

BASE PROSPECTUS

TAWNY FUNDING S.A.

(a public limited liability company (société anonyme) incorporated under the laws of Luxembourg as an unregulated securitisation company (société de titrisation) within the meaning of, and governed by, the Luxembourg law of 22 March 2004 on securitisation, as amended, with its registered office at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Commerce and Companies under the number B217372) (the "Company")

EUR 5,000,000,000 Secured Note Programme

Tawny Funding S.A. is incorporated as a *société anonyme* (public limited liability company) under the laws of Luxembourg and has the status of a securitisation undertaking under the Luxembourg law dated 22 March 2004 on securitisation, as amended (the "**Securitisation Act**").

This Base Prospectus gives information on the Company and its EUR 5,000,000,000 (or its equivalent in other currencies calculated as set out herein) programme (the "**Programme**") for the issuance of series ("**Series**") of secured notes ("**Notes**") secured, amongst other things, over the Issuer's rights as lender under one or more commercial real estate or other loans or loan tranches (or a portion thereof) (in each case, an "**Underlying Loan**") purchased from Morgan Stanley Bank International Limited, Morgan Stanley Principal Funding, Inc. or an affiliate of either or both of them specified as the seller in the relevant Drawdown Document (as defined below) (the "**Seller**"). The liability of the Company under the Notes and the Programme is separate in respect of each Series of Notes.

Under Luxembourg law, the Company's assets and liabilities will be divided into "**Compartments**" (as defined herein under "*Overview of Programme and Notes*"). The Company acting in respect of one of its Compartments (the "**Issuer**") will purchase the Underlying Loan(s) and enter into other related contractual arrangements using the proceeds of issue of each Series of Notes, and those assets and the Issuer's liabilities in respect of any one Series of Notes will be allocated to the Compartment created for that Series of Notes (the "**Compartment Assets**") and will be segregated from the Company's other assets and liabilities and from the assets and liabilities allocated to all other Compartments. The Compartment Assets will be available exclusively to meet the Issuer's obligations in respect of that Series of Notes, and may not be used by the Company to meet its obligations in respect of any other Series of Notes or any other obligations.

In addition, each Series of Notes will be secured by a security interest created in favour of the Trustee over the Compartment Assets relating to such Series of Notes (as described in more detail in Condition 5 (*Compartment Assets and Security*) of the Terms and Conditions of the Notes). If the proceeds of enforcement of the security are not sufficient to meet all of its obligations in respect of the Series of Notes, the Issuer's obligations in respect of the Notes will be limited to those proceeds. Neither the assets of another Compartment nor any of the Company's other assets will be available to meet any shortfall.

The Base Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under the Prospectus Directive as a Base Prospectus. The Central Bank only approves this Base Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the Notes which are to be admitted to trading on a regulated market for the purposes of Directive 2014/65/EU and/or which are to be offered to the public in any Member State of the European Economic Area.

Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin ("**Euronext Dublin**") for certain Notes issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the official list of Euronext Dublin (the "**Euronext Official List**") and to trading on its regulated market. However, no assurance can be given that such an application to admit Notes to the Euronext Official List and to trading on its regulated market will be successful. The regulated market of Euronext Dublin is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended) ("**MiFID II**").

Application may also be made to The International Stock Exchange Authority Limited (the "**TISE Authority**") in respect of a Series of Notes for the approval of the listing of and permission to deal with such Series issued under the Programme on the Official List of The International Stock Exchange ("**TISE**") (the "**TISE Official List**"). However, no assurance can be given that such an application will be successful. TISE is not a regulated market for the purposes of MiFID II.

Notes may also be listed and admitted to trading on such other or further stock exchanges as may be agreed between the Company and the Dealer and as specified in the applicable Pricing Supplement or Series Prospectus for the relevant Notes.

Unlisted Notes may also be issued pursuant to the Programme.

Under the Programme, the Company may from time to time issue Series of Notes. Each Series of Notes may be composed of one or more tranches (each, a "**Tranche**") which will be fungible (unless provided otherwise in the Issue Terms). Such Series of Notes will be issued on the terms set out in:

- (i) if a Series of Notes will not be listed on the regulated market of Euronext Dublin or on TISE, a pricing supplement prepared in connection with such Series of Notes (the "**Pricing Supplement**"); or
- (ii) in all other cases, a series prospectus relating to the Notes, incorporating by reference the whole or any part of this Base Prospectus (a "**Series Prospectus**") which will be separately approved by the Central Bank as a prospectus (in respect of a Series of Notes to be listed on the regulated market of Euronext Dublin) or by the TISE Authority as supplemental listing particulars (in respect of a Series of Notes to be listed on TISE).

In this Base Prospectus, references to a "**Drawdown Document**" means a Pricing Supplement or Series Prospectus (as applicable for the relevant Series of Notes).

This Base Prospectus has not been reviewed by the Central Bank or the TISE Authority in relation to any issuance pursuant to a Pricing Supplement.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION, AND NOTES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

Prospective investors should have regard to the factors described under the section of this Base Prospectus headed "*Risk Factors*" and, in particular, to the limited recourse nature of the Notes and the fact that the Company is a special purpose vehicle. This Base Prospectus does not describe all of the risks of an investment in the Notes.

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks. Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus (or, in the case of (b) below, at the date of the applicable Drawdown Document), each such administrator's name appears on the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to article 36 of Regulation (EU) 2016/1011 (the "**EU Benchmark Regulation**") are set out (a) in the section entitled "EU Benchmark Regulation" on page 109 of this Base Prospectus; or (b) in respect of a benchmark not listed in the section entitled "EU Benchmark Regulation", in the applicable Issue Terms.

Readers of this Base Prospectus should have regard to the definitions set out in "*Terms and Conditions of the Notes*" herein. Unless otherwise defined elsewhere in this Base Prospectus, capitalised terms used in this Base Prospectus shall have the meaning given to them in the section "*Terms and Conditions of the Notes*".

Arranger and Dealer

Morgan Stanley & Co. International plc

Dated: 21 March 2019

IMPORTANT NOTICES

Responsibility for this Base Prospectus

Tawny Funding S.A. (the "**Company**") accepts responsibility for the information contained in this Base Prospectus and declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Base Prospectus is, to the best of its knowledge, in accordance with the facts and contains no omission likely to affect its import.

In addition, Morgan Stanley Bank International Limited accepts responsibility for the information contained in the section "*Description of Morgan Stanley Bank International Limited*" and Morgan Stanley Principal Funding, Inc. accepts responsibility for the information contained in the section "*Description of Morgan Stanley Principal Funding, Inc.*". To the best of the knowledge and belief of Morgan Stanley Bank International Limited and of Morgan Stanley Principal Funding, Inc. (which have taken all reasonable care to ensure that such is the case), such information is in accordance with the facts and does not omit anything likely to affect the import of such information.

Exempt Offers

This Base Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly, any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of an offering contemplated in this Base Prospectus as completed by the Drawdown Document in relation to the offer of those Notes may only do so in circumstances in which no obligation arises for the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Dealer have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Dealer to publish or supplement a prospectus for such offer.

If a prospective investor is in any doubt about whether it can rely on this Base Prospectus and/or who is responsible for its contents, the prospective investor should take legal advice.

Other relevant information

This Base Prospectus must be read and construed together with any supplements hereto, with any information incorporated by reference herein and with the Drawdown Document for the relevant Series.

The Company has confirmed to the Dealer named under "*Subscription and Sale*" below that this Base Prospectus contains all information which is (in the context of the Programme, the issue, offering and sale of the Notes) material; that such information is true and accurate in all material respects and is not misleading in any material respect; that any opinions, predictions or intentions expressed herein are honestly held or made and are not misleading in any material respect; that this Base Prospectus does not omit to state any material fact necessary to make such information, opinions, predictions or intentions (in the context of the Programme, the issue, offering and sale of the Notes) not misleading in any material respect; and that all proper enquiries have been made to verify the foregoing.

Unauthorised information

No person has been authorised to give any information or to make any representation not contained in or not consistent with this Base Prospectus or any other document entered into in relation to the Programme or any information supplied by the Company or such other information as is in the public domain and, if given or made, such information or representation should not be relied upon as having been authorised by the Company or the Dealer.

Neither the Dealer, the Arranger nor the Seller nor any of their affiliates have authorised the whole or any part of this Base Prospectus (other than the section entitled "*Description of Morgan Stanley Bank International Limited*" which Morgan Stanley Bank International Limited has authorised and the section entitled "*Description of Morgan Stanley Principal Funding, Inc.*" which Morgan Stanley Principal Funding, Inc. has authorised) and none of them makes any representation or warranty or accepts any responsibility

as to the accuracy or completeness of the information contained in this Base Prospectus. Neither the delivery of this Base Prospectus or any Drawdown Document nor the offering, sale or delivery of any Note shall, in any circumstances, create any implication that the information contained in this Base Prospectus is true subsequent to the date hereof or the date upon which this Base Prospectus has been most recently supplemented or that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the prospects or financial or trading position of the Company since the date thereof or, if later, the date upon which this Base Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct at any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

Restrictions on distribution

The distribution of this Base Prospectus and any Drawdown Document and the offering, sale and delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Base Prospectus or any Drawdown Document comes are required by the Issuer, the Arranger and the Dealer to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of the Notes and on the distribution of this Base Prospectus or any Drawdown Document and other offering material relating to the Notes, see "*Subscription and Sale*" and "*Transfer Restrictions*".

THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR ANY OTHER RELEVANT JURISDICTION, AND NOTES IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

NEITHER THE PROGRAMME NOR THE NOTES HAVE BEEN APPROVED OR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES PASSED UPON OR ENDORSED THE MERITS OF ANY OFFERING OF NOTES OR THE ACCURACY OR ADEQUACY OF THIS BASE PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

THE PROGRAMME (EXCEPT WHERE MORGAN STANLEY PRINCIPAL FUNDING, INC. ("MSPFI") ACTS AS THE SPONSOR PURSUANT TO THE U.S. RISK RETENTION RULES, AS DEFINED BELOW) IS NOT INTENDED TO INVOLVE THE RETENTION BY ANY SPONSOR OF AT LEAST 5 PER CENT. OF THE CREDIT RISK OF THE SECURITIZED ASSETS FOR PURPOSES OF COMPLIANCE WITH THE U.S. RISK RETENTION RULES (AS DEFINED BELOW) REGARDING NON-U.S. TRANSACTIONS OTHER THAN THE EXEMPTION UNDER SECTION 20 OF THE U.S. RISK RETENTION RULES (AS DEFINED BELOW), AND NO OTHER STEPS WILL BE TAKEN BY THE ISSUER, THE DEALER, THE ARRANGER OR THE SELLER OR ANY OTHER PARTY TO ACCOMPLISH SUCH COMPLIANCE.

EXCEPT WITH THE PRIOR WRITTEN CONSENT OF MORGAN STANLEY & CO. INTERNATIONAL PLC IN ITS CAPACITY AS DEALER AND WHERE SUCH SALE FALLS WITHIN THE EXEMPTION PROVIDED BY SECTION 20 OF THE FINAL RULES PROMULGATED UNDER SECTION 15 OF THE U.S. SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (THE "**U.S. RISK RETENTION RULES**"), THE NOTES OFFERED AND SOLD BY THE ISSUER MAY NOT BE PURCHASED BY, OR FOR THE ACCOUNT OR BENEFIT OF, ANY "U.S. PERSON" AS DEFINED IN THE U.S. RISK RETENTION RULES ("**RISK RETENTION U.S. PERSONS**"). PROSPECTIVE INVESTORS SHOULD NOTE THAT THE DEFINITION OF "U.S. PERSON" IN THE U.S. RISK RETENTION RULES IS DIFFERENT FROM THE DEFINITION OF "U.S. PERSON" IN REGULATION S, AND PERSONS WHO ARE NOT "U.S. PERSONS" UNDER REGULATION S MAY BE U.S. PERSONS UNDER THE U.S. RISK RETENTION RULES. EACH PURCHASER OF NOTES OR A BENEFICIAL INTEREST THEREIN ACQUIRED IN THE INITIAL OFFERING OF SUCH NOTES WILL BE DEEMED TO HAVE MADE CERTAIN REPRESENTATIONS AND AGREEMENTS, INCLUDING THAT IT (1) IS NOT A RISK RETENTION U.S. PERSON (UNLESS IT

HAS OBTAINED A PRIOR WRITTEN CONSENT OF MORGAN STANLEY & CO. INTERNATIONAL PLC IN ITS CAPACITY AS DEALER), (2) IS ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN FOR ITS OWN ACCOUNT AND NOT WITH A VIEW TO DISTRIBUTE SUCH NOTE, AND (3) IS NOT ACQUIRING SUCH NOTE OR A BENEFICIAL INTEREST THEREIN AS PART OF A SCHEME TO EVADE THE REQUIREMENTS OF THE U.S. RISK RETENTION RULES.

THE NOTES WILL BE SUBJECT TO RESTRICTIONS ON TRANSFER AS DESCRIBED HEREIN. EACH INITIAL NOTEHOLDER AND ANY SUBSEQUENT TRANSFEREE OF THE NOTES WILL BE DEEMED, BY ITS ACQUISITION OR HOLDING OF SUCH NOTES, TO HAVE MADE THE REPRESENTATIONS SET FORTH IN THIS BASE PROSPECTUS (IN THE SECTION ENTITLED "*TRANSFER RESTRICTIONS*"). ANY RESALE OR OTHER TRANSFER, OR ATTEMPTED RESALE OR OTHER ATTEMPTED TRANSFER, OF NOTES WHICH IS NOT MADE IN COMPLIANCE WITH THE APPLICABLE TRANSFER RESTRICTIONS WILL BE VOID. THE NOTES WILL ALSO BEAR RESTRICTIVE LEGENDS.

UNLESS SPECIFIED OTHERWISE IN A DRAWDOWN DOCUMENT, THE NOTES WILL NOT BE SOLD TO ANY PERSON WHO IS OR WHILE NOTES ARE HELD MAY BE (i) AN "EMPLOYEE BENEFIT PLAN" OR OTHER "PLAN" SUBJECT TO THE U.S. EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED ("**ERISA**") OR SECTION 4975 OF THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "**CODE**"), (ii) ANOTHER EMPLOYEE BENEFIT PLAN SUBJECT TO ANY U.S. FEDERAL, STATE OR LOCAL LAW, OR NON-U.S. LAW, SUBSTANTIALLY SIMILAR TO SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE ("**SIMILAR LAW**"), OR (iii) AN ENTITY ANY OF WHOSE ASSETS ARE, OR ARE DEEMED FOR PURPOSES OF ERISA OR SECTION 4975 OF THE CODE, OR, IN THE CASE OF SUCH ANOTHER EMPLOYEE BENEFIT PLAN, SIMILAR LAW, TO BE, ASSETS OF ANY SUCH "EMPLOYEE BENEFIT PLAN", "PLAN" OR OTHER EMPLOYEE BENEFIT PLAN. EACH PURCHASER AND BIDDER WILL BE DEEMED TO HAVE REPRESENTED AND AGREED THAT IT IS NOT AND WILL NOT BE IN BREACH OF THE FOREGOING.

Neither this Base Prospectus nor any Drawdown Document constitutes an offer or an invitation to subscribe for or purchase any Notes and should not be considered as a recommendation by the Issuer, the Dealer, the Arranger or the Seller that any recipient of this Base Prospectus or any Drawdown Document should subscribe for or purchase any Notes. Each recipient of this Base Prospectus or any Drawdown Document shall be taken to have made its own investigation and appraisal of the condition (financial or otherwise) of the Issuer.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

MiFID II product governance / target market – The Drawdown Document in respect of any Notes may include a legend entitled "**MiFID II Product Governance**" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise no Dealer nor any of its respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance

Rules. For the avoidance of doubt, the Issuer is not subject to the MiFID Product Governance Rules and will therefore not make or be responsible for any target market assessment.

Programme limit

The maximum aggregate principal amount of Notes outstanding at any one time under the Programme will not exceed EUR 5,000,000,000 (and for this purpose, any Notes denominated in another currency shall be converted into euro at the date of the agreement to issue such Notes (calculated in accordance with the provisions of the Dealer Agreement). The maximum aggregate principal amount of Notes which may be outstanding at any one time under the Programme may be increased from time to time, subject to compliance with the relevant provisions of the Dealer Agreement as defined under "*Subscription and Sale*".

Certain definitions

In this Base Prospectus, unless otherwise specified, references to a "**Member State**" are references to a Member State of the European Economic Area and references to:

- (i) "**EUR**" or "**euro**" are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- (ii) "**GBP**" are to British pound sterling, the official currency of the United Kingdom; and
- (iii) "**USD**" are to United States Dollars, the official currency of the United States of America.

Certain figures included in this Base Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

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RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and all other information contained in this Base Prospectus, including, in particular, the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Base Prospectus have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which prospective investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that it currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and an investor could lose all or part of their investment. Prospective investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Base Prospectus and their personal circumstances.

General Risks

Complex Instruments

The Notes are complex instruments that involve substantial risks and are suitable only for sophisticated investors who have sufficient knowledge and experience and access to such professional advisers as they shall consider necessary in order to make their own evaluation of the risks and the merits of such an investment (including without limitation the tax, accounting, credit, legal, regulatory and financial implications for them of such an investment) and who have considered the suitability of such Notes in light of their own circumstances and financial condition. Prospective investors should ensure that they understand the nature of the risks posed by an investment in the Notes, and the extent of their exposure as a result of such investment in the Notes and, before making their investment decision, should consider carefully all of the information set forth in this Base Prospectus and, in particular, the considerations set forth below and in the Drawdown Document. Owing to the structured nature of the Notes, their price may be more volatile than that of unstructured securities.

The Issuer believes that the following factors may affect its ability to fulfil its scheduled obligations under the Notes issued under the Programme. The Issuer is not in a position to express a view on the likelihood of any contingency highlighted by a risk factor occurring.

Factors which the Issuer believes may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes or the reduction of any such amounts may occur for other reasons not set out herein and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Base Prospectus and the applicable Drawdown Document, and reach their own views prior to making any investment decision.

The risk factors identified in this Base Prospectus are provided as general information only and the Arranger, the Dealer and the Seller disclaim any responsibility to advise purchasers of Notes of the risks and investment considerations associated therewith as may exist at the date hereof or as may from time to time alter. Additional risk factors will be set out in the Drawdown Document for any Series and prospective investors should also read those risk factors in connection with the Notes to which such Drawdown Document relates.

Investors

Each prospective investor in the Notes should have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal and interest may reduce as a result of the occurrence of different events whether related to the creditworthiness of the Borrower of any Underlying Loan or otherwise or changes in particular rates, prices or values, or where the currency for

principal or interest payments is different from the prospective investor's currency, including a loss of their entire invested amount and any potential returns related to it.

Investment activities of certain prospective investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each prospective investor should therefore consult its professional advisers to determine whether and to what extent (i) the Notes are legal investments for it, and/or (ii) other restrictions apply to its purchase of any Notes. Financial institutions should consult their professional advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

For the purposes of these risk factors, references to "Noteholders" of Notes should generally be read as including holders of beneficial interests in such Notes, except where the context otherwise requires.

No Investigation

No investigations, searches or other enquiries will be made by or on behalf of the Issuer or the Trustee in respect of the Underlying Loans, the Charged Assets generally or the Borrowers or any other obligors under the Charged Assets.

No fiduciary role

None of the Issuer, the Trustee, the Arranger, the Dealer, the Seller or the Agents or any of their respective affiliates is acting as an investment adviser or as adviser in any other capacity, and none of them (other than the Trustee under the Trust Deed) assumes any fiduciary obligation to any purchaser of Notes or any other party, including the Issuer.

None of the Issuer, the Arranger, the Trustee, the Dealer, the Seller or any of the other transaction parties assumes any responsibility for conducting or failing to conduct any investigation into the business, financial condition, prospects, creditworthiness, status and/or affairs of the Borrower under an Underlying Loan, of any other obligor under the Charged Assets or in respect of any Property.

No reliance

A prospective investor may not rely on the Issuer, the Arranger, the Trustee, the Dealer, the Seller or the Agents or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to any of the other matters referred to above.

Listing may be discontinued

The Issuer may discontinue any listing of a Series of Notes or the Notes may be listed on another stock exchange or exchanges (which may or may not be European Economic Area regulated markets and may or may not be in Western Europe). This could have adverse consequences for the Noteholders.

Credit Ratings

Unless specified otherwise in the relevant Drawdown Document for a Series, the Notes will not be rated. A Noteholder should take such steps as it considers necessary to evaluate the ongoing risks and merits of a continued investment in such Note. For example, certain market indicators, such as rising credit default spreads and yield spreads with respect to the relevant entity, will often be indicative of the decreasing credit quality of the relevant entity.

EU Referendum

On 23 June 2016 the UK voted to leave the EU in a referendum (the "**Brexit Vote**") and on 29 March 2017 the UK gave formal notice (the "**Article 50 Notice**") under Article 50 of the Treaty on European Union ("**Article 50**") of its intention to leave the EU.

Article 50 provides that the European Union treaties will cease to apply to the UK two years after the Article 50 Notice unless a withdrawal agreement enters into force earlier or the two-year period is extended by unanimous agreement of the UK and the European Council. On 14 March 2019, the UK Parliament voted in favour of a motion providing that the UK Government will seek to agree with the European Council an

extension of the period prescribed by Article 50. On 20 March 2019, the Prime Minister of the UK wrote to the President of the European Council to request an extension of such period until 30 June 2019.

On 23 March 2018, the EU announced that an agreement in principle had been reached on a transitional period running from the time of the UK's exit from the EU on 29 March 2019 to 31 December 2020, during which time the UK would retain access to the EU Internal Market and Customs Union on its current terms. This agreement is not legally binding until a withdrawal agreement is formally agreed and ratified.

On 14 November 2018, the UK Government approved the terms of a draft withdrawal agreement, setting out the proposed terms of the UK's exit from the EU. The House of Commons voted against this agreement however on 15 January 2019 and there is considerable uncertainty as regards whether the draft withdrawal agreement will be approved by Parliament and whether it will be subject to further negotiation between the UK Government and the EU. It is still possible that the UK will leave the EU with no withdrawal agreement in place if no agreement can be reached and approved by all relevant parties within the allotted time. If the UK leaves the EU with no withdrawal agreement, it is likely that a high degree of political, legal, economic and other uncertainty will result.

In addition to the economic and market uncertainty this brings (as to which see "*Market uncertainty*" below), there are a number of potential risks for the Programme and Series of Notes issued under the Programme that Noteholders should consider:

Legal uncertainty

A significant proportion of English law currently derives from or is designed to operate in concert with European Union law. This is especially true of English law relating to financial markets, financial services, prudential and conduct regulation of financial institutions, bank recovery and resolution, payment services and systems, settlement finality, market infrastructure and consumer credit and/or mortgage credit regulation. The European Union (Withdrawal) Act (the "**Withdrawal Act**"), which received royal assent on 26 June 2018, aims to incorporate the European Union law *acquis* into UK law the moment before the UK ceases to be a member of the EU, with the intention of limiting immediate legal change. The Withdrawal Act grants the UK Government wide powers to make secondary legislation in order to, amongst other things, prevent, remedy or mitigate any failure of retained EU law to operate effectively, or any other deficiency in retained EU law arising from the withdrawal of the UK from the EU. Over time, however – and depending on the timing and terms of the UK's exit from the European Union – significant changes to English law in areas relevant to the Programme and the parties to Series of Notes issued under the Programme are likely. The Issuer cannot predict what any such changes will be and how they may affect payments of principal and interest to the Noteholders.

Regulatory uncertainty

There is significant uncertainty about how financial institutions from the remaining EU Member States (the "**EU27**") with assets (including branches) in the UK will be regulated and *vice versa*. At present, European Union single market regulation allows regulated financial institutions (including credit institutions, investment firms, alternative investment fund managers, insurance and reinsurance undertakings) to benefit from a passporting system for regulatory authorisations required to conduct their businesses, as well as facilitating mutual rights of access to important elements of market infrastructure such as payment and settlement systems. European Union law is also the framework for mutual recognition of bank recovery and resolution regimes.

Once the UK ceases to be a Member State of the European Union, the current passporting arrangements will cease to be effective, as will the current mutual rights of access to market infrastructure and current arrangements for mutual recognition of bank recovery and resolution regimes. The ability of regulated financial institutions to continue to do business between the UK and the EU27 after the UK ceases to be a member state of the European Union would therefore be subject to separate arrangements between the UK and the EU27. Although the UK Government has said that it "will be aiming for the freest possible trade in financial services between the UK and European Union member states" in a white paper setting out its negotiation objectives in relation to the UK's withdrawal from the European Union, there can be no assurance that there will be any such arrangements concluded and, if they are concluded, when and on what terms. Such uncertainty could adversely impact the ability of third parties who are regulated financial institutions to provide services to the Issuer in respect of Series of Notes issued under the Programme.

Market uncertainty

Since the Brexit Vote, there has been volatility and disruption of the capital, currency and credit markets, including the market for asset-backed securities. There may be further volatility and disruption depending on the conduct and progress of the formal withdrawal negotiations initiated by the Article 50 Notice.

Potential investors should be aware that these prevailing market conditions affecting asset-backed securities could lead to reductions in the market value and/or a severe lack of liquidity in the secondary market for instruments similar to the Notes issued under the Programme. Such falls in market value and/or lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the Underlying Loan(s) for the relevant Series.

The Issuer cannot predict when these circumstances will change and whether, if and when they do change, there would be an increase in the market value and/or there will be a more liquid market for the Notes and instruments similar to the Notes at that time.

Counterparty risk

Counterparties appointed for a Series of Notes may be unable to perform their obligations due to changes in regulation, including the loss of existing regulatory rights to do cross-border business. Additionally, they may be adversely affected by rating actions or volatile and illiquid markets (including currency markets and bank funding markets) arising from the Brexit Vote, the Article 50 Notice and the conduct and progress of the formal withdrawal negotiations. As a result, there is an increased risk of such counterparties becoming unable to fulfil their obligations which could have an adverse impact on Noteholders.

Adverse economic conditions affecting obligors

The uncertainty and market disruption following the Brexit Vote and the delivery of the Article 50 Notice may cause investment decisions to be delayed, reduce job security and damage consumer confidence. The resulting adverse economic conditions may affect obligors' willingness or ability to meet their obligations, resulting in increased defaults and may ultimately affect the ability of the Issuer to pay interest and repay principal to Noteholders.

While the extent and impact of these issues as a whole is unknown, Noteholders should be aware that they could have an adverse impact on Noteholders and the payment of interest and repayment of principal on the Notes.

Risks related to the Issuer

Securitisation Act and Compartments

The Company is established as a *société de titrisation* (securitisation company) in the form of a *société anonyme* (public limited liability company) within the meaning of the Securitisation Act. The board of the Company (the "**Board**") will establish one or more Compartments. Each Compartment is a separate and distinct part of the Company's estate (*patrimoine*) which may be distinguished by the nature of acquired risks or assets, the Conditions of the Notes issued in relation to the Compartment comprising the Terms and Conditions and the relevant Issue Terms of the relevant Series.

This means that claims against the Company by the Secured Creditors (including the Noteholders) in respect of each Series of Notes issued by the Issuer will be limited to the net proceeds of the relevant Compartment Assets. Further, under the Securitisation Act, the net proceeds of the Compartment Assets for each Series are available only for distribution to the Noteholders and other creditors relating to such Series or Compartment.

A creditor of the Company may have claims against the Company in respect of more than one Series or Compartment, in which case the claims in respect of each individual Series issued by the Issuer will be limited to the net proceeds of the relevant Compartment Assets only. Assets held in different Compartments of the Company are deemed to be assets of separate entities for the purpose of creditors.

The specific terms of each Compartment and the Conditions of the Notes issued in respect of it shall be determined by the Board. Each Noteholder shall be deemed to fully adhere to, and be bound by, the Conditions applicable to the relevant Notes.

Subject as may be specified in the articles of incorporation of the Company dated 24 August 2017 (the "**Articles**") and to any particular rights or limitations for the time being attached to any Notes, including, without limitation, the relevant Conditions thereof, if the Compartment Assets are liquidated, the net proceeds of liquidation shall be applied in the order set out in the Issue Terms and Supplemental Trust Deed for a Series. The rights of Noteholders and other Secured Creditors in respect of a Series of Notes are limited to the Compartment Assets, where these rights relate to that Compartment or have arisen upon the occasion of the creation, the operation or the liquidation of the relevant Compartment. The assets of a Compartment are, in principle, available only to satisfy the rights of the Noteholders of Notes issued in relation to that Compartment and the rights of creditors whose claims have arisen at the occasion of the creation, the operation or the liquidation of that Compartment (including the other Secured Creditors).

The Board shall establish and maintain separate accounting records for each of the Compartments of the Company for the purposes of ascertaining the rights of the Noteholders of Notes issued in respect of each Compartment for the purposes of the Articles and the Conditions, and such accounting records shall be conclusive evidence of such rights in the absence of manifest error.

The Compartment Assets may include the proceeds of the issue of the Notes of the relevant Series and the Charged Assets. The fees, costs and expenses in relation to the Notes of each Series are allocated to the Compartment relating to the relevant Series in accordance with the Conditions and the Articles.

The Company is a special purpose vehicle

The Company's sole business is the raising of money by issuing Notes or entering into certain other obligations within the limits of the Securitisation Act (in respect of each Series and acting on behalf of the relevant compartment, the "**Issuer**"), in each case for the purposes of purchasing Underlying Loans and entering into related agreements. The Issuer has covenanted (amongst other things) not, as long as any Note remains outstanding, to engage in any business other than acquiring and holding any Charged Assets, issuing Notes (and related Certificates), entering into the Transaction Documents and the Trade Documents in respect of each Series of Notes and not to incur or permit to subsist any indebtedness for borrowed money whatsoever or give any guarantee or indemnity in respect of indebtedness other than issuing further Notes and Certificates **provided always that**, amongst other things, such obligations are secured on assets of the Issuer other than: (i) the relevant Compartment Assets; and (ii) the Issuer's share capital, and that they are entered into on a limited recourse and non-petition basis.

In addition, the Issuer will be subject to certain other restrictions including that it will not consolidate or merge with any other person, convey or transfer its assets substantially as an entity to any person (other than as contemplated by the Conditions). As such, the Issuer has, and will have, no assets other than its issued and paid-up share capital (which is currently 25% paid up), such fees (as agreed) payable to it in connection with the issue of Notes or entry into other obligations from time to time and any Compartment Assets and any other assets on which Notes or other obligations are secured. The Notes are solely obligations of the Issuer and no other party has any obligation to the Noteholders for payment of any amount due in respect of the Notes.

There is no certainty that Noteholders will recover any amount payable under the Notes. Due to the "limited recourse" nature of the Notes, claims in respect of the Notes are limited to the net proceeds of enforcement of the Compartment Assets. Noteholders will have no recourse to the Issuer or the Company beyond the amounts derived by or on behalf of the Issuer in respect of the Compartment Assets.

Contracting on a Limited Recourse basis and non-petition basis

The rights of Noteholders to participate in the assets of the Issuer are limited to the net proceeds of the Compartment Assets. If the payments received by the Issuer in respect of the Compartment Assets are not sufficient to make all payments due in respect of the Notes, the obligations of the Issuer in respect of the Notes will be limited to the Compartment Assets.

To give effect to the provisions of the Securitisation Act under which the net proceeds of the Compartment Assets of a Compartment are available only for the transaction parties for the relevant Series relating to that Compartment, the Issuer is (subject as provided for in the Trust Deed) permitted only to contract with parties on a "limited recourse" basis such that claims against the Issuer in relation to each Series would be restricted to the net proceeds of the Compartment Assets of the Compartment for the relevant Series. In addition, the Issuer is (subject as provided for in the Trust Deed) permitted only to contract with parties on

a "non-petition" basis (for the purpose of these risk factors contracting on a "non-petition" basis means that the Issuer has entered into a contract or arrangement under which a provision substantially in the form, or with the effect, of Condition 13.6 (*Non-Petition*) of the terms and conditions of the Notes is included in such other contract or arrangement). Provided such parties have agreed a non-petition clause, no such party will be able to petition or take any other step for the winding-up or the bankruptcy of the Company or any other similar insolvency related proceedings in Luxembourg. However, there is no guarantee that all claims which arise against the Company will be on a limited recourse and non-petition basis, in particular claims arising from parties which have no direct contractual relationship with the Issuer.

The Compartment Assets relating to one or more Compartments may be subject to claims by creditors other than the relevant transaction parties for the relevant Series (including creditors whose claims are preferred by law), resulting in a shortfall in the amounts available to meet the claims of the relevant transaction parties. Noteholders may be exposed to competing claims of other creditors of the Company if foreign courts which have jurisdiction over assets of the Company allocated to a Compartment do not recognise the segregation of assets and their compartmentalisation, as provided for in the Securitisation Act. The claims of these other creditors may affect the scope of assets which are available for the claims of Noteholders and those of the transaction parties. If, as a result of such claims, a shortfall arises, the Noteholders and the transaction parties may not receive the full amount owed to them by the Issuer in respect of a Series of Notes.

Allocation of Liabilities among all Noteholders

Any fee, expense or liability which is not a Series-specific liability (that is, it does not relate to any Compartment in respect of which a Series of Notes is issued) which is not otherwise funded may be apportioned between the Compartments. The apportionment of such liability will reduce the return that would otherwise have been payable on such Notes. The Issuer will seek to contract with all counterparties on a limited recourse basis such that claims in respect of any liability which is not Series-specific may not be made in respect of the assets of any Compartment (although there is no guarantee that the Board will be able to achieve this).

The rights of creditors (the "**Non Compartment-Specific Claims Creditors**") whose claims have not arisen in connection with the creation, operation or liquidation of a Compartment and which have not waived their recourse to the assets of the Company or any Compartment can be paid out of the general estate of the Company. Alternatively they may be apportioned by the Board of Directors of the Company between the Company's compartments on a *pro rata* basis by reference to the assets of those compartments or on such other basis as it may deem more appropriate where the relevant Conditions or the Articles expressly authorise Non Compartment-Specific Claims Creditors to have recourse against the rights and assets allocated to such Compartments.

Consequences of Winding-up Proceedings

The Company is structured to be an insolvency remote vehicle.

The Company is (subject as provided for in the Trust Deed) permitted only to contract with parties who agree not to make any application for the commencement of winding-up, or bankruptcy or similar proceedings against the Company. Legal proceedings initiated against the Company in breach of these provisions shall, in principle, be declared inadmissible by a Luxembourg court.

