IMPORTANT NOTICE

IMPORTANT: You must read the following before continuing. The following applies to the prospectus following this page (the **Prospectus**), and you are therefore advised to read this carefully before reading, accessing or making any other use of the Prospectus. In accessing the Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from us as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY THE SECURITIES DESCRIBED IN THE PROSPECTUS IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES 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, AND MAY BE OFFERED OR SOLD IN THE UNITED STATES ONLY TO QUALIFIED INSTITUTIONAL BUYERS WHO ARE QUALIFIED PURCHASERS (EACH AS DEFINED BELOW) IN RELIANCE ON RULE 144A UNDER THE SECURITIES ACT AND OUTSIDE THE UNITED STATES TO PERSONS OTHER THAN U.S. PERSONS (AS DEFINED BELOW) IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE SECURITIES MAY ONLY BE RESOLD OR TRANSFERRED IN ACCORDANCE WITH THE RESTRICTIONS SET FORTH UNDER "TRANSFER RESTRICTIONS" IN THE ATTACHED PROSPECTUS.

IN ORDER TO BE ELIGIBLE TO ACCESS THE PROSPECTUS TO OR MAKE AN INVESTMENT DECISION WITH RESPECT TO THE SECURITIES DESCRIBED THEREIN, YOU AND ANY ENTITY THAT YOU REPRESENT EITHER MUST (A) BE A "QUALIFIED INSTITUTIONAL BUYER" WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT (**QUALIFIED INSTITUTIONAL BUYER**) AND ALSO A "QUALIFIED PURCHASER" WITHIN THE MEANING OF SECTION 2(A)(51) OF THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED AND THE RULES AND REGULATIONS THEREUNDER (**QUALIFIED PURCHASER**), OR (B) BE OUTSIDE THE UNITED STATES AND NOT BE A "U.S. PERSON" WITHIN THE MEANING OF REGULATION S UNDER THE SECURITIES ACT.

WITHIN THE UNITED KINGDOM, THE PROSPECTUS MAY NOT BE PASSED ON EXCEPT TO PERSONS WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS FALLING WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005 OR OTHER PERSONS TO WHOM IT MAY OTHERWISE LAWFULLY BE COMMUNICATED (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS **RELEVANT PERSONS**). THE PROSPECTUS MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THE PROSPECTUS RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS.

THE PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY PERSON IN THE UNITED STATES OR TO ANY U.S. PERSON UNLESS SUCH PERSON IS A QUALIFIED INSTITUTIONAL BUYER AND A QUALIFIED PURCHASER AS DEFINED ABOVE. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

Confirmation of your Representation: The Prospectus is being sent at your request and by accepting the e-mail and accessing the Prospectus, you shall be deemed to have made certain acknowledgements, representations and agreements, as set forth under "*Transfer Restrictions*" in the

Prospectus, including that you and any entity that you represent are either (a) outside the United States and not a U.S. person or (b) a Qualified Institutional Buyer and a Qualified Purchaser; and, in each case, that you consent to delivery of the Prospectus by electronic transmission. You are reminded that the Prospectus has been delivered to you on the basis that you are a person into whose possession the Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver the Prospectus to any other person. The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the managers or any affiliate of the managers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the managers or such affiliate on behalf of the Issuer in such jurisdiction.

The Prospectus has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of JUNO (ECLIPSE 2007-2) LTD or Barclays Bank PLC nor any person who controls either of such entities nor any director, officer, employee nor agent or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Prospectus distributed to you in electronic format herewith and the hard copy version available to you on request from Barclays Bank PLC.

JUNO (ECLIPSE 2007-2) LTD

(incorporated with limited liability in the Republic of Ireland with registration number 437907)

€867,950,000 Floating Rate Notes due November 2022

JUNO (ECLIPSE 2007-2) LTD (the **Issuer**) will issue the €677,250,000 Class A Floating Rate Notes due November 2022 (the **Class A Notes**), the €600,000 Class X Floating Rate Notes due November 2022 (the **Class X Notes**), the €69,150,000 Class B Floating Rate Notes due November 2022 (the **Class B Notes**), the €74,300,000 Class C Floating Rate Notes due November 2022 (the **Class C Notes**), the €40,900,000 Class D Floating Rate Notes due November 2022 (the **Class D Notes**) and the €5,750,000 Class E Floating Rate Notes due November 2022 (the **Class E Notes** and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes, the **Notes**) on 30 May 2007 (or such later date as the Issuer may agree with Barclays Bank PLC (the **Arranger**) and Barclays Bank PLC (the **Lead Manager**)) (the **Closing Date**).

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

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

Class	Initial Principal Amount	Margin (% p.a.)	Fitch	Anticipated ratings Moody's	S&P	Estimated Average Life[(2)]	Expected Maturity Date[(2)]	Final Maturity Date	Issue Price
Class A	€677,250,000	0.18	AAA	Aaa	AAA	5.74 years	February 2016	November 2022	100%
Class X	€600,000	Variable[(1)]	AAA	Aaa	AAA	1.09 years	February 2016	November 2022	100%
Class B	€69,150,000	0.25	AA	Aa3	AA	6.25 years	February 2016	November 2022	100%
Class C	€74,300,000	0.42	A	NR	A	6.25 years	February 2016	November 2022	100%
Class D	€40,900,000	0.90	BBB	NR	BBB	6.25 years	February 2016	November 2022	100%
Class E	€5,750,000	3.50	BB	NR	BB	7.74 years	February 2016	November 2022	100%

(1) The rated interest component of the Class X Notes comprises the Class X Interest Amounts. In addition, the Class X Notes will be entitled to Class X Additional Amounts, the receipt of which will not be rated by any of the Rating Agencies.

(2) Based on 0% CPR and the further assumptions set out in "*Estimated Average Lives of the Notes and Assumptions*" on page 369, to which investors should refer.

Interest on the Notes will be payable quarterly in arrear in euro on 20 February, 20 May, 20 August and 20 November in each year (subject to adjustment for non-Business Days as described herein) (each, a **Note Interest Payment Date**). The first Note Interest Payment Date will be the Note Interest Payment Date falling in August 2007. The interest rate applicable to each Class of Notes (other than the Class X Notes) from time to time will be determined by reference to the European Interbank Offered Rate for three-month euro deposits (or, in the case of the first Interest Period, the linear interpolation of two months and three months euro deposits) (**EURIBOR**), as further defined in **Condition 5.3** (*Rates of Interest*) plus the relevant margin (the **Margin**). Each Margin is as set out in the table above.

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

The Notes are credit-linked to the performance of a portfolio of 17 loans (each a **Reference Obligation** and together, the **Reference Obligations** or the **Reference Portfolio**) having a euro equivalent aggregate principal balance outstanding as at the Closing Date of €867,323,444. For further information about the Reference Obligations, the borrowers in respect of each Reference Obligation (each a **Reference Entity**, and together, the **Reference Entities**), the properties over which security has been granted in respect of the Reference Obligations (each a **Property** and together, the **Properties**), and the security provided in respect of the Reference Obligations (the **Related Security**), see "*The Reference Portfolio and the Related Security*" on page 201.

All Notes will be secured by the same security, subject to the priorities described in this Prospectus. The Class X Notes will additionally have the benefit of security over the amounts standing to the credit of the Class X Principal Account. Notes of each Class will rank *pari passu* with, and without priority among, other Notes of the same Class. Unless previously redeemed in full, the Notes of each Class will mature on the Note Interest Payment Date falling in November 2022 (the **Final Maturity Date**). The Notes will be subject to mandatory redemption before such date in the specific circumstances and subject to the conditions more fully set out under "*Transaction Summary - Principal features of the Notes*". In the event that the Issuer is required to make a Credit Protection Payment, this will result in the Principal Amount Outstanding of the Notes being written-down, such write-down commencing with the then most junior Class of Notes outstanding.

THE NOTES OFFERED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), OR ANY STATE SECURITIES LAWS NOR HAS THE ISSUER BEEN REGISTERED UNDER THE UNITED STATES INVESTMENT COMPANY ACT OF 1940. THE NOTES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES OR TO THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT TO (A) QUALIFIED INSTITUTIONAL BUYERS (**QIBs**) WHO ARE ALSO QUALIFIED PURCHASERS (**QPs**) WITHIN THE MEANING OF SECTION (2)(a)(51) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER IN TRANSACTIONS COMPLYING WITH THE REQUIREMENTS OF RULE 144A UNDER THE SECURITIES ACT (**RULE 144A**) AND (B) NON-U.S. PERSONS IN OFFSHORE TRANSACTIONS IN RELIANCE ON REGULATION S UNDER THE SECURITIES ACT. THE NOTES ARE NOT TRANSFERABLE EXCEPT UPON SATISFACTION OF CERTAIN CONDITIONS AS DESCRIBED UNDER "*TRANSFER RESTRICTIONS*" ON PAGE 442.

The Notes of each class offered and sold in the United States in reliance on Rule 144A will initially be represented by one or more Rule 144A Global Notes (each a **Rule 144A Global Note** and together, the **Rule 144A Global Notes**) in respect of such class, in fully registered form, which will be deposited with, and registered in the name of, or a nominee of, the Common Depositary, for the account of Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme* (**Clearstream, Luxembourg**). The Notes of each class offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S will initially be represented by one or more Regulation S Global Notes (the **Regulation S Global Notes**, each a **Regulation S Global Note** and, together with the Rule 144A Global Notes, the **Global Notes**) in respect of such class, in fully registered form, which will be deposited with, and registered in the name of, or a nominee of, the Common Depositary, for the account of Euroclear and Clearstream, Luxembourg. The Global Notes will be exchangeable for Definitive Notes in registered form only in certain limited circumstances as set forth therein.

The Issuer is not regulated by the IFSRA. Any investment in the Notes does not have the status of a bank deposit and is not within the scope of the deposit protection scheme operated by the IFSRA.

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

Arranger, Joint Lead Manager and Sole Bookrunner

BARCLAYS CAPITAL

Joint Lead Manager

BBVA

The date of this Prospectus is 25 May 2007

JUNO (ECLIPSE 2007-2) LTD

KEOPS Portfolio
Gothenburg, Sweden

KEOPS Portfolio
Malmo, Sweden

Neumarkt
Cologne, Germany

SCI Clichy
Paris, France

Obelisco Portfolio
Milan, Italy

Petersbogen
Leipzig, Germany

Pyrus Portfolio
Siegen, Germany

Ostend
Ostend, Belgium

THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, NOR WILL THEY BE GUARANTEED BY, THE FINANCE PARTIES, THE ARRANGER, THE LEAD MANAGER, THE ORIGINATOR, ANY SERVICER, ANY SUB SERVICER, THE TRUSTEE, THE CALCULATION AGENT, ANY VERIFICATION AGENT, THE SWAP COUNTERPARTY, THE REPURCHASE COUNTERPARTY, THE CUSTODIAN, THE CASH DEPOSIT BANK, THE CASH MANAGER, THE CORPORATE SERVICES PROVIDER, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK OR THE ACCOUNT BANK (AS EACH TERM IS DEFINED IN THIS PROSPECTUS) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THEM.

The Issuer (as **Responsible Person** for the purposes of the Prospectus Directive) accepts responsibility for all information contained in this Prospectus. To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by any Reference Entity, Guarantor or Mortgagor (each, an **Obligor** and together, the **Obligors**), as to the accuracy or completeness of any information contained in this Prospectus or any other information supplied in connection with the Notes or their distribution. The Obligors have not separately verified the information contained herein and no representation, warranty or undertaking, express or implied, is made and no liability accepted by any of the Obligors as to the accuracy or completeness of such information. Each person receiving the Prospectus acknowledges that such person has not relied on any Obligor or their affiliates in connection with its investigation of the information contained in this Prospectus.

No person is or has been authorised to give any information or to make any representation in connection with the issue and sale of the Notes other than those contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, any Obligor (or any companies in the same group of companies as, or affiliated to, any Obligor), the Finance Parties, the Arranger, the Lead Manager, the Originator, any Servicer, the Trustee, the Calculation Agent, any Verification Agent, the Swap Counterparty, the Repurchase Counterparty, the Custodian, the Cash Deposit Bank, the Cash Manager, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank or the Account Bank or any of their respective affiliates or advisers. Neither the delivery of this Prospectus nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer, any of the Obligors (or any companies in the same group of companies as, or affiliated to, any of the Obligors) or in any of the information contained herein since the date of this document or that the information contained in this document is correct as at any time subsequent to its date.

This Prospectus and any other information supplied in connection with the Notes are not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, the Lead Manager, or any person that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

None of the Securities and Exchange Commission (the **SEC**), any state securities commission or any other U.S. regulatory authority has approved or disapproved the Notes nor have any of the foregoing authorities passed upon or endorsed the merits, or the accuracy or adequacy of this Prospectus.

NOTICE TO U.S. INVESTORS

This Prospectus has been prepared by the Issuer solely for use in connection with the issue of the Notes. In the United States, this Prospectus is personal to each person or entity to whom the Issuer,

the Arranger, the Lead Manager, or an affiliate thereof has delivered it. Distribution in the United States of this Prospectus to any person other than such persons or entities and those persons or entities, if any, retained to advise such persons or entities with respect thereto, is unauthorised and any disclosure of any of its contents, without the prior written consent of the Issuer, is prohibited. Each prospective purchaser in the United States, by accepting delivery of this Prospectus, agrees to the foregoing and not to reproduce all or any part of this Prospectus.

Each purchaser of the Notes will be deemed to have made the representations, warranties and acknowledgements that are described in this Prospectus under "*Transfer Restrictions*" on page 442.

The Notes have not been and will not be registered under the Securities Act or any state securities law and are subject to certain restrictions on transfer. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

For further information on certain further restrictions on resale or transfer of the Notes, see "*Description of the Notes*" on page 376 "*Transfer Restrictions*" on page 442 and "*Subscription and Sale*" on page 437.

Offers and sales of the Notes in the United States will be made by the Lead Manager through affiliates that are registered broker-dealers under the U.S. Securities Exchange Act of 1934, as amended (the **Exchange Act**).

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE STATE OF NEW HAMPSHIRE REVISED STATUTES (**RSA**) WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

To permit compliance with Rule 144A under the Securities Act for resale of the Rule 144A Notes, the Issuer will make available upon request to a holder of such Note and a prospective purchaser designated by such holder the information required to be delivered under Rule 144A(d)(4) under the Securities Act if, at the time of the request, the Issuer is not a reporting company under Section 13 or Section 15(d) of the Exchange Act and is not exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

ENFORCEABILITY OF JUDGMENTS

The Issuer is a private limited company incorporated with limited liability in Ireland. The Issuer's two directors currently reside in Ireland. As a result, it may not be possible to effect service of process within the United States upon such persons to enforce against them judgments of courts of the United States predicated upon the civil liability provisions of the federal or state securities laws of the United States. There is doubt as to the enforceability in Ireland, in original actions or in actions for enforcement of judgments of U.S. courts, of civil liabilities predicated solely upon such securities laws.

INFORMATION AS TO PLACEMENT WITHIN THE UNITED STATES

Notwithstanding anything to the contrary contained herein, each prospective investor (and each employee, representative or other agent of each prospective investor) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of an investment in the Notes and all materials of any kind (including opinions or other tax analyses) that are provided to the prospective investor relating to such tax treatment and tax structure. For these purposes, the tax treatment of an investment in the Notes means the purported or claimed United States federal income tax treatment of an investment in the Notes. Moreover, the tax structure of an investment in the Notes includes any fact that may be relevant to understanding the purported or claimed United States federal income tax treatment of an investment in the Notes.

Other than the approval by the IFSRA of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions.

For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus, see "*Notice to U.S. Investors*" on page 2, "*Description of the Notes*" on page 376, "*Transfer Restrictions*" on page 442 and "*Subscription and Sale*" on page 437.

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

FORWARD-LOOKING STATEMENTS

Certain matters contained in this Prospectus are forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment and certain other characteristics of the Reference Obligations and reflect significant assumptions and subjective judgments by the Issuer that may or may not prove to be correct. Such statements may be identified by reference to a future period or periods and the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "projects", "anticipates", "continues", "intends", "plans" or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic environment and changes in governmental regulations, fiscal policy, planning or tax laws in Germany, Ireland, Jersey, Luxembourg, The Netherlands, Sweden, Switzerland and the United Kingdom. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. The Lead Manager has not attempted to verify any such statements, nor does it make any representation, express or implied, with respect thereto.

Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Lead Manager assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

All references in this document to **Swedish kronor** or **SEK** are to the lawful currency for the time being of Sweden, references to **USD**, **dollars**, **U.S.$** and **$** are to the lawful currency for the time being of the United States of America (the **U.S.** or the **United States**) and references to **euros** or **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty of Rome of 25 March 1957 establishing the European Community, as amended from time to time.

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

TABLE OF CONTENTS

PRINCIPAL CHARACTERISTICS OF THE NOTES

The following is a brief overview of the principal characteristics of the Notes referred to in this Prospectus. This information is subject to, and is more fully explained in, the other sections of this Prospectus.

Notes	**Class A**	**Class X**	**Class B**	**Class C**	**Class D**	**Class E**
Initial Principal Amount	€677,250,000	€600,000	€69,150,000	€74,300,000	€40,900,000	€5,750,000
Issue price	100%	100%	100%	100%	100%	100%
Interest Rate	EURIBOR + 0.18% per annum	Variable	EURIBOR + 0.25% per annum	EURIBOR + 0.42% per annum	EURIBOR + 0.90% per annum	EURIBOR + 3.50% per annum
Expected Maturity Date[1]	February 2016	February 2016	February 2016	February 2016	February 2016	February 2016
Final Maturity Date	November 2022	November 2022	November 2022	November 2022	November 2022	November 2022
Estimated average life (years)[1]	5.74	1.09	6.25	6.25	6.25	7.74
Day count	Actual/360					
Business day convention/ Business Days	Modified following/London, Dublin and TARGET business days					
Note Interest Payment Dates	Quarterly on 20 February, 20 May, 20 August and 20 November					
Form of Notes	Registered					
Denomination[2]	€50,000 but tradable in nominal amounts of €50,000 and integral multiples of €1,000 in excess thereof					
Clearing system	Euroclear and Clearstream, Luxembourg					
Credit enhancement (provided by other Classes of Notes subordinated to the relevant Class)	Subordination of the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes	Subordination of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes	Subordination of the Class C Notes, the Class D Notes and the Class E Notes	Subordination of the Class D Notes and the Class E Notes	Subordination of the Class E Notes	No Subordination
Listing	Regulated market of the Irish Stock Exchange					
ISIN (Reg S)	XS0299976323	XS0299976596	XS0299976752	XS0299976836	XS0299977057	XS0299977131
Common Code (Reg S)	029997632	029997659	029997675	029997683	029997705	029997713
ISIN (Rule 144A)	XS0302319370	XS0302319610	XS0302320386	XS0302320543	XS0302320899	XS0302321194
Common Code (Rule 144A)	030231937	030231961	030232038	030232054	030232089	030232119
Expected rating – Fitch	AAA	AAA	AA	A	BBB	BB
Expected rating – Moody's	Aaa	Aaa	Aa3	NR	NR	NR
Expected rating - S&P	AAA	AAA	AA	A	BBB	BB

[1] Based on 0% CPR and the further assumptions set out in "*Estimated Average Lives of the Notes and Assumptions*" on page 369, to which investors should refer.

