priority Amounts**" means any sums due to third parties (other than the Servicer, the Liquidity Facility Provider, the Swap Counterparty, 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 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, including 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**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**" and, together with S&P and Moody's, the "**Rating Agencies**", which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class 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 8.

"Relevant Margin" means:

- (A) in respect of the Class A Notes, 0.28 per cent. per annum;
- (B) in respect of the Class B Notes, 0.45 per cent. per annum;
- (C) in respect of the Class C Notes, 0.78 per cent. per annum;
- (D) in respect of the Class D Notes, 1.50 per cent. per annum; and
- (E) in respect of the Class E Notes, 5.50 per cent. per annum.

"Security Documents" means the debentures, the charge over shares, the subordination agreements, the intercreditor deeds 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 each of the Loans;

"Secured Parties" means each of the Noteholders, the Trustee, the Corporate Services Provider, the Servicer, the Special Servicer, the Liquidity Facility Provider, the Swap Counterparty, 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 (a) through (k) (excluding the deficiency ledgers at (d), (f), (h) and (j)) of Clause 6.2.2 of the Deed of Charge and Assignment.

"Specially Serviced Loan" means a 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 **•40176630** at the Operating Bank with sort code **•40-50-30** and entitled "White Tower 2004-1 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 subordinated to the lender.

"Swap Agreement Breakage Receipts" means all amounts paid to the Issuer under the Swap Agreement as a result of the termination thereof.

"Swap Confirmations" means the confirmations to be delivered pursuant to the Swap Agreement evidencing the Swap Transaction.

"Swap Credit Support Document" means any collateral agreement in the form of a 1995 ISDA Credit Support Document (Bilateral Form - Transfer) or in such other form as may be acceptable to the Issuer that may be entered into by the Issuer and the Swap Counterparty if so required by the terms of the Swap Agreement.

"Swap Transactions" means each of the swap transactions between the Issuer and the Swap Counterparty, the terms of which are evidenced by each Swap Confirmation.

"Tax Event" means:

- (a) any action taken by a taxing authority, or brought in a court of competent jurisdiction (regardless of whether such action is taken or brought with respect to a party to the Swap Agreement); or
- (b) the enactment, promulgation, execution or ratification of, or change in or amendment to, any law (or in the application or interpretation of any law),

as a result of which, on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by any government or taxing authority, either the Issuer or the Swap Counterparty will, or there is a substantial likelihood that it will, be required to pay additional amounts or make an advance in respect of tax under the Swap Agreement or the Swap Counterparty will, or there is a substantial likelihood that it will, receive a payment from the Issuer from which an amount is required to be deducted or withheld for or on account of tax and no additional amount or advance is able to be paid by the Issuer.

"Transaction Documents" means:

- (a) the Subscription Agreement;
- (b) the Agency Agreement;
- (c) the Master Definitions Agreement;
- (d) the Servicing Agreement;
- (e) the Loan Sale Agreement;
- (f) the Trust Deed;
- (g) the Deed of Charge and Assignment;
- (h) the Liquidity Facility Agreement;
- (i) the Cash Management Agreement;
- (j) the Swap Agreement; and
- (k) the Corporate Services Agreement,

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.

"Workout Fee" means a workout fee payable to the Special Servicer in respect of a Specially Serviced 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*

The Notes will be serially numbered and in bearer form in the denomination of £10,000 each, each with Coupons (and, where appropriate, a Talon) attached on issue. Title to each of the Notes, Coupons and Talons will pass by delivery.

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.

(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 in 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) Class A Noteholders (for so long as the Class A Notes are outstanding (as defined in the Trust Deed)); and
- (B) Class B Noteholders and/or Class C Noteholders and/or Class D Noteholders and/or Class E Noteholders,
- then the Trustee shall have regard only to the interests of the Class A Noteholders;
- (ii) if, in the Trustee's opinion, there is a conflict between the interests of:
- (A) Class B Noteholders (for so long as the Class B Notes are outstanding); and
- (B) Class C Noteholders and/or Class D Noteholders and/or 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) Class C Noteholders (for so long as the Class C Notes are outstanding); and
- (B) Class D Noteholders and/or 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 and 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.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes, the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising, and any such shortfall will be borne in accordance with the provisions of the Deed of Charge and Assignment. All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, will be extinguished and the Trustee, the Noteholders and the other Secured Parties will have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that (i) in the event of an enforcement of the Issuer Security, its right to obtain payment of interest and repayment of principal on the Notes in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security, (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished, and (iii) in the event that a shortfall in the amount available to pay principal of the Notes of any class exists on the Final Interest Payment Date, after payment on the Final Interest Payment Date of all other claims ranking higher in priority to or *pari passu* with the Notes or the relevant class of Notes and after the

realisation by the Issuer of all assets the subject of or forming the Issuer Security, and the Issuer Security has not become enforceable as at such date, the liability of the Issuer to make any payment in respect of such shortfall shall cease and all claims in respect of such shortfall shall be extinguished.