However, if the Company fails for any reason to meet its obligations or liabilities, a creditor who has not (and cannot be deemed to have) accepted non-petition and limited recourse provisions in respect of the Company is entitled to make an application for the commencement of insolvency proceedings against the Company. In that case, such creditor (other than a creditor whose claims have arisen in connection with the creation, operation or liquidation of a Compartment, which would have recourse to the assets of the relevant Compartment) should not have recourse to the assets of any Compartment but would have to exercise his rights over the general assets of the Company.

Furthermore, the commencement of such proceedings may, in certain conditions, entitle creditors to terminate contracts with the Company and claim damages for any loss suffered as a result of such early termination.

The Company is insolvency remote, not insolvency proof.

Certain powers may not be enforceable under Luxembourg Law

Certain powers of the Trustee or any receiver as conferred upon it under the Law of Property Act 1925 or the Insolvency Act 1986 may not be enforceable under Luxembourg law.

Fees and Expenses

The Noteholders should note that, in relation to a Series of Notes, fees and expenses (including fees payable to the Agents and/or the Trustee) as set out in the applicable Issue Terms may rank senior to payments of principal and interest on the Notes.

Evolution of international fiscal policy

The Grand Duchy of Luxembourg has concluded a number of double taxation treaties with other member states. It may be necessary or desirable for the Company to seek to rely on such treaties particularly in respect of income and gains of the Issuer. Whilst each double taxation treaty needs to be considered individually taking into account fiscal practices primarily of the country from which relief is sought, a number of requirements need to be met. These requirements may include ensuring that an entity is resident in Luxembourg, is subject to taxation on income and gains in Luxembourg and is also beneficial owner of such income and gains.

Fiscal policy and practice is constantly evolving and at present the pace of evolution has quickened due to a number of developments which include, but are not limited to, the Organisation for Economic Co-operation and Development ("OECD") base erosion and profit shifting project. Any fiscal policy change may or may not be accompanied by a formal announcement by any fiscal authority or the OECD. As a result, there can be no certainty that the Company will be able to rely on double taxation treaties because fiscal practice in relation to the construction of double taxation treaties and the operation of the administrative processes surrounding those treaties may be subject to change.

Transposition of the Anti-Tax Avoidance Directive in Luxembourg law

On 21 December 2018, Luxembourg transposed the anti-tax avoidance rules laid down in the Council Directive (EU) 2016/1164 of 12 July 2016. This law may impact the tax position of the Company (including its performance) in certain circumstances (see '*Luxembourg Taxation*' in the section of this Base Prospectus entitled 'Taxation' below). The transposition of the EU Council Directive 2017/952 of May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries may further impact the tax position of the Issuer (although no draft bill has been released in Luxembourg as at the date of this Base Prospectus).

Regulation of the Company by any regulatory authority

Save for registration with the trade and companies register in Luxembourg, the Company is not required to be licensed, registered or authorised under any current securities, commodities, insurance or banking laws or regulations of its jurisdiction of incorporation. There is no assurance, however, that in the future such regulatory authorities would not take a contrary view regarding the applicability of any such laws or regulations to the Company. There is also no assurance that the regulatory authorities in other jurisdictions would not require the Company to be licensed or authorised under any securities, commodities, insurance or banking laws or regulations of those jurisdictions. Any requirement to be licensed or authorised could have an adverse effect on the Company and on the Noteholders of a Series of Notes.

Risks related to the Notes

Noteholders have no direct proprietary interest in the Compartment Assets

Noteholders will have no direct proprietary interest in the Compartment Assets other than the Security created by the Issuer in favour of the Trustee for itself and on behalf of the Secured Creditors, as described in the Conditions. **Provided that** no Event of Default has occurred and no Enforcement Notice has been delivered, the rights in respect of the Compartment Assets (including the relevant Underlying Loan) are exercisable by the Issuer in accordance with the Conditions.

Following the occurrence of an Event of Default in respect of a Series and delivery of an Enforcement Notice, the Trustee may, but need not, exercise any rights, (including voting rights) in respect of such

Compartment Assets (and in either case shall bear no liability for so exercising or electing not to exercise); **provided that** it shall (subject to it being indemnified and/or prefunded and/or secured to its satisfaction) exercise any such rights if requested to do so (i) by the Noteholders by means of an Extraordinary Resolution; or (ii) in writing from Noteholders whose Notes constitute at least one quarter in Principal Amount of the Notes outstanding and if the Trustee does exercise any such rights pursuant to such request, it will bear no liability for so doing.

Security

The Notes of each Series will have the benefit of English law governed security interests (and, in certain circumstances, security interests governed by the laws of any other relevant jurisdiction) which are granted to the Trustee (for the benefit of the Noteholders and the other Secured Creditors from time to time for the relevant Series) over the Compartment Assets.

The Securitisation Act provides that the net proceeds of the Compartment Assets for each Series of Notes are available to meet only the claims of Secured Creditors (including the Noteholders) for that Series.

Meetings of Noteholders, written resolutions, modification and waivers

The Trust Deed contains provisions for calling meetings of Noteholders of a Series of Notes to consider matters affecting their interests generally and to obtain written resolutions on matters relating to the Series of Notes from Noteholders without calling a meeting. A written resolution signed by or on behalf of Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders and who hold (in aggregate) more than fifty per cent in outstanding principal amount of the Notes for the time being outstanding will, for all purposes, be deemed to be an Extraordinary Resolution.

The notice period for a meeting of Noteholders is 10 calendar days (excluding the date on which such notice is given and the date of the relevant meeting) and 5 calendar days (excluding the date on which such notice is given and the date of the relevant meeting) for any adjourned meeting. Noteholders will therefore have limited notice of a meeting and any Noteholder holding their Notes through a custodian is likely to be provided even less notice and may only receive notice of a meeting after any deadline to instruct its custodian has passed or even after such meeting has already taken place. In such a circumstance, an Extraordinary Resolution may be passed at a meeting (including in respect of a Reserved Matter) without a Noteholder having had the opportunity to vote.

Where the Notes are held by or on behalf of a clearing system or clearing systems, the Principal Trust Deed also provides that approval of a resolution proposed by the Issuer or the Trustee (as the case may be), given by way of electronic consents ("**Electronic Consent**") communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures provided such approval constitutes one more than half of the votes cast through the clearing systems pursuant to such Electronic Consent shall take effect as if it were an Extraordinary Resolution; **provided, however, that** if the resolution is in respect of a Reserved Matter, Noteholders who (in aggregate) hold a minimum of 25 per cent. in Principal Amount of the Notes then outstanding must vote through the clearing systems in favour or against the relevant resolution in order for such resolution to take effect as an Extraordinary Resolution.

The Issuer (or the Trustee) is required to give Noteholders 10 calendar days' notice (excluding the date on which such notice is given and the date on which affirmative consents will be counted) of the deadline by which they are required to vote pursuant to the Electronic Consent process. Noteholders will therefore have limited notice of the Electronic Consent process and any Noteholder holding their Notes through a custodian is likely to be provided even less notice and may only receive notice of a meeting after any deadline to instruct its custodian has passed or even after the deadline for voting has passed. In such a circumstance, an Extraordinary Resolution may be passed (including in respect of a Reserved Matter) without a Noteholder having had the opportunity to vote. It should be noted that the voting thresholds for the Electronic Consent process correspond to the lower thresholds applicable to an adjourned meeting and therefore an Extraordinary Resolution (including in respect of a Reserved Matter) could be passed by a minority of Noteholders.

Notwithstanding the above, an Extraordinary Resolution directing the Issuer and/or the Trustee to take any action (or not to take action) in respect of the Charged Assets shall only have been validly passed for a Series of Notes if persons holding not less than twenty five per cent. of the aggregate Principal Amount of

the outstanding Notes for such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant time) have voted in favour of the Extraordinary Resolution at a Meeting or by way of electronic consents or have signed the written resolution containing such Extraordinary Resolution (as applicable). As a result, an Extraordinary Resolution that would otherwise satisfy the required percentage to be passed may nevertheless not be passed in the event that a significant amount of the Notes are held by one or more Disenfranchised Holders and if Disenfranchised Holders hold more than seventy five per cent. of the Notes of a Series, the remaining Noteholders will not be able to instruct the Issuer or Trustee to take any action (or not to take action) in respect of the Charged Assets as they will hold less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes.

Further, notwithstanding the above, the Trustee may, in certain circumstances (as set out in the Trust Deed) and without the consent of Noteholders, (i) agree to certain modifications of, or the waiver or authorisation of any breach or proposed breach of, the terms and conditions of the Notes or (ii) determine that any Event of Default or Potential Event of Default shall not be treated as such.

Exercise of rights under the Charged Assets

Prior to the occurrence of an Event of Default and delivery of an Enforcement Notice, the Issuer shall exercise its voting rights in respect of the Charged Assets in accordance with an Extraordinary Resolution of Noteholders or if so directed in writing by Noteholders holding not less than 25% of the aggregate Principal Amount outstanding of the Notes of such Series (an **"Instructing Noteholder Group"**), in each case **provided that** such direction (a **"Noteholder Charged Asset Direction"**) is received not less than one Business Day prior to the last date on which the Issuer may exercise such vote and/or rights (the **"Noteholder Charged Asset Voting Deadline"**). If a Noteholder Charged Asset Direction is received after the Noteholder Charged Asset Voting Deadline but prior to the deadline by which the Issuer is required to exercise such vote and/or rights, the Issuer shall use all reasonable efforts to exercise such vote and/or right in accordance with the Noteholder Charged Asset Direction **provided, however, that** any failure by the Issuer to do so shall not constitute an Event of Default. If on any occasion the requisite number of Noteholders fails to provide a direction within the applicable time period the Issuer shall take no further action.

Following the occurrence of an Event of Default and delivery of an Enforcement Notice, the Trustee may, but need not, exercise any rights, (including voting rights) in respect of the relevant Charged Assets for a Series of Notes (and in either case shall bear no liability for so exercising or electing not to exercise); **provided that** it shall (subject to it being indemnified and/or prefunded and/or secured to its satisfaction) exercise any such rights if requested to do so by means of an Extraordinary Resolution or by an Instructing Noteholder Group and if the Trustee does exercise any such rights pursuant to such request, it will bear no liability for so doing.

Notwithstanding the above, the Issuer or Trustee (as applicable) shall only follow an instruction of an Instructing Noteholder Group directing the Issuer and/or the Trustee to take any action (or not to take action) in respect of the Charged Assets if persons holding not less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes for such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant) form part of such Instructing Noteholder Group. As a result, an instruction that would otherwise be followed may nevertheless not be followed in the event that a significant amount of the Notes are held by one or more Disenfranchised Holders and if Disenfranchised Holders hold more than seventy five per cent. of the Notes of a Series, the remaining Noteholders will not be able to instruct the Issuer or Trustee to take any action (or not to take action) in respect of the Charged Assets as they will hold less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes.

If a Noteholder does not form part of the Instructing Noteholder Group, the Issuer or the Trustee (as applicable) may act on the request of such Instructing Noteholder Group even if such Noteholder does not agree or consent to such request. Furthermore, where the Issuer or the Trustee (as applicable) receives conflicting instructions from different Instructing Noteholder Groups, it shall follow the instructions of the Instructing Noteholder Group representing the greater aggregate principal amount outstanding of Notes of such Series or, if the Instructing Noteholder Groups represent the same aggregate principal amount of Notes for such Series, it shall follow the instructions of the first Instructing Noteholder Groups to have instructed it. As a result, even if a Noteholder is part of an Instructing Noteholder Group, the Issuer or the Trustee (as applicable) may not act on its instructions and may act contrary to the instructions of such Noteholder.

Disenfranchised Holders

Each sponsor or mezzanine lender (or in each case any Affiliate thereof) in respect of an Underlying Loan and any Additional Disenfranchised Holder specified in the Issue Terms for a Series of Notes is disenfranchised for the purposes of exercising any voting rights or right of the Noteholders to direct the Issuer or the Trustee in respect of the Charged Assets. Any such entity purchasing the Notes of a Series should therefore be aware that such rights shall be solely exercised by the other Noteholders of such Series.

Trustee indemnity and remuneration

In certain circumstances, the Noteholders of a Series of Notes may be dependent on the Trustee to take certain actions in respect of a Series of Notes, in particular if the Security in respect of such Series becomes enforceable under the Conditions. Prior to taking such action, the Trustee may require to be indemnified and/or secured and/or prefunded to its satisfaction. If the Trustee is not indemnified and/or secured and/or prefunded to its satisfaction it may decide not to take such action and such inaction will not constitute a breach by it of its obligations under the Trust Deed. Consequently, the Noteholders would have to either arrange for such indemnity and/or security and/or prefunding or accept the consequences of such inaction by the Trustee. Noteholders should be prepared to bear the costs associated with any such indemnity and/or security and/or prefunding and/or the consequences of any such inaction by the Trustee. Such inaction by the Trustee will not entitle Noteholders to take action directly against the Issuer to pursue remedies for any breach of obligation by the Issuer under the Trust Deed or the terms and conditions of a Series of Notes.

So long as any Note is outstanding, the Issuer shall pay the Trustee remuneration for its services. Such remuneration may reduce amounts available for payments to Noteholders.

Priority of Claims

On enforcement of the Security, the rights of the Noteholders to be paid amounts or delivered assets due under the Notes will be subordinated to (i) the Issuer's share of the payment or satisfaction of all taxes owing by the Company; (ii) the fees, costs, charges, expenses and liabilities due and payable to the Trustee including costs incurred in the enforcement of the Security (including any taxes to be paid, legal fees and remuneration); (iii) to the extent applicable, certain amounts owing to the Account Bank, the Principal Paying Agent and the other Agents in respect of reimbursement for sums paid by them in advance of receipt by them of the funds to make such payment and fees, costs, charges, expenses and liabilities; and (iv) any other claims as specified in the Conditions as may be amended by the Issue Terms relating to the relevant Series of Notes, that rank in priority to the Notes.

No gross-up

In the event that any withholding tax or deduction for tax is imposed on payments on or in respect of the Notes of a Series, the Noteholders will not be entitled to receive grossed-up amounts to compensate for such withholding tax or reimbursed for the amount of any shortfall.

Early redemption of the Notes

A Series of Notes may be redeemed in whole or in part prior to the Scheduled Maturity Date as a result of a prepayment (in whole or in part) of the Underlying Loan(s) for such Series (See also "*Risks relating to the Underlying Loans and the Properties — Prepayment of the Underlying Loan*" below).

Unless provided otherwise in the Issue Terms for a Series, interest will accrue on the portion of the Notes to be redeemed only to the date on which the Issuer receives the relevant prepayment amount and Noteholders will therefore receive less interest than they would have received had the Notes remained outstanding until their Scheduled Maturity Date.

If the relevant Series of Notes is a Series of Variable Rate Notes, the prepayment of an Underlying Loan may result in the Issue Agent resetting the interest rate for the remainder of the Interest Period in which such prepayment falls. Such reset rate may be lower than the interest rate accruing on the Notes prior to such prepayment.

Extension of Scheduled Maturity

If 'Extension of Scheduled Maturity' is specified as applicable in the Issue Terms for a Series, in the event that the scheduled final repayment date of an Underlying Loan is extended in accordance with the terms of the relevant Underlying Loan Agreement and other Underlying Loan Documents, and as a result of such extension the Scheduled Maturity Date would fall prior to the new scheduled repayment date for the Underlying Loan, the Scheduled Maturity Date shall automatically be extended until the Business Day following the new scheduled repayment date of such Underlying Loan. As a result there could be a substantial deferral in the redemption of the Notes and therefore in the Noteholders receiving the return of their investment beyond the original Scheduled Maturity Date and such a deferral could occur on more than one occasion.

Market Value of Notes

The market value of the Notes will be affected by a number of factors, including, but not limited to (i) the value of the Underlying Loan(s) and Property or Properties and the creditworthiness of the Borrower and any other obligor(s) under the Charged Assets from time to time; (ii) market perception, interest rates, yields and foreign exchange rates; and (iii) the time remaining to the Scheduled Maturity Date.

Prospective investors should be aware that not all market participants would determine prices in respect of the Notes in the same manner, and the variation between such prices may be substantial. Accordingly, any prices provided by the Dealer may not be representative of prices that may be provided by other market participants. For this reason, any price provided or quoted by a Dealer should not be viewed or relied upon by prospective investors as establishing, or constituting advice by the Dealer concerning, the value of the Notes. The price (if any) provided by the Dealer is at the absolute discretion of that Dealer and may be determined by reference to such factors as it sees fit. Any such price may take into account fees, commissions or arrangements entered into by the Dealer with a third party in respect of the Notes and that Dealer shall have no obligation to any Noteholder to disclose such arrangements. Any price given would be prepared as of a particular date and time and would not, therefore, reflect subsequent changes in market values or any other factors relevant to the determination of the price.

Secondary Market

No secondary market for the Notes is expected to develop and none of the Issuer, the Dealer, the relevant Seller nor any of their respective affiliates is under any obligation to make a market in the Notes. No assurance can be given as to the liquidity of any trading market for the Notes and it is unlikely that a trading market for the Notes will develop.

Authorised Denominations may involve integral multiples

Notes may have Authorised Denominations of a certain amount plus one or more integral multiples of a smaller amount (the "**Integral Multiples**") in excess thereof, in which case (i) for so long as the relevant clearing systems so permit, the Notes will be tradable only in the minimum authorised denomination of the Authorised Denomination and the Integral Multiples and (ii) it is possible that the Notes may be traded in amounts in excess of the Authorised Denomination that are not Integral Multiples of the Authorised Denomination. A Noteholder who, as a result of trading such amounts as contemplated in (ii) above, holds an amount which is less than the Authorised Denomination in its account with the relevant clearing system at the relevant time may need to purchase a principal amount of Notes such that its holding amounts to not less than the Authorised Denomination in order to be able to transfer its Notes (subject in all cases to the rules and procedures of the relevant clearing system).

Avoided Payments

If any payment made by the Issuer to the Noteholders under the Notes which was funded by the Charged Assets (an "**Initial Payment**") is required to be repaid by the Issuer pursuant to the terms of the Charged Assets or is subsequently avoided under any applicable law and any relevant authority has ordered the Issuer to return or turn over such amount (an "**Avoided Payment Event**"), then the Issuer may deduct an amount equal to the Initial Payment (and any interest thereon) from any future amounts that would otherwise be payable to the Noteholders in respect of the Notes for the relevant Series.

If a Noteholder acquires their Notes subsequent to an Initial Payment, payments to such Noteholder in respect of their Notes will be subject to such deduction following an Avoided Payment Event notwithstanding that the relevant Noteholder did not receive the Initial Payment.

Change of Law

The Conditions are based on English law in effect as at the date of issue of the relevant Series of Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Series of Notes.

U.S. Credit Risk Retention

The U.S. Risk Retention Rules came into effect on 24 December 2016 and generally require the "sponsor" of a "securitization transaction" to retain an economic interest in at least 5 per cent. of the "credit risk" of "securitized assets", as such terms are defined for purposes of that statute, and generally prohibit a sponsor from directly or indirectly eliminating or reducing its credit exposure by hedging or otherwise transferring the credit risk that the sponsor is required to retain. The U.S. Risk Retention Rules also provide for certain exemptions from the risk retention obligation that they generally impose.

Where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules in respect of a Series of Notes, MSPFI (or its majority-owned affiliate) is required to acquire and retain an economic interest in the credit risk of the assets collateralizing the issuance of "asset-backed securities" by the Issuer in an amount of not less than 5 per cent. MSPFI as sponsor intends to satisfy the U.S. Risk Retention Rules by acquiring and retaining either directly or through a majority-owned affiliate, a "single vertical security" within the meaning of the U.S. Risk Retention Rules, entitling the Holder of such security (which shall be a Note for the purposes of such Series) as at the Issue Date to 5 per cent. of the principal and interest amounts payable in respect of such Series of Notes, as further specified in the relevant Drawdown Document. See "*Credit Risk Retention*" for additional detail. Notwithstanding the foregoing, in the event the U.S. Risk Retention Rules (or any relevant portion thereof) are repealed or determined by applicable regulatory agencies to be no longer applicable to issuances under the Programme, neither MSPFI nor any other party will be required to comply with or act in accordance with the U.S. Risk Retention Rules (or such relevant portion thereof).

The Programme (except where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules, as described above) otherwise will not involve the retention by a "sponsor" of at least 5 per cent. of the credit risk of the securitised assets for purposes of compliance with the U.S. Risk Retention Rules, but rather will rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. Such non-U.S. transactions must meet certain requirements, including that (1) the transaction is not required to be and is not registered under the Securities Act; (2) no more than 10 per cent. of the dollar value (or equivalent amount in the currency in which the securities are issued) of all classes of securities issued in the securitization transaction are sold or transferred to U.S. persons (in each case, as defined in the U.S. Risk Retention Rules) or for the account or benefit of U.S. persons (as defined in the U.S. Risk Retention Rules and referred to in this Base Prospectus as "**Risk Retention U.S. Persons**"); (3) neither the sponsor nor the issuer of the securitization transaction is organized under U.S. law or is a branch located in the United States of a non-U.S. entity; and (4) no more than 25 per cent. of the underlying collateral was acquired from a majority-owned affiliate or branch of the sponsor or issuer organized or located in the United States.

Prior to any Notes sold in connection with the initial offering by the Issuer being purchased by, or for the account or benefit of, any Risk Retention U.S. Person, the related purchaser of such Notes must first obtain the prior written consent of Morgan Stanley & Co. International plc in its capacity as Dealer. Prospective investors should note that the definition of U.S. person in the U.S. Risk Retention Rules is different from the definition of U.S. person under Regulation S under the Securities Act and that an investor could be a Risk Retention U.S. Person but not a U.S. person under Regulation S.

Under the U.S. Risk Retention Rules, and subject to limited exceptions, "U.S. person" means any of the following:

- (a) Any natural person resident in the United States;

- (b) Any partnership, corporation, limited liability company, or other organization or entity organized or incorporated under the laws of any State or of the United States;¹
- (c) Any estate of which any executor or administrator is a U.S. person (as defined under any other clause of this definition);
- (d) Any trust of which any trustee is a U.S. person (as defined under any other clause of this definition);
- (e) Any agency or branch of a foreign entity located in the United States;
- (f) Any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a U.S. person (as defined under any other clause of this definition);
- (g) Any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organized, incorporated, or (if an individual) resident in the United States; and
- (h) Any partnership, corporation, limited liability company, or other organization or entity if:
 - 1) Organized or incorporated under the laws of any foreign jurisdiction; and
 - 2) Formed by a U.S. person (as defined under any other clause of this definition) principally for the purpose of investing in securities not registered under the Securities Act².

The material difference between such definitions is that (1) a "U.S. person" under Regulation S includes any partnership or corporation that is organized or incorporated under the laws of any foreign jurisdiction formed by one or more "U.S. persons" (as defined in Regulation S) principally for the purpose of investing in securities that are otherwise offered within the United States pursuant to an applicable exemption under the Securities Act unless it is organized or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts, while (2) any organization or entity described in (1) is treated as a "U.S. person" under the U.S. Risk Retention Rules, regardless of whether it is so organized and owned by accredited investors (as defined in Rule 501(a) of Regulation D under the Securities Act) who are not natural persons, estates or trusts.

No assurance can be given as to whether a failure to comply with the U.S. Risk Retention Rules (regardless of the reason for such failure to comply) may give rise to regulatory action which may adversely affect the Notes or their market value. Furthermore, the consequences of non-compliance with the U.S. Risk Retention Rules are unclear, but investors should note that any secondary market liquidity and/or the market value of the Notes could be adversely affected by any such non-compliance.

None of the Arranger, the Issuer, the Trustee, the Seller, the Agents, the Dealer or any of their respective affiliates makes any representation to any prospective investor or purchaser of the Notes as to whether the transactions described in this Base Prospectus comply as a matter of fact with the U.S. Risk Retention Rules on the date hereof or at any time in the future. Investors should consult their own advisers as to the U.S. Risk Retention Rules. No predictions can be made as to the precise effects of such matters on any investor or otherwise.

Reform of LIBOR and EURIBOR and other "benchmarks"

The London Inter-Bank Offered Rate ("**LIBOR**"), the Euro Interbank Offered Rate ("**EURIBOR**") and other indices which are deemed "benchmarks" are the subject of recent national, international and other regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such "benchmarks" to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. For example, on 27

¹ The comparable provision from Regulation S is "(ii) any partnership or corporation organised or incorporated under the laws of the United States."

² The comparable provision from Regulation S is: "(viii)(B) formed by a U.S. person principally for the purpose of investing in securities not registered under the [Securities Act], unless it is organised or incorporated, and owned, by accredited investors (as defined in [17 CFR §230.501(a)]) who are not natural persons, estates or trusts."

July 2017, the UK Financial Conduct Authority announced that it will no longer persuade or compel banks to submit rates for the calculation of the LIBOR benchmark after 2021 (the "**FCA Announcement**"). The FCA Announcement indicates that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. The potential elimination of the LIBOR benchmark or any other benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the terms and conditions of a Series of Notes, or result in other consequences, in respect of any Notes linked to (or the Underlying Loan(s) for which is linked to) a "benchmark". Any such consequence could have a material adverse effect on any Series of Notes linked to (or the Underlying Loan(s) for which is linked to) a "benchmark".

The EU Benchmark Regulation entered into force on 30 June 2016 and the majority of its provisions applied (with limited exceptions) from 1 January 2018. The EU Benchmark Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark, within the EU. The EU Benchmark Regulation, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent, or recognised or endorsed). The scope of the EU Benchmark Regulation is wide and, in addition to so-called "critical benchmark" indices such as LIBOR and EURIBOR, could also potentially apply to many other indices which are referenced in certain financial instruments.

The EU Benchmark Regulation could have a material impact on any listed Notes linked to (or the Underlying Loan(s) for which is linked to) a "benchmark", in particular, if the methodology or other terms of the "benchmark" are changed in order to comply with the terms of the EU Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the "benchmark".

More broadly, any of the international, national or other proposals for reform or the general increased regulatory scrutiny of "benchmarks" could increase the costs and risks of administering or otherwise participating in the setting of a "benchmark" and complying with any such regulations or requirements.

Such factors may have the effect of discouraging market participants from continuing to administer or participate in certain "benchmarks", trigger changes in the rules or methodologies used in certain "benchmarks" or lead to the disappearance of certain "benchmarks". Any such consequence could have a material adverse effect on the value of and return on any Notes linked to (or the Underlying Loan(s) for which is linked to) a "benchmark".

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmark Regulation reforms, investigations and licensing issues in making any investment decision with respect to Notes linked to (or the Underlying Loan(s) for which is linked to) a "benchmark".

Risks relating to the Underlying Loans and the Properties

General risks relating to commercial mortgage lending

The Underlying Loans will be secured by, amongst other things, mortgages over the Properties and/or security over the shares of the relevant Property owning company. If the cashflow from a Property is reduced (for example, if leases are not obtained or renewed or if tenants default in their obligations under the respective leases), a borrower's ability to repay a loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, including (a) the volatility of property revenue and (b) the relevant Property's operating leverage, which generally refers to (i) the percentage of total property operating expenses in relation to property revenue, (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue and (iii) the level of capital expenditures required to maintain the Property and retain or replace tenants. Even when the current net operating income as of the Issue Date of a Series of Notes is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

The net operating income and value of Properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely

affected by business closures or slowdowns and other factors); local property market conditions; perceptions by prospective tenants of the safety, convenience, condition, services and attractiveness of the Properties; the proximity and availability of competing alternatives to the Properties; the willingness and ability of the owners of the Properties to provide capable management and adequate maintenance; demographic factors; consumer confidence; unemployment rates; customer tastes and preferences; retroactive changes to building or similar regulations; and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect a Property's value without affecting its current net operating income, including: changes in governmental regulations; monetary and fiscal policy and planning or tax laws; potential environmental legislation or liabilities or other legal liabilities; the availability of refinancing; and changes in interest rate or yield levels.

The age, construction quality and design of a particular Property may affect its occupancy level as well as the rents that may be charged for individual leases over time. The effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the Property and to replace or retain tenants. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of an Underlying Loan, competing properties of a similar type are built in the area where a Property is located or similar properties in the vicinity of a Property are substantially updated and refurbished, the value and net operating income of the Property could be reduced.

A decline in the commercial property market, in the financial condition of a major tenant or a general decline in the local, regional or national economy will tend to have a more immediate effect on the net operating income of Properties with short-term revenue sources and may lead to higher rates of delinquency or defaults.

Any one or more of the above described factors could have an adverse effect on the income derived from, or able to be generated by, any of the Properties, which could in turn cause the relevant Borrower to default on its Underlying Loan or may impact the relevant Borrower's ability to refinance its Underlying Loan or sell the Property or Properties securing such Underlying Loan to repay the Underlying Loan.

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

Prepayment of the Underlying Loan

The relevant Borrower may choose, in certain circumstances, to prepay its Underlying Loan in whole or in part prior to its scheduled final repayment date.

In addition, the relevant Borrower under certain circumstances may be required to prepay the Underlying Loan under the terms of the relevant Underlying Loan Agreement. These circumstances may include illegality (in certain circumstances), change of control of certain entities, the receipt of certain insurance proceeds and following the receipt of disposal proceeds following a disposal of a Property or Properties.

These events may be beyond the control of the relevant Borrower and are beyond the control of the Issuer. Any such prepayment may result in the relevant Series of Notes being prepaid earlier than anticipated.

Refinancing risk

Any Underlying Loan may have a substantial remaining principal balance as it approaches its scheduled final repayment date.

Unless previously repaid, each Underlying Loan will be required to be repaid by the relevant Borrowers in full on its scheduled final repayment date.

The ability of any Borrower to repay its Underlying Loan in its entirety on the scheduled final repayment date will depend, among other things, upon their having either sufficient available cash or equity or upon its ability to find a lender willing to lend to such Borrower (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the relevant Underlying Loan in full. Such lenders will generally include banks, insurance companies and finance companies.

The availability of funds in the credit market fluctuates and during the credit crisis there was an acute shortage of credit to refinance loans such as the Underlying Loans. In addition, the availability of assets similar to the Properties, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Properties. There can be no assurance that a Borrower will be able to refinance its Underlying Loans prior to the scheduled final repayment date.

If a Borrower cannot refinance its Underlying Loan, it may be required to sell some or all of the Properties in the then current market conditions in order to repay its Underlying Loan. Failure by a Borrower to refinance its Underlying Loan or to sell the relevant Property or Properties on or prior to the scheduled final repayment date may result in such Borrower defaulting on its Underlying Loan and in its insolvency. In the event of such a default or insolvency, the Noteholders of the relevant Series may receive by way of principal repayment an amount less than the then outstanding Principal Amount of their Notes.

Valuation

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

There can be no assurance that the market value of the Properties will continue to be equal to or exceed the valuations given to them in the initial valuation carried out with respect to the Property or Properties or that the value of the Properties has not changed materially since the date of the initial valuation. Assumptions often differ from the current facts regarding such matters and are subject to various risks and contingencies, many of which are not within the control of the Issuer, the Dealer, the Arranger, the Seller, the Trustee, the Agents or the Borrowers. Some of the assumptions in the initial valuation might not materialise, and unanticipated events and circumstances may occur or have occurred subsequent to the date of the initial appraisal.

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

Risks relating to the rent income

Each Borrower's ability to make its payments under the relevant Underlying Loan Agreement will be dependent on payments being made by the lessees of the relevant Properties. No assurance can be given that lessees in such Properties will continue making payments under their leases or that any such lessee will not become insolvent or subject to insolvency proceedings in the future or, if any such lessees become subject to insolvency proceedings, that they will continue to make rental payments in a timely manner. In addition, a tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a failure to make rental payments when due. If a lessee defaults in its obligations under its lease or business lease, the lessor may experience delays in enforcing its rights as lessor and may incur substantial costs and experience significant delays associated with protecting its investment, including costs incurred in renovating and re-letting the Properties. In any of the above circumstances, the decrease in rental income may have an adverse effect on the relevant Borrower's ability to meet its debt service on the relevant Underlying Loan and subsequently the Noteholders of the relevant Series may not receive the timely repayment of interest and principal on their Notes.

If a significant number of tenants' rental payments are not received on or prior to the immediately following relevant Underlying Loan payment date and any resultant shortfall is not otherwise compensated for from other resources, there may be insufficient cash available to the relevant Borrower to make payments to the Issuer under its Underlying Loan. No assurance can be given that such resources will, in all cases and in all

circumstances, be sufficient to cover any such shortfall and that an Event of Default under the relevant Series of Notes will not occur as a result of the late payment of rent.

Geographical concentration

Repayments under any Underlying Loan and the market value of the relevant Property or Properties could be adversely affected by conditions in the property market where the Properties are located, acts of nature (e.g. floods, which may result in uninsured losses), and other factors which are beyond the control of the relevant Borrower. In addition, the performance of the relevant Property or Properties will be dependent upon the strength of the economy in which the relevant Property or Properties are located.

Risks relating to tenants and leases

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

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

Income from and the market value of a Property would be adversely affected if space in that Property could not be leased or re-let, if tenants were unable to meet their lease obligations, if a significant tenant (or a number of smaller tenants) were to become insolvent, or if for any other reason rental payments could not be collected.

Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a tenant, particularly a major tenant, defaults in its obligations under its lease, the relevant lessor may experience delays in enforcing its rights and may incur substantial costs and experience significant delays associated with protecting its investments, including costs incurred in renovating and re-letting the Property or the relevant parts of the Property.

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

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

Risks relating to terms of leases

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

Either of these factors might result in a decline in the income produced by a Property or the incurrence by the relevant Borrower of unforeseen liabilities, which may in turn adversely affect the ability of such Borrower to meet its obligations in respect of the relevant Underlying Loan and hence the ability of the Issuer to make payments on the Notes of the relevant Series.

Insurance

There can be no assurance that any loss incurred with respect to any Property will be of a type covered by insurance effected and maintained in respect of the relevant Property and will not exceed the limits of such

insurance. The risks that the Underlying Loan Agreements require to be covered may include loss or damage caused by certain specified events and such other risks as a prudent property company carrying on the same or substantially similar business as the relevant Borrower would effect. There is a possibility of losses with respect to one or more of the Properties for which insurance proceeds may not be adequate or which may result from risks which are not covered by insurance. As with all real estate, if reconstruction (due to earthquake, fire or other cause) or any major repair or improvements is required to any Property, changes in law and governmental regulations may be applicable and may materially affect the cost to effect such reconstruction, major repair or improvement. As a result of the occurrence of any of these events, the amounts realised with respect to the Properties, and consequently the amounts available to make payments on the Notes of the relevant Series, could be reduced.