[2] See further **Condition 2.1** (*Issue of Definitive Notes*) for certain restrictions in respect of holdings not in a multiple of €50,000 in nominal amount.

TRANSACTION SUMMARY

The following information is a summary of the principal features of the issue of the Notes. This summary does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. Prospective purchasers of the Notes are advised to read carefully, and to rely solely on, the detailed information appearing elsewhere in this Prospectus in making any decision whether or not to invest in any Notes. Capitalised terms used, but not defined, in this section can be found elsewhere in this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

Introduction

As is described in further detail in this Prospectus, on the Closing Date the Issuer will issue the Notes.

The payment of interest on and the repayment of principal of the Notes by the Issuer is credit-linked to, and therefore affected by, the performance of 17 loans originated by Barclays Bank PLC (in such capacity, the **Originator**) between 11 January 2006 and 21 December 2006. With one exception described further below, these loans are all secured upon one or more income–generating commercial or multi-family properties of various types, located in Sweden, Germany, Belgium, France, Italy or Monaco. As is described in further detail in this Prospectus, the payment of interest on and the repayment of principal of the loans is, in turn, dependent upon the income generated by the relevant properties. The Issuer will not, however, have a proprietary interest in any of these loans or the properties or be required to have any such proprietary interest.

In this Prospectus, each of these loans is referred to as a **Reference Obligation** and together, the loans are referred to as the **Reference Obligations** or the **Reference Portfolio**, as applicable. Further, in this Prospectus, each borrower and any of its successors is referred to as a **Reference Entity** and together, the borrowers and any of their successors are referred to as the **Reference Entities**.

Reference Portfolio

The Reference Portfolio will, as indicated above, consist of 17 Reference Obligations. Certain characteristics of the Reference Obligations are set out in the table appearing below:

Reference Obligation	Cut-Off Date Securitised balance of Reference Obligation (€)	Location of Properties	Number of Properties
Keops Portfolio	SEK2,296,374,486/€249,822,580[1]	Sweden	171
Neumarkt	122,312,500	Germany	1
SCI Clichy	112,712,020	France	1
Obelisco Portfolio	89,000,000	Italy	12
Petersbogen	73,910,000	Germany	1
Pyrus Portfolio	36,327,000	Germany	6
Senior Den Tir	25,000,000	Belgium	1[2]
Junior Den Tir	5,900,000	Belgium	1[2]
Ostend	27,748,000	Belgium	1
CEPL Levallois	23,980,188	France	1

Reference Obligation	Cut-Off Date Securitised balance of Reference Obligation (€)	Location of Properties	Number of Properties
Nordhausen	22,242,995	Germany	1
Le Croissant	20,650,000	Belgium	1
Monheim	17,638,000	Germany	1
Senior Monaco	14,000,000	Monaco	1[3]
Junior Monaco	2,300,000	Monaco	1[3]
Prins Boudewijn	13,200,000	Belgium	1
Seaford Portfolio	12,735,632	Germany	6
Total	**869,478,915**		**206**

[1] Euro equivalent of SEK at 0.10879 exchange rate (the **FX Rate**). References to euro values in this Prospectus are, in relation to the Keops Portfolio Reference Obligation, references to the euro equivalent as determined on the basis of the FX Rate.

[2] The Senior Den Tir Reference Obligation relates to the refinancing of the acquisition of the Den Tir Property. The Junior Den Tir Reference Obligation relates to the refinancing of the acquisition of the shares in the Den Tir Reference Entity. The Junior Den Tir Reference Obligation is secured by a share pledge and a receivables pledge only and not by a mortgage over the relevant Property. The Senior Den Tir Reference Obligation and the Junior Den Tir Reference Obligation are together referred to as the **Den Tir Reference Obligations**.

[3]The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation are both secured upon the same Property with a deed of subordination governing their respective claims.

Each Reference Obligation will be referred to in this Prospectus by the name appearing in the table above. Further, Reference Obligations backed by Properties located in Belgium are referred to in the Prospectus as **Belgian Reference Obligations**, Reference Obligations backed by Properties located in Germany are referred to in the Prospectus as **German Reference Obligations** and Reference Obligations backed by Properties located in France are referred to in the Prospectus as **French Reference Obligations**.

The Reference Obligations have, save as described elsewhere in this Prospectus, been made to different Reference Entities and as at 15 February 2007 (the **Cut-Off Date**) had a euro equivalent aggregate outstanding principal balance of €869,478,915.

Certain of the Reference Obligations, described in this Prospectus as Tranched Reference Obligations, represent:

(a) a senior portion of a whole loan; and

(b) in the case of the Keops Portfolio Reference Obligation only, both a senior and a *pari passu* portion of a whole loan,

with there being an associated junior portion, or in the case of the Keops Portfolio Reference Obligation, both an associated junior and *pari passu* portion. Any reference in this Prospectus to a Reference Obligation shall, in the context of a Tranched Reference Obligation, be construed to include only the senior portion, or in the case of the Keops Portfolio Reference Obligation only outstanding the senior and relevant *pari passu* portion.

The outstanding principal balance of the Reference Obligations as at the Closing Date is less than the principal balance as at the Cut-Off Date due to repayment or prepayment of principal occurring between the Cut-Off Date and the Closing Date. As at the Closing Date, the euro equivalent outstanding principal balance of the Reference Obligations is expected to be €867,323,444.

All of the Reference Obligations (other than the Keops Portfolio Reference Obligation, the Monheim Reference Obligation and the Seaford Portfolio Reference Obligation) provide for the relevant Reference Entity to pay a fixed rate of interest on the principal amount outstanding. The Keops Portfolio Reference Obligation and the Seaford Portfolio Reference Obligation (together, the **Floating Rate Reference Obligations**) provide for the relevant Reference Entities to pay a floating rate of interest on the principal amount outstanding. In order to mitigate the risks of an increase in the floating rate of interest, the Keops Portfolio Reference Entity has entered into an interest rate cap agreement, which will commence on 15 January 2008. The floating rate of interest of the Seaford Portfolio Reference Obligation is collared contractually under the related Credit Agreement, thus mitigating the risk of an increase in the floating rate of interest, without any separate interest rate hedging arrangement having been entered into. The Monheim Reference Obligation provides for the relevant Reference Entity to pay a part fixed and part floating rate of interest, which again, is collared contractually under the related Credit Agreement, without any separate interest rate hedging arrangement having been entered into between the Reference Entity and the Originator.

Each Reference Obligation is denominated in euro (except for the Keops Portfolio Reference Obligation, which, as described above, is denominated in SEK) and each constitutes a full recourse obligation of the relevant Reference Entity, secured upon various of its assets, as further described in this Prospectus.

As at the Cut-Off Date, there were a total of 206 properties constituting security for the Reference Obligations (each a **Property** and together, the **Properties** or the **Property Portfolio**, as applicable). Each Reference Obligation is secured upon the related Property or Properties (with the exception of the Junior Den Tir Reference Obligation, which, as indicated above, is secured by a share pledge over the issued share capital of the Senior Den Tir Reference Entity and a receivables pledge over certain of its receivables) as well as the income generated thereby. The security package for each Reference Obligation also includes security over specified bank accounts and the amounts credited thereto, policies of insurance relating to the relevant Property or Properties and the claims thereunder as well as other related receivables and the equity interests in the relevant Reference Entity (together, the **Related Security**), though not every Reference Obligation has an identical package of Related Security.

The Related Security granted in respect of each Reference Obligation was granted by the relevant Reference Entity or, in the case of certain Reference Obligations, by one or more entities related to the relevant Reference Entity (each, a **Security Grantor** and, together with the Reference Entities, the **Obligors** and each, an **Obligor**).

The Related Security has been granted in relation to each Reference Obligation to either Barclays Capital Mortgage Servicing Limited or to Barclays Bank PLC (each in its capacity as **Security Agent**), with the intention that the relevant Security Agent can, in the event of a default in respect of a Reference Obligation, take all necessary enforcement action in respect of the Related Security against the relevant Reference Entity or the Security Grantor, as the case may be.

The Properties are, save as otherwise described in this Prospectus, substantially occupied by tenants (the **Tenants**) under occupational lease arrangements (each an **Occupational Lease** and together, the **Occupational Leases**). The Tenants under the Occupational Leases make periodic rental payments in respect of the Properties. The terms of the credit agreements relating to the Reference Obligations (each a **Credit Agreement** and together, the **Credit Agreements**) generally require that each relevant Reference Entity establishes, among other bank accounts, an account (each a **Rent Account**, though various designations may be used under the relevant Credit Agreements) into which rents payable by the Tenants are to be paid, either directly or indirectly through the intermediacy of a managing agent, with certain deductions being made. Such amounts are, in turn, generally used to make payments of interest on and repayments of principal of the Reference Obligations.

The Rent Account and other bank accounts held by the Reference Entities are referred to in this Prospectus as the **Reference Entity Accounts** and are described further below in the context of each Reference Obligation.

Payments of interest on and repayments of principal of each of the Reference Obligations will be made prior to their scheduled maturity date from:

(a) the rental proceeds received from the Tenants under the Occupational Leases and in some cases, from amounts paid under rent guarantees or cash deposits as an alternative (together, **Rental Proceeds**); and

(b) the proceeds of the sale or refinancing of the Properties generated prior to the scheduled maturity date of the Reference Obligations (together, **Trading Proceeds**).

To the extent that there is a principal amount outstanding in respect of any of the Reference Obligations on its scheduled maturity date, it is anticipated that such amounts will be repaid from the proceeds of refinancing the relevant Reference Obligations (the proceeds so generated being **Refinancing Proceeds**) or by selling the relevant Property or Properties at that time (the proceeds so generated being **Disposal Proceeds**, and together with Rental Proceeds, Trading Proceeds and Refinancing Proceeds, **Property Proceeds**). For the avoidance of doubt, the repayment of principal of each of the Reference Obligations may be made from Rental Proceeds, Trading Proceeds, Refinancing Proceeds or Disposal Proceeds or a combination thereof.

For further information about the Reference Obligations, the Reference Entities and the Reference Entity Accounts, see "*The Reference Portfolio and Related Security*" on page 201.

Credit Default Swaps

On the Closing Date the Issuer will, having issued the Notes, enter into 17 credit default swap transactions, each in respect of a separate Reference Obligation (each a **Credit Default Swap**, and together, the **Credit Default Swaps**) with Barclays Bank PLC (in such capacity, the **Swap Counterparty**) pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of each Reference Obligation. Each Credit Default Swap will be documented under a confirmation (each a **Credit Default Swap Confirmation** and, together, the **Credit Default Swap Confirmations**) which will supplement and form part of a 1992 ISDA Master Agreement between the Issuer and the Swap Counterparty (the **Credit Default Swap Agreement**). Certain features of the Credit Default Swap Agreement are described below.

Credit Protection Payments

The Credit Default Swap Agreement will provide that in the event of:

(a) the **Bankruptcy** of a Reference Entity (a **Bankruptcy Credit Event**);

(b) the **Failure to Pay** by an Obligor under a Reference Obligation (a **Failure to Pay Credit Event**); and/or

(c) the **Restructuring** of a Reference Obligation (a **Restructuring Credit Event**),

(each such event being a **Credit Event** and, together, the **Credit Events**), the Issuer may be required, subject to the satisfaction of certain conditions specified in the relevant Credit Default Swap Confirmation and described in further detail in this Prospectus, to make a payment (a **Credit Protection Payment**) in a specified amount (a **Credit Protection Payment Amount**) to the Swap Counterparty in respect of the relevant Credit Default Swap and the Reference Obligation to which it relates. Each Credit Event is defined in the relevant Credit Default Swap Confirmation and is described in greater detail in this Prospectus, though each is based on the corresponding definition contained in the 2003 ISDA Credit Derivatives Definitions.

Each Credit Protection Payment Amount will be determined by Barclays Capital Mortgage Servicing Limited (in its capacity as **Calculation Agent**). In the context of a Failure to Pay Credit Event or a

Bankruptcy Credit Event, the Credit Protection Payment Amount will be determined by the Calculation Agent either:

(a) by reference to the loss suffered by a Holder of the relevant Reference Obligation following completion of the enforcement of the Related Security. Under such circumstances, the determination of the loss actually suffered by the Holder of the relevant Reference Obligation will be based on the difference between the amounts owed by the relevant Reference Entity in respect of that Reference Obligation and the amounts recovered by the Holder following the completion of the enforcement of the Related Security; or

(b) if the enforcement of the Related Security has not been completed by the date on which the relevant Credit Default Swap is to terminate (being either the Final Maturity Date or, in the event of an early termination of the Credit Default Swap Agreement, an Early Termination Date) or the Notes are otherwise required to be redeemed, by reference to the loss estimated to be suffered by a Holder of the relevant Reference Obligation. Under such circumstances, two independent valuers (each an **Independent Valuer** and together, the **Independent Valuers**) will each be appointed to provide a valuation of the relevant Property or Properties and the Credit Protection Payment Amount will be based upon the average of such valuations and the Calculation Agent's estimation of how long it is likely to take to dispose of the relevant Property or Properties and the amount that will be owing in respect of the relevant Reference Obligation by the estimated time of the disposal of such Property or Properties (which will also include an estimation of enforcement costs that are likely to be incurred (as verified by an independent verification agent)).

In the context of a Restructuring Credit Event, the Credit Protection Payment Amount will be determined by the Calculation Agent as the difference between the net present values of the cash-flows payable in respect of the relevant Reference Obligation both before and after the Restructuring.

The term **Holder** as used in this Prospectus and unless otherwise specified means, in respect of a Reference Obligation, any entity (or entities collectively) holding a principal amount (and, in the case of the Keops Portfolio Reference Obligation, a commitment equal to the 50 per cent. of the available commitment under the revolving facility that is part of that Reference Obligation) of the relevant Reference Obligation equal to the notional amount of the relevant Credit Default Swap. For the avoidance of doubt, on the Closing Date, the Holder of each Reference Obligation will be the Swap Counterparty. There is no requirement, however, that the Swap Counterparty will continue to be the Holder at any time thereafter and the Credit Default Swaps have been structured to be operative irrespective of the identity of the Holder at any time.

The term **Lender** as used in this Prospectus, unless otherwise specified, shall mean the Holder but reflects terminology used in the relevant Credit Agreement.

A Credit Protection Payment Amount, if payable, shall be paid by the Issuer to the Swap Counterparty on the Note Interest Payment Date immediately following the end of the Calculation Period in which the quantum of the Credit Protection Payment Amount is determined by the Calculation Agent and the relevant independent verification procedures have been completed in accordance with the terms of the relevant Credit Default Swap (the **Cash Settlement Date**).

For further information about the determination of Credit Protection Payment Amounts and independent verification thereof, see – "*The Credit Default Swaps – Calculation and Payment of Cash Settlement Amount*" on page 320.

If a Credit Protection Payment Amount is required to be paid by the Issuer to the Swap Counterparty on a Cash Settlement Date, the Principal Amount Outstanding of the Notes will be written-down in reverse sequential order, with the Principal Amount Outstanding of the most junior Class of Notes being written-down first and the Principal Amount Outstanding of the most senior Class of Notes being written-down last, by an aggregate amount equal to the Credit Protection Payment Amount. Thus, the payment of a Credit Protection Payment Amount will lead to a loss being sustained by

Noteholders or certain classes of them as a result of such write-down. If the relevant Credit Event that gave rise to the payment of the Credit Protection Payment Amounts was either a Failure to Pay Credit Event a or Bankruptcy Credit Event, then the Notes will also be subject to mandatory redemption in part by an amount equal to the notional amount of the relevant Credit Default Swap (the **Swap Notional Amount**) less the Credit Protection Payment Amount payable as a result of the occurrence of such Credit Event.

Swap Counterparty Payments

In consideration for providing credit protection to the Swap Counterparty in respect of the Reference Obligations, the Issuer will, except in relation to a Credit Default Swap following the delivery of a Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event or a Bankruptcy Credit Event under that Credit Default Swap, receive from the Swap Counterparty periodic payments (each a **Swap Counterparty Payment**) in respect of each Credit Default Swap.

The timing of the Swap Counterparty Payments will depend on whether the Swap Counterparty's short term unsecured and unguaranteed debt rating is rated at least F-1 by Fitch, P-1 by Moody's and A-1 by S&P and such entity's long term unsecured and unguaranteed debt ratings being rated A1 by Moody's, or such other ratings as would maintain the current rating of the Notes (the **Swap Counterparty Required Ratings**). If and for so long as the Swap Counterparty has the Swap Counterparty Required Ratings, the Swap Counterparty will make Swap Counterparty Payments to the Issuer in arrear on the Business Day prior to each Note Interest Payment Date (each a **Swap Counterparty Payment Date**).

If the Swap Counterparty ceases to have the Swap Counterparty Required Ratings, the Swap Counterparty will be required to make Swap Counterparty Payments one quarter in advance (the advance payment covering the Swap Counterparty Payment in respect of the relevant quarter plus an amount in respect of the first 30 days of the next following quarter). The amounts of such Swap Counterparty Payments will, nonetheless, be determined on a similar basis to that described in the paragraphs below, the approach varying depending on the Credit Default Swap in question. In the event that the Swap Counterparty Payments are paid in advance, however, the Swap Counterparty shall have the right to be repaid any amounts that it over-paid in respect of any Swap Counterparty Payments (such an over-payment arising, for example, but without limitation, if a Reference Obligation is subject to a Failure to Pay Credit Event or a Bankruptcy Credit Event after the Swap Counterparty Payment has been made), as described further below. The Calculation Agent shall on each Swap Counterparty Payment Date determine whether any over-payment of a Swap Counterparty Payment has been made and such amount shall be repaid prior to the application of any funds on behalf of the Issuer in accordance with the applicable Priority of Payment.