3. Covenants

(A) Restrictions

Save with the prior written consent of the Trustee or unless otherwise provided in or envisaged by these Conditions or the Transaction Documents, the Issuer shall not, so long as any Note remains outstanding:

(a) Negative Pledge

create or permit to subsist any mortgage, standard security, sub-mortgage, sub-standard security, assignment, assignation, 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, the Swap Transactions or the Liquidity Facility Agreement or give any guarantee or indemnity in respect of any indebtedness or of any obligation of any person;

(f) Merger

consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person;

(g) Variation

permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created 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 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 a Loan or Loans. 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 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) *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 a Loan. The "**Controlling Party**" shall (i) be the holders of the most junior class of Notes outstanding from time to time, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding; *provided*, however, that if no class of Notes has a Principal Amount Outstanding that satisfies this requirement, then the "Controlling Party" will be (ii) the holders of the most junior class of Notes then outstanding that has a Principal Amount Outstanding that is greater than zero; *Provided* further, that upon any reduction to less than 25 per cent. of the original Principal Amount Outstanding under the most junior class of Notes outstanding at any time (whether by the notional application of the relevant Principal Deficiency Ledger, by reason of redemption of such Notes or otherwise), the holders of the next most junior class of Notes then outstanding, which class has a total Principal Amount Outstanding that is not less than 25 per cent. of that class's original Principal Amount Outstanding, will become the Controlling Party and will be entitled, by an Extraordinary Resolution passed by the holders of such class of Notes, to terminate the appointment of the person then acting as the Operating Adviser and to appoint a successor.

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 14 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 in July, 2004. 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 9 and Condition 4(i) 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**"), there are insufficient funds to satisfy in full the Interest Amount due and, subject to this Condition, payable on the Class B Notes, the Class C, 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, subject to Condition 4(i), the Issuer shall in respect of the Class B Notes, Class C Notes, Class D Notes and the 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, Class C Notes, 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 any succeeding Interest Payment Date and any such unpaid interest and accrued interest thereon shall be paid, but only if and to the extent that, on such Interest Payment Date, 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.

In the event that no Class A Note is outstanding, the provisions in this Condition shall apply, *mutatis mutandis*, save that reference to the Most Senior Class of Notes outstanding at that time and all classes of Notes that were, prior to their redemption, senior to that class of Notes shall be deleted.

(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 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 three and four month sterling deposits), in the London inter-bank market which appear on Telerate Screen Page No. 3750 (the "**Screen Rate**") (rounded to five decimal places with the mid-point rounded up) (or (i) such other page as may replace Telerate Screen Page No. 3750 on that service for the purpose of displaying such information or (ii) if that service ceases to display such information, such page as displays such information on such equivalent service (or, if more than one, that one which is approved by the Trustee) as may replace the Telerate Monitor) at or about 11.00 a.m. (London time) on the relevant Interest Determination Date; or
- (2) if the Screen Rate is not then available, the arithmetic mean (rounded to five decimal places with the mid-point rounded up) of the rates notified to the Agent Bank at its request by each of the Reference Banks as 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 three and four 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 14. 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 ~~appoint~~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.

(i) Interest on the Class D Notes and the Class E Notes

The interest due and payable on the Class D Notes and the Class E Notes is subject, on any Interest Payment Date, to a maximum amount equal to the lesser of (i) the Interest Amount in respect of the Class D Notes or the Class E Notes, as applicable, as calculated pursuant to Condition 4(d) and (ii) the relevant Adjusted Interest Amount. If the difference between the Interest Amount and the Adjusted Interest Amount applicable to the Class D Notes or the Class E Notes, as applicable, is attributable to prepayment of one or more of the Loans, the debt that would otherwise be represented by such difference shall, in respect of the relevant class of Notes, be deemed to be extinguished on such Interest Payment Date, and the affected Noteholders shall have no claim against the Issuer in respect thereof.

5. Redemption and Cancellation

(a) Final Redemption

Unless previously redeemed in full and cancelled as provided in this Condition 5, the Issuer shall redeem the Notes at their Principal Amount Outstanding together with accrued interest on the Final Interest Payment Date.

The Issuer may not redeem Notes in whole or in part prior to that date except as provided in this Condition but without prejudice to Condition 9.

(b) Mandatory Redemption in Part

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 the Most Senior Class of 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 Redemption Funds, Available Final 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 such class of Notes, and if the amount of such funds after paying any and all amounts payable in priority to payments on such class of Notes, is not less than £1. If on any Interest Payment Date, the Most Senior Class of Notes then outstanding is redeemed in full pursuant to the foregoing, any remaining Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds shall be applied in mandatory

redemption in part of the next Most Senior Class of Notes then outstanding and on that class of Notes being redeemed in full each next Most Senior Class of Notes then outstanding until all Notes are redeemed.

For the purposes of these Conditions:

(A) **"Amortisation Funds"** means (i) the aggregate amount of principal received by or on behalf of the Issuer in respect of the Loans on a scheduled payment date and in accordance with the terms of the relevant Loan Agreement and (ii) the aggregate amount of Principal Drawings 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"**) or, in the case of Principal Drawings, on the immediately following Interest Payment Date, 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 Loans as a result of any prepayment in part or in full made by the Borrowers pursuant to the terms of the relevant Loan Agreements (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan, 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 a Loan by the Originator pursuant to the Loan Sale Agreement and (iii) the aggregate amount of Available Interest Receipts payable pursuant to item (o) of Clause 6.2.2 of the Deed of Charge and Assignment, and **"Available Prepayment Redemption Funds"** means, in respect of any Calculation Date, the Prepayment Redemption Funds received by or on behalf of the Issuer 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 Loans as a result of the repayment of the relevant Loan upon its scheduled final maturity date, and **"Available Final Redemption Funds"** means, in respect of any Calculation Date, the Final Redemption Funds received by or on behalf of the Issuer 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 a Loan and/or the Loan Security and **"Available Principal Recovery Funds"** means, in respect of any Calculation Date, the Principal Recovery Funds received or recovered by or on behalf of the Issuer 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 Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds, as applicable, on any preceding Calculation Date. Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds determined on each Calculation Date shall be applied, on the immediately following Interest Payment Date, in the following order: first, in repaying any Principal Drawing due in accordance with the terms of the Liquidity Facility Agreement, second in paying principal on the Class A Notes until all the Class A Notes have been redeemed in full; third, in paying principal on the Class B Notes until all the Class B Notes have been redeemed in full; fourth, in paying principal on the Class C Notes until all the Class C Notes have been redeemed in full; fifth, in

paying principal on the Class D Notes until all the Class D Notes have been redeemed in full; sixth, in paying principal on the Class E Notes until all the Class E Notes have been redeemed in full; and seventh, in applying any surplus as Available Interest Receipts.