Set-off of rental payments

It is possible that a tenant may seek to set-off part of its rent if the relevant Borrower fails to meet its obligation to keep the relevant Property in repair.

The exercise of such set-off could, if exercised across a significant number of Properties, materially reduce the amount of net rental income available, the relevant Borrower's ability to make payments under its Underlying Loan and therefore, the Issuer's ability to make payments under the relevant Series of Notes.

Risks relating to environmental laws

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

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

Risks relating to planning consents

Properties may be subject to compliance with various local planning rules and regulations. Such planning rules will typically require local planning board or planning authority consent or approval to any significant construction or renovations to a Property or any significant change in use for a Property. Obtaining planning consent can be time consuming and, depending on the request being made to the planning board or planning authority, costly and difficult to obtain. However, failure to so comply with planning rules and regulations (together with an inability to remedy such failure) could result in penalties being assessed against the related Property and failure to obtain further consents necessary to complete any action to construct, modify or change usage with respect to such Property. Also, any failure to comply with such planning and other rules and regulations in relation to any Property may result in an event of default under the relevant Underlying Loan which may in turn adversely affect the ability of the Issuer to make payments on the Notes of the relevant Series.

Force majeure and similar events

There can be no assurance that a tenant will not be subject to a force majeure event or similar event such as significant damage to a Property. Whether or not the occurrence of such event gives rise to a right to terminate a lease will typically depend on the terms of that lease and of the nature of the damage (however, in the event that a Property would be destroyed and the object of the lease would no longer exist, the lease shall be considered null and void, notwithstanding any provision to the contrary).

This could result in a decrease of rental income to the relevant Borrower unless such Borrower can enter into a new lease with a tenant at substantially the same rent. If such Borrower is unable to secure a new tenant at substantially the same rent, a decrease in rental income may have an adverse effect on such

Borrower's ability to meet its debt service on the related Underlying Loan and subsequently the Noteholders of the relevant Series may not receive the timely repayment of interest and principal on their Notes.

Property condition assessments

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

To maintain rented Properties, and also to avoid loss of value, it is necessary to perform maintenance and/or repairs. In addition, it may be necessary to modernise Properties to increase their appeal or to meet contractual or legal requirements. Such measures can be time consuming and expensive. In connection with this, risks can arise in the form of higher costs than anticipated or unforeseen additional expenses for maintenance, repair or modernisation that cannot be passed on to tenants.

Moreover, work can be delayed, for example, because of bad weather, poor performance or insolvency of contractors or the discovery of unforeseen structural defects. In the ordinary course of events, each Borrower may fund such capital expenditure out of cashflow generated by the relevant Property or Properties to the extent that these are not covered by the relevant tenant. If the necessary capital expenditure is not undertaken, this could lead to a diminution in the value of the relevant Property or Properties, impacting on the liquidation or refinancing value thereof and hence the ability to generate sufficient disposal proceeds or refinancing proceeds. The possibility of such diminution in value could be increased if enforcement proceedings following an event of default under any Underlying Loan are protracted.

Risk relating to property management and asset management

The successful operation of a Property depends upon the relevant property manager's and/or asset manager's performance.

No representation or warranty can be made as to the skills or experience of any present or future property managers or asset managers or their relevant staff. Additionally, there can be no assurance that a property manager or an asset manager will be in a financial condition to fulfil its management responsibilities throughout the terms of its property management agreement or asset management agreement, as applicable.

If the property manager's or asset manager's appointment is terminated pursuant to the relevant property management agreement or asset management agreement, as applicable, it may be difficult to replace that manager on the same or similar terms. In addition, the timely adherence to a business plan could be interrupted if the property manager's or asset manager's appointment is terminated.

No claim against the Borrower or any obligor of the Charged Assets

The Notes will not represent a claim against the Borrower or any other obligor under the Underlying Loan or Charged Assets and, in the event of any loss, a Noteholder will not have recourse under the Notes to the Borrower or any such obligor.

Considerations relating to mezzanine financing and intercreditor arrangements

For certain Underlying Loans, there may also have been mezzanine financing provided to the relevant obligor group. Where such mezzanine financing exists, the indirect equity owners of the senior borrowers will typically have pledged their respective indirect ownership interests in such borrowers (consisting of the shares of companies higher up in the group structure) as security for the mezzanine loan.

In addition, certain amendments, waivers or consents in respect of the Underlying Loan Documents may require, in addition to the consent of senior finance parties in accordance with the terms of the Underlying Loan Documents, the consent of the mezzanine majority lenders, and may not be made or given unless and until the majority mezzanine lenders have approved the same. This may delay the granting of such amendments, waivers or consents which may have adverse consequences for the Underlying Loan and consequently the Issuer.

Furthermore, generally speaking the performance of any Underlying Loan will depend in part on the identity of the persons or entities that control the relevant borrowers and the operation of the Properties. Where mezzanine financing is in place, the relevant intercreditor agreement will typically provide that, upon an event of default under the mezzanine facility, the mezzanine security agent will be entitled to enforce the security for the mezzanine loan, which would generally include a charge over the shares of indirect owners of the borrowers under the senior facility.

Provided the mezzanine lender or any other approved person remains in control of the senior borrower, this would not generally constitute a change of control that would trigger a mandatory prepayment under the senior facility. However, it is possible that the overall impact of any such change of control would be detrimental to the operation of one or more Properties or lead to other disruptive actions by the borrowers, the sponsors, the mezzanine lenders or their respective affiliates, which may in turn adversely affect the performance of the Underlying Loan and consequently the ability of the Issuer to fulfil its payment obligations in respect of the relevant Series of Notes.

Risks relating to other Parties to the Programme

Risks relating to the Account Bank

Any cash deposited with the Account Bank by the Issuer and any cash received by the Account Bank for the account of the Issuer in relation to a Series will be held by the Account Bank as banker and not as trustee. Accordingly, such cash will not be held as client money and will represent only an unsecured claim against the Account Bank's assets.

Each account maintained by the Issuer with the Account Bank for a Series shall bear interest at the rate agreed from time to time between the Issuer and the Account Bank. Such rate may be a negative rate in which case amounts available to the Issuer to make payments on the Notes shall be reduced and Noteholders may not receive all of the amounts due to them.

Risks relating to the Paying Agents

Any payments made to Noteholders in accordance with the Conditions will be made by the Principal Paying Agent and/or the Paying Agents on behalf of the Issuer. Pursuant to the Agency Agreement, the Issuer is to transfer to the Principal Paying Agent such amount as may be due under the Notes, on or before each date on which such payment and/or deliveries in respect of the Notes becomes due.

If the Principal Paying Agent and/or the Paying Agents, while holding funds for payment to Noteholders in respect of the Notes, is declared insolvent, the Noteholders may not receive all (or any part) of any amounts due to them in respect of the Notes from the Principal Paying Agent and/or the Paying Agents. The Issuer will still be liable to Noteholders in respect of such unpaid amounts but the Issuer will have insufficient assets to make such payments (or any part thereof) and Noteholders may not receive all or any part of any amounts due to them. Consequently, the Noteholders are relying not only on the creditworthiness of the Charged Assets, but also on the creditworthiness of the Principal Paying Agent and the Paying Agents in respect of the performance of its obligations under the Agency Agreement to make or facilitate payments to Noteholders.

Risks relating to the Calculation Agent

The Calculation Agent has broad discretionary authority to make various determinations under the Notes, any of which may have an adverse effect on the market value thereof or amounts payable or other benefits to be received thereunder.

The Trustee

The Trustee has broad discretion as to how it performs its role under the Notes and is empowered to exercise discretions without the consent of the Noteholders except in certain circumstances (as set out in the Trust Deed).

Conflicts of Interest

Morgan Stanley & Co. International plc and/or any of its affiliates ("**Morgan Stanley**") may act in a number of capacities in connection with any issue of Notes. Morgan Stanley shall have only the duties and

responsibilities expressly agreed to by the relevant entity in the relevant capacity and shall not, by virtue of its or any affiliate acting in any other capacity, be deemed to have other duties or responsibilities or be deemed to hold a standard of care other than as may be expressly provided with respect to the relevant capacity. Morgan Stanley may enter into business dealings relating to the Notes or the Charged Assets or any asset to which the Notes or Charged Assets are exposed, including the acquisition of the Notes, from which the relevant entity may derive revenues and profits in addition to any fees stated in the various documents, without any duty to account therefor.

Morgan Stanley may from time to time be in possession of certain information (confidential or otherwise) and/or opinions with regard to the Borrower or any other obligor of any Charged Assets which information and/or opinions might, if known by a Noteholder, affect decisions made by it with respect to its investment in the Notes. Notwithstanding this, Morgan Stanley shall not have any duty or obligation to notify the Noteholders or the Issuer or any other transaction parties (including any directors, officers or employees thereof) of such information and/or opinions.

Morgan Stanley may deal in any obligation of the Borrower or any other obligor under the Charged Assets and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of commercial or investment banking or other business transactions with, the Borrower or such obligors and may act without regard to whether any such action might have an adverse effect on the Borrower or such obligors, the Issuer or the Noteholders of the relevant Series of Notes.

Morgan Stanley may at any time be active and significant participants in or act as market-maker in relation to a wide range of markets for currencies, instruments relating to currencies, securities and derivatives. Activities undertaken by Morgan Stanley may be on such a scale as to affect, temporarily or on a long-term basis, the price of such currencies, instruments relating to currencies, securities and derivatives or securities and derivatives based on, or relating to, the Notes or Borrower or other obligor thereunder. Notwithstanding this, Morgan Stanley shall not have any duty or obligation to take into account the interests of any party in relation to any Notes when effecting transactions in such markets.

OVERVIEW OF PROGRAMME AND NOTES

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by the remainder of, this document and, in relation to the Conditions of any particular Series or Tranche of Notes, the relevant Issue Terms in which any of the Conditions may be varied. Words or expressions defined or used in "Terms and Conditions of the Notes" and in the relevant Issue Terms shall have the same meaning as in this overview.

This general overview constitutes a general description of the Programme for the purposes of Article 22.5(3) of Commission Regulation (EC) No 809/2004 implementing the Prospectus Directive (the "Prospectus Regulation").

Company:	Tawny Funding S.A.
Issuer:	The Company acting on behalf of one of its Compartments
Compartments:	A separate compartment will be created by the board of the Company in respect of each Series of Notes (each a " Compartment "). A Compartment is a separate part of the Company's assets and liabilities. The assets allocated to a Compartment are in principle exclusively available to satisfy the rights of the Noteholders of the relevant Series of Notes and the rights of the creditors whose claims have arisen as a result of the creation, the operation or the liquidation of the Compartment, as contemplated by the Articles.
Arranger:	Morgan Stanley & Co. International plc
Dealer:	Morgan Stanley & Co. International plc or an affiliate of Morgan Stanley & Co. International plc appointed as dealer in relation to a particular Series of Notes.
Trustee:	<p>U.S. Bank Trustees Limited (the "Trustee") or such other trustee as may be appointed in relation to a particular Series of Notes.</p> <p>The Trustee for a Series may retire at any time upon giving not less than three months' notice and the Noteholders of a Series may by Extraordinary Resolution remove the Trustee. The retirement or removal of a sole trustee under the Trust Deed shall not become effective until a successor trustee being a trust corporation has been appointed. In addition, if a Trustee determines that it does not or will not have the required regulatory approvals or permissions to carry out some or all of its obligations under the Trust Deed, it may nominate an affiliate which has the required regulatory approvals to replace it. Such affiliate shall be appointed provided that the Issuer is satisfied that there would be no adverse tax consequences for it or in respect of the relevant Series of Notes as a result of such appointment.</p>
Issue Agent:	Elavon Financial Services DAC, acting through its UK branch, or such other issue agent as may be appointed in relation to a particular Series of Notes.
Principal Agent:	Paying Elavon Financial Services DAC, acting through its UK branch, or such other principal paying agent as may be appointed in relation to a particular Series of Notes.
Registrar:	Elavon Financial Services DAC or such other registrar as may be appointed in relation to a particular Series of Notes.
Transfer Agent:	Elavon Financial Services DAC, acting through its UK branch, or such other transfer agent as may be appointed in relation to a particular Series of Notes.
Calculation Agent:	Elavon Financial Services DAC, acting through its UK branch, or such other calculation agent as may be appointed in relation to a particular Series of Notes.

Each Agent may retire from its appointment and the Issuer may revoke its appointment of any Agent in relation to any Series of Notes upon, in each such case, the expiration of not less than thirty days' written notice to that effect by such Agent or the Issuer *provided that* such resignation and/or revocation shall not be effective until a successor thereto has been appointed by the Issuer. In addition, if an Agent determines (acting reasonably) that due to an actual or scheduled change of law or regulation after the Issue Date of a Series of Notes or otherwise it does not or will not have the required regulatory approvals or permissions to carry out some or all of its obligations, such Agent may nominate an affiliate which has the required regulatory approvals or permissions to replace it in such role. Such affiliate shall be appointed provided that the Issuer is satisfied that there would be no adverse tax consequences for it or in respect of the relevant Series of Notes as a result of such appointment.

Account Bank: Elavon Financial Services DAC, acting through its UK branch, or such other account bank as may be appointed in relation to a particular Series of Notes.

The Account Bank may resign its appointment in connection with a Series under this Agreement upon not less than 30 days' prior written notice to the Issuer and the Trustee *provided that* such resignation shall not take effect until a successor has been duly appointed in respect of the relevant Series. The Issuer (with the prior written consent of the Trustee) or, following the delivery of an Enforcement Notice, the Trustee, may terminate the appointment of the Account Bank in connection with a Series at any time by giving prior written notice to the Account Bank *provided that* such termination shall not take effect until a successor has been duly appointed in respect of the relevant Series. In addition, if the Account Bank determines (acting reasonably) that due to an actual or scheduled change of law or regulation after the Issue Date of a Series of Notes or otherwise it does not or will not have the required regulatory approvals or permissions to carry out some or all of its obligations hereunder, it may nominate an affiliate which has the required regulatory approvals or permissions to replace it in such role. Such affiliate shall be appointed provided that the Issuer is satisfied that there would be no adverse tax consequences for it or in respect of the relevant Series of Notes as a result of such appointment and provided that the affiliate had the required credit rating for that Series.

Trust Deed: The Notes are constituted and secured by a principal trust deed dated 21 March 2019 (as amended or supplemented from time to time, the "**Principal Trust Deed**"), between the Issuer and the Trustee as supplemented by a supplemental trust deed (the "**Supplemental Trust Deed**") dated on or about the Issue Date for the relevant Series of Notes between the Issuer, the Trustee and the other parties named therein (the Principal Trust Deed and any Supplemental Trust Deed for a Series are referred to herein as the "**Trust Deed**").

Agency Agreement: The Issuer has entered into an agency agreement dated 21 March 2019 (as amended or supplemented from time to time) with the Issue Agent, the Principal Paying Agent, the Registrar, the Transfer Agent and the Calculation Agent (the "**Agents**") and the Trustee. The Agency Agreement sets out, amongst other things, the duties of the Agents in respect of the Notes.

Account Bank Agreement: The Issuer has entered into an account bank agreement dated 21 March 2019 (as amended or supplemented from time to time) with the Trustee, the Account Bank and the Calculation Agent. The Account Bank Agreement sets out the terms on which the account of the Issuer (the "**Issuer Cash Account**") will be opened for each Series. The Issuer Cash Account for a Series will have two ledgers, a revenue ledger to which Revenue Receipts

will be credited and a principal ledger to which Principal Receipts will be credited.

Use of Proceeds: The proceeds from the issuance of each Series of Notes will be applied by the Issuer in paying the purchase price for the relevant Underlying Loan(s) for such Series under the relevant Underlying Loan Sale Agreement(s).

Method of Issue: Notes will be issued on a non-syndicated continuous basis in series.

Form of Notes: Notes may be issued as Bearer Notes or Registered Notes. Registered Notes will not be exchangeable for Bearer Notes, but Bearer Notes will be exchangeable for Notes in registered form in certain circumstances.

Bearer Notes

Each Tranche of Bearer Notes will initially be in the form of either a Temporary Global Note or a Permanent Global Note, in each case as specified in the relevant Issue Terms.

Each Global Note will be deposited on or around the relevant Issue Date with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

If specified in the Issue Terms, a Temporary Global Note will either be exchangeable for: (i) a Permanent Global Note; (ii) or Definitive Notes.

If the TEFRA D Rules are specified in the Issue Terms as applicable, certification as to non-U.S. beneficial ownership will be a condition precedent to any exchange of an interest in a Temporary Global Note or receipt of any payment of interest in respect of a Temporary Global Note.

If specified in the Issue Terms, a Permanent Global Note will be exchangeable for Definitive Notes in accordance with its terms.

Definitive Notes will, if interest-bearing, have Coupons attached and, if appropriate, a Talon for further Coupons and will, if principal thereof is repayable by instalments, have Receipts attached.

Registered Notes

Each Tranche of Registered Notes will be in the form of either Individual Note Certificates or a Global Registered Note, in each case as specified in the Issue Terms.

Each Tranche of Notes represented by a Global Registered Note will be registered in the name of a common depositary (or its nominee) for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and the relevant Global Registered Note will be deposited on or about the Issue Date with the common depositary.

If specified in the Issue Terms, a Global Registered Note may be exchangeable for Individual Registered Notes in accordance with its terms.

Status: Each Series of Notes will be (i) secured, limited recourse obligations of the Issuer ranking *pari passu* without any preference amongst themselves; and (ii) subject to the Securitisation Act.

Authorised Denominations of Notes: The Notes of any Series shall be in such denominations as may be agreed between the Issuer and the Dealer and as specified in the Issue Terms or such other minimum denomination as may be allowed or required from time to time by the relevant central bank (or equivalent body (however designated))

or any laws or regulations applicable to the currency in which the Notes of that Series are denominated.

No Notes may be issued which have a minimum denomination of less than EUR 100,000 (or its equivalent in another currency).

The Company has not been authorised by the CSSF pursuant to chapter 2 of the Luxembourg Securitisation Act and does not intend to seek such authorisation. The Company is therefore not allowed to issue securities to the public on a continuous basis within the meaning of the Luxembourg Securitisation Act and the Luxembourg regulatory practice. As Notes with a denomination equal to or exceeding EUR 125,000 are deemed not to be placed with the public, the Company intends to predominantly issue Series of Notes (as Issuer) with minimum denominations of at least EUR 125,000.

Currencies: Any currency or currencies (including, without limitation, EUR, GBP, or USD) as may be agreed between the Issuer and the Dealer, subject to compliance with all applicable legal and regulatory requirements.

The currency of the Notes shall be the same as the currency of the Underlying Loan(s) for such Series.

Issue Price: Notes may be issued at par or at a discount to, or premium over, par.

Underlying Loans and Charged Assets: The Charged Assets with respect to a Series of Notes shall comprise (i) the rights, title, interest and benefit of the Issuer under one or more commercial real estate or other loans or loan tranches (or a portion thereof) (in each case, an "**Underlying Loan**") purchased by the Issuer from Morgan Stanley Bank International Limited, Morgan Stanley Principal Funding, Inc. or an affiliate of either or both of them specified as the seller in the relevant Drawdown Document (the "**Seller**") which have been originated by the Seller itself or by an affiliate of the Seller; and (ii) all other rights of the Issuer under the relevant loan agreement and loan documentation for such Underlying Loan (including, without limitation, the right, title and benefit of the Issuer in and to any security from which the Issuer as lender benefits in respect of the Underlying Loan). Notwithstanding the above, the Issuer shall not purchase from the Seller any interest or other fees which have accrued on the Underlying Loan prior to the date on which the Issuer purchases the Underlying Loan but which remain unpaid by the Borrower as of such date, which such amounts shall remain owned and payable to the Seller. The Charged Assets shall be subject to the Security granted in respect of such Series.

Underlying Loan Sale Agreements and Master Loan Sale Agreements: Each Underlying Loan shall be sold by the relevant Seller to the Issuer as purchaser pursuant to a sale and purchase agreement entered into by the Issuer as purchaser and the Seller in respect of such Underlying Loan. Unless specified otherwise in a Drawdown Document, in respect of the sale of an Underlying Loan by (i) Morgan Stanley Bank International Limited as Seller to the Issuer as purchaser, such sale and purchase agreement shall be the MSBIL Master Loan Sale Agreement between Morgan Stanley Bank International Limited and the Issuer dated 21 March 2019 or by (ii) Morgan Stanley Principal Funding, Inc. as Seller to the Issuer as purchaser, such sale and purchase agreement shall be the MSPFI Master Loan Sale Agreement between Morgan Stanley Principal Funding, Inc. and the Issuer dated 21 March 2019, in each case as supplemented by an Underlying Loan sale certificate (substantially in the form scheduled to the relevant Master Loan Sale Agreement) providing for the sale and purchase of the relevant Underlying Loan.

Charged Rights and Compartment Assets:	In respect of each Series, the Supplemental Trust Deed shall also specify any and all other assets and/or rights of the Issuer (other than the Charged Assets) which are attributed to such Series, such as the rights of the Issuer under the Agency Agreement and the Account Bank Agreement insofar as they relate to the relevant Series. Such assets and/or rights (the " Charged Rights ") shall be subject to the Security granted in respect of such Series. The Charged Assets and the Charged Rights together form the "Compartment Assets" in respect of such Series and are the entirety of the assets attributed to and held by the Issuer for the Compartment established for the relevant Series.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. All such information will be specified in the Issue Terms.
Fixed Rate Notes:	Fixed Rate Notes will bear interest at a fixed rate and will be payable for each Series or Tranche on such date(s) and at such rate(s) as agreed between the Issuer and the Dealer (as specified in the Issue Terms).
Floating Rate Notes:	<p>Floating Rate Notes will bear interest at a rate set separately for each Series or Tranche as may be specified in the Issue Terms either on the basis of a reference rate appearing on an agreed screen page of a commercial quotation service or on the basis of quotations from reference banks or on such other basis as may be agreed between the Issuer and the Dealer and as adjusted for any applicable Margin.</p> <p>Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.</p>
Variable Rate Notes:	<p>Each Series of Notes which is secured over more than one Underlying Loan shall be a Variable Rate Note unless specified otherwise in the applicable Issue Terms.</p> <p>The Variable Interest Rate for an Interest Period shall be equal to the weighted average of the Underlying Loan Interest Rates for each Underlying Loan for such Interest Period (weighted by reference to (i) the outstanding principal amount of each Underlying Loan; and (ii) the number of days in the relevant Underlying Loan Accrual Period for each Underlying Loan).</p> <p>The Underlying Loan Interest Rate for an Underlying Loan shall be a rate (floored at zero) equal to (i) the then current interest rate determined for and accruing on the relevant Underlying Loan for the then current interest period for such Underlying Loan <i>less</i> (ii) the Certificate Percentage (as specified in the Issue Terms) for such Underlying Loan.</p> <p>If the Notes are redeemed in part pursuant an unscheduled prepayment of an Underlying Loan, the Variable Interest Rate shall be reset with effect from (and including) the date on which the Underlying Loan is prepaid for the remainder of the relevant Interest Period.</p>
Certificate:	If specified as applicable in the Drawdown Document for a Series, the Issuer shall also issue in respect of such Series (for such payment as may be agreed between the Issuer and the original Certificate Holder (as defined below)) a certificate (a " Certificate ") entitling the holder thereof (the " Certificate Holder ") to receive from the Issuer such amounts as are specified in the terms thereof payable from Revenue Receipts of the Issuer. Payment of such amounts to the Certificate Holder under the Certificate shall be subordinated to payments to the Noteholders.
Security:	The Issuer will create security interests over the Compartment Assets with respect to each Series of Notes pursuant to the Trust Deed (the " Security ") in favour of the Trustee for the benefit of the Secured Creditors of such

Series. The Security in respect of each Series of Notes will be created by the Supplemental Trust Deed and/or Supplementary Security Document (if any).

Unless otherwise specified in the Supplemental Trust Deed for a Series, the Issuer shall grant the following security interests in favour of the Trustee for the benefit of itself and the other Secured Creditors:

- (a) a first fixed charge over all principal, interest and/or additional amounts (if any) from time to time payable and/or paid by the Borrower(s) or any other Obligor to the Issuer (as lender) under the Underlying Loan Agreement(s) in respect of the Underlying Loan(s) for such Series;
- (b) a first fixed charge over the right to receive all sums which may be or become payable by the Borrower or any other Obligor to the Issuer (as lender) as a result of any claim, award or judgment relating to the Underlying Loan(s) for such Series;
- (c) a first fixed charge over all the rights, title, benefit and interest in and to all sums of money now or in the future deposited in the Issuer Cash Account for such Series together with the debts represented thereby;
- (d) an assignment by way of security of all the rights, interests and benefits, both present and future, whether proprietary, contractual or otherwise, which have accrued or may accrue to the Issuer as lender and beneficiary under or pursuant to the Underlying Loan Agreement(s) and the Underlying Loan Documents for such Series (including, without limitation, the right to declare the Underlying Loan(s) immediately due and payable and to take proceedings to enforce the obligations of the Borrower and any other Obligor under the Underlying Loan Agreement(s) and the Underlying Loan Documents for such Series) other than the assets subject to the first fixed charge and any amounts relating to the assets subject to the first fixed charge;
- (e) an assignment by way of security of all of the Issuer's right, title, interest and benefit in, to and under the Underlying Loan Sale Agreement(s) for such Series;
- (f) an assignment by way of security of all of the Issuer's right, title, interest and benefit in, to and under the Dealer Agreement to the extent that it relates to the relevant Series of Notes;
- (g) an assignment by way of security of all of the Issuer's right, title, interest and benefit in, to and under the Agency Agreement to the extent that it relates to the relevant Series of Notes including any sums held by the Paying Agents to meet payments due in respect of the relevant Series of Notes; and
- (h) an assignment by way of security of all of the Issuer's right, title, interest and benefit in, to and under the Account Bank Agreement to the extent that it relates to the relevant Series of Notes and the relevant Issuer Cash Account.

Realisation of Security: The Security in relation to any Series of Notes issued pursuant to the Trust Deed will, save as otherwise provided in the Trust Deed, become enforceable upon the Trustee giving an Enforcement Notice (as defined in Condition 12.1 (*Occurrence of Events of Default*)) to the Issuer subsequent to the occurrence of an Event of Default or as otherwise provided in the relevant Supplemental Trust Deed.

The Trustee shall not be required to take any action in connection with the enforcement of Security in relation to a Series of Notes unless it has first been secured and/or indemnified and/or prefunded to its satisfaction.

Limited Recourse and Non-Petition:

In relation to each Series of Notes, the Compartment Assets will be available to meet the obligations of the Issuer in respect of that Series and all other obligations of the Issuer attributable to that Series.

If the net proceeds of the realisation of the Compartment Assets are not sufficient to make all payments due in respect of a Series of Notes and due to each other Secured Creditor relating to such Notes, no other assets of the Company will be available to meet such shortfall and the claims of the Noteholders and any other creditors relating to such Notes in respect of any such shortfall shall be extinguished.

In addition, no party to the Transaction Documents or Trade Documents will be able to petition for the winding-up of the Company as a consequence of any such shortfall for so long as any Notes issued by the Company are outstanding or for two years plus one day after the latest date on which any Note issued by the Company is due to mature.

Selling and Transfer Restrictions:

There are restrictions on the offer and sale of Notes and the distribution of offering materials in various jurisdictions; for further information please see the sections entitled "*Subscription and Sale*" and "*Transfer Restrictions*" of this Base Prospectus.

The Issuer is a Category 2 issuer for the purposes of Regulation S.

For the purpose of this "*Overview of Programme and Notes*" section of the Base Prospectus, "Category 2" and "Regulation S" shall have the meaning specified in the Securities Act.

Fungible Tranches:

A Series of Notes may comprise a number of tranches which will be issued on identical terms (save in certain cases for the first payment of interest). Notes of different tranches of the same Series will be fungible except as provided in the Issue Terms. If a further tranche is issued in respect of a Series under which a tranche or tranches of Notes have already been issued the pool of assets and rights relating to such further tranche will be fungible with or otherwise equivalent to the Compartment Assets for the original tranche(s).

The specific terms of each Tranche will be set out in the Issue Terms.

Maturities:

Any maturity of not less than 364 days.

Scheduled Maturity Date:

Unless previously redeemed, each Note shall be redeemed at its outstanding principal amount on the Scheduled Maturity Date.

If 'Extension of Scheduled Maturity' is specified as applicable in the Issue Terms for a Series, in the event that the scheduled repayment date of an Underlying Loan is extended in accordance with the terms of the relevant Underlying Loan Agreement and other Underlying Loan Documents, and as a result of such extension the Scheduled Maturity Date would fall prior to the new scheduled repayment date for the Underlying Loan, the Scheduled Maturity Date shall automatically be extended until the Business Day following the new scheduled repayment date of such Underlying Loan.

Amortisations and Unscheduled Prepayments:

If the Underlying Loan(s) for a Series are amortising, the Notes shall redeem in instalments on instalment dates (and in instalment amounts) corresponding to the amortisation schedule for such Underlying Loan.

In addition, in the event that the Issuer receives a principal payment (other than a scheduled amortisation amount) in respect of an Underlying Loan in respect of a prepayment of the Underlying Loan, each Note shall redeem in part in an amount equal to its *pro rata* share of such prepayment amount.

Interest shall cease to accrue on the portion of the Notes to be redeemed with effect from the date on which the Issuer receives the relevant amortisation or prepayment amount.

Taxation:

Payments of principal and interest by the Issuer in respect of any Series of Notes will be made subject to withholding tax (if any) applicable to the Notes of that Series without the Issuer being obliged to pay additional amounts as a consequence. In the event that the Issuer becomes subject to withholding tax, the Issuer shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, nor the Principal Paying Agent, nor the Trustee will be obliged to make any additional payments to the Noteholders in respect of such withholding or deduction.

If so provided in the relevant Issue Terms, the Issuer may, upon payments of principal and interest by the Issuer in respect of any Series of Notes being made subject to withholding or deduction (or upon the occurrence of an event that may render the Issuer's obligations under or in connection with the Notes or holding the Charged Assets unlawful), redeem all but not some only of the Notes of the relevant Series **provided that** the Issuer has certified to the Trustee that it will have the necessary funds to redeem the Notes and pay in full any amounts required to be paid in priority or *pari passu* therewith in accordance with the Pre-Enforcement Priority of Payments.

**Pre-Enforcement
Priority of Payments:**

Prior to the service on an Enforcement Notice:

(a) on each Interest Payment Date, Revenue Receipts standing to the credit of the Revenue Ledger of the Issuer Cash Account shall be applied by the Issuer, or the Calculation Agent on the Issuer's behalf, as follows:

(i) *first*, in payment, or satisfaction of any outstanding and properly incurred fees and Liabilities incurred by the Trustee in preparing and executing the trusts in respect of a Series of Notes (including, without limitation, legal fees and expenses, any taxes required to be paid and the Trustee's remuneration) on or prior to the applicable Interest Payment Date;

(ii) *second*, rateably and *pari passu*:

(A) in payment or satisfaction of any outstanding fees and Liabilities properly incurred by the Issuer (excluding any amount payable under (iii) below but including, without limitation, any Extraordinary Expenses, legal fees and expenses, expenses relating to the continued listing of the Notes and Issuer Taxes); and

(B) in meeting any claim of any Agent for reimbursement in respect of payment of interest made to the relevant Noteholders (or Couponholders);

(iii) *third*, rateably in payment or satisfaction of any outstanding and properly incurred fees and Liabilities incurred by the Agents and the Account Bank in accordance with the terms

of their appointment in respect of a Series of Notes on or prior to the applicable Interest Payment Date;

- (iv) *fourth*, rateably in meeting the claims of the Noteholders (or Couponholders) in respect of interest due (including, without limitation any default interest that has accrued) on the Notes;
 - (v) *fifth*, in meeting the claims of the Certificate Holder in respect of amounts due under the Certificate; and
 - (vi) *sixth*, any amount remaining after payment in full of the amounts due pursuant to (i) to (v) inclusive above, to be retained by the Issuer in the Issuer Cash Account for application on subsequent Interest Payment Dates; and
- (b) any Principal Receipts standing to the credit of the Principal Ledger of the Issuer Cash Account shall be applied by the Issuer, or the Calculation Agent on the Issuer's behalf, as follows:
- (i) *first*, in meeting any claim of any Agent for reimbursement in respect of payment of principal made to the relevant Noteholders (or Receiptholders); and
 - (ii) *second*, rateably in meeting the claims of the Noteholders (or Receiptholders) in respect of principal due on the Notes in accordance with and on such dates as are specified in these Conditions.

The above orders of priority may be varied by the Issue Terms for a Series, including (without limitation) through a variation of the order specified above, the addition of payments to other Secured Creditors for such Series or the addition of a provision to be retained by the Issuer to ensure that it has sufficient funds to meet certain future payment obligations.

For the purposes of the above:

"Principal Receipts" means any and all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with an Underlying Loan; and

"Revenue Receipts" means any and all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with an Underlying Loan (other than Principal Receipts), including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) interest payments (including default interest) received under the relevant Underlying Loan;
- (b) break costs paid by a Borrower in relation to an unscheduled prepayment of an Underlying Loan;
- (c) any costs, expenses, fees, commissions and other sums (other than Principal Receipts), in each case paid by the Borrower or any other Obligor under the Charged Assets in respect of an Underlying Loan or under the Underlying Loan Documents; and
- (d) interest on amounts standing to the credit of the Issuer Cash Account.