The amount of the Swap Counterparty Payment varies, depending on the terms of the individual Credit Default Swaps:

(a) in respect of the Credit Default Swaps relating to the Reference Obligations (other than the Obelisco Portfolio Reference Obligation, the Ostend Reference Obligation, the Den Tir Reference Obligations, the Le Croissant Reference Obligations and the Prins Boudewijn Reference Obligation (together, the **Fixed Formula Reference Obligations**)), the Swap Counterparty Payment will be determined by reference to the amount received by the Holders of such Reference Obligations during the preceding Reference Obligation Interest Period (or in respect of the first Swap Counterparty Payment, the period from (and including) the Closing Date to (but excluding) the last day of that Reference Obligation Interest Period) that is attributable to the interest rate margin of such Reference Obligations; and

(b) in respect of the Credit Default Swaps relating to the Fixed Formula Reference Obligations, the Swap Counterparty Payment will be determined by reference to a specified percentage, which will vary from Credit Default Swap to Credit Default Swap, multiplied by the Swap Notional Amount of the relevant Credit Default Swap multiplied by a day count fraction (as adjusted in respect of the first Swap Counterparty Payment to relate to the period from (and

including) the Closing Date to (but excluding) the last day of the preceding Reference Obligation Interest Period).

In certain circumstances, the amount of the Swap Counterparty Payments payable by the Swap Counterparty will be increased following prepayments of one or more Reference Obligations.

For further information about the calculation of the Swap Counterparty Payments and the circumstances in which they may be increased, see "*The Credit Default Swaps - Swap Counterparty Payments"* on page 323.

Alternative Swap Counterparty Payments

The obligation of the Swap Counterparty to pay the Swap Counterparty Payments in respect of any Credit Default Swap will, under the terms of the relevant Credit Default Swap Confirmation, cease if a Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event or Bankruptcy Credit Event has been delivered in relation to the related Reference Obligation and, instead, the Swap Counterparty will be required to pay Alternative Swap Counterparty Payments. Alternative Swap Counterparty Payments will be payable only if payments or recoveries in respect of the relevant Reference Obligation have been received by the Holder in the relevant Reference Obligation Interest Period and, for the avoidance of doubt, without any obligation to make advance payment if the Swap Counterparty ceases to have the Swap Counterparty Required Ratings. The dates on which such Alternative Swap Counterparty Payment will be made and the amount of each Alternative Swap Counterparty Payment will be determined on a formulaic basis.

If the Swap Counterparty ceases to be obliged to make Swap Counterparty Payments at any time, the resulting shortfall in the Issuer Income, after payment of any Alternative Swap Counterparty Payment due and payable at that time, will be supplemented by drawings made by the Issuer under the Liquidity Facility Agreement.

For further information about the calculation of the Alternative Swap Counterparty Payments, see "*The Credit Default Swaps - Alternative Swap Counterparty Payments*" at page 325.

Prepayment Fee Amounts

Under each Credit Default Swap, the Swap Counterparty shall be obliged to pay to the Issuer on each Swap Counterparty Payment Date, an amount (a **Prepayment Fee Amount**) equal to the prepayment fees paid to the Holder during the preceding Reference Obligation Interest Period. An amount equal to such Prepayment Fee Amount shall be paid to the Class X Noteholders as a Class X Additional Amount.

The Swap Counterparty is, notwithstanding the position on the Closing Date, under no obligation to continue as the Holder of the Reference Obligations or any of them, and so, for the avoidance of doubt, the obligation of the Swap Counterparty to make any payment under the Credit Default Swap Agreement is not, in any way, contingent upon its receiving any funds in respect of the Reference Obligations but rather is an independent contractual obligation of the Swap Counterparty, such obligation being binding on the Swap Counterparty irrespective of the identity of the Holder of the Reference Obligations or any of them at any time.

Voluntary early termination of a Credit Default Swap

A Credit Default Swap may, at the option of the Swap Counterparty, be terminated in whole on any Swap Counterparty Payment Date (such a termination being a **Swap Call**) following the delivery by the Swap Counterparty of the required notice. An exercise by the Swap Counterparty of a Swap Call in respect of all outstanding Credit Default Swaps in circumstances where less than 10 per cent. of the aggregate principal amount of the Reference Portfolio as the Closing Date remains outstanding shall constitute a **Swap Clean-Up Call**.

On the Swap Counterparty Payment Date on which a Swap Call occurs (a **Swap Call Date**) the Swap Counterparty will be required to make a termination payment to the Issuer in addition to any other amounts due and payable by the Swap Counterparty to the Issuer on that Swap Counterparty Payment Date. The amount of the termination payment varies depending on the circumstances:

(a) if a Swap Call is exercised in respect of a Credit Default Swap and no Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to the prepayment fees that would have been payable to the Holder if there had been a voluntary prepayment of the relevant Reference Obligation at the end of the previous Reference Obligation Interest Period (such amount being the **Swap Call Prepayment Amount**). The amount equal to such Swap Call Prepayment Amount shall be paid directly by the Issuer to the Class X Noteholder as a Class X Additional Amount and will not, therefore, be available to the Issuer to meet its other obligations;

(b) if a Swap Call is exercised in respect of a Credit Default Swap and a Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to (i) the aggregate of the Swap Counterparty Payments that, but for the delivery of such Credit Event Notice, would have been payable by the Swap Counterparty to the Issuer up to the Swap Call Date less (ii) the aggregate of all Alternative Swap Counterparty Payments that have been paid by the Swap Counterparty since the delivery of such Credit Event Notice (such amount being the **Swap Call Termination Amount**). Such Swap Call Termination Amount will form part of the income available to the Issuer to meet its obligations generally; and

(c) if a Swap Call is exercised in respect of all the Credit Default Swaps in the context of a Swap Clean-Up Call, then the Swap Counterparty will pay to the Issuer the Swap Call Termination Amount only if a Credit Event Notice has been delivered. Such Swap Call Termination Amount will form part of the income available to the Issuer to meet its obligations generally. The Swap Counterparty shall not be required to pay a Swap Call Prepayment Amount in these circumstances.

Any early termination of a Credit Default Swap as a result of a Swap Call will result in a redemption of the Notes, or certain classes of them, in accordance with **Condition 6.5** (*Mandatory redemption following termination of Credit Default Swap*).

Collateral and Cash Deposit Arrangements

On the Closing Date, the Issuer will invest the proceeds of the issue of the Notes (other than the Class X Notes) in a cash deposit account (the **Cash Deposit Account**) held with Barclays Bank PLC (in such capacity, the **Cash Deposit Bank**) in accordance with the cash deposit account agreement (the **Cash Deposit Account Agreement**).

If the Cash Deposit Bank does not have the required rating by the Rating Agencies, being a short-term unsecured and unguaranteed debt rating of a least F-1 from Fitch, P-1 from Moody's and A-1 from S&P and such entity's long term unsecured and unguaranteed debt ratings being rated A1 by Moody's, or such other ratings as would maintain the current rating of the Notes (the **Cash Deposit Bank Required Ratings**) or have suitable guarantee arrangements in respect of its obligations in relation to the Cash Deposit Account, the Issuer will either arrange for the Cash Deposit Bank to be replaced by a successor cash deposit bank in accordance with the terms of the Cash Deposit Agreement (and on substantially similar terms to the Cash Deposit Agreement) and which does have the Cash Deposit Bank Required Ratings or invest the funds standing to the credit of the Cash Deposit Account by entering into a series of repurchase transactions (each, a **Repurchase Transaction** and together, the **Repurchase Transactions**) under a repurchase agreement entered into on the Closing Date (the **Repurchase Agreement**) with Barclays Bank PLC (in such capacity, the **Repurchase Counterparty**). Under each Repurchase Transaction, the Issuer will purchase and the Repurchase Counterparty will repurchase certain types of securities (the **Repurchase Securities**), in each case for a pre-agreed price. A Repurchase Transaction may also be entered into at any time by the Issuer if the

Swap Counterparty so requests, irrespective of whether the Cash Deposit Bank meets the Cash Deposit Bank Required Ratings.

The Repurchase Securities which the Issuer purchases under the terms of the Repurchase Agreement are expected to be held by a third party custodian which satisfies the ratings requirements of the Rating Agencies, in its capacity as custodian for the Issuer (the **Custodian**), at all times in accordance with the terms of a custody agreement entered into on the Closing Date (the **Custody Agreement**).

The Repurchase Securities will be required to meet certain eligibility criteria, which will be set out in the Repurchase Agreement, and which comply with specified rating agency requirements (the **Repurchase Securities Eligibility Criteria**). The Repurchase Agreement will also provide for the Repurchase Counterparty to over-collateralise its obligations (through the provision of additional Repurchase Securities or, as the case may be, cash), if the market value of the Repurchase Securities the subject of a Repurchase Transaction falls below certain levels and if the Repurchase Counterparty does not at such time have the required rating in accordance with the Repurchase Agreement, being a short-term unsecured and unguaranteed debt rating of at least F-1+ from Fitch, A-1 from S&P and P-1 from Moody's or a long-term unsecured and unguaranteed debt rating of at least Aa3 by Moody's, or such other ratings as would maintain the then current ratings of the Notes (the **Repurchase Counterparty Required Ratings**).

The collateral held by the Issuer in the form of the Cash Deposit or, as the case may be, by way of Repurchase Securities (together, the **Collateral**) will be denominated in euro and its value is intended, in aggregate, to correspond to at least the aggregate Principal Amount Outstanding of each Class of Notes from time to time.

In the event that the Issuer is required to pay a Credit Protection Payment Amount to the Swap Counterparty, as described above, such payment will be funded by the Issuer from the amounts credited to the Cash Deposit Account or from the proceeds of the Repurchase Transaction maturing immediately prior to the relevant Cash Settlement Date. In the event that no such Credit Protection Payment Amount is required to be paid by the Issuer following a Credit Event or following a repayment or prepayment of the relevant Reference Obligation or in certain other circumstances described in this Prospectus, the relevant amounts credited to the Cash Deposit Account or the proceeds of a maturing Repurchase Transaction will be used to redeem the Notes, or certain classes of them, as further described in this Prospectus.

For further information about the Collateral, see "*The Collateral Arrangements*" on page 331.

The Income of the Issuer

The Issuer will have three sources of income, arising out of the Credit Default Swap Agreement, the Cash Deposit Account Agreement and the Repurchase Agreement, respectively, which will be available to it to meet its obligations, including its obligations to make payment of interest in respect of the Notes. These sources of income are:

(a) the quarterly payments which it receives from the Swap Counterparty by way of Swap Counterparty Payments (including those paid in advance) or Alternative Swap Counterparty Payments (or, to the extent that there is any shortfall in respect of Swap Counterparty Payments which is not remedied by Alternative Swap Counterparty Payments, drawings under the Liquidity Facility to compensate for this shortfall) and any termination payments paid by the Swap Counterparty, all as further described below;

(b) the quarterly payments of interest under the Cash Deposit Agreement in respect of the Cash Deposit Amount (the **Cash Deposit Income Payments**); and

(c) if any Repurchase Transaction has been entered into, the difference between the purchase price and the repurchase price payable for the relevant Repurchase Securities on the relevant repurchase date (the **Repurchase Income Payments**).

It is expected that the aggregate of the Swap Counterparty Payments or the Alternative Swap Counterparty Payments (or drawings under the Liquidity Facility in respect of such amounts, under the circumstances described above), the Cash Deposit Income Payments and the Repurchase Income Payments will, if made, be sufficient to enable the Issuer to meet its on-going payment obligations, including its obligations to make payment of interest in respect of the Notes and any prior-ranking outstanding amounts (and that the payments of such amounts to the Issuer would put it in a position substantially similar to that which it would have been in if it was entitled to receive payments of interest in respect of any Reference Obligation directly).

Servicing of the Reference Portfolio

On the Closing Date, the Swap Counterparty will, as described above, be the Holder of each Reference Obligation. The Swap Counterparty, in its capacity as Holder of each Reference Obligation, will enter into a servicing agreement with the Security Agents and the Issuer (the **Servicing Agreement**) pursuant to which the Swap Counterparty and the Security Agents will appoint the Issuer as servicer and special servicer of the Reference Obligations (in such capacities, the **Master Servicer** and **Special Servicer**, respectively). The Master Servicer and, under certain circumstances, the Special Servicer will be responsible for the servicing, collection and enforcement of each Reference Obligation and its Related Security for so long as the Swap Counterparty remains the Holder of the Reference Obligations, as well as being responsible for undertaking certain reporting functions in respect of the Reference Obligations, the extent of these duties being as described in the Servicing Agreement.

The Master Servicer and Special Servicer will, also pursuant to the Servicing Agreement, appoint Barclays Capital Mortgage Servicing Limited to discharge its functions as Master Servicer and Special Servicer as their respective delegates (in such capacities, the **Sub Master Servicer** and the **Sub Special Servicer**). In relation to the discharge of their respective functions, the Sub Master Servicer and Sub Special Servicer will owe duties to the Issuer in its capacities as Master Servicer and Special Servicer and will be obliged to discharge their respective functions to the same standards as are imposed on the Master Servicer and Special Servicer respectively under the Servicing Agreement. Further, under the terms of the Servicing Agreement, the Swap Counterparty will be limited in its rights of action against the Issuer in its capacity as Master Servicer and Special Servicer.

If the Swap Counterparty ceases to be the Holder of a Reference Obligation, the Master Servicer and the Special Servicer appointed pursuant to the Servicing Agreement shall cease to service that Reference Obligation unless appointed to do so by the new Holder, there being no obligation on the new Holder to make any such appointment. The termination of the appointment of the Master Servicer and Special Servicer will result automatically in the termination of the appointment of the Sub Master Servicer and the Sub Special Servicer.

If the Swap Counterparty is not the Holder of a Reference Obligation in respect of which a Credit Event has occurred, it shall be a condition to the payment of a Credit Protection Payment Amount in respect of that Reference Obligation that an independent verification agent appointed by the Calculation Agent verifies that the relevant Reference Obligation was, from the date on which the Swap Counterparty ceased to be the Holder, serviced substantially in accordance with the Servicing Standard. Such non-compliance with the Servicing Standard will impact upon the ability of the Swap Counterparty to seek a Credit Protection Payment.

For further information about the Servicing Agreement and the Servicing Procedures, see "*Servicing*" on page 352.

Liquidity Facility Agreement

On the Closing Date, the Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with Danske Bank A/S, London Branch (the **Liquidity Facility Provider**) under which the Liquidity Facility Provider will make available to the Issuer a liquidity facility (the **Liquidity**

Facility) in an initial principal amount of €20,000,000. The Issuer may draw upon the Liquidity Facility if:

(a) as a result of the occurrence of a Failure to Pay Credit Event or Bankruptcy Credit Event in respect of a Reference Obligation, the Swap Counterparty has ceased to make the Swap Counterparty Payments in respect of the relevant Credit Default Swap, in accordance with the terms of the Credit Default Swap Agreement (such drawings being characterised under the Liquidity Facility Agreement as **Swap Counterparty Payment Deficiency Drawings**); or

(b) the Issuer is required to make a payment to a third party creditor or an Issuer Secured Creditor (other than the Noteholders) and, at the time such payment is due, requires funds in order to do so (such drawings being characterised under the Liquidity Facility Agreement as **Administrative Costs Shortfall Drawings**); or

(c) the Issuer is required to fund a Reference Obligation Protection Advance in relation to such Reference Obligation (such drawings being characterised under the Liquidity Facility Agreement as a **Reference Obligation Protection Drawings**).

As described in further detail below, Administrative Costs Shortfall Drawings may be drawn in the event that there has been an underestimation of Administrative Costs for the purposes of calculating the Expected Class X Interest Amount.

The amount that the Issuer would otherwise need to draw under the Liquidity Facility following the cessation of the Swap Counterparty Payments in respect of any Reference Obligation will be reduced by the amount of any Alternative Swap Counterparty Payment made by the Swap Counterparty.

Under the terms of the Liquidity Facility Agreement, the Issuer will be required to pay to the Liquidity Facility Provider interest on the amounts drawn on each Note Interest Payment Date and ultimately to repay the principal of the amounts drawn. Such payments will be made by the Issuer in accordance with the applicable Priority of Payments.

For further information about the Liquidity Facility Agreement, see "*Transaction Documents - The Liquidity Facility Agreement*" on page 338.