In addition to the foregoing, if, on any Interest Payment Date, any Available Interest Receipts are in accordance with the Deed of Charge and Assignment to be applied to reduce any amount credited against a Principal Deficiency Ledger then the amount of such Available Interest Receipts shall be applied to redeem the relevant Class of Notes, in each case in accordance with the terms of the Cash Management Agreement and 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 Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds may, at the option of the Issuer, be applied on any Interest Payment Date to redeem in whole or in part the Principal Amount Outstanding of any other class or classes of Notes that would not otherwise be entitled to redemption on such Interest Payment Date.

(c) 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 Loans 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 14, redeem:

- (A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
- (B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
- (C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and
- (D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and
- (E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 5(c).

(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 14 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served, and further provided that the Issuer has, prior to giving such notice, certified to the Trustee, that 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 aggregate principal outstanding balance of all the Loans would be less than 15 per cent. of the aggregate principal outstanding balance of all the Loans as at the Closing Date, the Issuer shall redeem on such Interest Payment Date:

- (A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
- (B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
- (C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon; and
- (D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and
- (E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any such Note other than by way of redemption pursuant to this Condition 5(d).

(e) Optional Redemption in Full — Swap Transactions

If, at any time, one or more of the Swap Transactions is terminated by reason of the occurrence of a Tax Event under the Swap Agreement and the Issuer is unable to find a replacement Swap Counterparty (the Issuer being obliged to use its best endeavours to find a replacement Swap Counterparty) then, on giving not more than 60 nor less than 30 days' written notice to the Trustee and to the Noteholders in accordance with Condition 14 and provided that, on the Interest Payment Date on which such notice expires, no Note Enforcement Notice in relation to the Notes has been served and further provided that the Issuer has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of its liabilities in respect of the Notes to be redeemed under this Condition 5(e) and any amounts required under the Deed of Charge and Assignment to be paid on such Interest Payment Date which rank higher in priority to, or pari passu with, the Notes, which certificate will be conclusive and binding, the Issuer may, but will not be obliged to, redeem on such Interest Payment Date:

- (A) all Class A Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class A Notes plus interest accrued and unpaid thereon; and
- (B) all Class B Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class B Notes plus interest accrued and unpaid thereon; and
- (C) all Class C Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class C Notes plus interest accrued and unpaid thereon;

- (D) all Class D Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class D Notes plus interest accrued and unpaid thereon; and
- (E) all Class E Notes in an amount equal to the then aggregate Principal Amount Outstanding of the Class E Notes plus interest accrued and unpaid thereon.

After giving notice of redemption pursuant to this sub-paragraph, the Issuer shall not make any further payment of principal on the Notes and no further reduction shall be made to the Principal Amount Outstanding of any Note other than by way of redemption pursuant to this Condition 5(e).

(f) Note Principal Payments

The Note Principal Payment on any Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d) or Condition 5(e), as applicable, will, in relation to the Notes of a particular class, be a pro rata share of the aggregate amount required to be applied in redemption of the Notes of that class on such Interest Payment Date under Condition 5(b) or Condition 5(c) or Condition 5(d) or Condition 5(e), as applicable, (rounded down to the nearest penny) provided always that no such Note Principal Payment may exceed the Principal Amount Outstanding of the relevant Note.

(g) 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.

(h) Cancellation

All Notes redeemed in full pursuant to the foregoing provisions shall be cancelled forthwith and may not be resold or re-issued.

(i) Purchase of Notes

The Issuer may not at any time purchase any Notes in the open market or otherwise.

6. Payments

(a) Notes

Payments of principal and interest in respect of any Note will be made only against presentation, surrender (or, in the case of part payment only, endorsement) of such Note or the appropriate Coupon (as the case may be) at the specified office of any Paying Agent by sterling cheque drawn on, or by transfer to, a sterling account maintained by the payee to which sterling may be lawfully transferred or credited.

(b) Laws and Regulations

Payments of principal, interest and premium (if any) in respect of the Notes are subject in all cases to any fiscal or other laws and regulations applicable 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 6(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 terminate the appointment of the Principal Paying Agent, any other Paying Agent and the Agent Bank and to appoint additional or other agents. The Issuer will at all times maintain a Paying Agent with a specified office in Dublin, for so long as the Notes are listed on the Irish Stock Exchange. The Issuer shall cause at least 30 days' notice

of any change in or addition to the Paying Agents to be given to the Noteholders in accordance with Condition 14.

(e) Presentation on Non-Business Days

If any Note or Coupon is presented (if required) for payment on a day which is not a business day in the place where it is so presented and (in the case of payment by transfer to an account as referred to in Condition 6(a) above) in London, payment will be made on the next succeeding day that is a business day and no further payments of additional amounts by way of interest, principal or otherwise will be due in respect of such Note or Coupon. For the purposes of Condition 5 and this Condition 6, "**business day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in that place.