Post-Enforcement Priority of Payments:	Following service of an Enforcement Notice by the Trustee, amounts realised from the Compartment Assets shall be applied in accordance with the Post-Enforcement Priority of Payments specified in the Supplemental Trust Deed.
Restrictions:	<p>So long as any of the Notes remain outstanding, the Issuer will be subject to certain restrictions on engaging in business and on carrying out certain acts.</p> <p>The restrictions on the Issuer are more fully set out in Condition 6 (<i>Restrictions</i>) in the section titled "<i>Terms and Conditions of the Notes</i>" of this Base Prospectus.</p>
Collection of Payments:	Payments of interest and principal (and any other moneys received) in respect of the Charged Assets will, unless otherwise specified in the Issue Terms, be credited to the account of the Issuer opened with the Account Bank for the relevant Series.
Meeting of Noteholders and Extraordinary Resolutions	<p>The Principal Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider matters affecting their interests, including the modification by Extraordinary Resolution of the Conditions or the provisions of the Trust Deed. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders of the relevant Series, whether or not they were present at such meeting.</p> <p>The Principal Trust Deed also permits a resolution in writing, signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders and who hold (in aggregate) more than fifty per cent. in outstanding principal amount of the Notes for the time being outstanding, to take effect as if it were an Extraordinary Resolution.</p> <p>Where the Notes are held by or on behalf of a clearing system or clearing systems, the Principal Trust Deed also provides that approval of a resolution proposed by the Issuer or the Trustee (as the case may be), given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures provided such approval constitutes one more than half of the votes cast through the clearing systems shall take effect as if it were an Extraordinary Resolution.</p> <p>Notwithstanding the above, an Extraordinary Resolution directing the Issuer and/or the Trustee to take any action (or not to take action) in respect of the Charged Assets shall only have been validly passed for a Series of Notes if persons holding not less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes for such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant time) have voted in favour of the Extraordinary Resolution at a Meeting or by way of electronic consents or have signed the written resolution containing such Extraordinary Resolution (as applicable).</p> <p>In addition, if any proposed Extraordinary Resolution is in respect of or involves a Certificate Holder Entrenched Right, then such resolution may only be passed by Extraordinary Resolution (including by way of electronic consent or written resolution) if the Issuer has obtained the prior written consent thereto from the Certificate Holder and the Issuer has provided the Trustee with a certificate signed by two authorised signatories confirming the same.</p>

For the purposes of the above:

"Certificate Holder Entrenched Rights" means any proposal:

- (a) to alter the method of calculating interest in respect of the Notes;
- (b) to amend the Certificate Percentage for an Underlying Loan;
- (c) to amend the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments; or
- (d) to amend the definition of 'Certificate Holder Entrenched Rights' or of 'Revenue Receipts'.

Reporting:

Pursuant to the terms of the Agency Agreement, the Calculation Agent shall prepare investor reports in respect of each Series of Notes and the Underlying Loans for such Series in respect of each Interest Payment Date and shall deliver each such Investor Report by email to the Trustee and to the Issuer not later than one (1) Business Day following each Interest Payment Date (the **"Investor Report Publication Deadline Date"**). The Calculation Agent has also agreed in the Agency Agreement to make each Investor Report available to Noteholders by publication on the Calculation Agent's internet website (which is currently located at www.ctslink.com) no later than the Investor Report Publication Deadline Date. In respect of any such information posted on the Calculation Agent's internet website, registration may be required for access to the website and disclaimers may be posted with respect to the information posted thereon.

Listing:

The Base Prospectus has been approved by the Central Bank of Ireland, as competent authority under the Prospectus Directive as a Base Prospectus. Application has been made to the Irish Stock Exchange plc, trading as Euronext Dublin (**"Euronext Dublin"**) for certain Notes issued under the Programme during the 12 months from the date of this Base Prospectus to be admitted to the official list of Euronext Dublin (the **"Euronext Official List"**) and to trading on its regulated market.

Application may also be made to The International Stock Exchange Authority Limited in respect of a Series of Notes for the listing of and permission to deal with such series to be issued under the Programme on the Official List (the **"TISE Official List"**) of The International Stock Exchange (**"TISE"**).

Notes may also be listed or admitted to trading, as the case may be, on other or further stock exchanges or markets agreed between the Issuer and the Dealer in relation to a specific Series of Notes.

Notes which are neither listed nor admitted to trading on any market may also be issued.

Ratings:

The Programme is not rated. If a Series of Notes is rated this will be specified in the relevant Drawdown Document.

U.S. Credit Risk Retention:

Where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules in respect of a Series of Notes, MSPFI intends to satisfy the U.S. Risk Retention Rules by acquiring and retaining either directly or through a majority-owned affiliate, a "single vertical security" within the meaning of the U.S. Risk Retention Rules, entitling the Holder of such security (which shall be a Note for the purposes of such Series) as at the Issue Date to 5 per cent. of the principal and interest amounts payable in respect of such Series of Notes, as specified in the relevant Drawdown Document. See the risk

factor entitled "*Risk Factors—Risks related to the Notes—U.S. Credit Risk Retention*" and the section entitled "*Credit Risk Retention*" for more detail.

The Programme described in this Base Prospectus (except where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules, as described above) otherwise is not intended to involve the retention by any sponsor of at least 5 per cent. of the credit risk of the securitized assets for purposes of compliance with the U.S. Risk Retention Rules, but rather intends to rely on an exemption provided for in Section 20 of the U.S. Risk Retention Rules regarding non-U.S. transactions. See the risk factor entitled "*Risk Factors—Risks related to the Notes—U.S. Credit Risk Retention*" for more detail.

Governing Law:

The Notes, the Principal Trust Deed, each Supplemental Trust Deed, the Agency Agreement, the Account Bank Agreement and the Dealer Agreement are or will be governed by and construed in accordance with English law. Articles 470-1 to 470-19 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, shall not apply to the Notes or to the representation of holders of the Notes.

INFORMATION INCORPORATED BY REFERENCE

The audited financial statements (including the auditors' report thereon and notes thereto) of the Company as at and for the period commencing on the date of its incorporation and ending on 31 December 2017 (set out on pages 2 to 21 of such report) (the "**2017 Financial Statements**") shall be deemed to be incorporated in, and to form part of, this Base Prospectus.

The 2017 Financial Statements have been published on the website of Euronext Dublin and can be accessed as follows:

Audited financial statements for the year ending 2017:

https://www.ise.ie/debt_documents/2017%20Financial%20Statements_6117b427-ff13-4a16-b509-cdd95c7c1602.PDF

Copies of the 2017 Financial Statements may be inspected, free of charge, at 22, Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg. Any information contained in the 2017 Financial Statements which is not incorporated by reference in this Base Prospectus is either not relevant to investors or is covered elsewhere in this Base Prospectus.

Following the publication of this Base Prospectus a supplement may be prepared by the Issuer and approved by the Central Bank in accordance with Article 16 of the Prospectus Directive. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Base Prospectus or in a document which is incorporated by reference in this Base Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Base Prospectus.

DRAWDOWN DOCUMENTS

In this section the expression "necessary information" means, in relation to any Tranche of Notes, the information necessary to enable prospective investors to make an informed assessment of an investment in the Notes. In relation to the different types of Notes which may be issued under the Programme the Issuer has included in this Base Prospectus all of the necessary information except for information relating to the Notes which is not known at the date of this Base Prospectus and which can only be determined at the time of an individual issue of a Tranche of Notes.

Any information relating to the Notes which is not included in this Base Prospectus and which is required in order to complete the necessary information in relation to a Tranche of Notes will be contained either in the relevant Pricing Supplement or in a Series Prospectus (each a **"Drawdown Document"**).

In particular, the necessary information in respect of the Underlying Loan(s) and (if applicable) related Property or Properties for a Series will be contained in the relevant Drawdown Document for such Series. Whilst disclosure in respect of commercial real estate loans of the type that will be purchased by the Issuer for Series of Notes issued under the Programme has been provided at "Key Features of the Underlying Loans" below, such information is not sufficient for a prospective investor to make a fully informed assessment of the risks related to any individual Series of Notes and a prospective investor should refer to the relevant Drawdown Document for the necessary information in respect of the relevant Underlying Loan(s) and (if applicable) related Property or Properties for a Series.

The terms and conditions applicable to any particular Tranche of Notes which is the subject of a Drawdown Document will be the Conditions as supplemented, amended and/or replaced to the extent described in the relevant Issue Terms.

FORMS OF THE NOTES

Bearer Notes

Each Tranche of Notes in bearer form ("**Bearer Notes**") will initially be in the form of either a temporary global note in bearer form (the "**Temporary Global Note**"), without interest coupons, or a permanent global note in bearer form (the "**Permanent Global Note**"), without interest coupons, in each case as specified in the relevant Issue Terms. Each Temporary Global Note or, as the case may be, Permanent Global Note (each a "**Global Note**") will be deposited on or around the issue date of the relevant Tranche of the Notes with a depositary or a common depositary for Euroclear Bank S.A./N.V. as operator of the Euroclear System ("**Euroclear**") and/or Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**") and/or any other relevant clearing system.

In the case of each Tranche of Bearer Notes, the relevant Issue Terms will also specify whether United States Treasury Regulation §1.163-5(c)(2)(i)(C) (the "**TEFRA C Rules**") or United States Treasury Regulation §1.163-5(c)(2)(i)(D) (the "**TEFRA D Rules**") are applicable in relation to the Notes or, if the Notes do not have a maturity of more than 365 days, that neither the TEFRA C Rules nor the TEFRA D Rules are applicable.

Temporary Global Note exchangeable for Permanent Global Note

If the relevant Issue Terms specify the form of Notes as being "Temporary Global Note exchangeable for a Permanent Global Note", then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever any interest in the Temporary Global Note is to be exchanged for an interest in a Permanent Global Note, the Issuer shall procure (in the case of first exchange) the delivery of a Permanent Global Note, duly authenticated, to the bearer of the Temporary Global Note or (in the case of any subsequent exchange) an increase in the principal amount of the Permanent Global Note in accordance with its terms against:

- (i) presentation and (in the case of final exchange) presentation and surrender of the Temporary Global Note to or to the order of the Principal Paying Agent; and
- (ii) receipt by the Principal Paying Agent of a certificate or certificates of non-U.S. beneficial ownership,

within seven days of the bearer requesting such exchange.

Temporary Global Note exchangeable for Definitive Notes

If the relevant Issue Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specify that the TEFRA C Rules are applicable or that neither the TEFRA C Rules or the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole but not in part, for Bearer Notes in definitive form ("**Definitive Notes**") not earlier than 40 days after the issue date of the relevant Tranche of the Notes.

If the relevant Issue Terms specify the form of Notes as being "Temporary Global Note exchangeable for Definitive Notes" and also specify that the TEFRA D Rules are applicable, then the Notes will initially be in the form of a Temporary Global Note which will be exchangeable, in whole or in part, for Definitive Notes not earlier than 40 days after the issue date of the relevant Tranche of the Notes upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

Whenever the Temporary Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Issue Terms), in an aggregate principal amount

equal to the principal amount of the Temporary Global Note to the bearer of the Temporary Global Note against the surrender of the Temporary Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Permanent Global Note exchangeable for Definitive Notes

If the relevant Issue Terms specify the form of Notes as being "Permanent Global Note exchangeable for Definitive Notes", then the Notes will initially be in the form of a Permanent Global Note which will be exchangeable in whole, but not in part, for Definitive Notes:

- (i) on the expiry of such period of notice as may be specified in the relevant Issue Terms; or
- (ii) at any time, if so specified in the relevant Issue Terms; or
- (iii) if the relevant Issue Terms specify "in the limited circumstances described in the Permanent Global Note", then if either of the following events occurs:
 - (a) Euroclear or Clearstream, Luxembourg or any other relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business; or
 - (b) any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons and Talons attached (if so specified in the relevant Issue Terms), in an aggregate principal amount equal to the principal amount of Notes represented by the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the bearer requesting such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Definitive Note will be endorsed on that Note and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Issue Terms which supplement, amend and/or replace those terms and conditions.

The terms and conditions applicable to any Note in global form will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*" below.

Legend concerning United States persons

In the case of any Tranche of Bearer Notes having a maturity of more than 365 days, the Notes in global form, the Notes in definitive form and any Coupons and Talons appertaining thereto will bear a legend to the following effect:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Registered Notes

Each Tranche of Registered Notes will be in the form of either individual Note Certificates in registered form ("**Individual Note Certificates**") or a global Note in registered form (a "**Global Registered Note**"), in each case as specified in the relevant Issue Terms.

Global Note Certificate exchangeable for Individual Note Certificates

If the relevant Issue Terms specify the form of Notes as being "Global Note Certificate exchangeable for Individual Note Certificates", then the Notes will initially be represented by one or more Global Note Certificates each of which will be exchangeable in whole, but not in part, for Individual Note Certificates:

- (i) on the expiry of such period of notice as may be specified in the relevant Issue Terms; or

- (ii) at any time, if so specified in the relevant Issue Terms; or
- (iii) if the relevant Issue Terms specify "in the limited circumstances described in the Global Note Certificate", then if any of the circumstances described in Condition 12 (*Events of Default*) occurs.

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, each person having an interest in a Global Note Certificate must provide the Registrar (through the relevant clearing system) with such information as the Issuer and the Registrar may require to complete and deliver Individual Note Certificates (including the name and address of each person in which the Notes represented by the Individual Note Certificates are to be registered, and the principal amount of each such person's holding).

Whenever a Global Note Certificate is to be exchanged for Individual Note Certificates, the Issuer shall procure that Individual Note Certificates will be issued in an aggregate principal amount equal to the principal amount of the Global Note Certificate within five business days of the delivery, by or on behalf of the registered holder of the Global Note Certificate, to the Registrar of such information as is required to complete and deliver such Individual Note Certificates against the surrender of the Global Note Certificate at the specified office of the Registrar.

Such exchange will be effected in accordance with the provisions of the Trust Deed and the Agency Agreement and the regulations concerning the transfer and registration of Notes scheduled to the Agency Agreement and, in particular, shall be effected without charge to any Noteholder, but against such indemnity as the Registrar may require in respect of any tax or other duty of whatsoever nature which may be levied or imposed in connection with such exchange.

Terms and Conditions applicable to the Notes

The terms and conditions applicable to any Individual Note Certificate will be endorsed on that Individual Note Certificate and will consist of the terms and conditions set out under "*Terms and Conditions of the Notes*" below and the provisions of the relevant Issue Terms which complete those terms and conditions.

The terms and conditions applicable to any Global Note Certificate will differ from those terms and conditions which would apply to the Note were it in definitive form to the extent described under "*Summary of Provisions relating to the Notes while in Global Form*" below.

Summary of Provisions relating to the Notes while in Global Form

Clearing System Accountholders

In relation to any Tranche of Notes represented by a Global Note, references in the Terms and Conditions of the Notes to "Noteholder" are references to the bearer of the relevant Global Note which, for so long as the Global Note is held by a depositary or a common depositary Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, will be that depositary or common depositary.

In relation to any Tranche of Notes represented by one or more Global Note Certificates, references in the Terms and Conditions of the Notes to "Noteholder" are references to the person in whose name the relevant Global Note Certificate is for the time being registered in the Register.

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg and/or any other relevant clearing system as being entitled to an interest in a Global Note or a Global Note Certificate (each an "**Accountholder**") must look solely to Euroclear, Clearstream, Luxembourg and/or such other relevant clearing system (as the case may be) for such Accountholder's share of each payment made by the Issuer to the holder of such Global Note or Global Note Certificate and in relation to all other rights arising under such Global Note or Global Note Certificate. The extent to which, and the manner in which, Accountholders may exercise any rights arising under a Global Note or Global Note Certificate will be determined by the respective rules and procedures of Euroclear and Clearstream, Luxembourg and any other relevant clearing system from time to time. For so long as the relevant Notes are represented by a Global Note or Global Note Certificate, Accountholders shall have no claim directly against the Issuer in respect of payments due under the Notes and such obligations of the Issuer will be discharged by payment to the holder of such Global Note or Global Note Certificate.

Transfers of Interests in Global Notes and Global Note Certificates

Transfers of interests in Global Notes and Global Note Certificates within Euroclear and Clearstream, Luxembourg or any other relevant clearing system will be in accordance with their respective rules and operating procedures. None of the Issuer, the Trustee, the Registrar, the Dealer or the Agents will have any responsibility or liability for any aspect of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or any of their respective participants relating to payments made on account of beneficial ownership interests in a Global Note or Global Note Certificate or for maintaining, supervising or reviewing any of the records of Euroclear and Clearstream, Luxembourg or any other relevant clearing system or the records of their respective participants relating to such beneficial ownership interests.

Conditions applicable to Global Notes

Each Global Note and Global Note Certificate will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Global Note or Global Note Certificate. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Global Note or Global Note Certificate which, according to the Terms and Conditions of the Notes, require presentation and/or surrender of a Note, Note Certificate or Coupon will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Global Note or Global Note Certificate to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Global Note, the Issuer shall procure that the payment is noted in a schedule thereto.

Payment business day: in the case of a Global Note or a Global Note Certificate, shall be: if the currency of payment is euro, any day which is a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or, if the currency of payment is not euro, any day which is a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

Payment Record Date: Each payment in respect of a Global Note Certificate will be made to the person shown as the Noteholder in the Register at the close of business (in the relevant clearing system) on the Clearing System Business Day before the due date for such payment (the "**Record Date**") where "**Clearing System Business Day**" means a day on which each clearing system for which the Global Note Certificate is being held is open for business.

Notices: Notwithstanding Condition 17 (*Notices*), while all the Notes are represented by a Permanent Global Note (or by a Permanent Global Note and/or a Temporary Global Note) or a Global Note Certificate and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are), or the Global Note Certificate is deposited with a depositary or a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 17 (*Notices*) on the date of delivery to Euroclear and/or Clearstream, Luxembourg and/or any other relevant clearing system.

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which are subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Issue Terms, and, save for the italicised text will be endorsed on the Notes of each Series in definitive form (if any) issued in exchange for the Global Note(s) representing each Series of Notes in bearer form or on the Registered Note Certificates representing each Series of Notes in registered form. These terms and conditions will also apply to Notes issued in global form save as modified by the terms of the relevant Global Notes or Global Note Certificate (as described under "Summary of Provisions relating to the Notes while in Global Form" above). Further information with respect to the Notes of each Series will be given in the relevant Issue Terms which will provide for those aspects of these terms and conditions which are applicable to the Notes. References in the terms and conditions to "Notes" are to the Notes of one Series only, not to all Notes which may be issued under the Programme (unless the context otherwise requires). The absence of any defined term indicates that such term is not applicable to the Notes and references to a matter being "**specified**" means as the same may be specified in the relevant Issue Term.*

The Notes (as defined in Condition 1.1.1) are constituted and secured by a principal trust deed dated 21 March 2019 (as amended or supplemented from time to time, the "**Principal Trust Deed**"), between Tawny Funding S.A. (the "**Issuer**") and U.S. Bank Trustees Limited (the "**Trustee**" which expression shall include all persons for the time being the trustee or trustees under the Trust Deed referred to below and shall mean, in relation to any Series of Notes, the person identified in the relevant Supplemental Trust Deed (as defined below) as the Trustee for that Series) as supplemented by a supplemental trust deed (the "**Supplemental Trust Deed**") dated on or about the relevant Issue Date (as defined in Condition 2 (*Definitions*) below) between the Issuer, the Trustee and the other parties named therein (the Principal Trust Deed and any Supplemental Trust Deed being referred to herein as the "**Trust Deed**").

The Notes will have the benefit (to the extent applicable) of an agency agreement dated 21 March 2019 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Trustee, Elavon Financial Services DAC, acting through its UK branch, in its capacity as issue agent (the "**Issue Agent**" which expression shall include any successor to Elavon Financial Services DAC, acting through its UK branch, in its capacity as such) and as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor to Elavon Financial Services DAC, acting through its UK branch, in its capacity as such), Elavon Financial Services DAC as registrar (the "**Registrar**", which expression shall include any successor to Elavon Financial Services DAC in its capacity as such) and Elavon Financial Services DAC, acting through its UK branch, in its capacity as transfer agent (the "**Transfer Agent**" which expression shall include any successor to Elavon Financial Services DAC, acting through its UK branch, in its capacity as such) and Elavon Financial Services DAC, acting through its UK branch, in its capacity as calculation agent (the "**Calculation Agent**", which expression shall include any successor to Elavon Financial Services DAC, acting through its UK branch, in its capacity as such). As used herein, "**Issue Agent**", "**Principal Paying Agent**", "**Paying Agent**", "**Registrar**", "**Transfer Agent**" and "**Calculation Agent**" shall mean, in relation to any Series of Notes, if any other person is specified in the relevant Issue Terms as the Issue Agent, the Principal Paying Agent, the Paying Agent, the Registrar, the Transfer Agent or the Calculation Agent, respectively, for such Series, such other person.

The Issuer has also entered into an account bank agreement dated 21 March 2019 (as amended or supplemented from time to time, the "**Account Bank Agreement**") with the Trustee and Elavon Financial Services DAC, acting through its UK branch, as Calculation Agent and as account bank (the "**Account Bank**", which expression includes any successor to Elavon Financial Services DAC, acting through its UK branch, in its capacity as such and shall mean in relation to any Series of Notes, any other account bank appointed in connection with any Series of Notes).

References in the terms and conditions to "Issuer" are to the Issuer, acting on behalf of all the Compartments or a specific Compartment as applicable, of the relevant Series of Notes.

Certain statements in these terms and conditions (the "**Conditions**") may be summaries of the detailed provisions appearing on the face of the Notes (which expression shall include the body thereof) and in the Principal Trust Deed. Copies of the Principal Trust Deed, the Dealer Agreement, the Account Bank Agreement, the Agency Agreement and the Master Schedule of Definitions (as defined below) are available for inspection at the principal office of the Issuer (presently at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg) and at the Specified Office of the Principal Paying Agent. The holders of the Notes (as defined in Condition 1.1.1 below) (the "**Noteholders**"), the holders of instalment

receipts (the "**Receipts**") appertaining to the payment of principal by instalments (if any) attached to such Notes (the "**Receipholders**") and the holders of the coupons (the "**Coupons**") (if any) appertaining to interest-bearing Notes in bearer form (the "**Couponholders**", which expression includes the holders of talons (the "**Talons**") (if any) for further coupons attached to such Notes (the "**Talonholders**")) are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and to have notice of those provisions of the Agency Agreement and the Account Bank Agreement applicable to them.

The Issue Terms will be endorsed upon or attached to the Notes. These Conditions may be supplemented and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Conditions, replace or modify these Conditions for the purpose of such Notes.

Words and expressions defined in the Trust Deed, the Agency Agreement, the Account Bank Agreement or the Master Schedule of Definitions, Interpretation and Construction Clauses made on 21 March 2019 (as amended, varied or supplemented from time to time) and signed for the purpose of identification by, *inter alios*, the Issuer and the Trustee (the "**Master Schedule of Definitions**") or used in the relevant Issue Terms shall have the same meaning where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Agency Agreement, the Account Bank Agreement, the Trust Deed, the relevant Issue Terms and the Master Schedule of Definitions, the definition of the relevant term shall have the meaning specified in the relevant document ranking the highest in the following order of priority:

- (a) *first*, the Issue Terms relevant to the Series in question;
- (b) *second*, the Supplemental Trust Deed relevant to the Series in question;
- (c) *third*, the Conditions;
- (d) *fourth*, the Principal Trust Deed;
- (e) *fifth*, the Agency Agreement;
- (f) *sixth*, the Account Bank Agreement; and
- (g) *seventh*, the Master Schedule of Definitions.

1. **FORM, DENOMINATION AND TITLE**

1.1 **Form and Denomination**

1.1.1 The Notes may be issued in bearer form ("**Bearer Notes**"), serially numbered in an Authorised Denomination (as defined below) or in registered form ("**Registered Notes**") in an Authorised Denomination or an integral multiple thereof. "**Authorised Denomination**" means the currency and denomination or denominations of such currency or currencies specified in the Issue Terms for such Series of Notes. References herein to "**Notes**" shall be to Bearer Notes and/or Registered Notes, as specified in the Issue Terms for such Series of Notes. Bearer Notes of one Authorised Denomination may not be exchanged for Bearer Notes of another Authorised Denomination.

1.1.2 Interest-bearing Bearer Notes are issued with Coupons (and, where appropriate, a Talon) attached. After all the Coupons attached to, or issued in respect of, any Bearer Note which was issued with a Talon have matured, a coupon sheet comprising further Coupons (other than Coupons which would be void) and, if applicable, one further Talon, will be issued against presentation of the relevant Talon at the Specified Office of any Paying Agent. Any Bearer Note the Principal Amount of which is redeemable in instalments may be issued with one or more Receipts attached thereto. A Registered Note Certificate in respect of an individual's entire holding of Registered Notes will be issued substantially in one of the forms set out in Schedules 6 (*Form of Global Note Certificate*) or 7 (*Form of Individual Note Certificate*) to the Principal Trust Deed.

1.2 Title

Title to Bearer Notes, Coupons, Receipts and Talons (if any) passes by delivery. Title to Registered Notes passes by registration in the register which the Issuer shall procure to be kept by the Registrar (the "**Register**"). In these Conditions, subject as provided below, "**Noteholder**", "**Receipholder**" or "**Couponholder**" means the bearer of any Bearer Note, Coupon, Receipt or Talon (as the case may be) and the person in whose name a Registered Note is registered, as the case may be. The Noteholder of any Note, Coupon, Receipt or Talon will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership on the face of such Bearer Note or, in the case of a Registered Note, on the relevant Registered Note Certificate thereof) and no person shall be liable for so treating such Noteholder, Receipholder or Couponholder.

1.3 Fungible Tranches of Notes comprising a Series

A Series of Notes may comprise a number of tranches (each a "**Tranche**"), which will be issued on identical terms save for the first interest period and interest payment. Notes of different Tranches of the same Series will be fungible, except as set forth in the Issue Terms for such Series of Notes. If a further Tranche (a "**Further Tranche**") is issued in respect of a Series under which a Tranche or Tranches of Notes have already been issued (an "**Original Tranche(s)**"), the pool of assets and rights relating to such Further Tranche will be fungible with or otherwise equivalent to the Compartment Assets (as defined in Condition 5.2 (*Charged Rights and Compartment Assets*) below) for the Original Tranche(s).

1.4 Securitisation Act

The Issuer was incorporated on 24 August 2017 as a public limited liability company (*société anonyme*) under the laws of the Grand Duchy of Luxembourg and as a securitisation company (*société de titrisation*) within the meaning of, and governed by, the Luxembourg law of 22 March 2004 on securitisation, as amended (the "**Securitisation Act**"), having its registered office at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg and registered with the Register of Trade and Companies of Luxembourg (*Registre de Commerce et des Sociétés de Luxembourg*) under the number B217372.

Pursuant to the Securitisation Act, the articles of incorporation of the Issuer authorise its board of directors to create one or more independent parts of the Issuer's estate (*patrimoine*) (each individual part referred to as a "**Compartment**") distinguishable from the remaining part of the Issuer's estate by the nature of assets or liabilities relating to such Compartment.

In connection with each Series of Notes, the Issuer will create a specific Compartment to which all assets, rights, claims and agreements relating to such Series of Notes will be allocated. The Compartment Assets in respect of a Series of Notes are exclusively and only available to satisfy the rights of the creditors of a specific Series of Notes whose claims have arisen or will arise in connection with the creation, operation or liquidation of such Compartment. For the purpose of the relationship of the holders of securities issued by the Issuer between each other, each Compartment shall be treated as a separate entity.

2. DEFINITIONS

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below.

"**Account Bank Required Rating**" means, in respect of any person (i) such person's long term unsecured, unsubordinated, unguaranteed debt obligations being rated at least "A" by any of Fitch, S&P or DBRS or "A2" by Moody's; and (ii) such person having any other Additional Account Bank Required Rating as may be specified in the applicable Issue Terms;

"**Additional Account Bank Required Rating**" has the meaning specified in the applicable Issue Terms for a Series of Notes;

"**Additional Business Centre**" means the city or cities specified as such in the relevant Issue Terms;

"Additional Disenfranchised Holder" means each entity (if any) specified as such in the Issue Terms for a Series of Notes;

"Additional Financial Centre(s)" means the city or cities specified as such in the relevant Issue Terms;

"Affiliate" means, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of a majority of the voting power of the entity or person;

"Base Prospectus" means the base prospectus dated 21 March 2019 prepared in connection with the Programme;

"Borrower" means the borrower of an Underlying Loan;

"Broken Amount" means, if specified in the relevant Issue Terms as being applicable, the amount specified in such Issue Terms;

"Business Day" means:

- (a) in relation to any sum payable in euro, a TARGET Settlement Day and a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre;
- (b) in relation to any sum payable in a currency other than euro, a day on which commercial banks and foreign exchange markets settle payments generally in London, in the Principal Financial Centre of the Relevant Currency and in each (if any) Additional Business Centre; and
- (c) for purposes other than in respect of a payment, a day on which commercial banks and foreign exchange markets settle payments generally in each (if any) Additional Business Centre or, if no such Additional Business Centres are specified, in London;

"Certificate" means a certificate issued by the Issuer in respect of a Series entitling the holder thereof to receive from the Issuer such amounts as are specified in the terms thereof payable from Revenue Receipts of the Issuer in accordance with Condition 9.1 (*Revenue Receipts*);

"Certificate Holder" means the holder of the Certificate from time to time;

"Certificate Holder Entrenched Rights" means any proposal:

- (a) to alter the method of calculating interest in respect of the Notes;
- (b) to amend the Certificate Percentage for an Underlying Loan;
- (c) to amend the Pre-Enforcement Priority of Payments or Post-Enforcement Priority of Payments; or
- (d) to amend the definition of 'Certificate Holder Entrenched Rights' or of 'Revenue Receipts';

"Certificate Percentage" means, in respect of an Underlying Loan, the percentage specified for such Underlying Loan in the Issue Terms;

"Charged Assets" has the meaning given to such term in Condition 5.1 (*Charged Assets*);

"Charged Rights" has the meaning given to such term in Condition 5.2 (*Charged Rights and Compartment Assets*);

"Compartment Assets" has the meaning given to such term in Condition 5.2 (*Charged Rights and Compartment Assets*);

"Day Count Fraction" means, in respect of the calculation of an amount of interest on any Note for any period of time (whether or not constituting an Interest Period, the **"Calculation Period"**):

- (a) if **"Actual/Actual"** is so specified in the relevant Issue Terms, means the actual number of days in the Calculation Period divided by 365 (or, if any portion of the Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);
- (b) if **"Actual/365 (Fixed)"** is so specified in the relevant Issue Terms, means the actual number of days in the Calculation Period divided by 365;
- (c) if **"Actual/360"** is so specified in the relevant Issue Terms, means the actual number of days in the Calculation Period divided by 360;
- (d) if **"30/360"** is so specified in the relevant Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (e) if **"30E/360"** or **"Eurobond Basis"** is so specified in the relevant Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D₂ will be 30; and

- (f) if "30E/360 (ISDA)" is so specified the relevant Issue Terms, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y₁" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"Y₂" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"M₁" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"M₂" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"D₁" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

"D₂" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Scheduled Maturity Date or (ii) such number would be 31, in which case D₂ will be 30,

provided, however, that in each such case the number of days in the Calculation Period is calculated from and including the first day of the Calculation Period to but excluding the last day of the Calculation Period;

"Default Interest Rate" means the rate of interest (if any) specified as being payable from time to time in respect of the Notes following a failure to pay any amount when due. The Default Interest Rate will either be specified in, or calculated in accordance with the provisions of, the relevant Issue Terms;

"Deferred Payment Date" means the date falling the number of Business Days specified in the Issue Terms (or if not specified in the Issue Terms, one Business Day) following each date on which the Issuer receives any Principal Receipts after the Scheduled Maturity Date;

"Disenfranchised Holder" means any sponsor or mezzanine lender (or in each case any Affiliate thereof) in respect of an Underlying Loan and any Additional Disenfranchised Holder specified in the Issue Terms for a Series of Notes;

"Drawdown Document" means the Pricing Supplement or Series Prospectus for a Series (or Tranche of a Series);

"EURIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of the European Money Markets Institute (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic EURIBOR rates can be obtained from the designated distributor);

"euro" means the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No 974/98 of 3 May 1998 on the introduction of the euro, as amended;

"Extraordinary Expenses" means, in relation to a Series of Notes, any fees, expenses, out-of-pocket expenses or costs including, without limitation, the fees, costs and expenses of professional advisors retained by the Issuer (plus any applicable VAT thereon) which are incurred by the Issuer in accordance with, pursuant to or so as to permit the Issuer to comply with the Conditions, a Transaction Document or a Trade Document to the extent that the Issuer is not otherwise reimbursed for such fees, expenses or costs;

"Extraordinary Resolution" means a resolution passed at a meeting of Noteholders duly convened and held in accordance with the provisions of the Trust Deed by one more than half of the votes cast;

"FATCA" means:

- (a) Sections 1471 to 1474 of the U.S. Internal Revenue Code of 1986 or any associated regulations;
- (b) any treaty, law, regulation of any other jurisdiction, or relating to an intergovernmental agreement between the U.S. and any other jurisdiction, which (in either case) facilitates the implementation of any law or regulation referred to in paragraph (a) above; or
- (c) any agreement pursuant to the implementation of any treaty, law or regulation referred to in paragraph (a) or (b) above with the U.S. Internal Revenue Service, the U.S. government or any governmental or taxation authority in any other jurisdiction;

"Fixed Coupon Amount" means, if specified in the relevant Issue Terms as being applicable, the amount specified in such Issue Terms;

"Further Tranche" has the meaning given to such term in Condition 1.3 (*Fungible Tranches of Notes comprising a Series*);

"Grace Period" means the period specified in the applicable Issue Terms or, if no period is specified, none;

"Instalment Amount" means the instalment amount specified in the Issue Terms for an Instalment Date or otherwise determined in accordance with the Conditions;

"Instalment Date" means the date or dates specified in the relevant Issue Terms (or otherwise determined in accordance with the Conditions) as a date for the payment of any Instalment Amount;

"Instalment Notes" means a Series of Notes which redeems in instalments by the payment of Instalment Amounts on the Instalment Dates for such Series;

"Interest Commencement Date" means the Issue Date or such other date as may be specified in the relevant Issue Terms;

"Interest Determination Date" means, with respect to an Interest Rate and an Interest Period, the date specified as such in the relevant Issue Terms or, if none is so specified, the day falling two Business Days in London prior to the first day of such Interest Period (or if the specified currency is British pound sterling the first day of such Interest Period);

"Interest Payment Date" means the date(s) specified as such in the relevant Issue Terms;

"Interest Period" means, unless otherwise specified in the relevant Issue Terms, the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period End Date and each successive period beginning on (and including) an Interest Period End Date and ending on (but excluding) the next succeeding Interest Period End Date;

"Interest Period End Date" means the date(s) specified as such in the relevant Issue Terms;