Security for the Obligations of the Issuer

The obligations of the Issuer to the Noteholders and the other Issuer Secured Creditors (including, for the avoidance of doubt, the Swap Counterparty) under the Notes and the other Transaction Documents will be secured by the security interests granted by the Issuer under the Issuer Deed of Charge. The Issuer will grant to the Trustee, among other things:

(a) an assignment by way of security, over all of its rights, in and to the Transaction Documents to which it is a party, including the Credit Default Swap Agreement, Cash Deposit Account Agreement and the Repurchase Agreement; and

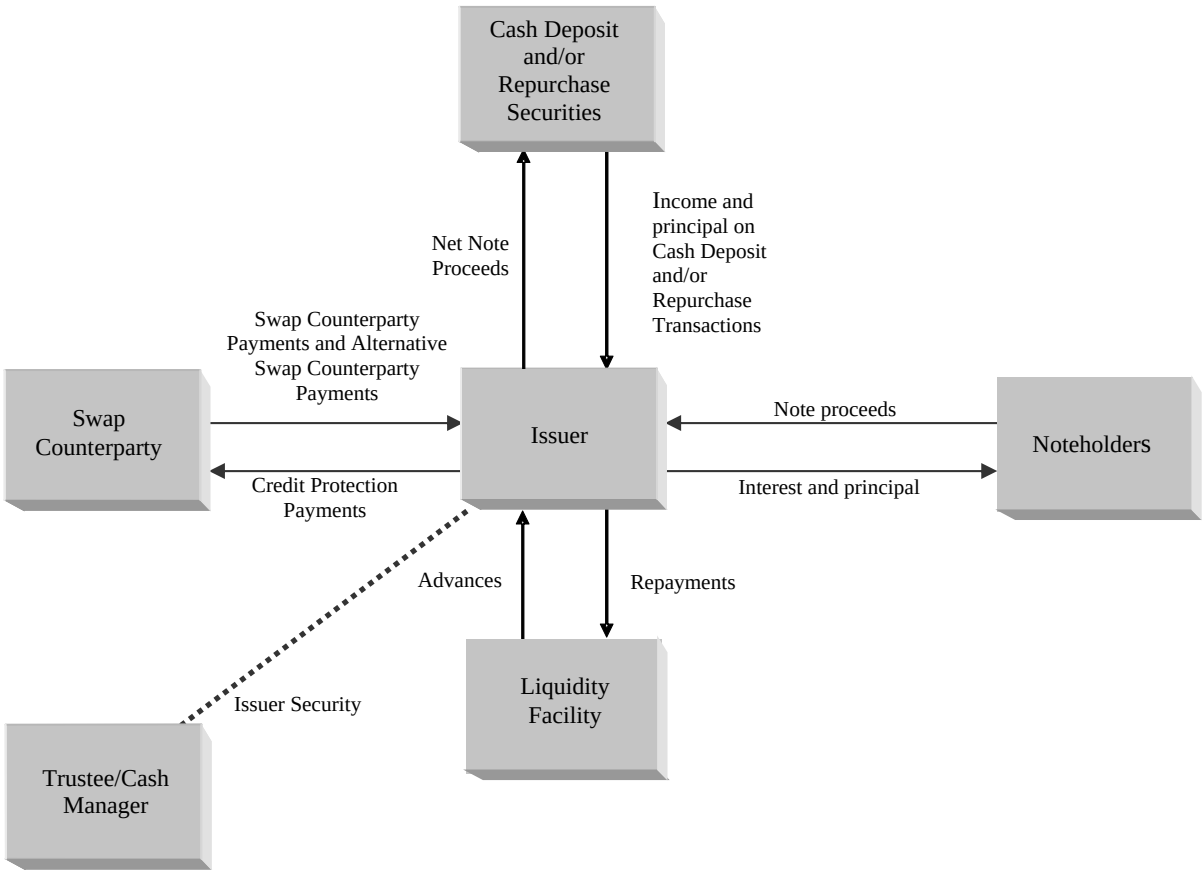
(b) security, over all of its rights, in and to the Cash Deposit Account, the Custody Securities Account and any of its other bank accounts (except the Issuer Share Capital Account) and all monies and collateral standing to the credit thereof.

For the avoidance of doubt, the Issuer has no proprietary interest in the Property Portfolio or in the Reference Obligations or their Related Security and so such assets are not included within the provisions of the Issuer Deed of Charge.

The Issuer Deed of Charge will determine the Post-Enforcement Priority of Payments, such priority of payments regulating the payment of the Issuer's various obligations following the occurrence of a Note Event of Default.

For further information about the security granted by the Issuer, see "*Transaction Documents - The Issuer Deed of Charge*" on page 342.

TRANSACTION STRUCTURE DIAGRAM



KEY TRANSACTION PARTIES

The Note Related Parties

Issuer: JUNO (ECLIPSE 2007-2) LTD (the **Issuer**) is a private limited company incorporated in Ireland with limited liability.

The Issuer's company registration number is 437907 and its registered office is at 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland. The entire issued share capital of the Issuer is held by or on behalf of Structured Finance Management Corporate Services (Ireland) Limited on trust for charitable purposes. The Issuer has been incorporated for the purposes of issuing the Notes, entering into the Credit Default Swap Agreement, the Cash Deposit Agreement and the Repurchase Agreement and undertaking activities ancillary thereto, as described in this Prospectus.

Trustee: BNY Corporate Trustee Services Limited, acting through its office at One Canada Square, London E14 5AL (the **Trustee**) will be appointed pursuant to a trust deed to be entered into on or about the Closing Date by the Issuer and the Trustee (the **Trust Deed**) to represent the interests of the holders of the Notes.

In addition to its obligations under the Trust Deed, the Trustee will be appointed to hold the security granted or created, as the case may be, under the deed of charge and assignment to be entered into on or about the Closing Date by, among others, the Issuer and the Trustee (the **Issuer Deed of Charge**) on behalf of itself and any receiver or other appointee of the Trustee, the Noteholders, the Corporate Services Provider, the Account Bank, the Cash Manager, the Liquidity Facility Provider, the Calculation Agent, the Swap Counterparty, the Repurchase Counterparty, the Master Servicer, the Special Servicer, the Sub Master Servicer, the Sub Special Servicer, the Custodian, the Cash Deposit Bank, the Agent Bank, the Principal Paying Agent, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement (together, the **Issuer Secured Creditors**) and will be entitled to enforce the security granted or created, as the case may be, in its favour under the Issuer Deed of Charge.

Principal Paying Agent and Agent Bank: The Bank of New York, acting through its branch at One Canada Square, London E14 5AL will be appointed to act as principal paying agent and agent bank under the Agency Agreement dated on or about the Closing Date between the Issuer, the Principal Paying Agent and the Agent Bank, among others (in these capacities, the **Principal Paying Agent** and the **Agent Bank**).

Irish Paying Agent: AIB/BNY Fund Management Ireland Limited, acting through its branch at Guild House, Guild Street, International Financial Services Centre, Dublin 1, Ireland will be appointed to act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent**). The Irish Paying Agent, the Principal Paying Agent and any other paying agent or paying agents which may be appointed pursuant to the Agency Agreement are together referred to in this Prospectus as the **Paying Agents**.

Account Bank: The Bank of New York, acting through its branch at One Canada Square, London E14 5AL will act as account bank for the Issuer under the Bank Account Agreement (in this capacity, the **Account Bank**). The Issuer will maintain its bank accounts (other than the Cash Deposit Account) with the Account Bank.

Cash Manager: The Bank of New York, acting through its office at One Canada Square, London E14 5AL (the **Cash Manager**) will provide certain cash management services to the Issuer under the Cash Management Agreement to be dated on or about the Closing Date between the Issuer and the Cash Manager, among others. Such services include the application of funds on behalf of the Issuer in accordance with the Priority of Payment.

Liquidity Facility Provider: Danske Bank A/S, London Branch (the **Liquidity Facility Provider**), acting through its office at 75 King William Street, London EC4N 7DT will make the Liquidity Facility available to the Issuer under the Liquidity Facility Agreement.

Corporate Services Provider: Structured Finance Management (Ireland) Limited (the **Corporate Services Provider**) will provide certain corporate administration and secretarial services to the Issuer under the Corporate Services Agreement.

Share Trustee: Structured Finance Management Corporate Services (Ireland) Limited (the **Share Trustee**) will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of a trust deed dated 22 May 2007 (the **Share Trust Deed**).

Rating Agencies: Fitch, Moody's and S&P.

The ratings assigned to each Class of Notes by the Rating Agencies address the likelihood of full and timely payment to the holders of each Class of Notes of all payments of interest on the Notes on each Note Interest Payment Date and the ultimate repayment of principal on the Notes on or by the Final Maturity Date.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by any one or more of the assigning rating organisations.

Arranger and Lead Manager: Barclays Bank PLC, acting through its office at 1 Churchill Place, London E14 5HP, will act as arranger and lead manager in respect of the issue of the Notes (in each such capacity, the **Arranger** and the **Lead Manager**).

The Reference Obligation Related Parties

Originator: Barclays Bank PLC (in this capacity, the **Originator**) is a public company incorporated in England and Wales with limited liability under registered number 1026167. Its registered office is at 1 Churchill Place, London E14 5HP.

Security Agent: In respect of each Reference Obligation:

(a) Barclays Capital Mortgage Servicing Limited; or

(b) Barclays Bank PLC,

each as security agent or security trustee under the terms of the documents constituting the Related Security (in these capacities, each a **Security Agent** and together, the **Security Agents**). The relevant Security Agent holds all the Related Security granted by the Obligors in respect of the relevant Reference Entity's obligations in respect of each relevant Reference Obligations and is able to take enforcement action in the event that there is a default by a Reference Entity.

Master Servicer and Special Servicer: The Issuer will be appointed on or around the Closing Date by Barclays Bank PLC in its capacity as Holder of the Reference Obligations and by the Security Agents pursuant to the terms of the Servicing Agreement to carry out certain servicing functions on their behalf in connection with the Reference Obligations and the Related Security (in these capacities, the **Master Servicer** and **Special Servicer**) for so long as Barclays Bank PLC remains the Holder of the Reference Obligations.

Sub Master Servicer and Sub Special Servicer: Barclays Capital Mortgage Servicing Limited, acting through its offices at 1 Churchill Place, London E14 5HP, will be appointed by the Master Servicer and the Special Servicer to discharge their respective functions under the Servicing Agreements (in such capacities, the **Sub Master Servicer** and the **Sub Special Servicer**, respectively and together, the **Sub Servicers**), such delegation also occurring under the Servicing Agreement.

The Sub Master Servicer and the Sub Special Servicer will continue to act in such capacities only if and for so long as the Issuer continues to act as the Master Servicer and Special Servicer. Accordingly, if the appointment of the Master Servicer and the Special Servicer is terminated because Barclays Bank PLC has ceased to be the Holder of the Reference Obligations, the appointment of the Sub Master Servicer and the Sub Special Servicer shall also be terminated.

Barclays Capital Mortgage Servicing Limited has a servicer rating of "CPS2-UK" from Fitch and "Above Average, Outlook: Stable" from S&P.

Finance Parties: The **Finance Parties** under and as prescribed in any Credit Agreement in relation to a Reference Obligation, including the Holder from time to time under that Credit Agreement and each Security Agent.

The Credit Default Swap and Collateral Related Parties

Swap Counterparty: Barclays Bank PLC whose registered office is at 1 Churchill Place, London E14 5HP, will be the swap counterparty (in such capacity, the **Swap Counterparty**) in respect of each Credit Default Swap.

For further information about the Swap Counterparty, see "*Originator/Swap Counterparty*" on page 362.

Calculation Agent: Barclays Capital Mortgage Servicing Limited, acting through its office at 1 Churchill Place, London E14 5HP, will be appointed as the calculation agent (in such capacity, the **Calculation Agent**) under the terms of each Credit Default Swap.

For further information about the Calculation Agent, see "*The Credit Default Swaps – Calculation and Payment of a Cash Settlement Amount*" on page 320.

Cash Deposit Bank: Barclays Bank PLC, will be appointed as the cash deposit account bank (in such capacity, the **Cash Deposit Bank**) in relation to the cash deposit account to be opened with the Cash Deposit Bank in the name of the Issuer (the **Cash Deposit Account**) in accordance with the terms of a cash deposit agreement (the **Cash Deposit Agreement**) between the Cash Deposit Bank, the Issuer, the Cash Manager and the Trustee.

For further information about the Cash Deposit Bank, see "*The Collateral Arrangements – The Cash Deposit Arrangements*" on page 331.

Repurchase Counterparty:	Barclays Bank PLC, acting through its office at 1 Churchill Place, London E14 5HP, will be appointed on or after the Closing Date as the repurchase counterparty (in such capacity, the **Repurchase Counterparty**) under the terms of a repurchase agreement (the **Repurchase Agreement**) between the Issuer and the Repurchase Counterparty.
Custodian:	The Bank of New York, acting through its London branch at One Canada Square, London E14 5AL, will be appointed on or after the Closing Date as the custodian of the Repurchase Securities (the **Custodian**) under the terms of a custody agreement (the **Custody Agreement**) between the Issuer, the Custodian, the Account Bank, the Calculation Agent and the Trustee. For further information about the Custodian, see "*The Collateral Arrangements – Custodian of the Repurchase Securities*" on page 335.

RELEVANT DATES AND PERIODS

Cut-Off Date: The Cut-Off Date is, as described above, 15 February 2007. The Cut-Off Date is the date on which much of the information relating to the Reference Obligations, the Related Security and the Properties set out in this Prospectus is presented.

Closing Date: The Notes will be issued on or about 30 May 2007 (or such later date as the Issuer may agree with the Lead Manager and the Arranger) (the **Closing Date**).

Reference Obligation Interest Payment Dates: Each of the Reference Obligations provides that payment of quarterly instalments of interest and repayment of principal (if applicable) are due:

(a) in respect of the Obelisco Portfolio Reference Obligation, on 31 March, 30 June, 30 September and 31 December of each year;

(b) in respect of the Keops Portfolio Reference Obligation, on 15 January, 15 April, 15 July and 15 October of each year; and

(c) in respect of the Neumarkt Reference Obligation, the Petersbogen Reference Obligation, the Pyrus Portfolio Reference Obligation, the Ostend Reference Obligation, the Senior Den Tir Reference Obligations, the Junior Den Tir Reference Obligation, the CEPL Levallois Reference Obligation, the Nordhausen Reference Obligation, the Le Croissant Reference Obligation, the Monheim Reference Obligation, the SCI Clichy Reference Obligation, the Senior Monaco Reference Obligation, the Junior Monaco Reference Obligation, the Prins Boudewijn Reference Obligation and the Seaford Portfolio Reference Obligation, on 10 February, 10 May, 10 August and 10 November of each year,

subject, in each case, to a business day convention as prescribed in the relevant Credit Agreement (the **Reference Obligation Interest Payment Date**).

Reference Obligation Interest Period: Interest accrues on a Reference Obligation from and including a Reference Obligation Interest Payment Date up to but excluding the next succeeding Reference Obligation Interest Payment Date (each, a **Reference Obligation Interest Period**).

Note Interest Payment Date: The Notes provide for payment of quarterly instalments of interest in arrear in euro. Such payments are due on 20 February, 20 May, 20 August and 20 November in each year. There are no scheduled repayments of principal due in respect of the Notes prior to the Final Maturity Date.

If, however, any such day is not a Business Day, payments will be made on the next Business Day in that calendar month (if there is one) or the preceding Business Day (if there is not) (each such date a **Note Interest Payment Date** and together the **Note Interest Payment Dates**). **Business Day** means any day other than a Saturday or Sunday, on which commercial banks and foreign exchange markets are open for general business in London and Dublin and which is also a TARGET Business Day.

TARGET Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System is open.

Note Calculation Date: Three Business Days prior to each Note Interest Payment Date (each such day, a **Note Calculation Date**) the Cash Manager will, based on information received from the Calculation Agent, perform calculations in respect of the immediately preceding Collection Period and payments to be made to, among others, the holders of the Notes (the **Noteholders**), as more fully described in the Terms and Conditions of the Notes, in accordance with the relevant Priority of Payments on that Note Interest Payment Date.

Collection Period: Amounts available for payment of interest on the Notes on any Note Interest Payment Date and for payment of all liabilities ranking senior to the Notes will be made from:

(a) the Swap Counterparty Payments or Alternative Swap Counterparty Payments and any termination payments, which (save for the Swap Counterparty Payments payable in advance under circumstances where the Swap Counterparty has ceased to have the Swap Counterparty Required Ratings) are to be received by the Issuer from the Swap Counterparty on the Business Day prior to each Note Interest Payment Date;

(b) the Cash Deposit Income Payments, which are to be received by the Issuer from the Cash Deposit Bank on the Business Day prior to each Note Interest Payment Date;

(c) the Repurchase Income Payments, which are to be received by the Issuer from the Repurchase Counterparty on the Business Day prior to each Note Interest Payment Date; and

(d) any Liquidity Drawings by the Issuer under the Liquidity Facility Agreement on or immediately prior to that Note Interest Payment Date, in the event that amounts are available to be drawn for such purposes in accordance with the terms of the Liquidity Facility Agreement.

Each collection period (the **Collection Period**) will:

(a) relate to the Note Interest Payment Date immediately following such Collection Period;

(b) start from (and include) the preceding Calculation Date (or in the case of the first Collection Period, the Closing Date); and

(c) end on (but exclude) the Calculation Date that occurs in the same month as the Note Interest Payment Date to which the Collection relates.

Swap Calculation Date:	Three Business Days prior to each Note Interest Payment Date (each such day, a **Swap Calculation Date**) the Calculation Agent will perform calculations in respect of each Credit Default Swaps.
Swap Calculation Period:	Each period from (and including) a Swap Calculation Date to (but excluding) the next following Swap Calculation Date.

KEY CHARACTERISTICS OF THE REFERENCE ENTITIES AND THE REFERENCE PORTFOLIO

The Reference Obligations:

Each Reference Obligation constitutes a full recourse obligation of the relevant Reference Entity. With the exception of the Junior Den Tir Reference Obligation, each Reference Obligation is secured by, among other things, a mortgage over all of the relevant Obligor's interests in the relevant Property or Properties and security over the rental income (or, in the case of the Keops Portfolio Reference Obligation, over the rental income of the twenty highest rental income generating Tenants) (the **Rental Income**), specified bank accounts and insurance policies in respect of the Property or Properties, as well as over the equity interests in the relevant Reference Entity. The Junior Den Tir Reference Obligation is, as described above, secured on the share capital of the relevant Reference Entity and certain receivables owing to it.

The Issuer will have no proprietary interest in the Reference Obligations or contractual link with the Reference Entities but may, nonetheless, be required to pay a Credit Protection Payment Amount following the occurrence of a Credit Event.

The Reference Entities:

The Reference Entities take a variety of forms and are organised in Sweden, Germany, Belgium, Italy, France, Luxembourg, the British Virgin Islands, Guernsey and Malta.

The Reference Entities are, generally, subject to restrictions in terms of their activities, the source of such restrictions being constitutional in nature, contractual in nature or both. As a result of such restrictions, the activities of the Reference Entities are generally limited to the ownership, development, management and letting of the relevant Property or Properties and entering into of related financing arrangements and accordingly the Reference Entities are limited purpose entities or LPEs, though these restrictions do not apply to certain of the Reference Entities.

Properties:

As at the Cut-Off Date, the Property Portfolio comprised 206 Properties of which:

(a) 171 Properties are located in Sweden;

(b) 16 Properties are located in Germany;

(c) 12 Properties are located in Italy;

(d) 4 Properties are located in Belgium;

(e) 2 Properties are located in France; and

(f) 1 Property is located in Monaco.