(f) Unmatured Coupons and unexchanged Talons

Upon the date on which any Note becomes due and payable in full pursuant to Conditions 5, unexpired 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 6(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 14, provided that such interest and interest on the unpaid interest are, in fact, paid.

(i) Redenomination in Euro

- (i) If at any time there is a change in the currency of the United Kingdom such that the Bank of England recognises a different currency or currency unit or more than one currency or currency unit as the lawful currency of the United Kingdom, then references in, and obligations arising under, the Notes outstanding at the time of any such change and which are expressed in sterling will be translated into, and/or any amount becoming payable under the Notes 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 6(i) will be binding upon holders of such Notes.
- (iii) Notification of the amendments made to Notes pursuant to this Condition 6(i) will be made to the Noteholders in accordance with Condition 14 which will state, *inter alia*, the date on which such amendments are to take or took effect, as the case may be.

7. Taxation

All payments in respect of the Notes will be made without withholding or deduction for or on account of any present or future taxes, duties or charges of whatsoever nature unless the Issuer or any Paying Agent is required by applicable law in any jurisdiction to make any payment in respect of the Notes subject to any such withholding or deduction. In that event, the Issuer or such Paying Agent (as the case may be) will make such payment after such withholding or deduction has been made and will account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to holders of Notes in respect of such withholding or deduction.

8. Prescription

Claims for principal in respect of Notes will become void unless the relevant Note is presented for payment within 10 years of the appropriate relevant date. Claims for interest in respect of Coupons will become void unless the relevant Coupon is presented for payment within five years of the appropriate relevant date.

In this Condition 8, the "**relevant date**" means the date on which a payment in respect of this Condition 8 first becomes due, but if the full amount of the moneys payable has not been received by the Principal Paying Agent or the Trustee on or prior to such date, it means the date on which the full amount of such moneys shall have been so received, and notice to that effect shall have been duly given to the Noteholders in accordance with Condition 14.

9. Events of Default

(a) *Eligible Noteholders*

If any of the events mentioned in sub-paragraphs (i) to (v) inclusive below occurs (each such event being an "**Event of Default**") the Trustee may, and if so requested in writing by the Eligible Noteholders or if so directed by or pursuant to an Extraordinary Resolution of the then Most Senior Class of Noteholders, shall, and in any case as aforesaid, subject to the Trustee being indemnified and/or secured to its satisfaction, give notice (a "**Note Enforcement Notice**") to the Issuer declaring all the Notes to be due and repayable and the Issuer Security enforceable:

- (i) default is made for a period of 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 9(a) above, all the Notes then outstanding shall immediately become due and repayable at their Principal Amount Outstanding together with accrued interest and the Issuer Security shall become enforceable, all in accordance with the Trust Deed and the Deed of Charge and Assignment.

10. Enforcement

Subject to the provisions of Condition 9 and Condition 12, 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.

Enforcement of the Issuer Security will be the only remedy available to the Trustee on behalf of the Noteholders for the repayment of the Notes and any interest on the Notes. No Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security. No Noteholder will be entitled to take proceedings for the winding up or administration of the Issuer. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any other Secured Party under the Deed of Charge and Assignment.

If the net proceeds of realisation of, or enforcement with respect to, the Issuer Security are not sufficient to make all payments due in respect of the Notes (if any), the other assets (if any) of the Issuer, other than any surplus arising on the realisation of or enforcement with respect to any remaining security, will not be available for payment of any shortfall arising (which shall be borne in accordance with the provisions of the Deed of Charge and Assignment). All claims in respect of such shortfall, after realisation of or enforcement with respect to all of the Issuer Security, shall be extinguished and the Trustee, the Noteholders and the other Secured Parties shall have no further claim against the Issuer in respect of such unpaid amounts. Each Noteholder, by subscribing for or purchasing Notes, is deemed to accept and acknowledge that it is fully aware that, in the event of an enforcement of the Issuer Security, (i) its right to obtain repayment in full is limited to recourse against the assets of the Issuer comprised in the Issuer Security and (ii) the Issuer will have duly and entirely fulfilled its payment obligations by making available to such Noteholder its proportion of the proceeds of realisation or enforcement of the Issuer Security in accordance with the Deed of Charge and Assignment, and all claims in respect of any shortfall shall be extinguished.

11. Meetings of Noteholders, Modification and Waiver

- (a) The Trust Deed contains provisions for convening meetings of the Noteholders of any class to consider any matter affecting their interests including the sanctioning by Extraordinary Resolution of, inter alia, the removal of the Trustee, a modification of the Notes (including these Conditions) or the provisions of any of the Transaction Documents.
- (b) In relation to each class of Notes:
 - (i) no Extraordinary Resolution involving a Basic Terms Modification that is passed by the holders of one class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes (to the extent that there are outstanding Notes in each such other classes);
 - (ii) no Extraordinary Resolution to approve any matter other than a Basic Terms Modification of any class of Notes shall be effective unless it is sanctioned by an Extraordinary Resolution of the holders of each of the other classes of Notes ranking senior to such class (to the extent that there are outstanding Notes ranking senior to such class) unless the Trustee considers that none of the holders of each of the other classes of Notes ranking senior to such class would be materially prejudiced by the absence of such sanction; and

- (iii) any resolution passed at a Meeting of Noteholders of one or more classes of Notes duly convened and held in accordance with Trust Deed shall be binding upon all Noteholders of such class or classes, whether or not present at such Meeting and whether or not voting and, except in the case of a meeting relating to a Basic Terms Modification, any resolution passed at a meeting of the holders of the Most Senior Class of Notes duly convened and held as aforesaid shall also be binding upon the holders of all the other classes of Notes.
- (c) Subject as provided below, the quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution will be two or more persons holding or representing not less than 50 per cent. in Principal Amount Outstanding of the Notes of such class or, at any adjourned meeting, two or more persons being or representing Noteholders of such class whatever the Principal Amount Outstanding of the Notes of such class so held or represented. For so long as all the Notes of a class are held by one person, such person will constitute two persons for the purposes of forming a quorum for meetings. Furthermore, a proxy for the holder of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders.