"Interest Rate" means the rate of interest payable from time to time in respect of the Note and which is either specified in, or calculated in accordance with the provisions of, these Conditions and/or the relevant Issue Terms;

"ISDA Definitions" means the 2006 ISDA Definitions (as amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series and as published by the International Swaps and Derivatives Association, Inc.);

"Issue Date" means, in respect of any Note, the date of the issue and purchase of such Note pursuant to clause 2 (*Agreement to Issue and Subscribe for Notes*) of the Dealer Agreement and means, in the case of any Note in the form of a Permanent Global Note or Definitive Note, the same date as the date of issue of the Temporary Global Note which initially represented such Note;

"Issue Terms" means the applicable issue terms included in the Drawdown Document for a Series which completes these Conditions and contains the issuance specific terms and conditions for such Series;

"Issuer Account Mandate" has the meaning given to such term in the Account Bank Agreement;

"Issuer Cash Account" means each cash account opened by the Issuer with the Account Bank for a Series in accordance with an Issuer Account Mandate and clause 2 (*Appointment of Account Bank*) of the Account Bank Agreement;

"Liability" means, in respect of any person, any loss, damage, cost, charge, claim, demand, expense, judgment, action, proceeding or other liability whatsoever (including, without limitation, in respect of taxes, duties, levies, imposts and other charges) and including any value added tax or similar tax charged or chargeable in respect thereof and legal fees and expenses incurred by that person;

"LIBOR" means, in respect of any specified currency and any specified period, the interest rate benchmark known as the London interbank offered rate which is calculated and published by a designated distributor (currently Thomson Reuters) in accordance with the requirements from time to time of ICE Benchmark Administration Limited (or any other person which takes over the administration of that rate) based on estimated interbank borrowing rates for a number of designated currencies and maturities which are provided, in respect of each such currency, by a panel of contributor banks (details of historic LIBOR rates can be obtained from the designated distributor);

"Margin" means the rate per annum (expressed as a percentage) specified in the relevant Issue Terms;

"Master Loan Sale Agreement" means (i) the MSBIL Master Loan Sale Agreement; or (ii) the MSPFI Master Loan Sale Agreement, which in each case sets out the agreed terms on which the relevant Seller will sell and the Issuer will purchase Underlying Loans;

"MiFID II" means the Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments (as amended);

"MSBIL Master Loan Sale Agreement" means the amended and restated MSBIL master loan sale agreement dated 21 March 2019 entered into by the Issuer as purchaser and Morgan Stanley Bank International Limited as Seller;

"MSPFI Master Loan Sale Agreement" means the amended and restated MSPFI master loan sale agreement dated 21 March 2019 entered into by the Issuer as purchaser and Morgan Stanley Principal Funding, Inc. as Seller;

"Note Interest Shortfall" means an amount (expressed as a positive number) equal to the difference between the Interest Amount payable on an Interest Payment Date and the Interest Amount actually paid by the Issuer to Noteholders on such Interest Payment Date;

"Obligor" means each obligor under an Underlying Loan Agreement and the related Underlying Loan Documents (including, without limitation, the Borrower(s) and any guarantor(s) of, and any provider(s) of security in respect of, the Borrower(s) obligations under an Underlying Loan Agreement);

"Original Tranche" has the meaning given to such term in Condition 1.3 (*Fungible Tranches of Notes comprising a Series*);

"outstanding" means, in relation to any Series, all the Notes of that Series issued other than:

- (a) those Notes to the extent that they have been redeemed in part pursuant to the Conditions;
- (b) those Notes which have been redeemed in full or purchased and cancelled pursuant to the Conditions;
- (c) those Notes in respect of which the date for redemption in full (including, but not limited to, the due date for payment of the final instalment in respect of an Instalment Note) in accordance with their terms has occurred and the redemption moneys whereafter (including premium (if any) and all interest payable thereon) have been duly paid to the Trustee or to the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) in the manner provided in the Agency Agreement (and where appropriate notice to that effect has been given to the relative Holders in accordance with the terms of such Notes) and remain available for payment against presentation of the relevant Notes and/or Coupons;
- (d) those Notes which have been forfeited or have become void under their terms or claims in respect of which have become prescribed under the Conditions;
- (e) those mutilated or defaced Bearer Notes which have been surrendered and cancelled and in respect of which replacements have been issued pursuant to their terms;
- (f) (for the purpose only of ascertaining the principal amount of the Bearer Notes outstanding and without prejudice to the status for any other purpose of the relevant Bearer Notes) those Bearer Notes which are alleged to have been lost, stolen or destroyed and in respect of which replacements have been issued pursuant to their terms;
- (g) any Bearer Note to the extent that it has been exchanged for a Registered Note;
- (h) any Temporary Global Note to the extent that it has been exchanged for Definitive Notes, Registered Notes or a Permanent Global Note; and
- (i) any Permanent Global Note to the extent that it has been exchanged for Definitive Notes or Registered Notes,

provided that for the purposes of (i) Schedule 1 (*Provisions for Meetings of the Noteholders*) to the Principal Trust Deed; and (ii) Noteholders giving any direction to the Issuer or the Trustee, those Notes which are held by, or on behalf of, the Issuer and not cancelled, shall (unless and until ceasing to be so held) be deemed not to remain outstanding;

"Permitted Obligation" means any obligation of the Issuer, acting in respect of the relevant Compartment, for the payment or repayment of borrowed money, which shall include, without limitation, any obligation that is the form of, or represented by, a bond, note, certificated debt security or other debt security and any obligation that is documented by a term loan agreement, revolving loan agreement or other similar credit agreement, or any obligation under a derivative agreement;

"Placement Agency Agreement" means the amended and restated placement agency agreement dated 21 March 2019 between the Issuer and Morgan Stanley & Co. International plc as placement agent;

"Post-Enforcement Priority of Payments" means, in relation to a Series, the post-enforcement priority of payments applicable to such Series as specified in the relevant Supplemental Trust Deed;

"Potential Event of Default" means, in relation to each Series of Notes, any condition, event or act which, with the giving of notice and/or the lapse of time, would constitute an Event of Default in relation to such Series;

"Pre-Enforcement Priority of Payments" means, in relation to a Series, the pre-enforcement priority of payments applicable to such Series pursuant to Condition 9 (*Pre-Enforcement Priority of Payments*) of the Notes as amended by the Issue Terms (if applicable);

"Pricing Supplement" means in respect of an unlisted Series of Notes, a pricing supplement prepared in connection with such Series (or Further Tranche of such Series) of Notes containing the relevant Issue Terms for such Series (or Further Tranche of such Series);

"Principal Amount" means in relation to a Note or Series, the original face value thereof less any repayments of principal made to the Noteholder(s) thereof in respect of such Note or Series;

"Principal Financial Centre" means, in relation to any currency, the principal financial centre for that currency; **provided, however, that:** in relation to euro, it means the principal financial centre of such Member State of the European Communities as is selected (in the case of a payment) by the payee or (in the case of a calculation) by the Calculation Agent;

"Principal Ledger" means a ledger to the Issuer Cash Account for a Series into which Principal Receipts are credited;

"Principal Receipts" means any and all payments and repayments of principal received or recovered by or on behalf of the Issuer in connection with an Underlying Loan;

"Prospectus Directive" means the Directive 2003/71/EC (and amendments thereto, including Directive 2010/73/EU);

"Realisation" means in relation to any Compartment Asset, the deriving, to the fullest extent practicable, (in accordance with the provisions of the Trust Deed and any Supplementary Security Document(s)) of proceeds from or in respect of such Compartment Asset including (without limitation) in respect of the Charged Assets through sale or through performance by the Borrower or an Obligor;

"Redemption Amount" means, unless otherwise specified in the relevant Issue Terms, in relation to a Note or Series, the amount of the original face value thereof less any repayment of principal made to the Noteholder(s) thereof in respect of such Note or Series;

"Reference Banks" means the institutions specified as such in the Issue Terms or, if none, four major banks selected by the Issue Agent in the interbank market (or, if appropriate, money market) which is most closely connected with the Reference Rate as determined by the Issue Agent in its sole and absolute discretion;

"Reference Rate" means EURIBOR, LIBOR or such other benchmark as is specified in the applicable Issue Terms;

"Relevant Currency" means the currency in which the Notes are denominated;

"Relevant Financial Centre" means, with respect to any Note, to be the financial centre as may be specified as such in the Issue Terms or, if none is so specified, the financial centre with which the Reference Rate is most closely connected as determined by the Issue Agent;

"Relevant Screen Page" means such page, section, caption, column or other part of a particular information service (including, but not limited to, the Reuters service ("**Reuters**") and the Bloomberg service ("**Bloomberg**")) as may be specified in the relevant Issue Terms, or such other page, section, caption, column or other part as may replace the same on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying comparable rates or prices;

"Relevant Time" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre specified in the relevant Issue Terms or, if none is specified, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the relevant currency in the interbank market in the Relevant Financial Centre;

"Reserved Matter" means any proposal:

- (a) to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes or to alter the method of calculating the amount of any payment in respect of the Notes on redemption or maturity or the date for any such payment **provided, however, that** any change, reduction or alteration automatically occurring pursuant to the Conditions or made by the Issue Agent in accordance with the Conditions shall not require the approval of Noteholders;
- (b) to effect the exchange, conversion or substitution of the Notes for, or the conversion of the Notes into, shares, bonds or other obligations or securities of the Issuer or any other person or body corporate formed or to be formed;
- (c) to change the currency in which amounts due in respect of the Notes are payable;
- (d) to change the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution; or
- (e) to amend the definition of **"Reserved Matter"**;

"Revenue Ledger" means a ledger to the Issuer Cash Account for a Series into which Revenue Receipts are credited;

"Revenue Receipts" means any and all amounts of whatever nature received or recovered by or on behalf of the Issuer under or in connection with an Underlying Loan (other than Principal Receipts), including, without limitation all amounts received or recovered by or on behalf of the Issuer in respect of:

- (a) interest payments (including default interest) received under the Underlying Loan;
- (b) break costs paid by a Borrower in relation to an unscheduled prepayment of an Underlying Loan;
- (c) any costs, expenses, fees, commissions and other sums (other than Principal Receipts), in each case paid by the Borrowers or any other Obligor in respect of an Underlying Loan or under the Underlying Loan Documents; and
- (d) interest on amounts standing to the credit of the Issuer Cash Account;

"Scheduled Maturity Date" means the date specified as such in the relevant Issue Terms for a Series;

"Scheduled Prepayment Date" has the meaning given to such term in Condition 8.5 (*Underlying Loan Prepayment and Instalments*);

"Secured Creditors" has the meaning given to such term in Condition 5.4 (*Security*);

"Secured Obligations" means in relation to any Series of Notes all moneys, debts and liabilities which are now or have been or at any time hereafter may be or become due, owing or incurred, actually or contingently, by the Issuer to the relevant Secured Creditors;

"Security Document" has the meaning given to such term in Condition 5.5 (*Security Documents*);

"Seller" means Morgan Stanley Bank International Limited, Morgan Stanley Principal Funding, Inc. or such other affiliate of either or both of them specified as the seller of an Underlying Loan in the Drawdown Document for the relevant Series of Notes (or Tranche thereof);

"Series" means each issue of Notes the terms of which are (save for the Issue Date, Interest Commencement Date and the Issue Price) otherwise identical (including whether or not the Notes are listed) and which form a single series and unless for any purpose the Trustee in its discretion otherwise determines, all the provisions of the Trust Deed shall apply separately to the Notes of each Series and the expressions "Notes of the relevant Series", "Series of Notes", and "Noteholders of the relevant Series" and related expressions shall be construed accordingly;

"Series Prospectus" means a prospectus in respect of a Series of Notes (or Further Tranche of a Series of Note) incorporating by reference the whole or any part of the Base Prospectus and containing the relevant Issue Terms for such Series (or Further Tranche of such Series);

"Specified Currency" has the meaning given in the relevant Issue Terms;

"Specified Duration" means, with respect to any Floating Rate to be determined on an Interest Determination Date, the period or duration specified in the relevant Issue Terms or, if none is specified, a period of time equal to the relative Interest Period;

"Supplementary Security Document" has the meaning given to such term in Condition 5.5 (*Security Documents*);

"TARGET Settlement Day" means any day on which the TARGET2 system is open;

"TARGET2 system" means the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"Trade Documents" means, in respect of a Series, all Supplemental Trust Deeds entered into in respect of such Series, any Supplementary Security Document, the Underlying Loan Sale Agreement(s) for such Series and the final form of any other documents (other than the Transaction Documents) entered into by a party or produced in connection with such Series;

"Tranche" has the meaning given to such term in Condition 1.3 (*Fungible Tranches of Notes comprising a Series*);

"Transaction Documents" means the Dealer Agreement, the Placement Agency Agreement, the Principal Trust Deed, the Agency Agreement and the Account Bank Agreement or any equivalent agreement entered into by the Issuer applying to a Series of Notes, the terms of which have been applied in writing by the Trustee for such Series;

"Treaty" means the Treaty establishing the European Community, as amended by the Treaty on European Union;

"Underlying Loan" means a loan or tranche of a loan (or a portion thereof) purchased by the Issuer for a Series of Notes pursuant to an Underlying Loan Sale Agreement, advanced under the relevant Underlying Loan Agreement, and over which the Issuer has granted the security interests specified in the Security Documents for such Series;

"Underlying Loan Accrual Period" means in respect of an Underlying Loan (i) the period from (and including) the Issue Date of the Tranche of Notes issued by the Issuer for the purposes of purchasing such Underlying Loan to (but excluding) the date of the first Underlying Loan Interest Period End Date to occur under the Underlying Loan following the Issue Date; and (ii) thereafter, the period from (and including) an Underlying Loan Interest Period End Date to (but excluding) the next following Underlying Loan Interest Period End Date;

"Underlying Loan Agreement" means the loan agreement pursuant to which an Underlying Loan has been advanced;

"Underlying Loan Documents" means, in relation to an Underlying Loan, the 'finance documents' as such term is defined in the relevant Underlying Loan Agreement and/or such other documents as are specified in the relevant Issue Terms;

"Underlying Loan Interest Period End Date" means, in respect of an Underlying Loan, each periodic date under such Underlying Loan falling on or prior to each interest payment date for such Underlying Loan on which interest ceases to accrue on such Underlying Loan for the purposes of determining the amount payable to lenders on such interest payment date;

"Underlying Loan Interest Rate" means, in respect of an Underlying Loan, a rate equal to (i) the interest rate determined for and accruing on the relevant Underlying Loan (including any part of such interest rate consisting of a margin) for the relevant Underlying Loan Accrual Period for such Underlying Loan *less* (ii) the Certificate Percentage for such Underlying Loan, **provided, however, that** if the rate determined in accordance with the above would be less than zero, the Underlying Loan Interest Rate shall be deemed to be zero for the relevant period;

"Underlying Loan Sale Agreement" means the sale and purchase agreement entered into by the Issuer as purchaser and the Seller in respect of an Underlying Loan pursuant to which the Issuer purchases such Underlying Loan from the Seller, which (unless specified otherwise in a Drawdown Document) in respect of the sale of an Underlying Loan by Morgan Stanley Bank International Limited or Morgan Stanley Principal Funding, Inc. as Seller to the Issuer as purchaser, shall be the relevant Master Loan Sale Agreement as supplemented by the Underlying Loan Sale Certificate providing for the sale and purchase of the relevant Underlying Loan;

"Underlying Loan Sale Certificate" means a certificate (substantially in the form attached to the relevant Master Loan Sale Agreement) signed by the Issuer and the Seller setting out the agreed terms of the sale of an Underlying Loan from the Seller to the Purchaser; and

"Unit" means, with respect to any currency other than euro, the lowest amount of such currency which is available as legal tender in the country of such currency and, with respect to euro, means one euro cent (0.01 euro).

3. **EXCHANGES OF BEARER NOTES FOR REGISTERED NOTES, TRANSFERS OF REGISTERED NOTES AND EXCHANGES OF SERIES OF NOTES**

3.1 **Exchange of Bearer Notes**

Subject to the provisions set forth in Condition 3.5 (*Closed Periods*) below, Bearer Notes may, if so specified in the relevant Issue Terms, be exchanged at the expense of the transferor Noteholder for an equivalent aggregate Principal Amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of the Bearer Note to be exchanged together with all unmatured Coupons, Receipts and Talons relating to it (if any) at the Specified Office of the Registrar or any Transfer Agent.

3.2 **Transfer of Registered Notes**

Subject to the provisions set forth in Condition 3.5 (*Closed Periods*) below, a Registered Note may be transferred upon the surrender of the relevant Registered Note Certificate, together with the form of transfer endorsed on it duly completed and executed, at the Specified Office of the Registrar or any Transfer Agent; **provided, however, that** a Registered Note may not be transferred unless the Principal Amount of Registered Notes proposed to be transferred and the Principal Amount of the balance of Registered Notes proposed to be retained by the relevant transferor are Authorised Denominations. In the case of a transfer of only a portion of a holding of Registered Notes represented by a Registered Note Certificate, a new Registered Note Certificate in respect of the balance not transferred will be issued to the transferor.

3.3 **Delivery of new Registered Note Certificates**

Each new Registered Note Certificate to be issued upon exchange of Bearer Notes or transfer of Registered Notes will, within three business days (in the place of the Specified Office of the Registrar or Transfer Agent to whom such request for exchange or form of transfer shall have been delivered) of receipt of such request for exchange or form of transfer, be available for delivery at the Specified Office of the Registrar or of the Transfer Agent (as the case may be) stipulated in the request for exchange or form of transfer, or be mailed at the risk of the Noteholder entitled to the Registered Note Certificate to such address as may be specified in such request or form of transfer. For these purposes, a form of transfer or request for exchange received by the Registrar or the

Transfer Agent (as the case may be) after the Record Date in respect of any payment due in respect of Registered Notes shall be deemed not to be effectively received by the Registrar or the Transfer Agent (as the case may be) until the day following the due date for such payment.

3.4 **Exchange at the Expense of Transferor Noteholder**

Registration of Notes on exchange or transfer will be effected without charge at the expense of the transferor Noteholder by or on behalf of the Issuer or the Registrar and upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other governmental charges which may be imposed in relation to it.

3.5 **Closed Periods**

Neither the transfer of a Registered Note to be registered nor a Bearer Note to be exchanged for a Registered Note may occur during the period of 15 days ending on the due date for any payment of principal, interest or Redemption Amount on that Note except as specified in Condition 3.1 (*Exchange of Bearer Notes*) above.

4. **STATUS OF THE NOTES**

The Notes, Coupons, Talons (if any) and Receipts (if any) of each Series are secured, limited recourse obligations of the Issuer, at all times ranking *pari passu* and without any preference among themselves, which are subject to the provisions of the Securitisation Act and secured in the manner described in Condition 5 (*Compartment Assets and Security*) and recourse in respect of which is limited in the manner described in Condition 13 (*Limited Recourse and Enforcement*).

5. **COMPARTMENT ASSETS AND SECURITY**

5.1 **Charged Assets**

In respect of each Series, the Issuer will hold the Underlying Loan(s) specified in the Issue Terms for such Series and all other rights of the Issuer under the relevant Underlying Loan Agreement and Underlying Loan Documents in respect of such Underlying Loan(s) (including, without limitation, the right, title and benefit of the Issuer in and to any security from which the Issuer as lender benefits in respect of such Underlying Loan) (collectively, the "**Charged Assets**"). The Charged Assets shall be subject to the Security granted in respect of such Series.

5.2 **Charged Rights and Compartment Assets**

In respect of each Series, the Issue Terms shall also specify any and all other assets and/or rights of the Issuer (other than the Charged Assets) which are attributed to such Series. Such assets and/or rights (the "**Charged Rights**") shall be subject to the Security granted in respect of such Series. The Charged Assets and the Charged Rights together form the "**Compartment Assets**" in respect of such Series and are the entirety of the assets attributed to and held by the Issuer for the Compartment established for the relevant Series.

5.3 **Exercise of Rights under Charged Assets**

Prior to the occurrence of an Event of Default and the delivery of an Enforcement Notice, on any occasion on which the Issuer is requested or entitled to vote in respect of the Charged Assets pursuant to the terms thereof (including, without limitation, in respect of the acceleration, enforcement or modification of the Underlying Loan(s) or the granting of any waiver in respect of the Underlying Loan(s)), the Issuer shall promptly following receipt of such request or upon becoming aware of such entitlement arising notify the Noteholders thereof in accordance with Condition 17 (*Notices*) (and Clause 16.1.6 of the Principal Trust Deed shall not apply to such notice). Prior to the occurrence of an Event of Default and the delivery of an Enforcement Notice, the Issuer shall exercise its voting and discretionary rights in respect of the Charged Assets in accordance with an Extraordinary Resolution of Noteholders or if so directed in writing by Noteholders holding not less than 25% of the aggregate Principal Amount outstanding of the Notes of such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant time) (each, a "**Noteholder Charged Asset Direction**"), in each case **provided that** such Noteholder Charged

Asset Direction is received not less than one Business Day prior to the last date on which the Issuer may exercise such vote and/or rights (the "**Noteholder Charged Asset Voting Deadline**"). If a Noteholder Charged Asset Direction is received after the Noteholder Charged Asset Voting Deadline but prior to the deadline by which the Issuer is required to exercise such vote and/or rights, the Issuer shall use all reasonable efforts to exercise such vote and/or right in accordance with the Noteholder Charged Asset Direction **provided, however, that** any failure by the Issuer to do so shall not constitute an Event of Default. If on any occasion the requisite number of Noteholders fails to provide a direction within the applicable time period the Issuer shall take no further action.

Where the Issuer receives conflicting instructions from Noteholders in accordance with the previous paragraph of this Condition 5.3, such conflict shall be resolved in accordance with the provisions of Condition 16.3 (*Instructing Noteholder Group*) (as if references therein to the Trustee were references to the Issuer) in respect of conflicting instructions from different Instructing Noteholder Groups and the Issuer shall follow the instructions provided accordingly.

Following the occurrence of an Event of Default and the delivery of an Enforcement Notice, the Trustee shall have the right to exercise or direct the exercise of any voting and other discretionary rights attached to the Charged Assets in accordance with Condition 16.2 (*Authorisation*).

5.4 **Security**

The obligations of the Issuer to the persons having the benefit of the Security relating to a Series and specified as secured creditors in the applicable Supplemental Trust Deed (the "**Secured Creditors**") are secured pursuant to the Supplemental Trust Deed and/or Supplementary Security Document in respect of such Series by Encumbrances governed by English law and such further encumbrances as may be required by the Trustee, governed by the law of any other relevant jurisdiction over the Charged Assets and/or Charged Rights as specified in the Supplemental Trust Deed and/or Supplementary Security Document.

Unless otherwise specified in the Supplemental Trust Deed for a Series, the Issuer shall grant the following security interests in favour of the Trustee for the benefit of itself and the other Secured Creditors:

- (a) a first fixed charge over the Issuer's rights, title, interest and benefit in and to the Underlying Loan(s) and the other Charged Assets for such Series;
- (b) a first fixed charge over all of the Issuer's right, title and interest and benefit in and to the Issuer Cash Account for such Series and in the cash amounts from time to time standing to the credit of the Issuer Cash Account and in the debts represented thereby;
- (c) an assignment by way of security of the Issuer's rights, title, interest and benefit in and to the Underlying Loan Agreement(s) for such Series;
- (d) an assignment by way of security of the Issuer's rights, title, interest and benefit in and to the Underlying Loan Sale Agreement(s) relating to the Underlying Loan(s) purchased by the Issuer for such Series;
- (e) an assignment by way of security of the Issuer's rights, title, interest and benefit in and to the Dealer Agreement to the extent that it relates to the Notes;
- (f) an assignment by way of security of the Issuer's rights, title, interest and benefit in and to Agency Agreement to the extent that it relates to the Notes, including any sums held by the Paying Agents to meet payments due in respect of the Notes; and
- (g) an assignment by way of security of the Issuer's rights, title, interest and benefit in and to Account Bank Agreement to the extent that it relates to the Notes and the Issuer Cash Account.

5.5 **Security Documents**

The security created by each Supplemental Trust Deed may be supported by such further security documents as may, from time to time, be required by the Trustee and, as of the Issue Date, as

specified in the relevant Issue Terms (each a "**Supplementary Security Document**" and, together with the relevant Supplemental Trust Deed, the "**Security Documents**") (the "**Security**").

5.6 **Application of Proceeds by Trustee**

All monies received by the Trustee in connection with the Notes will be held by the Trustee on trust to apply the same in accordance with the application of proceeds provisions of the Principal Trust Deed and the applicable Supplemental Trust Deed.

6. **RESTRICTIONS**

6.1 So long as any of the Notes remain outstanding (as defined in the Principal Trust Deed), the Issuer will not, save to the extent permitted by these Conditions, the Transaction Documents or the Trade Documents or with the prior consent in writing of the Trustee or the sanction of an Extraordinary Resolution:

6.1.1 engage in any business (other than acquiring and holding any Charged Assets, issuing Notes and related Certificates and entering into other Permitted Obligations, entering into the Transaction Documents and the Trade Documents in respect of each Series, acquiring and holding other assets similar to the Charged Assets, issuing further Series of Notes or Permitted Obligations, performing its obligations and exercising its rights under the Transaction Documents and the Trade Documents in respect of any Series and in each case such further matters as may be reasonably incidental thereto);

6.1.2 issue any additional shares;

6.1.3 incur or permit to subsist any indebtedness for borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness other than issuing further Notes, Certificates and entering into other Permitted Obligations (in accordance with the relevant Transaction Documents and the Trade Documents); **provided however, that** such further Notes, Certificates or Permitted Obligations are:

(a) if secured, secured on the assets of the Issuer other than: (A) the Compartment Assets for any other Series (save in the case of a fungible Tranche of Notes or Permitted Obligations forming a single Series with a Tranche of Notes or Permitted Obligations already issued; (B) assets other than those described in (A) above on which any other obligations of the Issuer are secured; and (C) the Issuer's share capital;

(b) issued subject to terms substantially equivalent to Condition 13 (*Limited Recourse and Enforcement*) which provide, amongst other things, for the extinguishment of all claims in respect of such further Notes, Certificates or Permitted Obligations after application of the proceeds of sale or redemption of the Compartment Assets for the relevant Series; and

(c) in the case of a further Tranche of Notes or further Permitted Obligations forming a single Series with any Tranche of Notes or Permitted Obligations of a Series previously issued, secured *pari passu* on the Compartment Assets for such previously issued Tranche or Permitted Obligations and such further assets of the Issuer upon which such further Tranche of Notes or Permitted Obligations and such previously issued Tranche or Permitted Obligations are secured;

6.1.4 sell or otherwise dispose of the Compartment Assets relating to any Series or any interest therein or agree or purport to do so;

6.1.5 create or permit to exist upon or affect any of the Compartment Assets relating to any Series, any Encumbrance or any other security interest whatsoever other than as contemplated by any Supplemental Trust Deed or any Supplementary Security Document executed in relation to such Series;

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

- 6.1.7 permit the Principal Trust Deed or any Supplemental Trust Deed executed in relation to a Series, or the priority of the Security created thereby or pursuant to any Supplementary Security Document executed in relation to a Series of Notes to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such Security to be released from such obligations;
 - 6.1.8 have any subsidiaries; or
 - 6.1.9 have its 'centre of main interest' (as such term is defined in article 3(1) of the Regulation (EC) No. 2015/848 on insolvency proceedings (the "**Recast EU Insolvency Regulation**")) outside of the Grand Duchy of Luxembourg or establish or open any branch offices or other permanent establishments (as in the Recast EU Insolvency Regulation) anywhere in the world.
- 6.2 The Trustee shall be entitled to rely absolutely on a certificate signed by two directors of the Issuer in relation to any matter relating to such restrictions and to accept without liability any such certificate as sufficient evidence of the relevant fact or matter in question.

7. **INTEREST AND OTHER CALCULATIONS**

7.1 **Interest Rate and Accrual**

- 7.1.1 Each Note bears interest on its Principal Amount (or as otherwise specified in the relevant Issue Terms) from the Interest Commencement Date at the Interest Rate, such interest being payable in arrear (unless otherwise specified in the relevant Issue Terms) on each Interest Payment Date. The interest amount payable on each Interest Payment Date shall be the interest that has accrued in respect of the Interest Period ending on or immediately prior to such Interest Payment Date.
- 7.1.2 Without prejudice to any right of the Noteholders under Condition 12.1 (*Occurrence of Events of Default*), if there is a Note Interest Shortfall in respect of an Interest Payment Date then an amount equal to such Note Interest Shortfall shall be payable by the Issuer on the immediately following Interest Payment Date (and on each subsequent Interest Payment Date) until it is reduced to zero. Interest shall not accrue on Note Interest Shortfalls.
- 7.1.3 Subject to Condition 8.4 (*Underlying Loan Amortisation and Instalments*) and Condition 8.5 (*Underlying Loan Prepayment and Instalments*) below, interest will cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the Interest Rate (or, if applicable, the Default Interest Rate) in the manner provided in this Condition 7 to the date (being the "**Relevant Date**") which is the earlier of:
 - (a) the date on which all amounts due in respect of the Note have been paid; and
 - (b) the date on which the full amount of the moneys payable has been received by the Trustee or the Principal Paying Agent and notice to that effect has been given to Noteholders in accordance with the provisions of Condition 17 (*Notices*).

7.2 **Business Day Convention**

If any date referred to in these Conditions or the relevant Issue Terms is specified to be subject to adjustment in accordance with a Business Day Convention and would otherwise fall on a day which is not a Business Day, then if the Business Day Convention specified in the relevant Issue Terms is:

- 7.2.1 the Following Business Day Convention, such date shall be postponed to the next day which is a Business Day;
- 7.2.2 the Modified Following Business Day Convention, such date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month,

in which event such date shall be brought forward to the immediately preceding Business Day; or

- 7.2.3 the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

7.3 Interest Rate on Floating Rate Notes

- 7.3.1 This Condition 7.3 is applicable only if the relevant Issue Terms specifies the Notes as Floating Rate Notes.

- 7.3.2 If Screen Rate Determination is specified in the relevant Issue Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate applicable to the Notes for each Interest Period will be determined by the Issue Agent on the following basis:

- (a) if the Reference Rate is a composite quotation or customarily supplied by one entity, the Issue Agent will determine the Reference Rate which appears on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (b) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Interest Rate for such Interest Period shall be calculated by the Issue Agent by straight-line linear interpolation by reference to two rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date, where:
 - (A) one rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the relevant Interest Period were the period of time for which rates are available next longer than the length of the relevant Interest Period;

provided, however, that if no rate is available for a period of time next shorter or, as the case may be, next longer than the length of the relevant Interest Period, then the Issue Agent shall determine such rate at such time and by reference to such sources as it determines appropriate;

- (c) in any other case, the Issue Agent will determine the arithmetic mean of the Reference Rates which appear on the Relevant Screen Page as of the Relevant Time on the relevant Interest Determination Date;
- (d) if, in the case of paragraph (a) above, such rate does not appear on that page or, in the case of paragraph (b) above, fewer than two such rates appear on that page or if, in either case, the Relevant Screen Page is unavailable, the Issue Agent will:
 - (i) request the principal Relevant Financial Centre office of each of the Reference Banks to provide a quotation of the Reference Rate at approximately the Relevant Time on the relevant Interest Determination Date to prime banks in the Relevant Financial Centre interbank market in an amount that is representative for a single transaction in that market at that time; and
 - (ii) determine the arithmetic mean of such quotations; and
- (e) if fewer than two such quotations are provided as requested, the Issue Agent will determine the arithmetic mean of the rates (being the nearest to the Reference Rate, as determined by the Issue Agent) quoted by major banks in the Relevant Financial Centre of the Relevant Currency, selected by the Issue Agent, at approximately 11.00 a.m. (local time in the Relevant Financial Centre of the Relevant Currency) on the first day of the relevant Interest Period for loans in the

Relevant Currency to leading European banks for a period equal to the relevant Interest Period and in an amount that is representative for a single transaction in that market at that time,

and the Interest Rate for such Interest Period shall be the sum of the Margin and the rate or (as the case may be) the arithmetic mean so determined; **provided, however, that** if the Issue Agent is unable to determine a rate or (as the case may be) an arithmetic mean in accordance with the above provisions in relation to any Interest Period, the Interest Rate applicable to the Notes during such Interest Period will be the sum of the Margin and the rate or (as the case may be) the arithmetic mean last determined in relation to the Notes in respect of a preceding Interest Period.

7.3.3 If ISDA Determination is specified in the relevant Issue Terms as the manner in which the Interest Rate(s) is/are to be determined, the Interest Rate(s) applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant ISDA Rate where "**ISDA Rate**" in relation to any Interest Period means a rate equal to the Floating Rate (as defined in the ISDA Definitions) that would be determined by the Issue Agent under an interest rate swap transaction if the Issue Agent were acting as calculation agent for that interest rate swap transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (a) the Floating Rate Option (as defined in the ISDA Definitions) is as specified in the relevant Issue Terms;
- (b) the Designated Maturity (as defined in the ISDA Definitions) is the Specified Duration; and
- (c) the relevant Reset Date (as defined in the ISDA Definitions) is either (A) if the relevant Floating Rate Option is based on the London interbank offered rate (LIBOR) for a currency, the first day of that Interest Period or (B) in any other case, as specified in the relevant Issue Terms;
- (d) if Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Issue Terms, the Rate of Interest for such Interest Period shall be calculated by the Issue Agent by straight-line linear interpolation by reference to two rates based on the relevant Floating Rate Option, where:
 - (A) one rate shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period; and
 - (B) the other rate shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period

provided, however, that if there is no rate available for a period of time next shorter than the length of the relevant Interest Period or, as the case may be, next longer than the length of the relevant Interest Period, then the Issue Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

7.3.4 If Underlying Loan Determination is specified in the relevant Issue Terms as the manner in which the Interest Rate(s) is/are determined, the Interest Rate(s) applicable to the Notes for each Interest Period will be the sum of the Margin and the relevant Loan Floating Rate where "**Loan Floating Rate**" means the interest rate determined for and payable on the relevant Underlying Loan (excluding any part of such interest rate consisting of a margin) for the related loan interest period.

7.4 Interest Rate on Variable Rate Notes

7.4.1 This Condition 7.4 is applicable only if the relevant Issue Terms specifies the Notes as Variable Rate Notes. Each Series of Notes which is secured over more than one

Underlying Loan shall be a Variable Rate Note unless specified otherwise in the applicable Issue Terms. The Interest Rate for an Interest Period for a Series of Variable Rate Notes shall be the Variable Interest Rate determined for such Interest Period.