As at the Cut-Off Date, in the Property Portfolio:

(a) 88 Properties (representing 51.5 per cent. of the aggregate value of the Property Portfolio) are office properties;

(b) 43 Properties (representing 4.9 per cent. of the aggregate value of the Property Portfolio) are industrial properties;

(c) 29 Properties (representing 32.7 per cent. of the aggregate value of the Property Portfolio) are retail properties;

(d) 19 Properties (representing 5.0 per cent. of the aggregate value of the Property Portfolio) are warehouse properties;

(e) 10 Properties (representing 4.4 per cent. of the aggregate value of the Property Portfolio) are residential properties;

(f) 9 Properties (representing 1.0 per cent. of the aggregate value of the Property Portfolio) are mixed–use Properties;

(g) 2 Properties (representing 0.3 per cent. of the aggregate value of the Property Portfolio) are hotels; and

(h) 6 Properties (representing 0.2 per cent. of the aggregate value of the Property Portfolio) are used for other purposes.

The Reference Obligations were originated by the Originator between 11 January 2006 and 21 December 2006.

In connection with the origination of the Reference Obligations, the Originator undertook certain due diligence procedures such as would customarily be undertaken by a prudent lender making loans secured on commercial properties of the relevant type and located in the relevant country. The purpose of undertaking such due diligence procedures was to evaluate the Reference Entity's ability to service the relevant Reference Obligations and the quality of the Property Portfolio in terms of its ability to generate Property Proceeds.

For further information about the Reference Obligations, the Reference Entities and the Properties, see "*The Reference Portfolio and the Related Security – Diligence in connection with the Reference Obligations*" on page 209.

The following is a summary of certain characteristics of the Reference Portfolio as at the Cut-Off Date:

Reference Obligation	**Cut-Off Date Securitised Principal Balance (€)**	**Cut-Off Date ICR**	**Cut-Off Date DSCR**	**Cut-Off Date LTV**	**Maturity LTV**	**Remaining Estimated Term to Maturity (Years)**
Keops Portfolio[1]	249,822,580	1.99x	1.49x	76.5%	71.0%	4.67
Neumarkt	122,312,500	1.51x	1.51x	69.0%	69.0%	6.49
SCI Clichy	112,712,020	1.65x	1.65x	76.5%	76.5%	4.74
Obelisco Portfolio	89,000,000	2.30x	2.30x	38.8%	38.8%	8.88
Petersbogen	73,910,000	1.60x	1.26x	70.4%	65.7%	6.74
Pyrus Portfolio	36,327,000	1.51x	1.33x	67.3%	63.2%	7.74
Senior Den Tir and Junior Den Tir	30,900,000	1.31x	1.13x	80.6%	72.4%	9.24

Ostend	27,748,000	1.63x	1.14x	76.0%	65.7%	6.49
CEPL Levallois	23,980,188	1.53x	1.53x	72.9%	72.9%	4.74
Nordhausen	22,242,995	1.70x	1.19x	76.7%	58.0%	9.49
Le Croissant	20,650,000	1.24x	1.24x	84.1%	77.1%	6.74
Monheim	17,638,000	1.65x	1.30x	81.3%	74.2%	5.49
Senior Monaco and Junior Monaco	16,300,000	1.00x	1.00x	76.9%	76.9%	4.49
Prins Boudewijn	13,200,000	1.40x	1.01x	71.9%	63.2%	7.99
Seaford Portfolio	12,735,632	1.64x	1.30x	66.7%	59.1%	7.49
Total	**869,478,915**	**1.74x**	**1.51x**	**70.8%**	**67.0%**	**6.17**

[1] ICR and DSCR figures in this Prospectus for the Keops Portfolio Reference Obligation are calculated on an annualised basis on Net Rents (deducting irrecoverables) rather than Gross Rents as determined under the related Credit Agreement (which results in an ICR of 2.99x and a DSCR of 2.24x respectively).

The **Cut-Off Date Securitised Principal Balance** is the principal balance of the Reference Obligations as at the Cut-Off Date.

The following is a summary of certain characteristics of the Property Portfolio as at the Cut-Off Date:

Reference Obligation	Valuation € of Properties as at Date of Valuation	Net Rent (€ p.a.)	Estimated Net Rental Value (ERV) (€ p.a.)	Weighted Average Cut-Off Date Net Yield	Net Internal Area (sqm)
Keops Portfolio	326,437,450	22,968,363	24,179,344	7.04%	896,010
Obelisco Portfolio	229,100,000	8,241,875	16,996,679	3.60%	163,955
Neumarkt	177,165,390	8,764,233	9,760,641	4.95%	31,919
SCI Clichy	147,400,000	9,054,210	8,784,797	6.14%	32,661
Petersbogen	105,000,000	5,799,024	5,563,944	5.52%	33,452
Pyrus Portfolio	53,990,000	2,756,056	2,709,436	5.10%	65,590
Senior Den Tir and Junior Den Tir	38,350,000	2,182,520	2,315,375	5.69%	13,096
Ostend	36,500,000	2,273,143	2,119,682	6.23%	16,631
CEPL Levallois	32,900,000	1,760,615	2,036,496	5.35%	6,155
Nordhausen	29,000,000	2,005,067	2,026,470	6.91%	19,819
Le Croissant	24,550,000	1,220,677	1,136,932	4.97%	6,169
Monheim	21,700,000	1,596,274	1,596,274	7.36%	11,984
Senior Monaco and Junior Monaco	21,200,000	785,560	718,770	3.71%	872
Seaford Portfolio	19,100,000	1,255,839	1,241,309	6.58%	15,629
Prins Boudewijn	18,350,000	951,188	1,165,032	5.18%	9,804
Total/Weighted Average	**1,280,742,840**	**71,614,643**	**82,351,180**	**5.80%**	**1,323,747**

Reference Obligations	Percentage of Cut-Off Date Securitised Principal
Keops Portfolio	28.7%
Neumarkt	14.1%
SCI Clichy	13.0%
Obelisco Portfolio	10.2%
Petersbogen	8.5%
Pyrus Portfolio	4.2%
Ostend	3.6%
Senior Den Tir and Junior Den Tir	3.2%
CEPL Levallois	2.8%
Nordhausen	2.6%
Le Croissant	2.4%
Monheim	2.0%
Senior Monaco and Junior Monaco	1.9%
Prins Boudewijn	1.5%
Seaford Portfolio	1.5%
Total	**100.0%**

Valuation: In relation to each Reference Obligation (with the exception of the Junior Den Tir Reference Obligation, which, as described above, is secured by a share pledge and a receivables pledge), as a condition precedent to making an advance to the relevant Reference Entity, the Originator obtained an independent valuation of the relevant Property or Properties constituting security for that Reference Obligation (each, a **Valuation** and together, the **Valuations**). In this Prospectus, the **Valuer** means the valuer in respect of each Valuation, as applicable.

The circumstances in which additional valuations will be obtained for Reference Obligations are limited. Unless stated otherwise in this Prospectus, all valuation amounts in relation to the Reference Obligations are based on the Valuations obtained on or before the origination date of the relevant Reference Obligation.

All references to valuations (including related concepts, such as LTVs and property values) are references to, or are taken from, references in, the Valuations, unless otherwise specified.

For further information about the Valuations, see "*The Reference Portfolio and the Related Security*" on page 201.

Related Security: As security for the repayment of each Reference Obligation (other than the Junior Den Tir Reference Obligation, the security arrangements in respect of

which have been described above), the relevant Obligor or Obligors and the relevant Security Agent have, on or about the closing date in respect of the relevant Reference Obligation (each, a **Reference Obligation Closing Date** and, together, the **Reference Obligation Closing Dates**), entered into one or more security agreements (each, a **Security Agreement** and, together, the **Security Agreements**). Pursuant to the Security Agreements, the relevant Obligor has generally granted security in respect of the relevant Property or Properties and all related interests and assets including, but not limited to:

(a) a mortgage over its interests in the relevant Property or Properties;

(b) security over the rights and claims relating to the Occupational Leases and Rental Proceeds and certain other receivables;

(c) security over the Reference Entity Accounts; and

(d) security over rights and claims under insurance policies relating to the relevant Property or Properties.

The precise security arrangements for the Reference Obligations vary from case to case, and not all elements of the security package described above have been obtained in respect of each Reference Obligation.

With respect to the mortgages granted in relation to certain of the Reference Obligations, such mortgages are registered and therefore perfected only in respect of a portion of the principal amount of such Reference Obligations (the **Partially Registered Mortgages**), as further described in this Prospectus. Under the terms of these Reference Obligations, the mortgage may be registered in respect of the remaining principal amount of such Reference Obligation either upon the occurrence of specified trigger events or at the discretion of the relevant Security Agent, depending on the terms of the Reference Obligations in question. The costs of undertaking such registration have, in respect of certain of the Reference Obligations, been reserved and are held by or to the order of the relevant Security Agent.

For further information on the security arrangements for each Reference Obligation, see "*The Reference Portfolio and the Related Security*" on page 201.

The Related Security in respect of the Reference Obligations may include, where relevant for a particular Reference Obligation and in accordance with the laws of the jurisdiction in which the relevant Property is located, the benefit of the following:

(a) a duty of care letter entered into by the relevant Reference Entity or Obligor, as applicable, the relevant Security Agent and the independent managing agent or agents appointed by the relevant Reference Entity in respect of a relevant Property or Properties (each, a **Duty of Care Agreement** and together, the **Duty of Care Agreements**); and

(b) security over all of the shares or other ownership interests of an Obligor.

In addition, in relation to Reference Obligations where the Reference Entity has additional indebtedness over and above the Reference Obligation, the Related Security includes a subordination agreement under which such other

indebtedness is typically contractually subordinated to the debt owed by the relevant Reference Entity in respect of the relevant Reference Obligation (each, a **Subordination Agreement** and together, the **Subordination Agreements**).

Certain of the Reference Obligations represent a portion of a whole loan (the **Tranched Reference Obligations**. The Tranched Reference Obligations fall into two categories:

(a) the Tranched Reference Obligations which represent the senior portion of a whole loan, there being a related junior portion; and

(b) the Tranched Reference Obligations which represent both a senior and *pari passu* portion of a whole loan, there being a related junior portion and *pari passu* portion. Only the Keops Portfolio Reference Obligation falls into this category of Tranched Reference Obligation.

The junior and *pari passu* portions of Tranched Reference Obligations will be held by the Originator or third party lenders (the **Additional Lenders**). Where this is the case, the Holder of the Reference Obligation has or will enter into a contractual intercreditor agreement with the relevant Additional Lenders, in order to regulate their respective rights and obligations and to ensure that the Additional Lenders are, where relevant, subordinated in terms of their rights to receive payment in the event of a default occurring in respect of the relevant Reference Obligations (each an **Intercreditor Agreement** and together, the **Intercreditor Agreements**).

For further information about the Intercreditor Agreements, see "*The Intercreditor Agreements*" on page 220.

Interest rates: All of the Reference Obligations (other than the Keops Portfolio Reference Obligation, the Monheim Reference Obligation and the Seaford Portfolio Reference Obligation) provide for the relevant Reference Entity to pay a fixed rate of interest on the principal amount outstanding.

The Keops Portfolio Reference Obligation and the Seaford Portfolio Reference Obligation (together, the **Floating Rate Reference Obligations**) provide for the relevant Reference Entities to pay a floating rate of interest on the principal amount outstanding. In order to mitigate the risks of an increase in the floating rate of interest, the Keops Portfolio Reference Entity has entered into an interest rate cap agreement, which will commence on 15 January 2008. The floating rate of interest of the Seaford Portfolio Reference Obligation is collared contractually under the related Credit Agreement. The Monheim Reference Obligation provides for the relevant Reference Entity to pay a part fixed and part floating rate of interest, which again, is contractually collared under the related Credit Agreement. Interest in respect of each Reference Obligation is, in each case, calculated in accordance with the relevant Credit Agreement.

Repayment: Certain of the Credit Agreements require the relevant Reference Entity to make scheduled repayments of principal prior to final maturity. To the extent not repaid or prepaid earlier, all the Reference Obligations are repayable in full at their respective maturity dates (each such date, a **Reference Obligation Maturity Date**) (except in the case of the Le Croissant Reference Obligation which allows for the Reference Entity to extend the term of the Le Croissant Reference Obligation for two additional successive one year periods, the Monaco Reference Obligations which allow for the Reference

Entities to extend the relevant Reference Obligation Maturity Dates by up to 24 months and the Obelisco Portfolio Reference Obligation which allows the relevant Reference Obligation Maturity Date to be extended by relevant Reference Entity by up to three years, subject to the satisfaction of certain conditions), together with all amounts owing in respect of such Reference Obligation.

Voluntary prepayment: Each Reference Obligation may be prepaid by the relevant Reference Entity in whole or in part (but if in part, in a minimum amount specified in the relevant Credit Agreement) on any Reference Obligation Interest Payment Date, upon giving a minimum number of days prior notice to the Holder and/or the Security Agent. Amounts prepaid may not be redrawn (except in relation to the Keops Portfolio Reference Obligation where the relevant Credit Agreement provides that a portion of the available amounts (being SEK300,000,000) may be repaid and redrawn (the **Keops Revolving Element**).

Mandatory prepayment: Prepayment of a Reference Obligation (in whole or in part) must or (as described in paragraph (c) below) may be made in certain circumstances (in each case as set out in the relevant Credit Agreement), including the following:

(a) if the Holder (or the relevant Security Agent) notifies the relevant Reference Entity that it is unlawful in any jurisdiction for such Holder to perform any of its obligations under a Finance Document or to fund or maintain its share in the Reference Obligation;

(b) in the case of certain of the Reference Obligations, on the occurrence of a change of control of the relevant Reference Entity or, in certain cases, its shareholder (although in the case of certain other Reference Obligations, a change in control may be a Reference Obligation Event of Default, rather than giving rise to mandatory requirement to prepay); or

(c) on the sale or disposal of a Property or Properties save in respect of certain Reference Obligations, where the relevant Credit Agreement allows for the disposal of Properties and their substitution with other Properties, subject to the terms of the relevant Credit Agreement.

In the event of prepayment of all or part of a Reference Obligation in any of the above circumstances, prepayment fees will be payable by the relevant Reference Entity, unless the terms under which a Reference Obligation has been made does not require the payment of a prepayment fee in certain circumstances.

Finance Documents includes, in relation to a Reference Obligation, any Credit Agreement, any Security Agreement, any Subordination Agreement, any Transfer Certificate (other than in respect of a Transfer Certificate to a junior lender in respect of the junior portion of a whole loan or, in the case of the Keops Portfolio Reference Obligation, the junior portion and *pari passu* portion of the whole loan), any Duty of Care Agreement, any Share Charge, any Fee Letter (as defined in the relevant Credit Agreement) and any other document designated as such by the parties to any Credit Agreement in accordance with the terms thereof (each, a **Finance Document**).

The Finance Documents relating to a specific Reference Obligation are referred to in this Prospectus as relevant Finance Documents. In relation to a

Finance Document, **Finance Party** generally means a Holder or the relevant Security Agent, though other entities may be included.

Further advances: No Holder is required or entitled to make any further advance of principal to any Reference Entity under the terms of any of the Credit Agreements (except in relation to the Keops Portfolio Reference Obligation where the relevant Credit Agreement specifically permits this in relation to the Keops Revolving Element). Additionally, the Servicing Agreement does not permit the relevant Servicer to agree to an amendment of the terms of a Credit Agreement that would require a Holder to make a further advance of principal to any Reference Entity without, among other things, confirmation from the Rating Agencies that the same would not have a material adverse effect on the then current ratings of the Notes.

However, to the extent that a Credit Agreement does not prohibit a Holder from paying sums due from the Reference Entity to third parties, in the event that the Reference Entity fails to do so, a Servicer or Sub Servicer may pay such amounts to the relevant third parties, thereby increasing the amount owed by the Reference Entity to such Holder, by making a protection advance (a **Reference Obligation Protection Advance**). If the Swap Counterparty is the Holder of a Reference Obligation and the Issuer is the Servicer of such Reference Obligation, the Issuer may request a drawing under the Liquidity Facility Agreement to fund the making by it or by a Sub Servicer of a Reference Obligation Protection Advance. The Swap Counterparty shall in such circumstances, subject to the terms of the relevant Credit Default Swap, make additional liquidity related payments to the Issuer as described in this Prospectus to enable the Issuer to repay such liquidity drawings to the Liquidity Facility Provider. Any such payment shall not, however, result in an increase in the Swap Notional Amount of the related Credit Default Swap.

For further information about Reference Obligation Protection Advances and the circumstances under which they may be made, see "*Servicing – Reference Obligation Protection Advances*" on page 355.

Insurance: Each Reference Entity or Security Grantor has generally undertaken pursuant to the relevant Credit Agreement, to maintain insurance in respect of the relevant Property or Properties on a full reinstatement value basis, including not less than three years' loss of rent on all Occupational Leases (though in some cases, loss of rent coverage is required for either a two year period or in one case, a one year period) together with insurance against acts of terrorism, where such insurance is generally available in the insurance market of the relevant jurisdiction on commercially reasonable terms, and to procure that the relevant Security Agent is named as co-insured or that the relevant Security Agent's interests are noted on all relevant Insurance Policies.

All insurances required under the Credit Agreements must be with an insurance company or underwriter that is acceptable to the Holder or which complies with minimum ratings requirements specified in the Credit Agreement.

Reference Obligation Eligibility Criteria: Pursuant to the terms of the Credit Default Swap Confirmations, each Reference Obligation must comply, in terms of its qualities and characteristics, with certain eligibility criteria (the **Reference Obligation Eligibility Criteria**). Where a Reference Obligation does not comply in all material respects with the Reference Obligation Eligibility Criteria, the Swap Counterparty will not be entitled to receive any Credit Protection Payment

Amount under the relevant Credit Default Swap, notwithstanding the occurrence of a Credit Event, save where such non-compliance can be, and has been, remedied within a specified time period or the reason for such non-compliance has been specifically described in this Prospectus.

See "*The Credit Default Swaps – Reference Obligation Eligibility Criteria*" on page 317.