The quorum at any meeting of the Noteholders of any class for passing an Extraordinary Resolution in respect of a Basic Terms Modification (as defined in the Trust Deed) will be two or more persons holding or representing not less than 75 per cent. or, at any adjourned such meeting 33 $\frac{1}{3}$ per cent. in Principal Amount Outstanding of the Notes of such class for the time being outstanding.

The majority required for an Extraordinary Resolution shall be not less than 75 per cent. of the votes cast on the resolution. An Extraordinary Resolution passed at any meeting of Noteholders of any class shall be binding on all Noteholders of such class whether or not they are present at such meeting.

- (d) The Trustee may agree, without the consent of the holders of Notes of any class, (i) to any modification (except a Basic Terms Modification) of, or to any waiver or authorisation of any breach or proposed breach of, the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is not materially prejudicial to the interests of the Noteholders or (ii) to any modification of the Notes (including these Conditions) or any of the Transaction Documents which, in the opinion of the Trustee, is to correct a manifest error or is of a formal, minor or technical nature. The Trustee may also, without the consent of the Noteholders of any class, determine that an Event of Default will not, subject to specified conditions, be treated as such, provided always that the Trustee will not exercise such powers of waiver, authorisation or determination in contravention of any express direction given by the Eligible Noteholders or by an Extraordinary Resolution of the Class A Noteholders or, if no Class A Notes are outstanding, the then Most Senior Class of Noteholders (provided that no such direction shall affect any authorisation, waiver or determination previously made or given). Any such modification, waiver, authorisation or determination will be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders as soon as practicable after such modification in accordance with Condition 14.
- (e) Where the Trustee is required, in connection with the exercise of its powers, trusts, authorities, duties and discretions, to have regard to the interests of the Noteholders of any class, it shall have regard to the interests of such Noteholders as a class and, in particular, but without prejudice to the generality of the foregoing, the Trustee shall not have regard to, or be in any way liable for, the consequences of such exercise for individual Noteholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders.
- (f) The Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of the Class A Noteholders or, as the case may be, the Class B Noteholders or, as the case may be, the Class C Noteholders or, as the case may be, the Class D Noteholders or, as the case may be, the Class E Noteholders and if the Trustee shall

certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Trustee shall be entitled to take into account, 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.

12. Indemnification and Exoneration of the Trustee

The Trust Deed and certain of the Transaction Documents contain provisions governing the responsibility (and relief from responsibility) of the Trustee and for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security unless indemnified and/or secured to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Security, or any deeds or documents of title 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, the Basis Swap Counterparty, the Interest Rate Swap Counterparty or any other person of their obligations under the Transaction Documents and the Trustee will assume, until it has actual knowledge to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part of the Issuer Security) may, as a consequence, be treated as floating rather than fixed security.

13. Replacement of Notes, Coupons and Talons

If any Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent subject in each case to all applicable laws and Irish Stock Exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

14. Notice to Noteholders

- (a) All notices, other than notices given in accordance with the following paragraphs of this Condition 14, to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 14 on the date of delivery to Euroclear and Clearstream, Luxembourg; *provided, however*, that, so long as the Notes are listed on the Irish Stock Exchange and its rules so require, notices will also be published in a leading newspaper printed in the English language having general circulation in Dublin (which is expected to be *The*

Irish Times) or, if that is not practicable, in such English language newspaper or newspapers as the Trustee approves having a general circulation in Ireland and the rest of Europe. Any such notice 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 14(a).
- (c) A copy of each notice given in accordance with this Condition 14 shall be provided to (for so long as the Notes of any class are listed on the Irish Stock Exchange) the Company Announcements Office of the Irish Stock Exchange and at all times to Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**"), Moody's Investors Service Limited ("**Moody's**") and Fitch Ratings Ltd. ("**Fitch**" and, together with S&P and Moody's, the "**Rating Agencies**", which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer, with the prior written approval of the Trustee, to provide a credit rating in respect of the Notes or any class 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.

15. Privity of Contract

No person shall have any right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of a third party which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

17. Governing Law

The Trust Deed, the Deed of Charge and Assignment, the Agency Agreement, the other Transaction Documents and the Notes are governed by, and shall be construed in accordance with, English law.

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 Offering Circular 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 Offering Circular. The following is a summary of those provisions:

- (a) **Payments:** Payments of principal and interest in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the relevant Notes, surrender of such Global Note to or to the order of the Principal Paying Agent. A record of each payment so made will be endorsed in the appropriate schedule to the relevant Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the relevant Notes.
- (b) **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 £10,000 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 £206,400,000 and this sum will be applied by the Issuer in part towards payment to the Originator of the purchase consideration in respect of the Loans and interest accrued on the Loans 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 Loans and the Loan Security*"). Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by the Originator.