- 7.4.2 The Variable Interest Rate for each Interest Period for a Series of Variable Rate Notes shall be determined by the Issue Agent on each Interest Determination Date based upon information provided to the Issue Agent by the Calculation Agent.
- 7.4.3 The Variable Interest Rate for an Interest Period shall be equal to the weighted average of the Underlying Loan Interest Rates for each Underlying Loan for such Interest Period (weighted by reference to (i) the outstanding principal amount of each Underlying Loan; and (ii) the number of days in the relevant Underlying Loan Accrual Period (being the Underlying Loan Accrual Period for such Underlying Loan which ends during such Interest Period) for each Underlying Loan).
- 7.4.4 If the Notes are redeemed in part pursuant to Condition 8.5 (*Underlying Loan Prepayment and Instalments*), the Variable Interest Rate shall be reset with effect from (and including) the relevant Scheduled Prepayment Date for the remainder of the relevant Interest Period. The Issue Agent shall determine the new Variable Interest Rate in accordance with Condition 7.4.3 above on the Scheduled Prepayment Date based upon information provided to the Issue Agent by the Calculation Agent. The Issue Agent shall cause the new Variable Interest Rate to be notified to the Principal Paying Agent, (in the case of a Series of Registered Notes) the Registrar, the Trustee, the Issuer, each of the Paying Agents, the Calculation Agent and, if the Notes are listed on a stock exchange and such stock exchange so requires, such stock exchange, on such Scheduled Prepayment Date, and shall cause the new Variable Interest Rate to be notified to the Noteholders as soon as reasonably practicable thereafter.

7.5 **Maximum or Minimum Interest Rates**

If any Maximum Interest Rate or Minimum Interest Rate is specified in the relevant Issue Terms, then the Interest Rate shall in no event be greater than the maximum or be less than the minimum so specified.

7.6 **Calculations**

The amount of interest payable in respect of any Note for each Interest Period shall be calculated by multiplying the product of the Interest Rate and the Principal Amount outstanding of such Note during that Interest Period by the Day Count Fraction, unless a Fixed Coupon Amount or Broken Amount is specified in respect of such period or an alternative method for determining the amount of interest payable in respect of any Note is specified in the relevant Issue Terms, in which case the amount of interest payable in respect of such Note for such Interest Period will equal such Fixed Coupon Amount, Broken Amount or alternative Interest Amount. For the avoidance of doubt, if the Notes are redeemed in part during an Interest Period pursuant to Condition 8.5 (*Underlying Loan Prepayment and Instalments*), interest shall accrue on the reduced Principal Amount of the Notes from (and including) the relevant Scheduled Prepayment Date (not with effect from the Instalment Date following such Scheduled Prepayment Date on which the Notes are actually redeemed in part) to (but excluding) the next following Interest Period End Date.

7.7 **Determination and Publication of Interest Rates, Interest Amounts, Redemption Amounts and Instalment Amounts**

- 7.7.1 As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Calculation Agent may be required to calculate any Redemption Amount or Instalment Amount, the Calculation Agent will calculate the Redemption Amount or Instalment Amount, as the case may be, and cause, if required to be calculated, the Redemption Amount or any Instalment Amount to be notified to the Principal Paying Agent, or (in the case of a Series of Registered Notes) the Registrar, the Trustee, the Issuer, each of the Paying Agents, the Noteholders and, if the Notes are listed on a stock exchange and such stock exchange so requires, such stock exchange as soon as

possible after their determination but in any event no later than the Business Day following such determination.

- 7.7.2 As soon as practicable after the Relevant Time on each Interest Determination Date or such other time on such date as the Issue Agent may be required to obtain any quote or make any determination or calculation or determine the Interest Rate and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Authorised Denomination of Notes for the relevant Interest Period, the Issue Agent shall obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Rate and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Principal Paying Agent, or (in the case of a Series of Registered Notes) the Registrar, the Trustee, the Issuer, each of the Paying Agents, the Calculation Agent, the Noteholders and, if the Notes are listed on a stock exchange and such stock exchange so requires, such stock exchange as soon as possible after their determination but in any event no later than (i) (in case of notification to such stock exchange) the commencement of the relevant Interest Period, if determined prior to such time, in the case of an Interest Rate and Interest Amount, or (ii) in all other cases, the Business Day following such determination.
- 7.7.3 The Interest Amounts and the Interest Payment Date so published may subsequently be re-calculated (or appropriate alternative arrangements made by way of adjustment) by the Issue Agent without notice in the event of an extension or shortening of the Interest Period.
- 7.7.4 If the Notes become due and payable under Condition 12 (*Events of Default*), the accrued interest and the Interest Rate payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Interest Rate or the Interest Amount so calculated need be made unless otherwise required by the Trustee.
- 7.7.5 The determination of each Interest Rate, Interest Amount, Redemption Amount and Instalment Amount, the obtaining of each quote and the making of each determination or calculation by the Issue Agent and the Calculation Agent or, as the case may be, the Trustee (or by a duly appointed agent on its behalf) pursuant to Condition 7.9 (*Determination or Calculation by Trustee*) below, shall (in the absence of manifest error) be final and binding upon all parties.

7.8 **Issue Agent and Reference Banks**

The Issue Agent will procure that there shall at all times be four Reference Banks selected by the Issue Agent with offices in the Relevant Financial Centre if the Notes are Floating Rate Notes. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank, then the Issue Agent will appoint another Reference Bank with an office in the Relevant Financial Centre to act as such in its place. If the Issue Agent is unable or unwilling to act as such or if the Issue Agent fails duly to establish the Interest Rate for any Interest Period or to calculate the Interest Amounts or any other requirements, the Issuer will appoint (with the prior written consent of the Trustee) a successor to act in its place. The Issue Agent may not resign its duties without a successor having been appointed as aforesaid.

7.9 **Determination or Calculation by Trustee**

If the Calculation Agent or Issue Agent (as applicable) does not at any time for any reason determine any Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or any other amount to be determined or calculated by it, the Trustee (or any agent approved by it pursuant to the Principal Trust Deed) may (without liability for so doing) determine such Interest Rate, Interest Amount, Redemption Amount, Instalment Amount or other amount as aforesaid at such rate or in such amount as in its absolute discretion (having regard as it shall think fit to the procedures described above, but subject to the terms of the Trust Deed) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the foregoing provisions of this Condition, with any consequential amendments, to the extent that, in its sole opinion, it can do so and in all other respects it shall do so in such manner as it may, in its absolute discretion, deem fair

and reasonable in the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent or Issue Agent.

8. REDEMPTION

8.1 Redemption at Scheduled Maturity

Unless previously redeemed as provided below, each Note shall be redeemed at its Redemption Amount (or, in respect of Instalment Notes, at its final Instalment Amount) on the Scheduled Maturity Date. Prior to service of an Enforcement Notice and without prejudice to any right of the Noteholders under Condition 12.1 (*Occurrence of Events of Default*), in the event that the Notes are not redeemed in full on the Scheduled Maturity Date as a result of insufficient Principal Receipts being credited to the Principal Ledger of the Issuer Cash Account on such date, each Note shall be redeemed in part on the next Deferred Payment Date and on any following Deferred Payment Date in accordance with Condition 9.3 (*Principal Receipts*) following receipt by the Issuer of any Principal Receipts on or after the Scheduled Maturity Date.

8.2 Extension of Scheduled Maturity

If 'Extension of Scheduled Maturity' is specified as applicable in the Issue Terms, in the event that the scheduled repayment date of an Underlying Loan is extended in accordance with the terms of the relevant Underlying Loan Agreement and other relevant Underlying Loan Documents, and as a result of such extension the Scheduled Maturity Date would fall prior to the new scheduled repayment date for the Underlying Loan (as adjusted in accordance with any business day convention applicable to such Underlying Loan), the Scheduled Maturity Date shall automatically be extended until the Business Day following the new scheduled repayment date of such Underlying Loan.

Upon becoming aware of the extension of the scheduled repayment date of an Underlying Loan beyond the then current Scheduled Maturity Date, the Issuer shall as soon as reasonably practicable notify Noteholders in accordance with Condition 17 (*Notices*), the Issue Agent, the Principal Paying Agent, the Registrar, the Calculation Agent and the Trustee of such extension and of the new Scheduled Maturity Date for the Notes.

The Scheduled Maturity Date of a Series of Notes may be extended on more than one occasion pursuant to this Condition 8.2.

8.3 Redemption by Instalments

Unless previously redeemed and cancelled as provided in this Condition 8, each Note which provides for Instalment Dates and Instalment Amounts will be partially redeemed on each Instalment Date at the Instalment Amount for such Instalment Date, whereupon the outstanding Principal Amount of such Note shall be reduced by the Instalment Amount for all purposes.

8.4 Underlying Loan Amortisation and Instalments

If Underlying Loan Amortisation is specified as applicable in the Issue Terms, in respect of an Underlying Loan which is scheduled to amortise, the scheduled amortisation amounts, Scheduled Amortisation Dates and related Instalment Dates (which, unless specified otherwise in the Issue Terms, shall be one Business Day following the relevant Scheduled Amortisation Date) for the Notes resulting from the amortisation schedule in respect of the Underlying Loan applicable at the Issue Date will be set out in the applicable Issue Terms (the "**Instalment Schedule**").

In respect of a Series secured over more than one Underlying Loan which have different scheduled repayment dates, the scheduled repayment date of any Underlying Loan which is a term loan falling earlier than the scheduled repayment date of one or more other Underlying Loans shall also be treated as a Scheduled Amortisation Date for the purposes of this Condition 8.4.

Unless specified otherwise in the applicable Issue Terms, interest shall cease to accrue on the portion of the Notes to be redeemed on such Instalment Date pursuant to this Condition 8.4 with effect from the Scheduled Amortisation Date.

The Issuer shall as soon as reasonably practicable notify Noteholders in accordance with Condition 17 (*Notices*) of any change to the Instalment Schedule after the Issue Date resulting from the prepayment of an Underlying Loan or the extension of the scheduled repayment date of an Underlying Loan or otherwise.

In these Conditions:

"Scheduled Amortisation Date" means each date on which an amortisation amount is scheduled to be paid in respect of the Charged Assets in accordance with the then current amortisation schedule of the Charged Assets (set out in the applicable Issue Terms or subsequently notified to Noteholders pursuant to this Condition 8.4).

8.5 **Underlying Loan Prepayment and Instalments**

In the event that the Issuer is due to receive a principal payment (other than a scheduled amortisation amount) in respect of an Underlying Loan in respect of a prepayment of the Underlying Loan (such amount, a **"Prepayment Amount"**) prior to the Scheduled Maturity Date, promptly upon becoming aware that such Prepayment Amount is due to be paid the Issuer shall notify the Noteholders in accordance with Condition 17 (*Notices*), the Issue Agent, the Principal Paying Agent, the Registrar, the Calculation Agent and the Trustee of (i) the amount of such Prepayment Amount (ii) the date on which such Prepayment Amount is due to be paid by the relevant Borrower (the **"Scheduled Prepayment Date"**) and (iii) of the related Instalment Amount and Instalment Date and any accrued interest payable in accordance with the provisions below.

On the date falling the number of Business Days specified in the Issue Terms (or if not specified in the Issue Terms, one Business Day) following the date on which the Issuer actually receives the Prepayment Amount (which such date shall be an Instalment Date), the Issuer shall pay to the Noteholders in respect of each Note as an Instalment Amount an amount equal to such Note's *pro rata* share of the relevant Prepayment Amount.

Unless specified otherwise in the applicable Issue Terms, interest shall cease to accrue on the portion of the Notes to be redeemed with effect from the Scheduled Prepayment Date and the Issuer shall pay to Noteholders on the Instalment Date accrued interest on the Notes to be redeemed from (and including) the previous Interest Payment Date to (but excluding) the Scheduled Prepayment Date (and such Instalment Date shall be deemed to be an Interest Payment Date for the purposes of Condition 9.1 (*Revenue Receipts*)).

8.6 **Redemption for taxation and other reasons**

If 'Redemption for taxation and other reasons' is specified as applicable in the applicable Issue Terms for a Series, then if the Issuer certifies to the Trustee that:

- (a) it would, on the occasion of the next payment date in respect of the Notes in relation to such Series, be required to withhold or account for tax above and beyond those taxes of which the Issuer was aware at the time of issue of the relevant Series of Notes; or
- (b) it would suffer tax above and beyond those taxes of which the Issuer was aware at the time of issue of the relevant Series of Notes in respect of its income in respect of the Charged Assets relating to such Series so that it would be unable to make payment of the full amount due on the Notes, Coupons, Talons (if any) or Receipts (if any) in relation to such Series; or
- (c) the cost to it of complying with its obligations under or in connection with the Trust Deed or meeting its operating or administrative expenses would be materially increased; or
- (d) due to the adoption of, or any change in, any applicable law after the Issue Date, or due to the promulgation of, or any change in, the interpretation by any court, tribunal or regulatory authority with competent jurisdiction of any applicable law after such date, it becomes unlawful for the Issuer to:
 - (i) perform any absolute or contingent obligation to make a payment in respect of the Notes or any agreement entered into in connection with the Notes;

- (ii) hold any Charged Assets or to receive a payment or delivery in respect of any Charged Assets; or
- (iii) comply with any other material provision of any agreement entered into in connection with the Notes,

then promptly upon becoming aware thereof, the Issuer shall notify the Noteholders in accordance with Condition 17 (*Notices*) and the Trustee of the occurrence of such event and, subject to the final paragraph of this Condition 8.6, the Issuer shall redeem the Notes at their Principal Amount outstanding as soon as reasonably practicable following the delivery of such notice. Following delivery of such notice, in order to enable the Issuer to fund the redemption of the Notes, Noteholders may direct the Issuer by way of Extraordinary Resolution or Noteholder Charged Asset Direction to sell the Charged Assets to such person (subject to completion of any 'know your customer' requirements of the Issuer) or to liquidate the Charged Assets in accordance with such reasonable process as is proposed by such Noteholders. The Issuer shall give Noteholders at least five (5) Business Days' notice (in accordance with Condition 17 (*Notices*)) of the date on which the Notes will be redeemed.

Notwithstanding the foregoing, if any of the taxes referred to in this Condition 8.6 arise:

- (i) owing to the connection of any Noteholder, Couponholder or Receiptholder or any third party having a beneficial interest in the Notes, Coupon, Talon (if any) or Receipts (if any), with the Grand Duchy of Luxembourg (or such other place of incorporation or tax jurisdiction of an Issuer) otherwise than by reason only of the holding of any Note, Coupon or Receipt (if any) or receiving principal, Redemption Amounts, interest or Interest Amounts in respect thereof;
- (ii) by reason of the failure by the relevant Noteholder, Couponholder or Receiptholder to comply with any applicable procedures required to establish non-residence or other similar claim for exemption from such tax; or
- (iii) in respect of any Note, Coupon or Receipt (if any) presented for payment by or on behalf of a Noteholder, Couponholder or Receiptholder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union,

then to the extent it is able to do so, the Issuer shall deduct such taxes from the amounts payable to such Noteholder, Couponholder or Receiptholder or any third party having a beneficial interest in the Notes, Coupon or Receipt, and shall not redeem the Notes of the relevant Series but this shall not affect the rights of the other Noteholders, Couponholders and Receiptholders (if any) hereunder. Any such deduction shall not constitute an Event of Default under Condition 12 (*Events of Default*).

The Issuer may only redeem the Notes pursuant to this Condition 8.6 if the Issuer has certified to the Trustee that it will have the necessary funds, not subject to the interests of any other person, required to redeem the Notes as aforesaid and any amounts required to be paid under Condition 9 (*Pre-Enforcement Priority of Payments*) of these Conditions in priority to or *pari passu* with the Notes outstanding in accordance with the terms and conditions thereof and, in the case of a redemption of Notes under Condition 8.6(a) or 8.6(b) above, an opinion (in form and substance satisfactory to the Trustee) of legal advisers of recognised standing to the Issuer (previously approved by the Trustee) in the relevant jurisdiction to the effect that the Issuer has or will become obliged to withhold, account for or suffer such tax. The Trustee may rely on the aforementioned certificate and/or opinion without any liability and further enquiry.

8.7 **Cancellation**

All Notes redeemed in full by the Issuer shall be cancelled forthwith (together with all unmatured Receipts and Coupons and unexchanged Talons attached thereto). Any Notes so cancelled may not be reissued or resold and the obligations of the Issuer in respect of any such Notes shall be discharged.

9. PRE-ENFORCEMENT PRIORITY OF PAYMENTS

9.1 Revenue Receipts

Prior to the service on an Enforcement Notice, on each Interest Payment Date Revenue Receipts standing to the credit of the Revenue Ledger of the Issuer Cash Account shall be applied by the Issuer, or the Calculation Agent on its behalf, as follows:

- (a) *first*, in payment, or satisfaction of any outstanding and properly incurred fees and Liabilities incurred by the Trustee in preparing and executing the trusts in respect of the Series of Notes (including, without limitation, legal fees and expenses, any taxes required to be paid and the Trustee's remuneration) on or prior to the applicable Interest Payment Date;
- (b) *second*, rateably and *pari passu*:
 - (i) in payment or satisfaction of any outstanding fees and Liabilities properly incurred by the Issuer (excluding any amount payable under paragraph (c) below but including, without limitation, any Extraordinary Expenses, legal fees and expenses, expenses relating to the continued listing of the Notes and Issuer Taxes); and
 - (ii) in meeting any claim of any Agent for reimbursement in respect of payment of interest made to the relevant Noteholders (or Couponholders);
- (c) *third*, rateably in payment or satisfaction of any outstanding and properly incurred fees and Liabilities incurred by the Agents and the Account Bank in accordance with the terms of their appointment in respect of the Series of Notes on or prior to the applicable Interest Payment Date;
- (d) *fourth*, rateably in meeting the claims of the Noteholders (or Couponholders) in respect of interest due (including, without limitation any default interest that has accrued) on the Notes;
- (e) *fifth*, in meeting the claims of the Certificate Holder in respect of amounts due under the Certificate; and
- (f) *sixth*, any amount remaining after payment in full of amounts due pursuant to paragraphs (a) to (e) (inclusive) above, to be retained by the Issuer in the Issuer Cash Account for application on the next following Interest Payment Date.

9.2 Intra-Period Payments

Prior to the service on an Enforcement Notice, the Issuer, or the Calculation Agent on its behalf, may apply Revenue Receipts standing to the credit of the Revenue Ledger of the Issuer Cash Account on a date other than an Interest Payment Date to pay amounts due on such date to the Trustee, an Agent or the Account Bank in respect of Liabilities incurred by them to the extent permitted by the Trust Deed for the relevant Series.

9.3 Principal Receipts

Prior to the service of an Enforcement Notice, any Principal Receipts standing to the credit of the Principal Ledger of the Issuer Cash Account shall be applied by the Issuer, or the Calculation Agent on its behalf, as follows:

- (a) *first*, in meeting any claim of any Agent for reimbursement in respect of payment of principal made to the relevant Noteholders or Receiptholders; and
- (b) *second*, rateably in meeting the claims of the Noteholders or Receiptholders in respect of principal due on the Notes in accordance with and on such dates as are specified in these Conditions.

9.4 **Classification of amounts as Revenue Receipts or Principal Receipts**

The determination of the Calculation Agent as to whether an amount received by the Issuer should be classified as a Revenue Receipt or a Principal Receipt shall, absent manifest error, be binding on the Issuer and the Noteholders.

10. **PAYMENTS**

10.1 **Bearer Notes**

Payments of principal (or, as the case may be, Redemption Amounts) and interest (or, as the case may be, Interest Amounts) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Receipts (in the case of payment of Instalment Amounts other than on the due date for redemption and **provided that** the Receipt is presented for payment together with its relative Note), Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 10.6.5) or Coupons (in the case of interest, save as specified in Condition 10.6.5), as the case may be, at the Specified Office of any Paying Agent outside the United States by a cheque payable in the currency in which such payment is due drawn on, or, at the option of the Noteholders, Receiptholders or Couponholders by transfer to an account denominated in that currency with a bank in (a) the principal financial centre of the country of the currency concerned if that currency is not euro, or (b) the principal financial centre of any Member State of the European Communities if that currency is euro; **provided that** in the case of British pounds sterling, the cheque shall be drawn on a branch of a bank in London. However, no payment of principal or interest in respect of Bearer Notes shall be made by cheque which is mailed to an address in the United States nor by transfer made in lieu of payment by cheque to an account maintained by the payee with a bank in the United States.

10.2 **Registered Notes**

Each payment in respect of a Registered Note will be made to the person shown as the Holder in the Register at five (5) p.m. (London time) on the fifteenth day before the due date for such payment (the "**Record Date**").

Payment on each Registered Note will be made in the currency in which such Registered Notes are denominated by transfer to the account of such Noteholder specified in the Register in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency if that currency is not euro, or (b) the principal financial centre of any Member State of the European Communities if that currency is euro. Upon application by the Noteholder to the Specified Office of the Registrar or any Transfer Agent at least ten days before the relevant payment date, such payment may be made by transfer to an alternative account (which shall replace the previous account specified in respect of such Noteholder in the Register) in the relevant currency maintained by the payee with a bank in (a) the principal financial centre of the country of that currency if that currency is not euro, or (b) the principal financial centre of any Member State of the European Communities if that currency is euro.

10.3 **Payments in the United States**

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made in U.S. dollars at the Specified Office of any Paying Agent in New York City in the same manner as aforesaid if:

- (a) the Issuer shall have appointed Paying Agents with Specified Offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in U.S. dollars in the manner provided above when due;
- (b) payment in full of such amounts in U.S. dollars at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts; and

- (c) such payment is then permitted by United States law, without involving adverse tax consequences to the Issuer (as certified by the Issuer to the Trustee on the basis of appropriate United States tax advice).

10.4 **Payments subject to fiscal laws; payments on Registered Notes**

- 10.4.1 All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of this Condition 10. No commission or expenses shall be charged to the Noteholders, Receiptholders or Couponholders in respect of such payments.
- 10.4.2 Subject to Condition 10.2 (*Registered Notes*), the Noteholder of a Registered Note shall be the only person entitled to receive payments of principal (or Redemption Amounts) and interest (or Interest Amounts) on such Registered Note and the Issuer will be discharged by payment to, or to the order of, the Noteholder of such Registered Note in respect of each amount paid.

10.5 **Appointment of the Principal Paying Agent, the Paying Agents, the Issue Agent, the Registrar, the Transfer Agents and the Calculation Agent**

The Agents act solely as agents of the Issuer, or the Trustee (as the case may be), and do not assume any obligation or relationship of agency or trust for or with any Noteholder, Receiptholder or Couponholder. The Issuer reserves the right at any time to vary or terminate the appointment of any Agent, and to appoint additional or other Agents, **provided that** the Issuer will at all times maintain (i) a Principal Paying Agent, (ii) (while any Series of Registered Notes remains outstanding), a Registrar, (iii) a Calculation Agent, and (iv) if and for so long as the Notes are admitted to listing, trading and/or quotation by any competent authority, stock exchange and/or quotation system which requires the appointment of a Paying Agent and/or a Transfer Agent in any particular place, the Issuer shall maintain a Paying Agent and/or a Transfer Agent having its Specified Office in the place required by such competent authority, stock exchange and/or quotation system.

Notice of any change in any of the Agents or in their Specified Offices shall promptly be given to the Noteholders in accordance with Condition 17 (*Notices*).

10.6 **Unmatured Coupons and Receipts and unexchanged Talons**

- 10.6.1 Subject to the provisions of the relevant Issue Terms, upon the due date for redemption of any Note which is a Bearer Note, unmatred Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- 10.6.2 Upon the date for redemption of any Note, any unmatred Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- 10.6.3 Upon the due date for redemption of any Note which is redeemable in instalments, all Receipts relating to such Note having an Instalment Date falling on or after such due date (whether or not attached) shall become void and no payment shall be made in respect of them.
- 10.6.4 Where any Note, which is a Bearer Note, is presented for redemption without all unmatred Coupons and any unexchanged Talon relating to it, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- 10.6.5 If the due date for redemption of any Note is not a due date for payment of interest or an Interest Amount, interest shall accrue from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be.

10.7 **Non-Business Days**

Subject as provided in the Issue Terms for a Series of Notes, if any date for payment in respect of any Note, Receipt or Coupon is not a payment business day, the Noteholder, Receiptholder or Couponholder shall not be entitled to payment until the next following payment business day or to any interest or other sum in respect of such postponed payment.

In this Condition 10.7, "**payment business day**" means:

10.7.1 if the currency of payment is euro, any day which is:

- (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (b) in the case of payment by transfer to an account, a TARGET Settlement Day and a day on which dealings in foreign currencies may be carried on in each (if any) Additional Financial Centre; or

10.7.2 if the currency of payment is not euro, any day which is:

- (a) a day on which banks in the relevant place of presentation are open for presentation and payment of bearer debt securities and for dealings in foreign currencies; and
- (b) in the case of payment by transfer to an account, a day on which dealings in foreign currencies may be carried on in the Principal Financial Centre of the currency of payment and in each (if any) Additional Financial Centre.

10.8 **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 any Paying Agent in exchange for a further coupon sheet (and, if necessary, another Talon for a further coupon sheet) (but excluding any Coupons which may have become void pursuant to Condition 14 (*Prescription*)).

10.9 **Avoided Payments**

If the Issuer has made a payment to the Noteholders under the Notes which was funded by an amount received by the Issuer under an Underlying Loan or otherwise which the Issuer is obliged to repay pursuant to the terms of the Charged Assets or which is subsequently avoided under any applicable bankruptcy, insolvency, receivership or similar law and, as a result thereof, the Issuer is obliged to return or turn over such amount (and, if applicable, to pay interest thereon), then the Issuer may deduct such amount (and any interest thereon) from any future amounts that would otherwise be payable to the Noteholders in respect of the Notes. Any such deduction shall not constitute an Event of Default under Condition 12 (*Events of Default*).

Notice of a deduction pursuant to this Condition 10.9 shall be given by the Issuer to Noteholders in accordance with the provisions of Condition 17 (*Notices*) as soon as reasonably practicable following the Issuer becoming aware of its obligation to repay the relevant amount received by it under the Underlying Loan or Charged Assets and no later than the second Business Day prior to the relevant due date for payment on which such deduction will be effected, together with details of the amount of principal, interest or any other amount which will be paid by the Issuer in respect of the relevant Notes following such deduction.

11. **TAXATION**

11.1 **No withholding unless required by Law; No Gross-up**

All payments in respect of the Notes, Receipts or Coupons will be made without withholding or deduction in respect of any present or future taxes, duties or charges of whatsoever nature unless

the Issuer, or any Paying Agent, Registrar or, where applicable, the Trustee is required by applicable law to make any payment in respect of the Notes, Receipts or Coupons subject to any withholding or deduction for, or on account of, any present or future taxes, duties or charges of whatsoever nature. In that event, the Issuer, such Paying Agent, Registrar or the Trustee (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer, nor any Paying Agent, nor the Registrar nor the Trustee will be obliged to make any additional payments to the Noteholders, Receiptholders or Couponholders, in respect of such withholding or deduction, but Condition 8.6 (*Redemption for taxation and other reasons*) will, if so specified in the relevant Issue Terms, apply.

11.2 **FATCA Withholding**

Notwithstanding any other provision in these Conditions, the Issuer shall be permitted to withhold or deduct any amounts required by the rules of U.S. Internal Revenue Code Sections 1471 through 1474 (or any amended or successor provisions), pursuant to any intergovernmental agreement, or implementing legislation adopted by another jurisdiction in connection with these provisions, or pursuant to any agreement with the U.S. Internal Revenue Service ("**FATCA withholding**"). The Issuer will have no obligation to pay additional amounts or otherwise indemnify a Noteholder, Receiptholder or Couponholder for any FATCA withholding deducted or withheld by the Issuer, a Paying Agent or any other party as a result of any person (other than an agent of the Issuer) not being entitled to receive payments free of FATCA withholding.

12. **EVENTS OF DEFAULT**

12.1 **Occurrence of Events of Default**

The Trustee at its discretion may, and, if so requested in writing by Noteholders of at least one quarter of the aggregate Principal Amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (**provided that** the Trustee is secured and/or indemnified and/or prefunded, or both, to its satisfaction) give notice (an "**Enforcement Notice**") to the Issuer that the Notes of such Series are, and they shall accordingly immediately become, due and repayable, at their Redemption Amount together with accrued interest (or as otherwise specified in the relevant Issue Terms) and the Security constituted by the Trust Deed in respect of such Series shall thereupon become enforceable (as provided in the Trust Deed) on the occurrence of any of the following events (each an "**Event of Default**"):

- 12.1.1 if default is made for a period of 20 Business Days or more in the payment of any sum due in respect of such Notes or any of them; or
- 12.1.2 if the Issuer fails to perform or observe any of its other obligations under the Notes of such Series or the Trust Deed and, where the Trustee considers, in its absolute discretion that such default can be remedied, such failure continues for a period of 30 days following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- 12.1.3 if any order shall be made by any competent court or any resolution passed for the winding-up or dissolution of the Issuer or an order is made for the Issuer's bankruptcy save for the purposes of amalgamation, merger, consolidation, reorganisation or other similar arrangement on terms approved by the Trustee; or
- 12.1.4 if any other proceedings are initiated against the Issuer under any applicable liquidation, bankruptcy, insolvency, composition, reorganisation, readjustment or other similar laws (but excluding the presentation of any application for an administration order) and such proceedings are not being disputed in good faith, or a receiver, administrator or other similar official (not being a receiver or manager appointed by the Trustee pursuant to the Principal Trust Deed) is appointed in relation to the Issuer or in relation to the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer or an encumbrancer (not being the Trustee or any receiver or manager appointed by the Trustee) shall take possession of the whole or any substantial part (in the opinion of the Trustee) of the undertaking or assets of the Issuer or a distress or execution 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) of the undertaking or assets of the Issuer (other than, in any such case, by the Trustee or pursuant to any of the Transaction Documents or the Trade Documents) and in any of the foregoing cases such order, appointment, possession or process (as the case may be) is not discharged or stayed or does not cease to apply within 14 days; or if the Issuer shall initiate or consent to judicial proceedings relating to itself (except in accordance with Condition 12.1.3 above) under any applicable liquidation, bankruptcy, insolvency, composition, reorganisation, readjustment or other similar laws or shall make a conveyance or assignment for the benefit of its creditors generally; or

12.1.5 the Issuer becomes insolvent or is adjudicated or found bankrupt.

The Events of Default may be varied or amended in respect of any Series of Notes as set out in the relevant Issue Terms.

12.2 **Confirmation of No Event of Default**

The Issuer shall provide written confirmation to the Trustee, on an annual basis, that no Potential Event of Default or Event of Default or other matter which is required to be brought to the Trustee's attention has occurred.

12.3 **Realisation of the Compartment Assets upon redemption**

In the event of the Security constituted under the Trust Deed becoming enforceable following an acceleration of the Notes of a particular Series as provided in this Condition 12, the Trustee shall have the right to enforce its rights under the Security Documents in relation to the relevant Compartment Assets in relation to such Series only, but in each case without any liability as to the consequence of such action and without having regard to the effect of, or being required to account for, such action to, the Secured Creditors in relation to such Series, **provided that** the Trustee shall not be required to take any action that would involve the Trustee in any personal liability or expense unless previously secured and/or indemnified and/or prefunded to its satisfaction.

12.4 **Events of Default occur separately in respect of different Series**

The provisions of the Trust Deed are expressed to apply separately to each Series. Accordingly, the occurrence of an Event of Default under one Series does not *per se* constitute or trigger an Event of Default under any other Series. The Trust Deed may specify circumstances in which the Security for a Series will become enforceable without the Trustee serving an Enforcement Notice.

13. **LIMITED RECOURSE AND ENFORCEMENT**

13.1 **Limited Recourse**

If the amounts realised from the Compartment Assets in respect of any Series (including, without limitation, a realisation of the Security or a sale or redemption of the Underlying Loan(s) for a Series in accordance with these Conditions) are not sufficient (after meeting the Trustee's, the Agents', the Account Bank's and any receiver's expenses, liabilities and remuneration, and any other amounts that rank in priority to the Notes of such Series) to make payment of all amounts due in respect of the Notes of such Series and all other Secured Obligations with respect to that Series, no other assets of the Issuer will be available to meet that shortfall.

13.2 **Post-Enforcement Priority of Payments**

Following service of an Enforcement Notice by the Trustee, amounts realised from the Compartment Assets shall be applied in accordance with the Post-Enforcement Priority of Payments specified in the Supplemental Trust Deed.

13.3 **Extinguishment of Claims**

The net proceeds of the Compartment Assets for the relevant Series may be insufficient to pay all amounts due to the Secured Creditors in respect of such Series. Any claim of the Noteholders or of any other Secured Creditor with respect to that Series or any outstanding amount remaining after the Realisation of the Compartment Assets and the application of the proceeds thereof shall be

extinguished and such Secured Creditors will have no further recourse to the Issuer and any failure to make any payment in respect of such shortfall shall in no circumstances constitute an Event of Default under Condition 12 (*Events of Default*).

13.4 Trustee with sole Right to proceed against Issuer

Only the Trustee may pursue the remedies available under the Trust Deed, the Conditions, the Transaction Documents and the Trade Documents and enforce the rights of the Secured Creditors in relation to the Compartment Assets of the relevant Series. No Secured Creditor of such Series is entitled to proceed directly against the Issuer or any assets of the Issuer unless the Trustee, having become bound to proceed in accordance with the terms of the Principal Trust Deed, any Supplemental Trust Deed, any Supplementary Security Document executed in relation to the Notes or the Conditions, fails or neglects to do so within a reasonable period and such failure or neglect is continuing. However, the Trustee shall not be bound to take any action to enforce the Security or pursue the remedies available under the Trust Deed, the Conditions (including under Condition 12.1 (*Occurrence of Events of Default*)), any of the Transaction Documents or any of the Trade Documents or otherwise take any action unless it is secured and/or indemnified and/or prefunded to its satisfaction and has, if so required by the Conditions, been requested to do so by the Instructing Noteholder Group in respect of the relevant Series of Notes.