KEY CHARACTERISTICS OF THE NOTES

Notes: The Notes will comprise:

(a) €677,250,000 Class A Floating Rate Notes due November 2022;

(b) €600,000 Class X Floating Rate Notes due November 2022;

(c) €69,150,000 Class B Floating Rate Notes due November 2022;

(d) €74,300,000 Class C Floating Rate Notes due November 2022;

(e) €40,900,000 Class D Floating Rate Notes due November 2022; and

(f) €5,750,000 Class E Floating Rate Notes due November 2022.

The Notes will be constituted pursuant to the Trust Deed. The Notes of each Class will rank *pari passu* and rateably and without any preference among themselves.

Status and priority: Following the occurrence of a Note Event of Default and following service of an Acceleration Notice, payments of interest and repayments of principal in respect of the Class A Notes will rank ahead of payments of interest in respect of the Class X Notes (although principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account) and ahead of payments of interest and repayments of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest in respect of the Class X Notes (although principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account) will rank ahead of payments of interest on the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest and repayments of principal in respect of the Class B Notes will rank ahead of payments of interest and repayments of principal in respect of the Class C Notes, the Class D Notes and the Class E Notes. Payments of interest and repayments of principal in respect of the Class C Notes will rank ahead of payments of interest and repayments of principal in respect of the Class D Notes and the Class E Notes. Payments of interest and repayments of principal in respect of the Class D Notes will rank ahead of payments of interest and repayments of principal in respect of the Class E Notes. Certain amounts, being the Class X Additional Amounts, will be payable only to the holder of the Class X Notes.

Notwithstanding the above, the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be entitled to receive both sequential and *pro rata* distribution of principal subject to and in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

The Class X Notes will not be redeemed on any Note Interest Payment Date unless all the other Classes of Notes are being redeemed pursuant to **Condition 6** (*Redemption*). Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest and repayments of principal in respect of the Notes will be paid in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

For further information about payments of interest on and repayment of principal of the Notes, see "*Cashflows*" on page 347.

Form of the Notes: Each Note is being offered either:

(a) outside the United States in reliance on Regulation S to non-U.S. Persons or

(b) within the United States or to U.S. Persons who are both QIBs and QPs in reliance on Rule 144A (or in the case of the initial sale from the Issuer to the Managers, in reliance on Section 4(2) of the Securities Act).

The Notes of each Class offered and sold in the United States in reliance on Rule 144A will initially be represented by one or more Rule 144A Global Notes in respect of such Class, in fully registered form, which will be deposited with, and registered in the name of, or a nominee of, the Common Depositary, for the account of Euroclear and Clearstream, Luxembourg. The Notes of each Class offered and sold outside the United States to non-U.S. Persons in reliance on Regulation S will initially be represented by one or more Regulation S Global Notes in respect of such Class, in fully registered form, which will be deposited with, and registered in the name of, or a nominee of, the Common Depositary, for the account of Euroclear and Clearstream, Luxembourg.

For so long as the Notes are represented by Global Notes and the rules of Euroclear and Clearstream, Luxembourg, as applicable, so permit, the Notes will be tradeable in minimum nominal amounts of €50,000 and integral multiples of €1,000 in excess thereof. However, there will be certain restrictions in respect of holdings above a multiple of €50,000 in nominal amount.

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

Class	**Fitch**	**Moody's***	**S&P**
Class A Notes	AAA	Aaa	AAA
Class X Notes	AAA	Aaa	AAA
Class B Notes	AA	Aa3	AA
Class C Notes	A	NR	A
Class D Notes	BBB	NR	BBB
Class E Notes	BB	NR	BB

*Moody's ratings address the expected loss in proportion to the initial principal amount experienced by investors by the Final Maturity Date.

The ratings from the Rating Agencies address only the likelihood of timely receipt by any Noteholder of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of principal on any date prior to the Final Maturity Date.

The ratings from the Rating Agencies do not address the likelihood of receipt by any Class X Noteholder of any Class X Additional Amounts in respect of the Class X Notes.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by one or more of the assigning rating organisations.

The ratings of the Notes are dependent upon, among other things, the short-term, unsecured, unguaranteed and unsubordinated debt ratings of the Swap Counterparty, the Liquidity Facility Provider, the Account Bank, the Cash Deposit Bank, the Repurchase Counterparty and the Custodian. A qualification, downgrade or withdrawal of any such ratings by a Rating Agency may have an adverse effect on the ratings of the Notes.

Listing: Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange.

Liquidity Facility: On or before the Closing Date, the Issuer, the Trustee and the Liquidity Facility Provider, among others, will enter into an agreement (the **Liquidity Facility Agreement**) pursuant to which the Liquidity Facility Provider will make available to the Issuer a credit facility which the Issuer can draw on to fund certain shortfalls in available funds resulting from the Swap Counterparty not being required to make Swap Counterparty Payments in accordance with the terms of the Credit Default Swap Agreement, to discharge liabilities which the Issuer may have to third parties, other than Noteholders, or to fund the making of Reference Obligation Protection Advances.

For further information about liquidity, see "*Liquidity Facility Agreement*" on page 338.

Limited Recourse: The Notes are limited recourse obligations of the Issuer only and, accordingly, any claims which Noteholders or any of them may have against the Issuer will be limited to the value of the Issuer Security or the relevant portion thereof. The proceeds of realisation of the Issuer Security may, after paying or providing for all prior-ranking claims, be less than the sums due to Noteholders or certain of the Noteholders. Under such circumstances, any claims of Noteholders will be extinguished.

For further information about the security interests granted in respect of the Notes, see "*Cashflows*" on page 347.

Final redemption: Unless previously redeemed and/or written down in full and cancelled in full, the Notes will mature on the Final Maturity Date.

Mandatory redemption – Prepayment and repayment: Upon the occurrence of a prepayment or repayment in respect of a Reference Obligation, the Swap Notional Amount of the related Credit Default Swap will be reduced by an amount equivalent to the amount of such prepayment or repayment. Such a reduction will take place in accordance with the terms of the relevant Credit Default Swap Confirmation.

On the next Note Interest Payment Date after any such reduction of the Swap Notional Amount of any Credit Default Swap, if the Collateral is in the form of the Cash Deposit at that time, there will be a release of an amount equivalent to such reduction from the Cash Deposit (the **Cash Deposit Release Amount**). If at that time the Collateral is held in the form of Repurchase Securities, on the maturity of the outstanding Repurchase Transaction, the Issuer will release an amount of the proceeds such Repurchase Transaction equal to the reduction in the Swap Notional Amount (the **Repurchase Release Amount**). The Cash Deposit Release Amount or

the Repurchase Release Amount, as applicable, will in turn be applied in redemption on such Note Interest Payment Date of the Notes either fully sequentially or *pro rata*, depending on which of the Reference Obligations has been subject to a prepayment or repayment, the Reference Obligations being categorised for these purposes as Category A Reference Obligations, Category B Reference Obligations and Category C Reference Obligations, as described further below. Such applications will be made in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

It is intended that the release of the Cash Deposit Release Amounts and Repurchase Release Amounts upon a prepayment or repayment of a Reference Obligation and the corresponding redemption of the Notes would be substantially similar to a redemption of the Notes had the Issuer purchased the Reference Obligations on the Closing Date.

Mandatory redemption following a Credit Protection Payment:

Upon the payment of a Credit Protection Payment Amount by the Issuer on any Note Interest Payment Date:

(a) an amount equal to the relevant Credit Protection Payment Amount will be written-down in respect of the Principal Amount Outstanding of the Notes in reverse sequential order from the most junior to the most senior Class of Notes; and

(b) if the Credit Event giving rise to the Credit Protection Payment being made was either a Failure to Pay Credit Event or a Bankruptcy Credit Event, then the amount equal to the difference between the Swap Notional Amount of the relevant Credit Default Swap and the relevant Credit Protection Payment Amount will either (i) if the Collateral is held in the form of the Cash Deposit at that time, be released from the Cash Deposit and applied to redeem the Notes or (ii) if the Collateral is held in the form of Repurchase Securities at that time, be released from the proceeds of the Repurchase Transaction maturing prior to the relevant Note Interest Payment Date and be applied to redeem the Notes, in each case, on the relevant Note Interest Payment Date in accordance with **Condition 6.4** (*Mandatory redemption in part from Redemption Funds*).

Mandatory redemption – Termination of Credit Default Swap:

(a) In the event that there is an early termination of a Credit Default Swap on an Early Termination Date in circumstances where a Credit Event in respect of the relevant Reference Obligation or Reference Entity has not occurred (unless the Early Termination Date was caused as a result of a Swap Counterparty Default Event) or on a Swap Call Date, an Eligibility Criteria Failure Termination Date, or an Information Failure Termination Date: (i) if the Collateral is held in the form of the Cash Deposit at that time, an amount equal to the Swap Notional Amount of that Credit Default Swap will be released from the Cash Deposit and applied to redeem the Notes or (ii) if the Collateral is held in the form of Repurchase Securities at that time, an amount of the proceeds of the Repurchase Transaction maturing prior to the relevant Note Interest Payment Date equal to the Swap Notional Amount of that Credit Default Swap will be applied to redeem the Notes, in each case, on the next following Note Interest Payment Date in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

(b) In the event that an Early Termination Date is designated in respect of the Credit Default Swap Agreement as a whole (except if the early

termination was caused as a result of a Swap Counterparty Default Event) in circumstances in which a Credit Event Notice in respect of a Reference Obligation or Reference Entity has been delivered but either the Conditions to Settlement have not yet been satisfied or the Credit Protection Payment Amount has not been determined, an amount of the Collateral equal to the Swap Notional Amount of the relevant Credit Default Swap (the **Note Holdback Amount**) will not be released and used to redeem the Notes on the next Note Interest Payment Date (unless the Credit Protection Payment Amount is determined prior to such Note Interest Payment Date). If the Conditions to Settlement in respect of such a Credit Default Swap are not satisfied 90 days after the date of the relevant Credit Event Notice, no further payment will be due from the Issuer to the Swap Counterparty in respect of the relevant Credit Default Swap and the Note Holdback Amount will be released from the Collateral on the next Note Interest Payment Date after the end of such 90 day period and applied to redeem the Notes in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

If the Conditions to Settlement have been or are satisfied within 90 days after the date of the relevant Credit Event Notice and a Credit Protection Payment Amount is determined to be payable by the Issuer to the Swap Counterparty and the verification procedures have been complied with, an amount equal to the Credit Protection Payment Amount will be released from the Collateral on the next following Note Interest Payment Date and applied in payment to the Swap Counterparty of the Credit Protection Payment Amount, and the provisions described above in relation to a mandatory redemption following a Credit Protection Payment will apply on such Note Interest Payment Date in respect of any remaining amount.

Redemption in whole for taxation: The Issuer may, subject as provided in **Condition 6.2** (*Redemption for taxation or other reasons*), upon giving not more than 60 and not less than 30 days' notice to the Noteholders and provided that it has satisfied the Trustee that it has or will have sufficient funds available to it, redeem all, but not some only, of the Notes at their then Principal Amount Outstanding, together with accrued interest and pay any other amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes, on any Note Interest Payment Date on or after the date on which:

(a) the Issuer would become subject to tax on its income in more than one jurisdiction;

(b) the Issuer or a person acting on behalf of the Issuer, would be required to make any withholding or deduction for or on account of any taxes from any payment of principal or interest in respect of any of the Notes; or

(c) the Issuer would suffer any withholding or deduction from any payment to be made to it for or on account of any taxes.

Investor Reports: The Cash Manager will, on each Calculation Date, provide or make available through its website (which is located at https://sfr.bankofny.com/SFR/Login.jsp[*]) to the Trustee, for the benefit of, among others, each Noteholder,

[*] The https://sfr.bankofny.com/SFR/Login.jsp website and the contents thereof do not form any part of the Prospectus.

a statement to Noteholders. The statement to Noteholders shall be based upon a report provided by the Calculation Agent (the **Calculation Agent Report**) in respect of, among other things, the Credit Default Swap Agreement, the Cash Deposit Account Agreement, the Repurchase Agreement and information provided by the Sub Master Servicer in accordance with the Servicing Agreement in respect of the Reference Obligations.

In addition, within 50 calendar days from each Note Interest Payment Date, the Calculation Agent will deliver to the Trustee, for the benefit of, amongst others, each Noteholder, a report (the **Quarterly Investor Report**) in respect of the Reference Obligations.

All reporting obligations of the Sub Master Servicer will be undertaken by the Calculation Agent if, at any time, the Swap Counterparty is no longer the Holder of the Reference Obligations or any of them.

No purchase of Notes by the Issuer: The Issuer will not be permitted to purchase any of the Notes.

Interest rates: Each Class of Notes (other than the Class X Notes) will initially bear interest calculated as the sum of EURIBOR (as defined in **Condition 5.3** (*Rates of Interest*)) plus the relevant Margin.

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

Class	**Margin (% p.a.)**
Class A Notes	0.18
Class B Notes	0.25
Class C Notes	0.42
Class D Notes	0.90
Class E Notes	3.50

Interest Payments: Interest will be payable on the Notes quarterly in arrear on 20 February, 20 May, 20 August and 20 November in each year, unless the same is not a Business Day, in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (if there is not) (each, a **Note Interest Payment Date**). For these purposes, **Business Day** means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in London and Dublin and which is a TARGET Business Day. The Noteholders will be entitled to receive a payment of interest only in accordance with the relevant Priority of Payments.

For further information about the Priority of Payments, see "*Cashflows*" on page 347.

Interest on the Class X Notes: The Class X Note will be paid an amount of interest (the **Class X Interest Amount**) calculated using the Class X Interest Rate, which means, with respect to each Interest Period, the percentage determined by multiplying a fraction, the numerator of which is the Expected Class X Interest Amount and the denominator of which is the Principal Amount Outstanding of the Class X Notes, by 100 (the **Class X Interest Rate**).

The **Expected Class X Interest Amount** will be an amount equal to:

(a) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Expected Available Issuer Income after deducting Administrative Costs and amounts of interest due and payable on the Notes (other than the Class X Notes); or

(b) on any day following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the available amounts received by the Issuer after deducting amounts required to pay Administrative Costs and all amounts of interest and principal due in respect of the Notes (other than the Class X Notes).

Expected Available Issuer Income means with respect to an Interest Period the amount of income (**Issuer Income**) that would have been available on the Note Interest Payment Date in that Interest Period assuming full and timely payment of:

(a) the aggregate of the Swap Counterparty Payments that are expected to be paid assuming full receipt by any Holder of all payments in respect of the Reference Obligations;

(b) all Cash Deposit Income Payments that are expected to be paid; and

(c) all Repurchase Income Payments that are expected to be paid.

The **Administrative Costs** for any Interest Period, will be the sum of all fees, costs and expenses or other remuneration and indemnity payments, inclusive of VAT, if applicable, estimated on the relevant Calculation Date by the Cash Manager to be payable by the Issuer on the Note Interest Payment Date related to such Interest Period in accordance with items (a) to (f) and (m) to (o) of the Pre-Acceleration Revenue Priority of Payments and the equivalent items in respect of the Post Enforcement/Pre-Acceleration Priority of Payments as well as any Revenue Priority Amounts to be paid during the relevant Interest Period prior to the related Note Interest Payment Date.

The amount of Administrative Costs payable with respect to any Note Interest Payment Date will vary to the extent that some are payable on an annual basis while other fees are payable on a quarterly basis and the actual Administrative Cost may vary from the estimate of Administrative Costs as determined on each Interest Determination Date and, in respect of any shortfall resulting therefrom in respect of items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments and the Post-Enforcement/Pre Acceleration Revenue Priority of Payments and items (a) to (f) of the Post-Acceleration Priority of Payments (together the **Senior Administrative Costs**):

(a) funds may be drawn from amounts standing to the credit of the Administrative Costs Reserve Account; and

(b) to the extent that the amounts standing to the credit of the Administrative Costs Reserve Account are insufficient to cover such shortfall, the Cash Manager may make an Administrative Costs Shortfall Drawing under the Liquidity Facility Agreement,

subject to its terms.

In addition to any amounts paid by way of Class X Interest Amounts, the Class X Noteholders will, on each Note Interest Payment Date, be paid Class X Additional Amounts (if any).

Class X Additional Amounts:

Class X Additional Amounts means, in respect of each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and payable in full and following the service of an Acceleration Notice or the Notes otherwise becoming due and payable in full, on each day:

(a) the element of the relevant Swap Counterparty Payment representing all amounts received or recovered in respect of any Prepayment Fees and Swap Call Prepayment Amount;

(b) the amounts paid in respect of Class X Additional Amounts in accordance with each of the Pre-Acceleration Revenue Priority of Payments and the Post-enforcement/Pre-Acceleration Priority of Payments and following the service of an Acceleration Notice, amounts paid in accordance with the Post-Acceleration Priority of Payments;

(c) any amount identified and paid as Class X Additional Amounts in the Pre-acceleration Principal Priority of Payments; and

(d) on the Final Maturity Date or, if earlier, the date on which the Notes have been redeemed in full, all amounts standing to the credit of the Administrative Costs Reserve Account.

The ratings from the Rating Agencies do not address the likelihood of receipt by any Class X Noteholder of any Class X Additional Amounts.

Deferral of Interest:

Failure by the Issuer to pay interest on the Class A Notes (or the Most Senior Class of Notes which is still outstanding (other than the Class X Notes)) when due and payable (after a grace period has passed) will result in a Note Event of Default which may result in the Trustee serving an Acceleration Notice. To the extent that funds available to the Issuer on any Note Interest Payment Date, after paying any interest then accrued due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Note Interest Payment Date but will be deferred and will only be paid, in accordance with the relevant Priority of Payments on subsequent Note Interest Payment Dates if and when permitted by subsequent cash flows which are available after the Issuer's higher priority liabilities pursuant to the relevant Priority of Payments have been discharged. Any interest not paid on the Notes when due will accrue interest and will be paid only to the extent that there are funds available on a subsequent Note Interest Payment Date in accordance with the relevant Priority of Payments.

Interest Periods:

The first Interest Period will run from (and include) the Closing Date to (but exclude) the first Note Interest Payment Date and subsequent Interest Periods will run from (and include) a Note Interest Payment Date to (but exclude) the next Note Interest Payment Date.

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

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

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

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

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

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

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

Security for the Notes: The Notes will be secured by first ranking security granted or created pursuant to an English law governed deed of charge (the **Issuer Deed of Charge**) to be dated on or about the Closing Date between, among others, the Issuer and the Trustee.