UNITED KINGDOM TAXATION

The following, which applies only to persons who are the beneficial owners of the Notes, is a summary of the Issuer's understanding of current United Kingdom tax law and Inland Revenue practice as at the date of this Offering Circular relating to certain aspects of the United Kingdom taxation of the Notes. It is not a comprehensive analysis of the tax consequences arising in respect of Notes. Some aspects do not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt about their tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

Interest on the Notes

1. *Withholding tax on payments of interest on the Notes*

For so long as the Notes are and continue to be listed on a "*recognised stock exchange*" within the meaning of section 841 of the Income and Corporation Taxes Act 1988 (the Irish Stock Exchange is such a "*recognised stock exchange*" for this purpose) interest payments on each of the Notes will be treated as a "*payment of interest on a quoted Eurobond*" within the meaning of section 349 of the Income and Corporation Taxes Act 1988. In these circumstances, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom income tax irrespective of whether the Notes are in global form or in definitive form.

If the Notes cease to be listed on a recognised stock exchange, an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.) from interest paid on them, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty or to the interest being paid to the persons (including companies within the charge to United Kingdom corporation tax) and in the circumstances specified in sections 349A to 349D of the Income and Corporation Taxes Act 1988.

2. *Provision of Information*

Noteholders should note that where any interest on Notes is paid to them (or to any person acting on their behalf) by the Issuer or any person in the United Kingdom acting on behalf of the Issuer (a "**paying agent**"), or is received by any person in the United Kingdom acting on behalf of the relevant Noteholder (other than solely by clearing or arranging the clearing of a cheque) (a "**collecting agent**"), then the Issuer, the paying agent or the collecting agent (as the case may be) may, in certain cases, be required to supply the Inland Revenue details of the payment and certain details relating to the Noteholder (including the Noteholder's name and address). These provisions will apply whether or not the interest has been paid subject to withholding or the deduction for or on account of United Kingdom income tax and whether or not the Noteholder is resident in the United Kingdom for United Kingdom taxation purposes. Where the Noteholder is not so resident, the details provided to the Inland Revenue may, in certain cases, be passed by the Inland Revenue to the tax authorities of the jurisdiction in which the Noteholder is resident for taxation purposes.

3. *Further United Kingdom tax issues for non-United Kingdom resident Noteholders*

Interest on the Notes constitutes United Kingdom source income and, as such, may be subject to income tax by direct assessment even where paid without withholding, subject to any direction to the contrary from the Inland Revenue in respect of such relief as may be available pursuant to the provisions of an applicable double taxation treaty.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation through a branch or agency (or, in the case of a Noteholder which is a company, which carries on a trade through a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision under an applicable double taxation treaty.

United Kingdom corporation tax payers

In general, Noteholders which are within the charge to United Kingdom corporation tax in respect of Notes will be charged to tax and obtain relief as income on all returns on and fluctuations in value of the Notes broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

1. Taxation of chargeable gains

It is expected that the Notes will not be regarded by the Inland Revenue as constituting "**qualifying corporate bonds**" within the meaning of Section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal of the Notes may give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains. There are provisions to prevent any particular gain (or loss) from being charged (or relieved) at the same time under these provisions and also under the provisions of the "**accrued income scheme**" described in 2 below.

2. Accrued income scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last Interest Payment Date may be chargeable to tax as income under the rules of the "**accrued income scheme**" if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp duty and 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

The European Union ("EU") has adopted a Directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required from a date not earlier than 1st January, 2005 to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State, except that Austria, Belgium and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise.

SUBSCRIPTION AND SALE

SG (the "**Lead Manager**"), NIB Capital Bank N.V. (in relation to the Class A Notes and the Class B Notes, the "**Co-Lead Manager**"), Sociedad Española de Banca de Negocio Probanca, S.A., Morgan Stanley & Co. International Limited and Unicredit Banca Mobiliare SpA (together with the Lead Manager and the Co-Lead Manager, the "**Managers**"), pursuant to a subscription agreement dated 25th March, 2004 (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. 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 not offered or sold and, prior to the expiry of the period of six months from the Closing Date will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995;
- (b) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 ("**FSMA**"), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

General

Except for listing the Notes on the Official List of the Irish Stock Exchange and delivery of this document to the Registrar of Companies in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Offering Circular or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Offering Circular does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Each of the Managers has undertaken not to offer or sell any of the Notes, or to distribute this document or any other material relating to the Notes, in or from any jurisdiction except under circumstances that will result in compliance with applicable law and regulations.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 25th March, 2004.
2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 29th March, 2004, 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.....	018895641	XS0188956410
Class B.....	018895765	XS0188957657
Class C.....	018895803	XS0188958036
Class D.....	018895889	XS0188958895
Class E.....	018895935	XS0188959356

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Paying Agent in Dublin. The Issuer does not publish interim accounts.
5. The Issuer is not, and has not been, involved in any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.
6. Since the date of its incorporation, the Issuer has entered into the Subscription Agreement being a contract entered into other than in its ordinary course of business.
7. Ernst & Young LLP, auditors of the Issuer, has given and not withdrawn its written consent to the issue of this Offering Circular with the inclusion of its report and references to its name in the form and context in which they are included and has authorised the contents of that part of this Offering Circular for the purposes of Section 46 of the Irish Companies Act, 1963 (as amended).
8. Save as disclosed herein, since 2nd March, 2004 (being the date of incorporation of the Issuer), there has been (i) no material adverse change in the financial position or prospects of the Issuer and (ii) no significant change in the trading or financial position of the Issuer.
9. Copies of the following documents may be inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at Blackwell House, Guildhall Yard, London EC2V 5AE and at the specified offices of the Irish Paying Agent in Dublin during the period of 14 days from the date of this document:
 - (i) the Memorandum and Articles of Association of the Issuer;
 - (ii) the balance sheet of the Issuer as at 25th March, 2004 and the auditors report;
 - (iii) the Subscription Agreement referred to in paragraph 6 above; and
 - (iv) drafts (subject to modification) of the following documents:
 - (a) the Trust Deed;
 - (b) the Loan Sale Agreement;
 - (c) the Cash Management Agreement;
 - (d) the Deed of Charge and Assignment;