13.5 Enforcement of Security sole Remedy

The Secured Creditors accept and agree that the only remedy of the Trustee against the Issuer of any Series after any of the Notes in a Series have become due and payable pursuant to Condition 12 (*Events of Default*) is to enforce the Security for the relevant Series pursuant to the provisions of the Trust Deed and any Supplementary Security Document executed in relation to such Series.

After realisation of the Security in respect of such Series which has become enforceable and distribution of the net proceeds thereof in accordance with Condition 5.6 (*Application of Proceeds by Trustee*), neither the Trustee nor any Secured Creditor in respect of such Series may take any further steps against the Issuer, or any of its assets to recover any sums due but unpaid in respect of the Notes or otherwise and all claims and all rights to claim against the Issuer in respect of each such sum unpaid shall be extinguished pursuant to Condition 13.3 (*Extinguishment of Claims*) above.

13.6 Non-Petition

No Secured Creditor, nor the Trustee on its behalf, may institute against, or join any person in instituting against the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceeding (except for the appointment of a receiver and manager pursuant to the terms of the Trust Deed) or other proceeding under any similar law for so long as any Notes issued by the Issuer are outstanding or for two years plus one day after the latest date on which any Note issued by the Issuer is due to mature.

14. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes, Receipts or Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within ten years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect thereof.

15. REPLACEMENT OF NOTES, COUPONS, RECEIPTS AND TALONS

If any Bearer Note, Registered Note Certificate, Receipt, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws and any relevant stock exchange requirements, at the Specified Office of the Principal Paying Agent (in the case of Bearer Notes, Receipts, Coupons and Talons) and the Registrar or any Transfer Agent in London (in the case of Registered Notes), 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. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

16. **MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION**

16.1 **Meetings of Noteholders, Modifications and Waiver**

- 16.1.1 The Principal Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider matters affecting their interests, including the modification by Extraordinary Resolution of the Conditions or the provisions of the Trust Deed. The quorum at any such meeting for passing an Extraordinary Resolution will be two or more persons (save in certain limited circumstances specified in the Principal Trust Deed) holding or representing not less than one half of the Principal Amount of the Notes of the relevant Series for the time being outstanding, or at any adjourned such meeting, two or more persons (save in certain limited circumstances specified in the Principal Trust Deed) being or representing Noteholders of the relevant Series, whatever the Principal Amount of the Notes so held or represented, except that in the case of an adjourned meeting certain terms concerning Reserved Matters may only be passed by Extraordinary Resolution if the quorum at such adjourned meeting is not less than 25 per cent. in Principal Amount of the Notes of the relevant Series for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders of the relevant Series, whether or not they were present at such meeting and on Couponholders (if any).

The Principal Trust Deed also permits a resolution in writing (a "**Written Resolution**"), signed by or on behalf of Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders and who hold (in aggregate) more than fifty per cent. in Principal Amount of the Notes for the time being outstanding, to take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in like form, each signed by or on behalf of one or more Noteholders.

Where the Notes are held by or on behalf of a clearing system or clearing systems, the Principal Trust Deed also provides that approval of a resolution proposed by the Issuer or the Trustee (as the case may be), given by way of electronic consents ("**Electronic Consent**") communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures provided such approval constitutes one more than half of the votes cast through the clearing systems pursuant to such Electronic Consent shall take effect as if it were an Extraordinary Resolution; **provided, however, that** if the resolution is in respect of a Reserved Matter, Noteholders who hold (in aggregate) a minimum of 25 per cent. in Principal Amount of the Notes then outstanding must vote through the clearing systems in favour or against the relevant resolution in order for such resolution to take effect as an Extraordinary Resolution.

Notwithstanding the above, an Extraordinary Resolution directing the Issuer and/or the Trustee to take any action (or not to take action) in respect of the Charged Assets shall only have been validly passed for a Series of Notes if persons holding not less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes for such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant time) have voted in favour of the Extraordinary Resolution at a Meeting or by way of Electronic Consent or have signed the Written Resolution containing such Extraordinary Resolution (as applicable).

- 16.1.2 Notwithstanding the above, if any proposed Extraordinary Resolution (whether to be proposed at a Meeting or by Electronic Consent or by way of Written Resolution) is in respect of or involves a Certificate Holder Entrenched Right for a Series in respect of which a Certificate has been issued, the Issuer shall as soon as reasonably practicable notify the Certificate Holder of such proposed Extraordinary Resolution and such proposed Extraordinary Resolution may only be passed by Extraordinary Resolution (including by way of Electronic Consent or Written Resolution) if the Issuer has received

the written consent thereto from the Certificate Holder and the Issuer has provided the Trustee with a certificate signed by two authorised signatories confirming the same.

16.1.3 The Trustee may without prejudice to its rights in respect of any subsequent breach, condition, event or act at any time and without the consent of the Noteholders or any other Secured Creditors, but only if and in so far as in its opinion the interests of the Noteholders of the relevant Series (in relation to which it is Trustee) will not be materially prejudiced thereby:

- (a) waive or authorise any breach or proposed breach by the Issuer of any of the covenants or provisions contained in these Conditions, the Trust Deed or any other Transaction Document or Trade Document in relation to a Series; or
- (b) determine that any Event of Default or Potential Event of Default in relation to such Series shall not be treated as an Event of Default or, as the case may be, Potential Event of Default in relation to such Series for the purposes of the Trust Deed in relation to such Series.

Provided that the Trustee shall not exercise any powers conferred on it in contravention of any express request given by the Noteholders pursuant to the Trust Deed but no such request shall affect any waiver, authorisation or determination previously given or made by the Trustee. Any such waiver, authorisation or determination may be given or made on such terms and subject to such conditions as may seem fit and proper to the Trustee and shall be binding on the Secured Creditors of such Series and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the relevant Secured Creditors of such Series as soon as practicable thereafter.

16.1.4 The Trustee may, without the consent or sanction of the Noteholders or any other of the Secured Creditors of any Series, at any time and from time to time concur with the Issuer in making any:

- (a) modification (other than sub-paragraph (c) of the definition of "**Relevant Fraction**" and the definition of "**Reserved Matter**" in paragraph 1 (*Definitions*) of Schedule 1 (*Provisions for Meetings of the Noteholders*) to the Principal Trust Deed, or relating to a matter falling within that definition) to these Conditions, the Principal Trust Deed or any of the other Transaction Documents or Trade Documents to which the Trustee is a party or in respect of which it holds security, **provided that** the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Noteholders of the relevant Series (in relation to which it is Trustee); or
- (b) modification to the Principal Trust Deed or any of the other Transaction Documents or Trade Documents to which the Trustee is a party or in respect of which it holds Security if in the opinion of the Trustee such modification is of a formal, minor or technical nature or to correct a manifest error.

16.1.5 Any such waiver, authorisation, determination or modification may be made on such terms and subject to such conditions as may seem fit and proper to the Trustee, shall be binding upon the Noteholders, Receiptholders or Couponholders of such Series and any other Secured Creditor relating to such Series and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders in accordance with Condition 17 (*Notices*) and the other Secured Creditors as soon as practicable thereafter.

16.2 Authorisation

Prior to the occurrence of an Event of Default and the delivery of an Enforcement Notice, the Issuer shall be entitled to exercise any rights in its capacity as a holder of, or person beneficially entitled to or participating in, the Charged Assets, subject to Condition 5.3 (*Exercise of Rights under Charged Assets*).

Following the occurrence of an Event of Default and the delivery of an Enforcement Notice, the Trustee may, but need not, exercise any rights, (including voting rights) in respect of such Charged

Assets (and in either case shall bear no liability for so exercising or electing not to exercise); **provided, however, that**, it shall nevertheless exercise any such rights if requested to do so by the Instructing Noteholder Group, subject to it being indemnified and/or secured and/or prefunded to its satisfaction, and if the Trustee does exercise any such rights pursuant to such request, it will have no liability for doing so.

16.3 **Instructing Noteholder Group**

16.3.1 The Noteholders may make requests to the Trustee by means of a request in writing of Noteholders who hold (in aggregate) at least one quarter in Principal Amount of the Notes of such Series outstanding (the "**Instructing Noteholder Group**") or by means of an Extraordinary Resolution of such Noteholders. Where the Trustee receives conflicting instructions from different Instructing Noteholder Groups, it shall follow the instructions of the Instructing Noteholder Group representing the greater Principal Amount of Notes outstanding of such Series or, if the Instructing Noteholder Groups represent the same Principal Amount of Notes outstanding, it shall follow the instructions of the first of such Instructing Noteholder Groups to have instructed it (the prevailing Instructing Noteholder Group determined in accordance with the above, the "**Primary Noteholder Group**"); **provided, however, that** notwithstanding the above, the Trustee shall only follow an instruction of an Instructing Noteholder Group directing the Issuer and/or the Trustee to take any action (or not to take action) in respect of the Charged Assets if persons holding not less than twenty five per cent. of the aggregate Principal Amount of the outstanding Notes for such Series (excluding Disenfranchised Holders who shall not be entitled to vote on Charged Asset matters notwithstanding that they hold any outstanding Notes at the relevant time) form part of such Instructing Noteholder Group.

16.3.2 If, following a request as aforesaid and unless the Trustee has already taken action pursuant to such request which (in its sole discretion it determines) it would not be practical to reverse, the identity of the Primary Noteholder Group changes to another Instructing Noteholder Group, the Trustee shall, in its absolute discretion, and without liability therefor, be entitled to take into account the request of such succeeding Primary Noteholder Group, but shall not be obliged to do so and shall not incur any liability for determining that it is impractical to take account of the change of identity of the Primary Noteholder Group.

16.3.3 As further set out in the Principal Trust Deed and unless specifically provided otherwise therein, the Trustee shall not be bound to take any action in respect of any Series unless secured and/or indemnified and/or prefunded to its satisfaction.

16.4 **Entitlement of the Trustee**

In connection with the exercise of its powers, trusts, authorities or discretions (including but not limited to those in relation to any proposed modification, waiver or authorisation as aforesaid) the Trustee shall not have regard to the consequences of such exercise for any individual Secured Creditor 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 Secured Creditor be entitled to claim, from the Issuer any indemnification or payment in respect of any tax consequence of any such exercise upon individual Secured Creditors.

17. **NOTICES**

17.1 **Notice Requirements**

Notices to Noteholders of Registered Notes will be posted to them at their respective addresses in the Register and deemed to have been given on the fourth Business Day after the date of posting. Other notices to Noteholders will be valid if published in a leading English language daily newspaper published in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language daily newspaper of general circulation in Europe. Any such notice (other than to Noteholders of Registered Notes as specified above) 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 is made. Couponholders and Receipholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

17.2 Notices to be given to Clearing Systems

A copy of all notices provided pursuant to this Condition 17 shall also be given to Euroclear, Clearstream, Luxembourg and any other relevant clearing system for so long as the Notes are cleared through such clearing system.

18. INDEMNIFICATION OF THE TRUSTEE

18.1 Trustee's indemnity: Trustee free to enter into transactions

The Trust Deed contains provisions for indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking any actions (including the giving of an Enforcement Notice pursuant to Condition 12.1 (*Occurrence of Events of Default*) and the taking of proceedings to enforce repayment) unless indemnified and/or secured and/or prefunded to its satisfaction. The Trustee or any of its affiliates is entitled to enter into business transactions with the Issuer, any Borrower or other Obligor in respect of any Underlying Loan or other assets, rights and/or benefits comprising the Compartment Assets or the Secured Creditors or any of their respective subsidiaries or associated companies without accounting to the Secured Creditors for any profit resulting therefrom.

18.2 Exclusion of liability of Trustee

The Trustee shall not be responsible for (nor shall it have any liability with respect to any loss, diminution in value or theft of all or any part of the Charged Assets) insuring all or any part of the Charged Assets (including, in either such case, any documents evidencing, constituting or representing the same or transferring any rights, benefits and/or obligations thereunder) or procuring the same to be insured or monitoring the adequacy of any insurance arrangements and from any claim arising in each case if all or any part of the Charged Assets (or any such document aforesaid) are held in custody by a bank or other custodian selected by the Trustee. The Trustee does not have any responsibility for monitoring the actions of the Account Bank and, in particular, the Trustee will incur no liability, vicarious or otherwise, for any actions or inactivity of the Account Bank.

19. ROUNDING

For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up);
- (b) all figures will be rounded to seven significant figures (with halves being rounded up); and
- (c) all currency amounts which fall due and payable will be rounded down to the nearest Unit of the relevant currency.

20. GOVERNING LAW

20.1 Governing Law

The Principal Trust Deed, the Supplemental Trust Deed, the Notes, the Coupons, the Receipts and the Talons (if any), the Agency Agreement, the Account Bank Agreement and any non-contractual obligations arising out of or in connection with them shall be governed by and construed in accordance with English law.

20.2 **Securitisation Act**

Articles 470-1 to 470-19 of the Luxembourg law on commercial companies dated 10 August 1915, as amended, shall not apply to the Notes or to the representation of holders of the Notes.

20.3 **English courts**

The Issuer has, in the Principal Trust Deed, irrevocably agreed that the courts of England have exclusive jurisdiction to settle any dispute (a "**Dispute**"), arising from or connected with the Notes. The Principal Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent permitted by law, the Trustee may take concurrent Proceedings in any number of jurisdictions.

20.4 **Appropriate forum**

The Issuer has, in the Principal Trust Deed, irrevocably agreed that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

20.5 **Process agent**

The Issuer has, in the Principal Trust Deed, agreed that the process by which any proceedings commenced in connection with a Dispute in England are begun may be served on it by being delivered to the agent specified for service of process in the Trust Deed or its other registered office for the time being. If such person is not or ceases to be effectively appointed to accept service of process on the Issuer's behalf, the Issuer shall, on the written demand of the Trustee, appoint a further person in England to accept service of process on its behalf and, failing such appointment within 15 days, the Trustee shall be entitled to appoint such a person by written notice to the Issuer. In respect of each Series of Notes the Issuer may appoint one or more additional process agents. Nothing contained herein shall affect the right of any Secured Creditor to serve process in any other manner permitted by law.

20.6 **Third Party Rights**

No person shall have any right to enforce any term or condition of the Notes pursuant to the Contracts (Rights of Third Parties) Act 1999.

FORM OF ISSUE TERMS

TAWNY FUNDING S.A.

(incorporated as a public limited liability company (*société anonyme*) under the laws of Luxembourg with its registered office at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg, registered with the trade and companies register under number B217372 and subject to the Securitisation Act)

(acting in respect of its Compartment [•]) (the "Issuer")

Issue of [AGGREGATE PRINCIPAL AMOUNT OF TRANCHE] [TITLE OF NOTES]

under its EUR 5,000,000,000 Secured Note Programme

The Notes issued by the Issuer will be subject to the Conditions and also to the following terms in relation to the Notes.

PRIIPs REGULATION – PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

[MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [Directive 2014/65/EU (as amended, "**MiFID II**")][MiFID II]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

SERIES DETAILS

1. Issuer: Tawny Funding S.A. acting in respect of its Compartment [•].

A separate compartment has been created by the Board in respect of the Notes ("**Compartment [•]**"). Compartment [•] is a separate part of the Company's assets and liabilities. The Compartment Assets (relating to the Notes) are exclusively available to satisfy the rights of the Noteholders (in accordance with the terms and conditions set out in these Issue Terms) and the rights of the other Secured Creditors whose claims have arisen on the occasion of the creation, the operation or the liquidation of Compartment [•], as contemplated by the Articles.

2. (i) Series Number: [•]
(ii) Tranche Number: [•]

(If fungible with an existing Series, details of that Series including the date on which the Notes become fungible).

3. Specified Currency: [•]
4. Aggregate Principal Amount of Notes: [•]
 - [(i) Series: [•]]
 - [(ii) Tranche: [•]]
5. Issue Price: [•] per cent. of the Aggregate Principal Amount
6. (i) Authorised Denominations: [•]
 - (ii) Calculation Amount: [•]
7. (i) Issue Date: [•]
 - (ii) Interest Commencement Date: [Issue Date]/[•]/[Not Applicable]
8. Scheduled Maturity Date: [*Specify date*] [•]; subject to extension in accordance with Condition 8.2 (*Extension of Scheduled Maturity*)
 - (i) Deferred Payment Dates: [One]/[•] Business Day[s] following each date on which the Issuer receives any Principal Receipts after the Scheduled Maturity Date
9. Extension of Scheduled Maturity: [Applicable][Not Applicable]
10. Interest basis: [Fixed Rate] [Floating Rate] [Variable Rate]

(Further particulars specified in the "Provisions Relating to Interest (if any) Payable" section below)
11. Certificate: [Applicable][Not Applicable]
12. Redemption/Payment Basis: [Redemption at Redemption Amount]

[Instalment]
13. Date of Board approval for issuance of Notes obtained: [The issue of the Notes has been authorised by the Board on or about [•].] (*Only relevant where Board (or similar) authorisation is required for the particular Tranche of Notes*)

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Fixed Rate Note Provisions: [Applicable][Not Applicable]

(If Not applicable, delete the remaining sub-paragraphs of this paragraph)

 - (i) Rate[(s)] of Interest: [•] per cent. per annum [payable [annually]/[semi-annually]/[quarterly]/[monthly] in arrear]
 - (ii) [Interest Commencement Date: [•]] (*Only specify if different to the Issue Date*)

- (iii) Interest Payment Date(s): [•]
- (iv) Fixed Coupon Amount[(s)]: [•] per principal amount of Notes equal to the Calculation Amount payable in respect of each Interest Period [other than the [first/final] Interest Period]
- (v) Broken Amount(s): [•] per principal amount of Notes equal to the Calculation Amount payable on the Payment Date falling [in]/[on] [•]
- (vii) Day Count Fraction: [Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360]/[30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
- (viii) Interest Determination Dates: As per the Conditions]/[•] Business Days prior to the first day of the relevant Interest Period]
15. Floating Rate Note Provisions: [Applicable]/[Not Applicable]
- (If not applicable, delete the remaining sub-paragraphs of this paragraph)*
- (i) Interest Period(s): [As per the Conditions]/[•]
- (ii) Interest Period End Dates: [•]/[Not Applicable]
- (ii) Interest Payment Dates: [•]
- (iv) Interest Determination Date: [As per the Conditions]/[•] Business Days prior to the first day of the relevant Interest Period]
- (v) Screen Rate Determination: [Applicable]/[Not Applicable]
- Reference Rate: [•]/[EURIBOR]/[LIBOR]
 - Relevant Screen Page: [Reuters]/[Bloomberg]/[•]
 - Relevant Time: [•]
 - Relevant Financial Centre: [•]/[As per the Conditions]
- (vi) ISDA Determination: [Applicable]/[Not Applicable]
- Floating Rate Option: [•]
 - Designated Maturity: [•]
 - Reset Date: [•]
- (vii) Underlying Loan Determination: [Applicable]/[Not Applicable]
- (viii) Margin(s): [+]/[-]/[•] per cent. per annum
- (ix) Day Count Fraction: [Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360]/[30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
- (x) Specified Duration: [A time period equal to the Interest Period]/[•]

16. Variable Rate Note Provisions: [Applicable]/[Not Applicable]
- (i) Interest Period(s): [As per the Conditions]/[•]
- (ii) Interest Period End Dates: [•]/[Not Applicable]
- (ii) Interest Payment Dates: [•]
- (iv) Interest Determination Date: [As per the Conditions]/[•] Business Days prior to the first day of the relevant Interest Period]
- (v) Day Count Fraction: [Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360]/[30E/360]/[Eurobond Basis] [30E/360 (ISDA)]
17. Linear Interpolation: [Not Applicable]/[Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
18. Minimum Interest Rate: [•]
19. Maximum Interest Rate: [•]
20. Business Day Convention: [Following Business Day Convention]/[Modified Following Business Day Convention]/[Preceding Business Day Convention]
21. Additional Business Centre(s): [•]
22. Additional Financial Centre(s): [•]
23. Default Interest Rate: [•]/[Not Applicable]

COMPARTMENT ASSETS

24. Charged Assets:
- Borrower(s): [•]
- Underlying Loan(s): [Insert details]
- Rate of interest: [[•] Fixed Rate]/[•] Floating Rate/[specify other variable rate]]
- Certificate Percentage: [•]
25. Underlying Loan Documents: [As per Condition 2 (*Definitions*)]/[Insert]
26. Charged Rights: [Insert details]

SECURITY

27. Supplementary Security Documents: [Applicable]/[Not Applicable]
- (If specified as applicable then details of the Supplementary Security Documents to be provided)
28. Security: [Set out the Security taken pursuant to the Supplemental Trust Deed and/or Supplementary Security Document]
29. Post-Enforcement Priority of Payments: of The Post-Enforcement Priority of Payments in respect of the Notes shall be:

[Standard Priority]

[Other Priority]

[Insert alternative priority of payments]

PROVISIONS RELATING TO REDEMPTION

30. Redemption Amount of each Note: [[•] per principal amount of Notes equal to the Calculation Amount]/ [As per the definition of "**Redemption Amount**" set out at Condition 2 (*Definitions*)]
31. Redemption for taxation and other reasons: [Applicable]/[Not Applicable]
32. Underlying Loan Amortisation: [Applicable]/[Not Applicable]

(If not applicable, delete the remaining sub-paragraphs of this paragraph)

Scheduled Amortisation Amount	Scheduled Amortisation Date	Instalment Date	Instalment Amount scheduled to be due on a principal amount of Notes equal to the Calculation Amount
[•]	[•]	[•]	[•]

33. Underlying Loan Prepayment:
- (i) Number of Business Days [One]/[Insert] Business Day[s] following Prepayment Date on which Instalment Date falls:

GENERAL PROVISIONS APPLICABLE TO THE NOTES

34. Form of Notes:

Bearer or Registered:

[³**Bearer Notes:**

Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]

[Temporary Global Note exchangeable for Definitive Notes on [•] days' notice]

[Permanent Global Note exchangeable for Definitive Notes on [•] days' notice/at any time/in the limited circumstances specified in the Permanent Global Note]

[**Registered Notes:**

³ The exchange upon notice/at any time options should not be expressed to be applicable if the Authorised Denomination of the Notes includes language substantially to the following effect: "€100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000". Furthermore, such Authorised Denomination construction is not permitted in relation to any issuance of Notes which is to be represented on issue by a Permanent Bearer Global Notes exchangeable for Definitive Notes.

- [Certificate other than Global Notes]
- [Global Certificate registered in the name of a nominee for [a common depository for Euroclear and Clearstream, Luxembourg] exchangeable for Certificates in the limited circumstances specified in the Global Certificate]]
35. Coupons to be attached to Definitive Notes: [Yes]/[No]/[Not Applicable]
36. Talons for future Coupons or Receipts to be attached to Definitive Notes: [Yes]/[No] / [Not Applicable]
37. Receipts to be attached to Instalment Note which are Definitive Notes: [Yes]/[No] / [Not Applicable]
38. Agents
- (i) Additional Paying Agent(s): *[Insert name and Specified Office of institution(s)]*
39. Additional Disenfranchised Holder(s): *[Specify]/[Not Applicable]*
40. Additional Account Bank Required Rating(s): *[Specify]/[Not Applicable]*
41. Other terms or special conditions: *[Applicable]/[Not Applicable]*
- (If specified as applicable specify the special conditions and terms or provide direction to where such special conditions and terms can be found in the Issue Terms)*
42. Clearing system(s) and any relevant identification number(s): *[Euroclear Bank S.A./N.V. and Clearstream Banking, S.A. Luxembourg]*
- [Specify name(s) and number(s) [and address(es)]]*
43. Delivery: Delivery [against]/[free of] payment
44. United States Selling Restriction: [Reg S Category 2]
45. Applicable TEFRA exemption: [TEFRA C]/[TEFRA D]/[TEFRA Not Applicable]
46. Listing and admission to trading: [Application has been made to Euronext Dublin for the Notes to be admitted to the Euronext Official List of Euronext Dublin and to trading on its regulated market.]/[Application has been made to the International Stock Exchange Authority Limited for the listing of and permission to deal in the Notes on the TISE Official List]/[The Notes will not be listed]/*[Specify other stock exchange on which the Notes are intended to be listed]*
- [(i) Estimate of total expenses related to admission to trading: *[•] (To be included where the Notes are being listed on the Main Market of Euronext Dublin)]*
47. Rating(s): [Not Applicable]/*[Insert details]*
48. ISIN: [•]
49. Common Code: [•]
50. [FISN: [•]]

51. [CFI Code: [•]]
52. Relevant Benchmark[s]: [[*specify benchmark*] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmark Regulation]/[Not Applicable]

USE OF PROCEEDS

The Issuer will use the net proceeds of an issue of a Series of Notes, subject to the provisions of the Securitisation Act, in paying the purchase price for the relevant Underlying Loan(s) for such Series under the relevant Underlying Loan Sale Agreement(s).

KEY FEATURES OF THE UNDERLYING LOANS

The following provides an overview of some of the key features of Underlying Loans of the type that the Issuer expects to purchase from the Seller for Series of Notes issued under the Programme. This overview is qualified in its entirety by the disclosure on any specific Underlying Loan set out in the Drawdown Document for a Series.

Origination

Unless specified otherwise in the Drawdown Document for a Series, the Underlying Loans will be purchased by the Issuer from Morgan Stanley Bank International Limited and will have been originated by Morgan Stanley Bank International Limited itself (in such role, the "**Originator**") or by Morgan Stanley Principal Funding, Inc or by another affiliate of either or both of them specified in the Drawdown Document for a Series.

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

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

Due diligence

The Properties (as defined below) are generally evaluated by carrying out legal and non-legal due diligence which is customary for financings of a similar nature.

Legal due diligence would typically include an overview due diligence report prepared by the Originator's solicitors in respect of the relevant Property or Properties. Non-legal due diligence reports would typically include valuation by an independent valuer, environmental and technical due diligence and financial and tax due diligence.

Purpose of the Underlying Loans

Generally, the Underlying Loans are made by the Originator for the purposes of enabling the relevant Borrowers to refinance their indebtedness, acquire or refinance the relevant property or properties (each a "**Property**") which constitute security for the relevant Underlying Loan and to finance or refinance relevant financing costs.

Interest

The rate of interest on each Underlying Loan for each interest period is the aggregate of the relevant Underlying Loan margin and the relevant reference rate applicable to the currency of the Underlying Loan in question.

Repayment and Prepayments of Principal

Each Underlying Loan Agreement will provide that the relevant Borrower shall repay the aggregate outstanding principal amount of the loans made available to it and all other secured liabilities (if any) in full on the final repayment date specified in the relevant Underlying Loan Agreement.

Under the terms of the Underlying Loan Agreements, the Borrower may have the option or, in certain circumstances, may be required, to prepay the relevant Underlying Loan in whole or in part prior to the relevant maturity date of such Underlying Loan. Typical principal prepayment and cancellation provisions include the following:

- (a) *Voluntary Prepayment*: **provided that** the relevant Borrower gives the facility agent prior notice, such Borrower may prepay the whole or any part of any Underlying Loan (subject to any applicable prepayment thresholds);
- (b) *Voluntary Cancellation*: the relevant Borrower may, by giving prior notice to the facility agent of a period specified in the relevant Underlying Loan Agreement), cancel the whole or any part of any available facility available to it (subject to any applicable thresholds);
- (c) *Illegality*: if at any time it becomes unlawful for a lender to perform any of its obligations or make, fund, issue or maintain participation in any Underlying Loan, subject to certain notification requirements described in the relevant Underlying Loan Agreement;
- (d) *Mandatory Cancellation*: the available commitments will be cancelled on the close of business on the last day of the availability period; and
- (e) *Change of Control*: following a change of control of the relevant Borrower or its shareholder (as more particularly defined in the relevant Underlying Loan Agreement).

Representations and Warranties

Under each Underlying Loan Agreement, each Borrower will make representations and warranties to the relevant finance parties. Certain of these representations and warranties are repeated (by reference to the facts and circumstances then existing) on the first day of each interest period.

The representations and warranties relate to matters which are normally the subject of representations and warranties in loan agreements secured on similar commercial real estate and include (among others) representations and warranties as to:

- (a) the status, power and authority of each Borrower;
- (b) the legal, valid, binding and enforceable nature of the Borrower's obligations under the Underlying Loan Documents subject to any general principles of law limiting their obligations and any applicable perfection requirements;
- (c) the entry into and performance by the Borrowers of, and the transactions contemplated by, the transaction documents do not conflict with any law or regulation applicable to it, its constitutional documents, or any agreement or instrument binding upon it; and
- (d) authorisations having been obtained to make the transaction documents valid, subject any general principles of law and any applicable perfection requirements.

General Undertakings

Each Underlying Loan Agreement will contain certain general undertakings by each Obligor under the relevant Underlying Loan Agreement that are typical in the commercial real estate finance market. These general undertakings are given with respect to each Obligor and the relevant Underlying Loan Documents and the Properties. These may include (among others) undertakings to:

- (a) maintain necessary authorisations;
- (b) comply with the law;
- (c) pay all taxes required to be paid by it within the time period allowed for payment;
- (d) not grant security over its assets;
- (e) not dispose of its asset;
- (f) not make any substantial change to the general nature of its business; and
- (g) not make any acquisitions,

subject in each case to customary carve-outs and materiality thresholds.

Disposal of Properties

Under each Underlying Loan Agreement, the relevant Borrower will generally be prohibited from entering into any single transaction or series of transactions to dispose the whole or any part of their assets, subject to certain exceptions specified in each Underlying Loan Agreement.

Information Undertakings

Financial Statements

Under each Underlying Loan Agreement, the relevant Borrower will be required to supply to the relevant facility agent, as soon as the same becomes available after the end of each financial year, its audited financial statements for that financial year.

Property Undertakings

General Property Undertakings

Each Underlying Loan Agreement will contain certain undertakings from the relevant Borrowers with respect to the relevant Property or Properties. The undertakings relate to matters which are normally the subject of undertakings in loan agreements secured on similar commercial real estate and may include (among others) undertakings to:

- (a) keep the Properties in good repair and condition;
- (b) not carry out or permit any demolition, reconstruction or rebuilding of any Property subject to certain limited exceptions and materiality qualifications; and
- (c) comply with all planning laws and to obtain and comply with all required planning permissions.

Undertakings Relating to the Leases

Subject to certain limited exceptions, Borrowers are generally restricted from entering into any lease document or consent to any assignment of any tenant's interest under any lease document without the prior written consent of the facility agent. The Borrowers may also be subject to other restrictions relating to the leases.

Insurance

Each Borrower is generally required to effect and maintain, or ensure that there is effected and maintained, insurance in respect of each Property. Each Underlying Loan Agreement is likely to contain specific requirements as to the content of the insurance policy required to be maintained.

If any Borrower fails to comply with the insurance provisions, the relevant Underlying Loan Agreement may contain provisions for the facility agent to purchase any insurance and do such things as may be necessary to remedy any such failure.

Underlying Loan Events of Default

Each Underlying Loan Agreement will contain events of default that are broadly market standard for commercial real estate financings (each, a "**Loan Event of Default**"), including (among others):

- (a) non-payment of an amount payable under an Underlying Loan Document;
- (b) breach of financial covenants;
- (c) breach of other obligations by the relevant Borrower; and
- (d) a material misrepresentation by the relevant Borrower.

Acceleration

Under each Underlying Loan Agreement, on and at any time after the occurrence of a Loan Event of Default which is continuing, the facility agent may by notice to the relevant Borrower take the following actions (among others): (a) declare that all or part of the relevant Underlying Loan, together with accrued interest, and all other amounts accrued or outstanding under the relevant Underlying Loan Documents be immediately due and payable whereupon they will become immediately due and payable; (b) declare that all or part of the relevant Underlying Loan is payable on demand, whereupon it will immediately become payable on demand; and (c) enforce relevant security.

Amendments and Waivers

The Underlying Loan Agreements may provide that any term of the Underlying Loan Documents may be amended or waived only with the consent of the majority lenders and the Borrowers and any such amendment or waiver will be binding on all parties. The Underlying Loan Agreements may also provide that any amendment or waiver which relates to the rights or obligations of the facility agent, the security agent or the arranger (each in their capacity as such) may not be effected without the consent of the facility agent, the security agent or the arranger, as the case may be.

Governing Law

Each Underlying Loan Agreement will be governed by English law, unless otherwise specified in the Drawdown Document.

Security

The security package in respect of an Underlying Loan will typically include a first-ranking and fully perfected mortgage/land charge over the relevant real property and a first-ranking and fully perfected security interest in respect of the relevant rental payments (or the nearest equivalent in the relevant jurisdiction).

In addition, the shareholders of the Borrower may grant a security interest over their respective shareholdings or other equity interests in the Borrower so that the Originator can dispose of those shareholdings or interests upon enforcement of the security or, if necessary, obtain control over the Borrower by exercising rights granted in respect of the shares.

In addition to the above, security may also be taken over other assets of the Borrower, such as bank accounts and other contractual rights. In addition, generally the excess cash flow generated by the relevant Property or Properties (i.e., cash flow in excess of that required to service the Underlying Loan) be swept into a designated bank account which again will be in the name of or controlled by the Originator or an affiliate until such time as the relevant circumstance ceases to exist.

While the Originator is consistent in the types of security interests it seeks in respect of any Underlying Loan made by it, the relative importance of a particular type of security interest may vary depending on the circumstances of any particular Underlying Loan, including the requirements of the jurisdiction in which such security interests would be enforced.

Intercreditor Agreements

In the case of any Underlying Loan where mezzanine financing was also provided in respect of the relevant property or portfolio, the senior facility will be subject to the terms of an intercreditor agreement entered into by, among others, the senior finance parties, the mezzanine finance parties and (where common security exists) the common security agent. The intercreditor agreement governs the interaction between the senior facility and the mezzanine facility and in the case of the Underlying Loan, may set out certain restrictions with respect to the rights of the senior finance parties. Where applicable, the terms of the intercreditor agreement will be described in the relevant Series Prospectus.

Property Management Agreements and Asset Management Agreements

The Borrowers will have generally entered into property management agreements and/or asset management agreements in respect of the relevant Property or Properties, pursuant to which they would appoint a property manager and/or an asset manager to provide certain property management services and/or asset

management services, respectively in relation to the Properties held by them. Under each of the Underlying Loan Agreements, the relevant Borrowers will generally not be permitted to terminate the appointment of any property manager or asset manager without the prior written consent of the facility agent, subject to limited exceptions. Further, the Borrowers are generally not permitted to amend or give any waiver or consent under any agreement between the relevant property management agreement or asset management agreement without the prior consent of the majority lenders.