Pursuant to the Issuer Deed of Charge, the Issuer will grant in favour of the Trustee for the benefit of itself and the Noteholders, the Paying Agents, the Agent Bank, the Swap Counterparty, the Liquidity Facility Provider, the Calculation Agent, the Repurchase Counterparty, the Custodian, the Cash Deposit Bank, the Account Bank, the Cash Manager, the Corporate Services Provider, the Master Servicer, the Special Servicer, the Sub Master Servicer and the Sub Special Servicer (together, the **Issuer Secured Parties**):

(a) security over all of its rights and interests in and to the Transaction Documents to which it is a party;

(b) security over all of its rights and interests in and to the Custody Accounts, the Cash Deposit Account and the Issuer Accounts and all monies standing to the credit thereof (including any authorised investments) and any book or other accounts in which the Issuer may at any time have or acquire any rights and interest; and

(c) security over all of its rights and interests in and under the Repurchase Securities.

Pursuant to the terms of the Issuer Deed of Charge, amounts credited to the Cash Deposit Account may be released or the Repurchase Securities liquidated under certain circumstances.

These circumstances include if the Issuer is required to:

(a) pay a Credit Protection Payment Amount to the Swap Counterparty on a Cash Settlement Date; or

(b) redeem the Notes,

and the payment of such Credit Protection Payment Amount or such redemption is required to be funded by the Issuer, in whole or in part, by a release of amounts from the Cash Deposit or from maturing Repurchase Transactions; and

(c) if the Issuer is required to deliver Repurchase Securities to the Repurchase Counterparty in accordance with the terms of the Repurchase Agreement.

For further information about the Collateral and the release thereof see, "*The Collateral Arrangements – The Repurchase Arrangements*" and "*The Collateral And Cash Administration Arrangements – Redemption of the Notes and Payment of the Credit Protection Payment Amount*" on page 337.

Transaction Documents means the Trust Deed, the Issuer Deed of Charge, the Cash Management Agreement, the Bank Account Agreement, the Corporate Services Agreement, the Liquidity Facility Agreement, the Agency Agreement, the Credit Default Swap Agreement, the Servicing Agreement, the Cash Deposit Agreement, the Repurchase Agreement, the Custody Agreement, the Subscription Agreement, the Master Definitions Schedule, and any other document designated as such by the Issuer and/or the Trustee (each, a **Transaction Document**).

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest in respect of each Class of Notes will rank in accordance with the Pre-Acceleration Revenue Priority of Payments and payments of principal will rank in accordance with the Pre-Acceleration Principal Priority of Payments. If the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) shall make payments in respect of each Class of Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Upon the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Acceleration Priority of Payments.

For further information about the application of funds in accordance with the applicable Priority of Payments, see "*Cashflows*" on page 347.

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

Governing law: The Notes and the other Transaction Documents will be governed by English law.

KEY CHARACTERISTICS OF THE COLLATERAL

Cash Deposit:

On the Closing Date, the Issuer will utilise the proceeds of the issue of the Notes (other than the Class X Notes) in making a deposit (the **Cash Deposit**) into the Cash Deposit Account. Accordingly, the initial amount of the Cash Deposit will equal the aggregate initial Principal Amount Outstanding of the Notes (other than the Class X Notes).

Pursuant to the terms of the Cash Deposit Account Agreement, the Cash Deposit Bank will make periodic income payments from the Cash Deposit Account to or to the order of the Issuer prior to each Note Interest Payment Date. Such payments will be calculated by reference to the balance of the Cash Deposit and a rate equal to EURIBOR for three month euro deposits (save that, in the case of the first Note Interest Period, the rate will be obtained from a linear interpolation of EURIBOR for two month and three month euro deposits) (the **Cash Deposit Rate**).

Such payments will constitute the Cash Deposit Income Payments, as described above.

Cash Deposit Income Payments will comprise a portion of the Available Issuer Income to be utilised in accordance with the applicable Priority of Payments.

At any time that the Cash Deposit comprises part of the Collateral, and if the Swap Counterparty so requests, the Issuer shall within 30 days of such request, instruct the Security Trustee to release all amounts (or part thereof, as specified by the Swap Counterparty) from the Cash Deposit Account and enter into a Repurchase Transaction pursuant to which the Issuer shall apply such amounts to purchase Eligible Securities pursuant to the terms of the Repurchase Agreement (a **Cash Deposit Collateral Transfer**).

Further, in the event that the Cash Deposit Bank ceases to have the Cash Deposit Bank Required Ratings or have a guarantee in respect of its obligations in relation to the Cash Deposit from a guarantor with the Cash Deposit Bank Required Ratings, the Issuer will be required within 30 days of such event either to:

(a) transfer the Cash Deposit Account in accordance with the terms of the Cash Deposit Agreement to a successor cash deposit bank that has, among other things, the Cash Deposit Bank Required Ratings; or

(b) effect a Cash Deposit Collateral Transfer and enter into a Repurchase Transaction using the entire amount of the Cash Deposit.

Unless previously terminated in accordance with the terms of the Cash Deposit Agreement, the Cash Deposit Agreement will terminate on the date falling 90 days after all of the Secured Liabilities have been irrevocably discharged in full provided that no such action shall be taken if it would have an adverse impact on the then current rating of the Notes.

For further information about the Cash Deposit, see "*The Collateral Arrangements – The Cash Deposit Arrangements – Cash Deposit Agreement*" on page 331.

Repurchase Agreement:

Pursuant to the terms of the Repurchase Agreement, in the event of a Cash Deposit Collateral Transfer, as described above, the Issuer and the Repurchase Counterparty will enter into a series of Repurchase Transactions

in accordance with the Repurchase Agreement pursuant to which the Issuer will, using the proceeds of the release of the Cash Deposit (or part thereof, as specified by the Swap Counterparty), purchase securities complying with the Repurchase Securities Eligibility Criteria (the **Eligible Securities**) from the Repurchase Counterparty.

In accordance with and pursuant to the terms of the Custody Agreement, the Custodian will hold the Eligible Securities purchased by the Issuer as custodian on behalf of the Issuer, but subject to the terms of the Issuer Security. The Eligible Securities as so purchased are the Repurchase Securities.

The Eligible Securities eligible to be purchased from time to time by the Issuer from the Repurchase Counterparty under the Repurchase Agreement must at all times be securities which fulfil the Repurchase Securities Eligibility Criteria. If any of the Repurchase Securities that are the subject of any Repurchase Transaction fail to comply with the Repurchase Securities Eligibility Criteria in accordance with the Repurchase Agreement, the Repurchase Counterparty shall be required to replace such securities which do not comply with the Repurchase Securities Eligibility Criteria with securities which comply with the Repurchase Securities Eligibility Criteria, pursuant to the terms of the Repurchase Agreement.

The Repurchase Counterparty is also obliged under the Repurchase Agreement to make transfers to the Issuer daily in the form of additional Repurchase Securities in accordance with the applicable margining provisions in the Repurchase Agreement which are intended to ensure that the market value of the Repurchase Securities owned by the Issuer is at all times at least equal to the repurchase price (the **Repurchase Price**) payable for the Repurchase Securities.

At any time when the Repurchase Counterparty does not have the Repurchase Counterparty Required Ratings, the Repurchase Counterparty will be required, in accordance with and pursuant to the terms of the Repurchase Agreement:

(a) to cash collateralise in part its obligation to pay the Repurchase Price on the Repurchase Date by paying to the Issuer an amount equal to the EURIBOR element of the aggregate amount of interest payable under the Notes on the next Note Interest Payment Date; and

(b) to overcollateralise its obligations by way of the transfer to the Issuer of cash or additional Eligible Securities. The amount of overcollateralisation shall be the amount agreed with S&P and Fitch and notified to Moody's in order to maintain the then current rating of the Notes.

Pursuant to the terms of the Repurchase Agreement, each Repurchase Transaction shall have a term ending on the Business Day prior to the next Note Interest Payment Date (each such date a **Repurchase Date**). Under the terms of each Repurchase Transaction, the Issuer will be obliged on the purchase date to purchase the specified Eligible Securities at par (the **Purchase Price**) and the Repurchase Counterparty is required to deliver to the Issuer such Eligible Securities. On each Repurchase Date, the Issuer will be obliged to re-deliver to the Repurchase Counterparty securities equivalent to the Repurchase Securities against payment by the Repurchase Counterparty of an amount determined by reference to a formula, being the

daily average Purchase Price multiplied by a rate (the **Pricing Rate**) multiplied by the applicable day count fraction, such price being the Repurchase Price. The Pricing Rate will be equal to EURIBOR for the relevant period. The difference between the Purchase Price and the Repurchase Price of a Repurchase Transaction will constitute the Repurchase Income Payment for such Repurchase Transaction. The Issuer and the Repurchase Counterparty shall enter into a new Repurchase Transaction on the maturity of an existing Repurchase Transaction. If the Issuer requires funds to pay a Credit Protection Payment Amount and/or fund a redemption of the Notes the Purchase Price of the new Repurchase Transaction will be reduced accordingly.

Liquidation of Collateral to satisfy Credit Protection Payment Amount:

The Collateral (whether in the form of a Cash Deposit or Repurchase Securities) will be denominated in euro and the aggregate amount of the Collateral shall not be less than the Principal Amount Outstanding of the Notes.

In the event that the Collateral is liquidated to satisfy the payment of the Credit Protection Payment Amount, the amount of Collateral to be liquidated will be equal to the Credit Protection Payment Amount, together with an amount corresponding to the then Principal Amounts Outstanding of the Notes to be redeemed in accordance with **Condition 6** (*Redemption*).

For further information about the Repurchase Arrangements, see *"The Collateral Arrangements – The Repurchase Arrangements"* at page 332.

KEY CHARACTERISTICS OF THE CREDIT DEFAULT SWAPS

Credit Default Swaps: On the Closing Date, the Issuer will enter into 17 Credit Default Swaps with the Swap Counterparty.

Each Credit Default Swap will be referenced against a single Reference Obligation. The Issuer and the Swap Counterparty will enter into a 1992 ISDA Master Agreement and 17 confirmations (one in respect of each Credit Default Swap) on or about the Closing Date, together constituting the Credit Default Swap Agreement.

Swap Notional Amount: Pursuant to the terms of each Credit Default Swap Confirmation, the Calculation Agent shall determine the notional amount of each Credit Default Swap (the **Swap Notional Amount**) by reference to which the Credit Protection Payment Amount in respect of the Reference Obligation shall be calculated. On the Closing Date, the Swap Notional Amount shall be equal to the principal balance of the relevant Reference Obligation (except in the case of the Keops Portfolio Reference Obligation, where the FX Rate will be applied to determine the Swap Notional Amount in euro) on such date and, provided further, that the Swap Notional Amount in respect of the Keops Portfolio Reference Obligation will include 50 per cent. of the amounts of the commitment under the Keops Revolving Element, and will be subject to adjustment in respect thereof as further described in this Prospectus. The Swap Notional Amount in relation to any Credit Default Swap may be less than the principal balance of the related Reference Obligation as at the Cut-Off Date due to repayment or prepayment of principal since the Cut-Off Date.

The Swap Notional Amount in respect of each Credit Default Swap will be denominated in euro.

The Swap Notional Amount in respect of each Credit Default Swap will be reduced proportionately following any repayment or prepayment of principal of the related Reference Obligation or following the payment of a Credit Protection Payment Amount in respect of a Restructuring Credit Event.

In the event that the Swap Notional Amount of a Credit Default Swap is reduced in whole or in part, no subsequent increase of the Swap Notional Amount is permitted. The Swap Notional Amount in respect of the Keops Portfolio Reference Obligation will not be reduced as a result of any repayments in respect of the Keops Revolving Element until such time as the commitment in respect of the Keops Revolving Element is reduced or has come to an end but only to the extent that the amount drawn under the Keops Revolving Element is less than the commitment thereunder at the relevant time.

On the Closing Date, the initial Swap Notional Amount of all the Credit Default Swaps will be equal to the Principal Amount Outstanding of the Notes and subsequently, at any time, shall not exceed the Principal Amount Outstanding of the Notes.

For further information about the Swap Notional Amounts, see *"The Credit Default Swaps – Swap Notional Amount*" on page 312.

Credit Events: The Credit Events under each Credit Default Swap are:

(a) Bankruptcy of a Reference Entity;

(b) Failure to Pay by a Reference Entity in respect of a Reference Obligation; and/or

(c) Restructuring of a Reference Obligation,

as more particularly described in "*The Credit Default Swaps – Credit Events*" on page 313.

Conditions to Settlement:

A Credit Protection Payment Amount will be calculated in respect of a Credit Default Swap if the conditions set out in the Credit Default Swap Agreement (the **Conditions to Settlement**) are satisfied. The Conditions to Settlement are:

(a) delivery of a notice (a **Credit Event Notice**) by the Calculation Agent to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee confirming the occurrence of the relevant Credit Event; and

(b) delivery of a notice (an **Eligibility Criteria Satisfaction Notice**) by the Calculation Agent to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee within 90 days of the date of a Credit Event Notice confirming that, so far as the Calculation Agent is aware, the Reference Obligation complied in all material respects with the Reference Obligation Eligibility Criteria as at the Closing Date.

To the extent that the Conditions to Settlement are not satisfied, the Swap Counterparty will not be able to make any claim against the Issuer for the Credit Protection Payment Amount in respect of the relevant Credit Default Swap and accordingly no such payment will be made.

For further information about the Conditions to Settlement, see "*The Credit Default Swaps – Conditions to Settlement*" page 316.

Compliance with Reference Obligation Eligibility Criteria:

If at any time after the delivery of an Eligibility Criteria Satisfaction Notice the Calculation Agent becomes aware of the failure by the Reference Obligation to comply in any material respect with the Reference Obligation Eligibility Criteria on the Closing Date and which, if capable of remedy, has not been remedied within 90 days of the date the Calculation Agent first became aware of the failure, the Calculation Agent shall promptly give notice (an **Eligibility Criteria Failure Notice**) to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee of the same.

If:

(a) the Calculation Agent does not deliver an Eligibility Criteria Satisfaction Notice within 90 days of the date of a Credit Event Notice; or

(b) the Calculation Agent delivers an Eligibility Criteria Failure Notice,

the relevant Credit Default Swap shall terminate on the next following Swap Counterparty Payment Date (such date an **Eligibility Criteria Failure Termination Date**). On an Eligibility Criteria Failure Termination Date, the Swap Counterparty will be required to pay to the Issuer a termination payment in addition to any other amounts payable by the Swap Counterparty

to the Issuer under the relevant Credit Default Swap on that date.

For further information about the termination payment payable on an Eligibility Criteria Failure Termination Date, see "*The Credit Default Swaps – Termination Payments on an Information Failure Termination Date or an Eligibility Criteria Failure Termination Date*" on page 327.

Eligibility Criteria Verification:

Promptly following the determination of a Liquidation Loss Amount, Estimated Loss Amount or Restructuring Loss Amount in respect of a Reference Obligation, the Calculation Agent shall appoint a rated loan servicing company (or other loan servicing company or other institution, that the Rating Agencies have confirmed will not result in the downgrade of the then current rating of the Notes) or, if no such company accepts such appointment (as evidenced by the Calculation Agent to the Trustee and the Rating Agencies), the Sub Special Servicer in relation to that Reference Obligation (as appointed by the Controlling Creditor in accordance with the Conditions), as the **Eligibility Criteria Verification Agent**. The Eligibility Criteria Verification Agent will be appointed to review the relevant loan documentation and servicing files and shall give notice to the Calculation Agent, the Trustee, the Cash Manager and the Rating Agencies if it determines that the relevant Reference Obligation did not satisfy any of the Reference Obligation Eligibility Criteria in a material respect as at the Closing Date and that such failure had a material bearing on the Liquidation Loss Amount, Estimated Loss Amount or Restructuring Loss Amount, as applicable. The Eligibility Criteria Verification Agent shall deliver such a notice within 90 days after its appointment failing which the Reference Obligation will Reference Obligation Eligibility Criteria shall be deemed to be satisfied.

Calculation Verification:

The Calculation Agent shall appoint an international firm of accountants, an international loan servicing company or a bank in each case of its choosing as the **Calculation Verification Agent**:

(a) if the Swap Counterparty was not the Holder of the relevant Reference Obligation as at the Liquidation Date or date on which the Estimated Loss Amount was determined to verify (i) certain specified components of the relevant amounts determined by the Calculation Agent and (ii) that since the Swap Counterparty ceased to be the Holder, the relevant Reference Obligation was serviced in a manner consistent with the Servicing Standard; and

(b) if the Swap Counterparty was the Holder of the relevant Reference Obligation as at the date on which the Estimated Loss Amount was determined and in the event that an Estimated Loss Amount has been determined, to verify the calculation of the Estimated Enforcement Costs.

In such circumstances, the Issuer will not be obliged to make any Credit Protection Payment unless such verification is obtained.

For further information about the calculation of the Credit Protection Payment Amount, see "*The Credit Default Swaps — Calculation and Payment of Cash Settlement Amount*" on page 320.

Calculation of the Credit Protection

If the Conditions to Settlement are satisfied in respect of a Credit Default Swap then, in the case of a Failure to Pay Credit Event or Bankruptcy Credit Event, the Calculation Agent will determine the Liquidation Loss Amount as

Payment Amount: soon as reasonably practicable after the Liquidation Date. If, however, following the delivery of a Credit Event Notice, the Liquidation Date has not occurred by the 150th day prior to the Final Maturity Date or by the Early Termination Date then the Swap Counterparty shall determine the Estimated Loss Amount. The Credit Protection Payment Amount in respect of such Credit Event will then be equal to the lesser of:

(a) the Swap Notional Amount; and

(b) either the Liquidation Loss Amount or, if the Liquidation Date has not occurred by the relevant date, the Estimated Loss Amount.

Upon payment of the Credit Protection Payment Amount in these circumstances, the Cash Deposit Release Amounts or Repurchase Release Amounts, as applicable, shall be released to the Issuer and the relevant Credit Default Swap shall terminate, the Cash Deposit Release Amounts or Repurchase Release Amounts being applied to redeem the Notes in accordance with **Condition 6.4** (*Mandatory Redemption following a Credit Protection Payment*).