- (e) the Servicing Agreement;
- (f) the Swap Agreement;
- (g) the Corporate Services Agreement;
- (h) the Liquidity Facility Agreement;
- (i) the Agency Agreement; and
- (j) the Master Definitions Agreement,

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
THE PRINCIPAL BORROWERS

Part 1

The First Principal Borrowers

The First Principal Borrowers comprise (jointly and severally) TST Millbank LLC, a limited liability company incorporated in the State of Delaware, USA, on 27th July, 1998 ("**TSTM**") and Colombina Properties Limited, a company incorporated with limited liability under the laws of the British Virgin Islands with registered number 512372 on 6 September, 2002 ("**Colombina**").

The registered office of TSTM is 9 East Loockerman Street, Dover, Delaware, 19901, USA and the registered office of Colombina is PO Box 3152, Road Town, Tortola, British Virgin Islands.

Principal Activities

The main business of the First Principal Borrowers is the acquisition and ownership of the Property known as Millbank Tower, 21-24 and 30 Millbank, London, SW1 (the "**FPB Property**"). Both TSTM and Colombina were set up specifically for the purpose of acquiring their respective interests in the FPB Property.

Since the date of their respective incorporations the First Principal Borrowers have not engaged in any activities other than as set out above.

To the best of SG's knowledge, the First Principal Borrowers are not, nor within the past 12 months have they been, involved in any legal or arbitration proceedings (including any which are pending or, so far as the First Principal Borrowers are aware, threatened).

Principal Officers

The sole director of both TSTM and Colombina is Liam Rourke Keane whose business address is at 5 Avenue de Frontenex, Case Postale 6056, 1211 Geneva 6, Switzerland.

Loan Capital

The outstanding loan capital of the First Principal Borrowers consists of £90,000,000 drawn down under the loan from the Originator and secured on the FPB Property. Additionally the First Principal Borrowers have borrowed the sum of £22,000,000 from TFB Mortgages Plc, an associated company, which loan is secured by second ranking postponed and fully subordinated separate security.

Share Capital

Colombina has an authorised and issued share capital of 50,000 shares of USD1 each, all of which are vested in TSTM. The entirety of the members' interests in TSTM is vested in Aldergate Investments Limited, a company incorporated with limited liability in the Bahamas.

The Loan

The principal amount of the loan is £90,000,000 which was fully drawn down on 1st August, 2003. Interest is payable quarterly in arrears on the 15th day of January, April, July and October in each year. The principal amount outstanding of the loan as at the Cut-Off Date is £90,000,000 and the loan is to be amortised in accordance with a repayment schedule, the first amortisation payment being due on 15th October, 2005. The principal balance is to be repaid on 15th July, 2010.

Interest is payable at a margin above 3 months sterling LIBOR (plus Mandatory Costs). The First Principal Borrowers, on drawdown of the loan, however entered into hedging arrangements with Société Générale (as hedging counterparty) the effect of which is to fix the rate of interest payable under the loan for its contractual term at the rate of 5.585 per cent. per annum.

The loan is secured by a first legal mortgage over the legal interest in the FPB Property (granted by TSTM) and a first fixed charge over the beneficial interest in the property (granted by Colombina) together with first fixed charges over the transaction accounts (including the Rent Account). Both TSTM and Colombina have also granted full fixed and floating charges over all their remaining assets (in the case of TSTM this includes a charge over its shareholding in Colombina).

Additional security has been granted in the form of a charge over the shares in TSTM and a duty of care undertaking from the managing agents (who are not connected with the First Principal Borrowers) who collect rental income derived from the FPB Property. Finally, there is a Deposit Account which contains a reserve for service charge contributions attributable to vacant parts of the FPB Property (see "*The Loans and the Loan Security – Secured Accounts*").

FPB Property

The FPB Property comprises an office building constructed in the early 1960s and is held by the First Principal Borrowers upon the terms of a headlease from the Crown Estate for a term of 125 years from 6th April, 2000 (expiring 5th April, 2125).

The gross annual rental income received from lease agreements associated to units let in the FPB Property as of 15th November, 2003 is approximately £9.1m (on an annualised basis and net of rent free periods applying to some of the leases signed with the Environment Agency and the Audit Commission in 2003, such rent free periods expiring on December 2004 and July, 2005 respectively). The following table summarises the principal occupational underleases currently subsisting and the corresponding share of the total notional gross annual rental income of the FPB property (£10.9m, not including rent-free periods).