At the same time as the entry into the relevant property management agreement or asset management agreement, the relevant Borrower is also generally required to ensure that the relevant property manager or asset manager enters into a duty of care agreement in favour of the facility agent and the security agent, in a form and substance satisfactory to the facility agent.

DESCRIPTION OF THE COMPANY

General

The Company has been incorporated as a *société anonyme* (public limited liability company) under the laws of Luxembourg on 24 August 2017. The Company has been established as a securitisation undertaking within the meaning and governed by the Securitisation Act for the purpose of entering into, performing and serving as a vehicle for, any transactions permitted under the Securitisation Act, including, but not limited to, issuing asset-backed securities.

The Company is registered with the trade and companies register under number B217372. The registered office of the Company is at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg and its telephone number is +352 26560212.

Share Capital and Shareholder

The authorised share capital and the issued share capital of the Company is EUR 30,000 divided into 300 registered Shares (as defined in the Articles) of EUR 100 each.

The Company has issued 300 Shares, all of which are twenty-five per cent. (25%) paid up and are held by Stichting Tawny Funding Holdco. Stichting Tawny Funding Holdco has no beneficial interest in and derives no benefit from its holding of the issued shares. Stichting Tawny Funding Holdco shall apply any income derived by it from the Company solely for charitable purposes.

Business

The Company, acting in respect of a specific Compartment (the "**Issuer**"), will be subject to the restrictions set out in its articles of incorporation (the "**Articles**").

The corporate object of the Company is to act as acquisition and/or issuing entity in the context of securitisation operations governed by and under the Securitisation Act, and more specifically to enter into transactions by which it acquires or assumes, directly or indirectly or through another entity or synthetically, risks relating to receivables, other assets or liabilities of third parties or inherent to all or part of the activities carried out by third parties. The acquisition or assumption of such risks by the Company will be financed by the issuance of securities (*valeurs mobilières*) by itself or by another securitisation entity, the value or return of which depends on the risks acquired or assumed by the Company.

Without prejudice to the generality of the foregoing, the Company may in particular: (i) subscribe or acquire in any other appropriate manner any securities or financial instruments (in the widest sense of the word) issued by international institutions or organisations, sovereign states, public and private companies or undertakings; (ii) subscribe or acquire any other participations in companies, partnerships or other undertakings, which do not qualify as securities or financial instruments, **provided that** the Company will not actively intervene with the management of such undertakings in which it holds a holding, directly or indirectly; (iii) acquire loans or other receivables which may or may not be embedded in securities; (iv) in the furtherance of its object, dispose of, apply or otherwise use all of its assets, securities or other financial instruments, and provide, within the limits of article 61(3) of the Securitisation Act, for any kind of guarantees and security rights, by way of mortgage, pledge, charge or other means over the assets and rights held by the Company; (v) in the context of its operations, enter into securities lending transactions and repo, pledge or any agreements of a similar kind; (vi) enter into and perform derivatives transactions (including, but not limited to, swaps, futures, forwards and options) and any similar transactions; (vii) issue any notes, bonds, certificates, warrants, and generally securities and financial instruments howsoever described the return or value of which shall depend on the risks acquired or assumed by the Company; (viii) borrow in any form whatsoever and, in particular, enter into loan agreements as borrower within the scope of the Securitisation Act, to comply with any payment or other obligation it has under any of its securities or any agreement entered into within the context of its activities and insofar as it seems to be useful and necessary within the context of the transaction; and (ix) grant loans in any form whatsoever and within the limits of the Securitisation Act.

The Board will create one or more Compartments (representing the assets of the Company relating to the relevant Series of Notes), in each case corresponding to a separate part of the Company's estate.

The descriptions above are to be understood in their broadest sense and their enumeration is not limiting. The corporate object of the Company shall include any transaction or agreement which is entered into by the Company, provided it is not inconsistent with the foregoing enumerated objects.

The Company may take any measure to safeguard its rights and make any transactions whatsoever which are directly or indirectly connected with or useful for its purposes and which are able to promote their accomplishment or development of its corporate object to the largest extent permitted under the Securitisation Act.

Notwithstanding the above, so long as any of the Notes remain outstanding, the Issuer will also be subject to the additional restrictions set out in Condition 6 (*Restrictions*) of the Notes and in the Principal Trust Deed.

Assets and Liabilities

The Company has, and will have, no assets other than the sum of EUR 30,000 representing the issued and paid-up share capital (currently 25% paid up), such fees (as agreed) per issue payable to it in connection with the issue of Notes or the purchase, sale or incurring of other obligations and any Charged Assets.

Save in respect of the fees paid to it in connection with each issue of Notes, any related profits and the proceeds of any deposits and investments made from such expenses or from amounts representing the Company's issued and paid-up share capital and share premium, the Company will not accumulate any surpluses.

Management and Supervisory Bodies

The directors of the Company are as follows:

Director	Principal outside activities	Business Address
Riccardo Incani	Business Unit Manager, Capital Market	6, rue Eugène Ruppert, L-2453 Luxembourg
Jeremiah Daniel O'Donoghue	Business Unit Director, Capital Market	6, rue Eugène Ruppert, L-2453 Luxembourg
Gaëlle Attardo-Kontzler	Director Capital Market	6, rue Eugène Ruppert, L-2453 Luxembourg

No corporate governance regime to which the Company would be subject exists in Luxembourg as at the date of this Base Prospectus.

Corporate Services Provider

Intertrust (Luxembourg) S.à r.l, a *société à responsabilité limitée* (private limited liability company) having its registered office at 6, rue Eugène Ruppert, L-2453 Luxembourg and registered with the trade and companies register under number B103123, acts as the corporate services provider of the Company (the "**Corporate Services Provider**").

The appointment of the Corporate Services Provider may be terminated by the Company or by the Corporate Services Provider by giving three months' prior written notice. Either party may also terminate the appointment with immediate effect if an event arises that, were the appointment to continue, might unreasonably burden or affect either party.

Financial Statements

The financial year of the Company begins on the first day of January of each year and ends on the final day of December of the same year save that the first financial year started on the date of incorporation of the Company and ended on 31 December 2017.

In accordance with the Luxembourg law on commercial companies dated 10 August 1915, the Company is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of its shareholders.

Approved Statutory Auditors

The approved statutory auditors (*réviseurs d'entreprises agréés*) of the Company, whose appointment has been approved by a resolution of the Board dated on or about 4 October 2017, are KPMG Luxembourg (Trade register number B149133) whose address is 39, avenue John F. Kennedy L - 1855 Luxembourg and who belong to the Luxembourg institute of auditors (*Instituts des réviseurs d'entreprises*).

According to the Securitisation Act, they shall inform the Board of any irregularities and inaccuracies which they detect during the performance of their duties.

Commission de Surveillance du Secteur Financier ("CSSF") authorisation

The Company has not been authorised by the CSSF pursuant to chapter 2 of the Luxembourg Securitisation Act and does not intend to seek such authorisation. The Company is therefore not allowed to issue securities to the public on a continuous basis within the meaning of the Luxembourg Securitisation Act and the Luxembourg regulatory practice.

DESCRIPTION OF MORGAN STANLEY BANK INTERNATIONAL LIMITED

The information set out below has been obtained from Morgan Stanley Bank International Limited ("MS Bank"). Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by MS Bank no facts have been omitted that would render the reproduced information inaccurate or misleading.

The information contained in this Base Prospectus regarding MS Bank has been reproduced from information supplied by MS Bank. The Company does not assume any responsibility for accuracy or completeness of the information so reproduced.

Unless specified otherwise in the Drawdown Document for a Series, MS Bank will be the Seller of the Underlying Loans and will also have originated such Underlying Loans.

Description of MS Bank

MS Bank is a wholly owned subsidiary of Morgan Stanley (NYSE: MS). MS Bank is active in wholesale loan origination and securitisation in the United Kingdom and Europe. MS Bank is incorporated in England and Wales (registered number 3722571) and has its registered office at 25 Cabot Square, Canary Wharf, London E14 4QA.

MS Bank has originated and acquired commercial mortgage loans and securitised such loans since 1999. The short-term unsecured obligations of MS Bank are rated "A-1" by S&P and "P-1" by Moody's and its long-term obligations are rated "A+" by S&P and "A1" by Moody's.

MS Bank and Morgan Stanley & Co. International plc (as Arranger and Dealer) are each an affiliate of each other.

DESCRIPTION OF MORGAN STANLEY PRINCIPAL FUNDING, INC.

The information set out below has been obtained from Morgan Stanley Principal Funding, Inc. ("MSPFI"). Such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by MSPFI, no facts have been omitted that would render the reproduced information inaccurate or misleading.

The information contained in this Base Prospectus regarding MSPFI has been reproduced from information supplied by MSPFI. The Issuer does not assume any responsibility for accuracy or completeness of the information so reproduced.

If specified as Seller in the Drawdown Document for a Series, MSPFI will be the Seller of the Underlying Loans and will also have originated such Underlying Loans.

Description of MSPFI

MSPFI is a wholly owned subsidiary of Morgan Stanley (NYSE: MS). MSPFI is active in wholesale loan origination and securitisation in the United Kingdom and Europe. MSPFI is incorporated in Delaware, U.S.A (registered number 2901093) and has its registered office at The Corporation Trust Company (DE), Corporation Trust Center, 1209 Orange Street, Wilmington DE 19801, United States.

MSPFI has originated and acquired commercial mortgage loans and securitised such loans since 1998.

MSPFI and Morgan Stanley & Co. International plc (as Arranger and Dealer) are each an affiliate of each other.

TAXATION

The following is a general description of certain Luxembourg, UK, EU and United States of America tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in those countries or elsewhere. Prospective investors in the Notes should consult their own tax advisers as to which countries' tax laws could be relevant to acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes and the consequences of such actions under the tax laws of those countries. This summary is based upon the law as in effect on the date of this Base Prospectus and is subject to any change in law that may take effect after such date.

Luxembourg Taxation

The following is a general description of certain Luxembourg tax considerations relating to the Notes. It specifically contains information on taxes on the income from the Notes withheld at source and provides an indication as to whether the Issuer assumes responsibility for the withholding of taxes at source. It does not purport to be a complete analysis of all tax considerations relating to the Notes, whether in Luxembourg or elsewhere.

This summary is based upon the law as in effect on the date of this Base Prospectus. The information contained within this section is limited to withholding taxation issues, and prospective investors should not apply any information set out below to other areas, including (but not limited to) the legality of transactions involving the Notes.

Prospective investors in the Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Notes on the basis of this Base Prospectus, including the effect of any state or local taxes, under the tax laws of Luxembourg and each country of which they are residents.

Income Taxation

The Issuer is a fully taxable company and any profit realised by the Issuer is subject to corporate income tax and municipal business tax in Luxembourg. Under the Securitisation Act, all payments made by the Issuer to investors, or commitment to make such payments, should be fully tax deductible to the extent that (i) these payments are formally approved and properly documented and (ii) the conditions to benefit from the securitisation regime are met.

Pursuant to the Luxembourg law dated 21 December 2018 transposing the anti-tax avoidance rules laid down in the Council Directive (EU) 2016/1164 of 12 July 2016 (the "ATAD"), the tax deduction of interest payments made by the Issuer may be denied as from fiscal year 2019 if (i) the Issuer has exceeding borrowings costs (i.e. tax-deductible borrowing costs that are in excess of the taxable interest income and other economically equivalent taxable income of the Issuer) and (ii) such exceeding borrowing costs are higher than (a) 30 % of the Issuer's EBITDA and (b) EUR 3 million in the relevant fiscal period. This provision is not expected to affect the Issuer as it is expected that in practice all of the Issuer's borrowing costs taken into account under the provision will be met from interest derived from the Underlying Loan.

The tax deductions of payments made by the Issuer may also be denied as from fiscal year 2019 if (i) such payments are not included in the taxable base of the ultimate recipient/beneficiary as a result of a hybrid mismatch and (ii) (a) the ultimate recipient/beneficiary of the payment and the Issuer are associated enterprises or (b) the ultimate recipient/beneficiary and the Issuer have concluded a structured arrangement which entails this hybrid mismatch. Whilst as at the date hereof this rule only targets hybrid mismatches within the EU at the moment, it should be noted that the anti-hybrid rule will (a) be expanded to non-EU hybrid mismatches and (b) more sophisticated hybrid mismatches once the EU Council Directive 2017/952 of 29 May 2017 amending the ATAD as regards hybrid mismatches with third countries has been transposed into Luxembourg legislation (for which no draft bill is available at the date hereof). Having regard to the advice it has received, the Issuer does not expect the tax deductions of payments it makes to be denied under the hybrid mismatch rules as the Issuer does not consider itself party to a structured arrangement or to be an associated enterprise of any Noteholder or Certificateholder. However, the legislation effecting the introduction of the extension of the hybrid rules mentioned above has yet to be published and the advice which the Issuer has received is based on the anticipated content of the rules in question and their interpretation by the Luxembourg tax authorities. If the actual legislation or its

interpretation differs from that expected by the Issuer and its advisers then it is possible that, depending on the tax treatment of the owners of the payments which the Issuer makes and certain other factors, the deductibility of payments made by the Issuer could be affected by the hybrid mismatch rules.

Withholding Tax

All payments of interest and principal by the Issuer under the Notes can be made free and clear of any withholding or deduction for or on account of any taxes of whatsoever nature imposed, levied, withheld, or assessed by Luxembourg or any political subdivision or taxing authority thereof or therein, in accordance with the applicable Luxembourg law, subject, however, to the application as regards Luxembourg resident individuals of the amended Luxembourg law of 23 December 2005 (the "**Law**") which provides for a 20 per cent. withholding tax on savings income. Such withholding tax will be in full discharge of income tax if the beneficial owner is an individual acting in the course of the management of his/her private wealth.

Responsibility for the withholding of tax in application of the abovementioned Law is assumed by the Luxembourg paying agent within the meaning of this Law and not by the Issuer.

In addition, pursuant to the Law as amended, Luxembourg resident individuals can opt to self-declare and pay a 20 per cent. tax on interest payments made by paying agents located in a Member State of the European Union other than Luxembourg or a Member State of the European Economic Area.

The 20 per cent. tax as described above is final when Luxembourg resident individuals are acting in the context of the management of their private wealth.

Taxes on Income and Capital Gains

Noteholders who derive income from such Notes or who realise a gain on the disposal or redemption thereof will not be subject to Luxembourg taxation on such income or capital gains, subject to the application of the Law referred to above, and unless:

- (a) such Noteholders are, or are deemed to be, resident in Luxembourg for Luxembourg tax purposes (or for the purposes of the relevant provisions); or
- (b) such income or gain is attributable to an enterprise or part thereof which is carried on through a permanent establishment, a permanent representative or a fixed base of business in Luxembourg.

Net Wealth Tax

A corporate Noteholder, whether it is a resident of Luxembourg for tax purposes or, if not, it maintains a permanent establishment or a permanent representative in Luxembourg to whom such Notes are attributable, is subject to Luxembourg wealth tax on these Notes, except if the Noteholder is governed by (i) the law of 11 May 2007 on family estate management companies, as amended, or (ii) by the law of 17 December 2010 on undertakings for collective investment, as amended, or (iii) by the law of 13 February 2007 on specialised investment funds, as amended, or is (iv) a securitisation company governed by the law of 22 March 2004 on securitisation, as amended, or is (v) a capital company governed by the law of 15 June 2004 on venture capital vehicles, as amended, or is (vi) a reserved alternative investment funds, within the meaning of the law of 23 July 2016.

However, please note that securitisation companies governed by the law of 22 March 2004 on securitisation, as amended, or capital companies governed by the law of 15 June 2004 on venture capital vehicles, as amended, or reserved alternative investment funds governed by the law of 23 July 2016 and which fall under the special tax regime set out under article 48 thereof, are subject to minimum net wealth tax.

An individual Noteholder, whether he/she is a resident of Luxembourg or not, is not subject to Luxembourg wealth tax on such Notes.

Inheritance and Gift Tax

Where the Notes are transferred for no consideration:

- (a) no Luxembourg inheritance tax is levied on the transfer of the Notes upon the death of a Noteholder in cases where the deceased Noteholder was not a resident of Luxembourg for inheritance tax purposes; or
- (b) Luxembourg gift tax will be levied in the event that the gift is made pursuant to a notarial deed signed before a Luxembourg notary or is registered in Luxembourg.

Value Added Tax

There is no Luxembourg value added tax payable in respect of payments in consideration for the issue of the Notes or in respect of the payment of interest or principal under the Notes or the transfer of a Note. Luxembourg value added tax may, however, be payable in respect of fees invoiced for services rendered to the Issuer, if, for Luxembourg value added tax purposes, such services are rendered, or are deemed to be rendered, in Luxembourg and an exemption from value added tax does not apply with respect to such services.

Other Taxes and Duties

It is not compulsory that the Notes be filed, recorded or enrolled with any court or other authority in Luxembourg or that registration tax, transfer tax, capital tax, stamp duty or any other similar tax or duty (other than court fees and contributions for the registration with the Chamber of Commerce) be paid in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of Luxembourg) of the Notes. In case of voluntary registration of the Notes, the statutory fixed registration duty will be levied (as at the date of this Base Prospectus equal to EUR 12 (in words: twelve Euro)).

Residence

A Noteholder will not become resident, or deemed to be resident, in Luxembourg by reason only of the holding of such Note or the execution, performance, delivery and/or enforcement of that or any other Note.

Common Reporting Standard

The Organisation for Economic Co-operation and Development has developed a new global standard for the annual automatic exchange of financial information between tax authorities (the "CRS"). Luxembourg is a signatory jurisdiction to the CRS. The CRS has been implemented into Luxembourg domestic law via the law dated 18 December 2015 concerning the automatic exchange of information on financial accounts and tax matters and implementing the EU Directive 2014/107/EU. The regulation may impose obligations on the Issuer and its Noteholders, if the Issuer is actually regarded as a reporting Financial Institution under the CRS, so that the latter could be required to conduct due diligence and obtain (among other things) confirmation of tax residency (through the issuance of self-certifications forms by the Noteholders), the tax identification number and CRS classification of the Noteholders in order to fulfil its own legal obligations.

Prospective investors should contact their own tax advisers regarding the application of CRS to their particular circumstances.

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. It is based on current law and the practice of Her Majesty's Revenue and Customs ("HMRC"), which may be subject to change, sometimes with retrospective effect. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments are made on the assumption that the Issuer of the Notes is not resident in the United Kingdom for United Kingdom tax purposes. The comments relate only to the position of persons who are absolute beneficial owners of the Notes. Prospective Noteholders should be aware that the particular terms of issue of any series of Notes as specified in the relevant Issue Terms may affect the tax treatment of that and other series of Notes.

The following is a general guide for information purposes and should be treated with appropriate caution. It is not intended as tax advice and it does not purport to describe all of the tax considerations that may be relevant to a prospective investor. Noteholders who are in any doubt as to their tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

UK Withholding Tax on Interest Payments by the Issuer

Provided that the interest on the Notes does not have a United Kingdom source, interest on the Notes may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax. The location of the source of a payment is a complex matter. It is necessary to have regard to case law and HMRC practice. Case law has established that in determining the source of interest, all relevant factors must be taken into account. HMRC has indicated that the most important factors in determining the source of a payment are those which influence where a creditor would sue for payment, and has stated that the place where the Issuer does business, and the place where its assets are located, are the most important factors in this regard; however HMRC has also indicated that, depending on the circumstances, other relevant factors may include the place where the interest and principal are payable, the method of payment, the governing law of the Notes and the competent jurisdiction for any legal action, the location of any security for the Issuer's obligations under the Notes, and similar factors relating to any guarantee.

Interest which has a United Kingdom source ("**UK interest**") may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid are issued for a term of less than one year (and are not issued under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more).

UK interest on Notes issued for a term of one year or more (or under arrangements the effect of which is to render the Notes part of a borrowing with a total term of one year or more) may be paid by the Issuer without withholding or deduction for or on account of United Kingdom income tax if the Notes in respect of which the UK interest is paid constitute "quoted Eurobonds". Notes which carry a right to interest will constitute quoted Eurobonds provided they are and continue to be listed on a recognised stock exchange. Securities will be "listed on a recognised stock exchange" for this purpose if they are admitted to trading on an exchange designated as a recognised stock exchange by an order made by the Commissioners for HMRC and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a recognised stock exchange.

Euronext Dublin is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on the main market of that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes. The International Stock Exchange is a recognised stock exchange. The Issuer's understanding of current HMRC practice is that securities which are officially listed and admitted to trading on that Exchange may be regarded as "listed on a recognised stock exchange" for these purposes.

In all other cases, UK interest on the Notes may fall to be paid under deduction of United Kingdom income tax at the basic rate (currently 20%) subject to such relief as may be available following a direction from HMRC pursuant to the provisions of any applicable double taxation treaty, or to any other exemption which may apply.

Other Rules Relating to United Kingdom Withholding Tax

Notes may be issued at an issue price of less than 100 per cent of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned above in "*UK Withholding Tax on Interest Payments by the Issuer*".

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to United Kingdom withholding tax as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders (or Couponholders) 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 in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in United Kingdom tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute "interest" or "principal" as those terms are understood in United Kingdom tax law.

The above description of the United Kingdom withholding tax position assumes that there will be no substitution of the Issuer and does not consider the tax consequences of any such substitution.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, a "**participating Member State**"). However, Estonia has since stated that it will not participate and on 16 March 2016 it completed the formalities required to leave the enhanced co-operation on FTT.

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

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

However, the FTT proposal remains subject to negotiation between participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate.

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

FATCA

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign passthru payments**") to persons that fail to meet certain certification, reporting, or related requirements. The Issuer may be a foreign financial institution for these purposes. A number of jurisdictions (including the Grand Duchy of Luxembourg) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the publication of the final regulations defining "foreign passthru payment". Noteholders should consult their own tax advisers regarding how these rules may apply to their investment in the Notes. In the event that any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Notes may be sold from time to time by the Issuer to Morgan Stanley & Co. International plc or an affiliate of Morgan Stanley & Co. International plc appointed as dealer in relation to a particular Series of Notes (the "**Dealer**"). The arrangements under which Notes may from time to time be agreed to be sold by the Issuer to, and subscribed by, the Dealer are set out in an amended and restated dealer agreement dated 21 March 2019 (the "**Dealer Agreement**") and made between the Issuer and the Dealer.

Any such agreement will, *inter alia*, make provision for the form and terms and conditions of the relevant Notes, the price at which such Notes will be subscribed by the Dealer and the commissions or other agreed deductibles (if any) payable or allowable by the Issuer in respect of such subscription. The Dealer Agreement makes provision for the resignation or termination of appointment of the Dealer.

United States of America: *Regulation S Category 2; TEFRA D or TEFRA C as specified in the relevant Issue Terms or neither if TEFRA is specified as not applicable in the relevant Issue Terms.*

The Notes have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other relevant jurisdiction and may not be offered, sold or (in the case of Bearer Notes) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S) except in certain transactions exempt from the registration requirements of the Securities Act.

The Bearer Notes 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 this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

The Dealer has agreed that, except as permitted by the Dealer Agreement, it will not offer, sell or deliver Notes as part of its distribution (if any) at any time or otherwise until 40 days after the completion of the distribution of the Notes comprising the relevant Tranche (as certified to the Principal Paying Agent or the Issuer by the Dealer) within the United States or to, or for the account or benefit of, U.S. persons, and the Dealer will have sent to each dealer to which it sells Notes during the distribution compliance period relating thereto, 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.

In addition, until 40 days after the commencement of the offering of Notes comprising any Tranche, any offer or sale of Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Except with the prior written consent of Morgan Stanley & Co. International plc in its capacity as Dealer and where such sale falls within the exemption provided by Section 20 of the U.S. Risk Retention Rules, the Notes offered and sold by the Issuer may not be purchased by, or for the account or benefit of, any "U.S. Person" as defined in the U.S. Risk Retention Rules.

Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive, each, a "**Relevant Member State**", the Dealer has represented, warranted and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by the Base Prospectus as completed by the Issue Terms in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (a) *Approved prospectus:* if the Issue Terms in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, **provided that** any such prospectus which is not a Series Prospectus has subsequently been completed by the Issue Terms contemplating such

Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus, as applicable, and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

- (b) *Qualified Investors*: at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (c) *Fewer than 150 offerees*: at any time to fewer than 150 natural or legal persons (other than qualified investors, as defined in the Prospectus Directive); or
- (d) *Other exempt offers*: at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs(b) to (d) above shall require the Issuer or the Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "**offer of Notes to the public**" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended and superseded, and includes any relevant implementing measure in the Relevant Member State.

Prohibition of Sales to EEA Retail Investors

The Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Base Prospectus as completed by the relevant Issue Terms in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

- (a) the expression "**retail investor**" means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**") or
 - (ii) a customer within the meaning of Directive 2002/92/EC (as amended or superseded, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in the Prospectus Directive; and
- (b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Selling Restrictions Addressing Additional United Kingdom Securities Laws

The Dealer has represented, warranted and agreed that:

- (a) **Financial promotion**: it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and
- (b) **General compliance**: it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

General

The Dealer has represented, warranted and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in or from which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Base Prospectus or any Drawdown Document or any related offering material, in all cases at its own expense. Other persons into whose hands this Base Prospectus or any Drawdown Document comes are required by the Issuer and the Dealer to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Base Prospectus or any Drawdown Document or any related offering material, in all cases at their own expense.

The Dealer Agreement provides that the Dealer shall not be bound by any of the restrictions relating to any specific jurisdiction (set out above) to the extent that such restrictions shall, as a result of change(s) or change(s) in official interpretation, after the date hereof, of applicable laws and regulations, no longer be applicable but without prejudice to the obligations of the Dealer described in the paragraph headed "*General*" above.

Selling restrictions may be supplemented or modified with the agreement of the Issuer. Any such supplement or modification may be set out in the relevant Drawdown Document (in the case of a supplement or modification relevant only to a particular Tranche of Notes) or in a supplement to this Base Prospectus.

TRANSFER RESTRICTIONS

Regulation S Notes

Each purchaser of Bearer Notes outside the United States pursuant to Regulation S and each subsequent purchaser of such Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time the Notes are purchased will be, the beneficial owner of such Notes and:
 - (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S); and
 - (b) it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;
- (ii) it understands that such Notes have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Notes except:
 - (a) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S; or
 - (b) to the Issuer,in each case in accordance with any applicable securities laws of any State of the United States; and
- (iii) it understands that the Issuer, the Trustee, the Registrar, the Dealer and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

U.S. Risk Retention

In relation to each Series of Notes where MSPFI is not acting as the "sponsor" pursuant to the U.S. Risk Retention Rules, each purchaser of Notes including beneficial interests therein, in connection with the initial offering of such Notes by the Issuer, by accepting delivery of this Base Prospectus and the Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) it is, or at the time Notes are purchased will be, the beneficial owner of such Notes and:
 - (a) either (i) it is not a Risk Retention U.S. Person or (ii) it has obtained prior written consent from Morgan Stanley & Co. International plc as Dealer;
 - (b) is acquiring such Notes or a beneficial interest therein for its own account and not with a view to distribute such Notes;
 - (c) is not acquiring the Notes or a beneficial interest therein as part of a scheme to evade the requirements of the U.S. Risk Retention Rules; and
- (ii) it understands that the Arranger, the Issuer, the Trustee, the Paying Agents, the Registrar, the Dealer and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

EU BENCHMARK REGULATION

Interest and/or other amounts payable under the Notes may be calculated by reference to certain benchmarks.

Details of the administrators of such benchmarks, including details of whether or not, as at the date of this Base Prospectus, each such administrator's name appears on the register of administrators and benchmarks established and maintained by ESMA pursuant to article 36 of the EU Benchmark Regulation (the "**ESMA Benchmarks Register**") are set out below.

Benchmark	Administrator	Administrator appears on ESMA Benchmarks Register?
LIBOR	ICE Benchmark Administration Limited	Yes
EURIBOR	European Money Markets Institute	No. As far as the Issuer is aware, the transitional provisions in Article 51 of the EU Benchmark Regulation apply, such that the European Money Markets Institute is not currently required to obtain authorisation/registration.

CREDIT RISK RETENTION

This section should be read in conjunction with the credit risk retention disclosure in the Drawdown Document for the relevant Series of Notes. Investors should review the relevant Drawdown Document and consult their own advisers as to the U.S. Risk Retention Rules.

U.S. Risk Retention Rules

Where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules in respect of a Series of Notes, MSPFI (or a majority-owned affiliate of it) is required to acquire and retain an economic interest in the credit risk of the assets collateralizing the issuance of "asset-backed securities" by the Issuer in an amount of not less than 5 per cent. MSPFI as sponsor intends to satisfy the U.S. Risk Retention Rules by acquiring and retaining either directly or through a majority-owned affiliate of it, a Note (the "**US Risk Retention Note**"), as further specified in the Drawdown Document for the relevant Series, which constitutes a "single vertical security" within the meaning of the U.S. Risk Retention Rules, entitling the Holder of such US Risk Retention Note as at the Issue Date to not less than 5 per cent. of the principal and interest amounts payable in respect of such Series of Notes.

See the risk factor entitled "*Risk Factors—Risks related to the Notes—U.S. Credit Risk Retention*" for more information with respect to compliance with the U.S. Risk Retention Rules.

Notwithstanding the foregoing, in the event the U.S. Risk Retention Rules (or any relevant portion thereof) are repealed or determined by applicable regulatory agencies to be no longer applicable to issuances under the Programme, neither MSPFI nor any other party will be required to comply with or act in accordance with the U.S. Risk Retention Rules (or such relevant portion thereof).

In order to comply with the requirements of the U.S. Risk Retention Rules where MSPFI acts as "sponsor" pursuant to the U.S. Risk Retention Rules, the Issuer will issue to MSPFI as the Seller (or a majority-owned affiliate of it), on the Issue Date, the relevant US Risk Retention Note (as further detailed in the relevant Drawdown Document). Such US Risk Retention Note is not expected to be listed on any stock exchange and is not being offered hereby.

The relevant US Risk Retention Note will be secured pursuant to the terms of the relevant Supplemental Trust Deed for such Series, will be issued on an unsubordinated basis and shall be limited recourse obligations of the Issuer ranking *pari passu* and without preference with the other Notes of such Series. All payments to be made by the Issuer in respect of the US Risk Retention Note held by MSPFI (or a majority-owned affiliate of it) will be made in accordance with the Pre-Enforcement Priority of Payments and the Post-Enforcement Priority of Payments for such Series and only from and to the extent of the sums received or recovered from time to time by or on behalf of the Issuer or the Trustee in respect of the Compartment Assets.

The terms and conditions of the US Risk Retention Note held by MSPFI (or a majority-owned affiliate of it) will be the same as the terms and conditions of the other Notes of such Series, save as otherwise specified in the relevant Drawdown Document. The amount that MSPFI as sponsor (or a majority-owned affiliate of it) expects to retain on the Issue Date of a Series through the issuance of the US Risk Retention Note will be specified in the relevant Drawdown Document for such Series.

GENERAL INFORMATION

Authorisation

1. The update of the Programme was authorised by a resolution of the board of directors of the Company passed on or about 20 March 2019. The Company has obtained or the Issuer will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes.

Legal and Arbitration Proceedings

2. There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened, of which the Company is aware), which may have, or have had during the 12 months prior to the date of this Base Prospectus, a significant effect on the financial position or profitability of the Company.

Significant/Material Change

3. There has been no material adverse change in the financial position or prospects of the Company or any significant change in the financial or trading position of the Company since 31 December 2017.

Auditors

4. The audited financial statements of the Company in respect of the period commencing on the date of its incorporation and ending on 31 December 2017 have been audited without qualification by KPMG Luxembourg, chartered accountants of 39, avenue John F. Kennedy, L - 1855 Luxembourg with trade register number B149133, who have given, and have not withdrawn, their consent to the inclusion of their report in this Base Prospectus in the form and context in which it is included.

Listing Agent

5. Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Euronext Official List or to trading on the regulated market of Euronext Dublin for the purposes of the Prospectus Directive.

Documents on Display

6. Physical copies of the following documents may be inspected during normal business hours at the offices of the Company at 22 Rue Jean-Pierre Brasseur, L-1258 Luxembourg, Grand Duchy of Luxembourg for the life of this Base Prospectus:
 - (a) the constitutive documents of the Company;
 - (b) the audited financial statements of the Company in respect of the period commencing on the date of its incorporation and ending on 31 December 2017;
 - (c) the Principal Trust Deed (which contains the forms of Notes in global and definitive form);
 - (d) the Agency Agreement;
 - (e) the Dealer Agreement;
 - (f) the Account Bank Agreement; and
 - (g) the Master Schedule of Definitions.

Material Contracts

7. The Issuer has not entered into contracts outside the ordinary course of its business, which could result in the Issuer being under an obligation or entitlement that is material to the Issuer's ability to meet its obligation to Noteholders in respect of the Notes being issued.

Clearing of the Notes

8. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The appropriate common code and/or the International Securities Identification Number in relation to the Notes of each Tranche will be specified in the relevant Issue Terms. The relevant Issue Terms shall specify any other clearing system as shall have accepted the relevant Notes for clearance together with any further appropriate information.

Passporting

9. The Company may, after the date of this Base Prospectus, make applications for one or more further certificates of approval under Article 18 of the Prospectus Directive as implemented in Ireland to be issued by the Central Bank of Ireland to the competent authority in any Member State.

Home Member State

10. No Notes may be issued under the Programme which have a minimum denomination of less than EUR100,000 (or nearly equivalent in another currency). Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Issue Terms, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Issue Price

11. Notes may be issued at any price. The issue price of each Tranche of Notes to be issued under the Programme will be determined by the Issuer and the Dealer at the time of issue in accordance with prevailing market conditions and the issue price of the relevant Notes or the method of determining the price and the process for its disclosure will be set out in the applicable Issue Terms. In the case of different Tranches of a Series of Notes, the issue price may include accrued interest in respect of the period from the interest commencement date of the relevant Tranche (which may be the issue date of the first Tranche of the Series or, if interest payment dates have already passed, the most recent interest payment date in respect of the Series) to the issue date of the relevant Tranche.

Language in the Base Prospectus

12. The language of this Base Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

Post-Issuance Information

13. Save as set out in the applicable Drawdown Document, the Issuer will not provide any post-issuance information in relation to the Charged Assets. In such an event, investors will not be entitled to obtain such information from the Issuer.

Legal Entity Identifier

14. The Legal Entity Identifier (LEI) of the Company is 2221002U7VYBNRANFQ37.

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