Premises	Percentage of total gross annual income as of 15th November, 2003 (annualised basis)%	Tenant
6 th -9 th , 12 th -15 th , 18 th , 19 th and 20 th Floors (Millbank Tower) and 5 th Floor (30 Millbank)	33.5	Secretary of State for Environment, Transport, Local Government and/or Regions
1 st , 2 nd and 4 th Floors (Millbank Tower)	14.2	Audit Commission
2 nd Floor, 30 Millbank	9.0	Corus UK Limited
29 th -30 th Floors	6.1	PSEG Europe Limited
Part 24 th and 27 th Floors	3.8	Intrepid Energy North Sea Limited
25 th and 26 th Floors (Millbank Tower)	3.6	The Environment Agency
6 th , 7 th and 8 th Floors, 30 Millbank	3.6	Electricity Association Services Limited
28 th Floor	3.3	Aramark Investments Limited
Part 24 th , Part 31 st Floors (Millbank Tower) and 3 rd Floor (30 Millbank)	3.2	Skidmore, Owings and Merrill Inc.
11 th Floor (Millbank Tower)	2.6	Commission for Local Administration

Part 21 st Floor (Millbank Tower)	2.5	United Nations
Media Centre, Ground Floor and 22 nd Floor	2.4	Lewis Communications Limited
16 th and 17 th Floors	2.4	Pearson Plc
4 th Floor, 30 Millbank	1.6	Leonard Cheshire Foundation
Part 23 rd Floor	1.5	Caspian Publishing Limited
Part 20 th Floor	1.1	London and Cambridge Properties Limited
Part 5 th Floor	1.0	Special Schools Trust
Others	4.6	Various (all pay less than £90,000 per annum)

The occupational leases expire at various dates between 31st December, 2003 and 31st May, 2027 and a number have break clauses entitling the tenants to determine prior to the contractual expiry date upon the giving of a period of notice and, in some cases, the making of a compensation payment to the landlord.

The principal tenant, the Secretary of State for the Environment, Transport, Local Government and the Regions, is a department of the United Kingdom Government (UK Government leases are conventionally granted to this particular department although the premises may be occupied by one or more other United Kingdom Government departments or agencies). The FPB Property is used predominantly for office and commercial purposes.

APPENDIX 1

Part 2

The Second Principal Borrower

The Second Principal Borrower is Pageleaf Limited, a limited liability company incorporated under the laws of England and Wales on 4th June, 2003 with registered number 4786942. Its registered office is at Emperor's Gate, 114A Cromwell Road, London SW7 4ES.

Principal Activities

The main business of the Second Principal Borrower is the acquisition and ownership of real estate and associated interests (set out in Clause 3 of its Memorandum of Association). As of the Cut-Off Date, its only material asset is the property known as Red Lion Court, Park Street, London, SE1 (the "**SPB Property**"). The Second Principal Borrower was set up specifically for the purposes of acquiring the SPB Property and, since its incorporation, has not engaged in any other activity.

To the best of SG's knowledge, the Second Principal Borrower is not, nor within the past 12 months has it been, involved in any legal or arbitration proceedings (including any which are pending or, so far as the Second Principal Borrower is aware, threatened).

Principal Officers

The sole director of the Second Principal Borrower is Brechin Place Directors Limited of Emperor's Gate, 114A Cromwell Road, London SW7 4ES.

Loan Capital

The outstanding loan capital of the Second Principal Borrowers consists of £48,000,000 drawn down under the loan from the Originator and secured on the SPB Property.

The Second Principal Borrower has also borrowed £6,000,000 from the Originator pursuant to a separate junior credit agreement and the further sum of approximately £6,500,000 from its shareholder, Grangevalley Limited. Both the junior and shareholder loans are fully postponed and subordinated.

Share Capital

The Second Principal Borrower has an authorised and share capital of 100 shares of which 1 share has been issued to Grangevalley Limited.

The Loan

The principal amount of the Loan is £48,000,000 which was fully drawn down on the 21st August, 2003. Interest is payable quarterly in arrears on the 15th day of January, April, July and October in each year. The principal amount outstanding of the Loan as at the Cut-Off Date is £47,935,000 and the loan is to be amortised in accordance with a repayment schedule. The principal balance is to be repaid on 15th October, 2008, however the lender has the right to require the Second Principal Borrower to prepay on any Interest Date falling after 20th August, 2006 subject to a 3 months' notice jointly sent by the lender and the lenders under the £6m junior credit agreement.

Interest is payable at a margin above 3 months' Sterling LIBOR (plus Mandatory Costs). The Second Principal Borrower, on drawdown of the Loan, however entered into hedging arrangements in the form of a collar for the period up to and including 16th October, 2006 and, for subsequent interest periods, capping the interest rate risk on the LIBOR rate of the loan to 4.75 per cent. subject to US Dollar 12 month LIBOR rate at the beginning of the relevant interest period being less than 8 per cent. or, alternatively, swapping the floating rate index value against the value of US Dollar 12 month LIBOR at the beginning of the corresponding interest period minus 0.1 per cent.

The Loan is secured by a first legal mortgage over the SPB Property together with a first fixed charge over the transaction Rent Account. The Second Principal Borrower has also granted fixed and floating

charges over its other assets and the shareholder of the Second Principal Borrower has additionally granted a first fixed charge over its shareholding.

Further, the managing agents of the SPB Property (who are independent from the Borrower) have entered into a duty of care undertaking in favour of the Loan Security Trustee relating to the collection of rents and payment of the same into the Rent Account.

SPB Property

The SPB Property comprises an office building constructed in the early 1990s. Part of the property is freehold and the remainder held by the SPB Borrower under a lease expiring in March 2132 at a nominal annual rent with no reviews.

A small part of the Property comprises a walkway which is subject to public rights of way but the remainder, including the office building itself, is let to Lloyds TSB Bank Plc on a tenant's full repairing and insuring lease for a term expiring in June 2015 with five yearly (upwards only) rent reviews. The current annual rent is £4,295,948.

**APPENDIX 2
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