If the Conditions to Settlement are satisfied in respect of a Restructuring Credit Event, then the Calculation Agent shall determine the Restructuring Loss Amount on the Restructuring Calculation Date. The Credit Protection Payment in respect of each such Credit Event will be equal to the lesser of:

(a) the Swap National Amount; and

(b) the Restructuring Loss Amount.

Upon payment by the Issuer of the Credit Protection Payment Amount in these circumstances the Swap Notional Amount will be reduced by such amount but the relevant Credit Default Swap will not terminate unless the amount of the Credit Protection Payment is equal to the Swap Notional Amount.

If a Failure to Pay Credit Event is cured (including by virtue of a Restructuring or in the case of a Tranched Reference Obligation, through the exercise of a cure right by a junior lender) then the Calculation Agent shall send a notice (a **Cure Notice**) to the Issuer, the Swap Counterparty and the Cash Manager. In such circumstances the relevant Failure to Pay Credit Event will be deemed not to have occurred.

The **Liquidation Loss Amount** will be an amount equal to:

(a) the sum of:

(i) the Swap Notional Amount as at the Liquidation Date;

(ii) the amount of accrued and unpaid interest on the relevant Reference Obligation as at the Liquidation Date; and

(iii) the amount of all costs, fees, expenses, indemnity payments and any other amounts due, owing but unpaid, under the relevant Reference Obligation as at the Liquidation Date; **less**

(b) the gross amount of all recoveries in respect of the Related Security less the amount of enforcement costs incurred by the Holder in

respect of the Reference Obligation (avoiding any double counting between amounts included in paragraphs (a) and (b)).

The **Estimated Loss Amount** will be an amount equal to:

(a) the sum of:

(i) the Swap Notional Amount at the date of calculation;

(ii) the amount of interest expected to accrue on the relevant Reference Obligation to the expected liquidation date (as estimated by the Calculation Agent); and

(iii) the amount of all costs, fees, expenses, indemnity payments and other amounts estimated by the Calculation Agent will be due and payable by the Reference Entity under the relevant Reference Obligation as at the expected liquidation date; **less**

(b) the value of the relevant Property or Properties as determined by the Calculation Agent based on the average of the valuations obtained from the Independent Valuers less the estimated enforcement costs as determined by the Calculation Agent (avoiding any double counting between amounts included in paragraphs (a) and (b)).

The **Restructuring Loss Amount** will be an amount equal to:

(a) the net present value of the remaining cashflows on the Reference Obligation prior to the Restructuring (with each payment of principal and interest discounted from their respective payment dates (had the Restructuring not occurred) to the Restructuring Calculation Date at the Discount Rate); **less**

(b) the net present value of the remaining cashflows on the Reference Obligation following the Restructuring (with each payment of principal and interest discounted from their respective payment dates (had the Restructuring not occurred) to the Restructuring Calculation Date at the Discount Rate).

Credit Protection Payment Amount: Each Credit Protection Payment Amount (if any) will be paid by the Issuer out of the Cash Deposit and/or from the proceeds of the Repurchase Transaction maturing immediately prior to the relevant Cash Settlement Date under the Repurchase Agreement, depending on how the Collateral is held at the relevant time.

The Credit Protection Payment Amount shall be paid by the Issuer to the Swap Counterparty on a Cash Settlement Date.

The aggregate amount of Credit Protection Payment Amounts payable by the Issuer to the Swap Counterparty in respect of any Credit Default Swap shall not exceed the Swap Notional Amount of such Credit Default Swap.

For further information about the payment of the Credit Protection Payment Amount, see "*The Credit Default Swaps — Calculation and Payment of Cash Settlement Amount*" on page 320.

Reduction of Swap Notional Amount and Write-Down of Principal Amount Outstanding of the Notes:

On any Note Interest Payment Date which is also a Cash Settlement Date:

(a) first, the Principal Amount Outstanding of the Notes will be written-down by an amount equal to the Credit Protection Payment Amount in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*), such amount being applied to write-down the Principal Amount Outstanding of each Class of Notes (until such Credit Protection Payment Amount is exhausted), commencing with the most junior Class of Notes then outstanding; and

(b) then (except in the case of a Restructuring Credit Event) the Swap Notional Amount for the relevant Credit Default Swap will be reduced to zero and the Notes will be subject to redemption by the amount of such reduction in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*).

Swap Counterparty Payments:

In consideration for providing credit protection to the Swap Counterparty in respect of the Reference Obligations, the Issuer will, except following the delivery of a Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event or a Bankruptcy Credit Event, receive from the Swap Counterparty periodic payments (each a **Swap Counterparty Payment**) under each Credit Default Swap.

The timing of the Swap Counterparty Payments will depend on whether the Swap Counterparty's short term unsecured and unguaranteed debt rating is rated at least F-1+ by Fitch, and P-1 by Moody's and A-1 by S&P and such entity's long term unsecured and unguaranteed debt rating is rated A1 by Moody's, or such other ratings as would maintain the current rating of the Notes (the **Swap Counterparty Required Ratings**). If and for so long as the Swap Counterparty has the Swap Counterparty Required Ratings, the Swap Counterparty will make Swap Counterparty Payments to the Issuer in arrear on the Business Day prior to each Note Interest Payment Date (each a **Swap Counterparty Payment Date**). If a Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event or a Bankruptcy Credit Event has been delivered, the obligation of the Swap Counterparty to make Swap Counterparty Payments under the relevant Credit Default Swap shall cease (unless and until, in the case of a Failure to Pay Credit Event, such Credit Event is cured), at which point, the obligation of the Swap Counterparty to pay Swap Counterparty Payments ceases, the Swap Counterparty shall, subject to the circumstances then prevailing, be obliged to make Alternative Swap Counterparty Payments and the Issuer will be entitled to make Liquidity Drawings under the Liquidity Facility Agreement.

The determination of the amount of the Swap Counterparty Payment varies, depending on the terms of the Credit Default Swaps:

(a) in respect of the Credit Default Swaps relating to the Reference Obligations other than the Fixed Formula Reference Obligations, the Swap Counterparty Payment will be determined by reference to the amount received by the Holders of such Reference Obligations during the preceding Reference Obligation Interest Period (or in respect of the first Swap Counterparty Payment, the period from (and including) the Closing Date to (but excluding) the last day of that Reference Obligation Interest Period) attributable to the interest rate margin of such Reference Obligations; and

(b) in respect of the Credit Default Swaps relating to the Fixed Formula Reference Obligations, the Swap Counterparty Payment will be determined by reference to a specified percentage, which will vary from Credit Default Swap to Credit Default Swap, multiplied by the Swap Notional Amount of the relevant Credit Default Swap multiplied by a day count fraction (as adjusted in respect of the first Swap Counterparty Payment to relate to the period from (and including) the Closing Date to (but excluding) the last day of the preceding Preference Obligation Interest Period).

If the Swap Counterparty ceases to have the Swap Counterparty Required Ratings, the Swap Counterparty will be required to make Swap Counterparty Payments one quarter in advance (the advance payment covering the Swap Counterparty Payment in respect of the relevant quarter plus an amount in respect of the first 30 days of the next following quarter). The amounts of such Swap Counterparty Payments will, nonetheless, be determined on a similar basis to that described in the paragraphs above, the approach varying depending on the Credit Default Swap in question. In the event that the Swap Counterparty Payments are paid in advance, the Swap Counterparty shall have the right to be repaid any amount that it overpaid in respect of the Swap Counterparty Payments. For the avoidance of doubt, no such obligation to make payments in advance shall apply to Alternative Swap Counterparty Payments.

Increase in Swap Counterparty Payments:

On any Swap Counterparty Payment Date if, as a result of prepayment of one or more Reference Obligations under any of the Credit Default Swap Transactions, the sum of the aggregate of the Swap Counterparty Payments payable by the Swap Counterparty under all the Credit Default Swap Transactions outstanding on such Swap Counterparty Payment Date together with the amount of income due to be paid to the Issuer in respect of the Collateral on such date and the aggregate of all drawings under the Liquidity Facility Agreement is less than the sum of the aggregate amount of interest payable on the Notes (other than the Class X Notes) and the aggregate amounts payable in priority to the Noteholders on the next Note Interest Payment Date then the Swap Counterparty Payment payable on such Swap Counterparty Payment Date in respect of each Credit Default Swap in respect of which no Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event (which has not been cured) or Bankruptcy Credit Event has been delivered, will be increased by an amount equal to the shortfall multiplied by a fraction, the numerator of which is the Swap Notional Amount of the relevant Credit Default Swap and the denominator of which is the aggregate of the Swap Notional Amounts of all outstanding Credit Default Swap Transactions in respect of which no Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event (which has not been cured) or Bankruptcy Credit Event has been delivered provided that no such increase of Swap Counterparty Payments shall be payable as a result of any shortfall that is attributable to a Credit Event or other event of default in respect of any Reference Obligation.

For further information about the calculation of the Swap Counterparty Payments and the circumstances under which such amounts cease to be payable, see "*The Credit Default Swap - Swap Counterparty Payments*" on page 323.

Alternative Swap Counterparty Payments:

The obligation of the Swap Counterparty to pay the Swap Counterparty Payments in respect of any Credit Default Swap will, under the terms of the relevant Credit Default Swap Confirmation, cease if a Credit Event Notice confirming the occurrence of a Failure to Pay Credit Event or Bankruptcy Credit Event has been delivered. Instead, the Swap Counterparty will be required to pay Alternative Swap Counterparty Payments. Alternative Swap Counterparty Payments will be payable only if relevant payments or recoveries in respect of the relevant Reference Obligation have been received by the Holder in the relevant Reference Obligation Interest Period or if an Estimated Loss Amount is payable and the amount of the Enforcement Valuation is greater than zero.

The amount of each Alternative Swap Counterparty Payment payable will be equal to the aggregate amount paid by the relevant Reference Entity or Reference Entities to a Holder of the Reference Obligation or any recoveries made by a Holder in respect of the relevant Reference Obligation since date of the relevant Credit Event Notice attributed to interest less the sum of all funding costs due and payable to the Holder at that time in respect of the relevant Reference Obligation or, in circumstances in which an Estimated Loss Amount is payable, an amount of the Estimated Accrued Interest Amount determined by the Calculation Agent in respect of such Reference Obligation less the amount calculated by the Calculation Agent of estimated funding costs, in each case less the amount of all Alternative Swap Counterparty Payments previously paid.

Alternative Swap Counterparty Payments will be payable: (a) if the Swap Counterparty has the Swap Counterparty Required Ratings, on the Swap Counterparty Payment Date following receipt of any payments to or recoveries by the Holder referred to above or, if an Estimated Loss Amount is payable, on the Swap Counterparty Payment Date immediately prior to the relevant Floating Rate Payer Payment Date; or (b) if the Swap Counterparty does not have the Swap Counterparty Required Ratings, on the next Business Day following receipt of any payments to or recoveries by the Holder referred to above or, if an Estimated Loss Amount is payable, the next Business Day after the later of the expiry of the Verification Period and the date of the Independent Calculation Verification Notice.

For further information about the Alternative Swap Counterparty Payments, see "*The Credit Default Swap — Alternative Swap Counterparty Payments*" on page 325.

Prepayment Fee Amounts:

The Swap Counterparty shall on each Swap Counterparty Payment Date pay to the Issuer an amount equal to the prepayment fees paid to the Holder of the relevant Reference Obligation during the Reference Obligation Interest Period ending prior to such Swap Counterparty Payment Date. Such amounts will be paid to the Class X Noteholders as Class X Additional Amounts.

Swap Counterparty under no obligation to be the Holder:

The Swap Counterparty is, notwithstanding the position on the Closing Date, under no obligation to continue as the Holder of the Reference Obligations or any of them, and so, for the avoidance of doubt, the obligation of the Swap Counterparty to make any payments under the Credit Default Swap Agreement is not, in any way, contingent upon its receiving any funds in respect of the Reference Obligations but rather is an independent contractual obligation of the Swap Counterparty, such obligation being binding on the Swap Counterparty irrespective of who the Holder of the Reference

Obligations or any of them is at any time.

Liquidity Related Payments: If the Swap Counterparty is the Holder of a Reference Obligation and the Issuer requests a drawing under the Liquidity Facility Agreement to fund a property protection advance to be made by it or the Sub Master Servicer or Sub Special Servicer, it shall notify the Swap Counterparty. The Swap Counterparty agrees that it shall pay an amount equal to such liquidity drawing plus interest at the rate applicable to the corresponding drawing under the Liquidity Facility Agreement, on the next Swap Counterparty Payment Date after, and only to the extent that, the relevant Reference Entity makes any payment to the Holder that is attributable to payments made in respect of such property protection advance by or on behalf of the Holder under the relevant Reference Obligation. Such payments will be due and payable by the Swap Counterparty in addition to any Swap Counterparty Payments or Alternative Swap Counterparty Payments then due and payable by it.

Swap Call at the Option of the Swap Counterparty: The Swap Counterparty has the right to terminate each Credit Default Swap (as determined in its sole discretion) on any Swap Counterparty Payment Date following the Closing Date, by giving the Issuer at least 15 calendar days written notice, designating such Swap Counterparty Payment Date as the date on which termination is to be effective.

On the Swap Counterparty Payment Date on which a Swap Call occurs (a **Swap Call Date**) the Swap Counterparty will be required to make a termination payment to the Issuer in addition to any other amounts due and payable by the Swap Counterparty to the Issuer on that Swap Counterparty Payment Date. The amount of the termination payment varies depending on the circumstances:

(a) if a Swap Call is exercised in respect of a Credit Default Swap and no Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to the prepayment fees that would have been payable to the Holder if there had been a voluntary prepayment of the relevant Reference Obligation at the end of the previous Reference Obligation Interest Period (such amount being the **Swap Call Prepayment Amount**). An amount equal to such Swap Call Prepayment Amount shall be paid directly by the Issuer to the Class X Noteholder as a Class X Additional Amount and will not, therefore, be available to the Issuer to meet its other obligations;

(b) if a Swap Call is exercised in respect of a Credit Default Swap and a Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to (i) the aggregate of the Swap Counterparty Payments that, but for the delivery of such Credit Event Notice, would have been payable by the Swap Counterparty to the Issuer less (ii) the aggregate of all Alternative Swap Counterparty Payments that have been paid by the Swap Counterparty since the delivery of such Credit Event Notice (such amount being the **Swap Call Termination Amount**). Such Swap Call Termination Amount will form part of the income available to the Issuer to meet its obligations generally; and

(c) if a Swap Call is exercised in respect of all the Credit Default Swaps in the context of a Swap Clean-Up Call, then the Swap Counterparty will pay to the Issuer the Swap Call Termination Amount only if a Credit Event Notice has been delivered. Such Swap Call Termination Amount will form part of the income available to the Issuer to meet its obligations generally. The Swap Counterparty shall not be required to pay a Swap Call Prepayment Amount in these circumstances.

Any early termination of a Credit Default Swap as a result of a Swap Call will result in a redemption of the Notes, or certain classes of them, in accordance with **Condition 6.5** (*Mandatory redemption following termination of Credit Default Swap*).

Information Requirements:

The Calculation Agent shall promptly give notice (an **Information Failure Notice**) to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee if at any time after the Closing Date it is not provided by the Swap Counterparty, the Holder, the Servicer or any other person with the information regarding the Reference Obligation necessary to enable it to carry out its obligations under the relevant Credit Default Swap. In such circumstances, the relevant Credit Default Swap shall terminate on the next following Swap Counterparty Payment Date (such date an **Information Failure Termination Date**). On an Information Failure Termination Date the Swap Counterparty will be required to pay to the Issuer a termination payment in addition to any other amounts payable by the Swap Counterparty to the Issuer under the relevant Credit Default Swap on that date.

For further information about the termination payment payable on an Information Failure Termination Date, see "*The Credit Default Swaps – Termination Payments on Information Failure Termination Date or an Eligibility Criteria Failure Termination Date*" page 327.

Early Termination of a Credit Default Swap:

In addition to the early termination of a Credit Default Swap on a Swap Call Date, an Eligibility Criteria Failure Termination Date or an Information Failure Termination Date, the Credit Default Swap Agreement as a whole (and all the outstanding Credit Default Swaps thereunder) is subject to early termination following the occurrence of the events further described under "*The Credit Default Swap — Early Termination of the Credit Default Swap*" on page 328. The occurrence of any such event may lead to the designation of an Early Termination Date in respect of the Credit Default Swap Agreement.

Any early termination of a Credit Default Swap (including at the option of the Swap Counterparty) will result in the Issuer releasing (except in relation to any Credit Protection Payment Amount that may be due) relevant portions of the Cash Deposit and/or terminating any outstanding Repurchase Transaction under the Repurchase Agreement, as applicable, and a corresponding mandatory early redemption of the Notes pursuant to **Condition 6.5** (*Mandatory redemption following termination of Credit Default Swap*).

Any early termination of all the Credit Default Swaps as a result of a Swap Counterparty Default Event will result in the occurrence of a Note Event of Default.

Following the occurrence of an Early Termination Date in respect of the Credit Default Swap Agreement (other than as a result of a Swap

Counterparty Default Event), no amount shall be payable by either party to the other party in respect of a Credit Default Swap, other than:

(a) in respect of Credit Default Swaps in respect of which no Credit Event Notice has been delivered prior to the relevant Early Termination Date:

(i) (unless (ii) below applies) the Swap Counterparty Payments which would have been (but for the designation of such Early Termination Date) payable by the Swap Counterparty to the Issuer on the next Swap Counterparty Payment Date following the Early Termination Date;

(ii) if Advanced Swap Counterparty Payments had been paid by the Swap Counterparty to the Issuer on the Swap Counterparty Payment Date preceding the Early Termination Date, the Issuer shall pay to the Swap Countparty the amount, if any, by which the aggregate of such Advanced Swap Counterparty Payments exceed the aggregate of the Swap Counterparty Payments that would have been payable on the next Swap Counterparty Payment Date following the Early Termination Date if the Swap Countperparty had the Swap Counterparty Required Ratings on that date and such amount will be due and payable on the next Note Interest Payment Date;

(b) in respect of each Credit Default Swap in respect of which a Credit Event Notice has been delivered prior to the relevant Early Termination Date:

(i) the Alternative Swap Counterparty Payments (if any) payable by the Swap Counterparty to the Issuer in respect of each such Credit Default Swap until the Principal Amount Outstanding of the Notes has been reduced to zero; and

(ii) the Credit Protection Payment Amounts (if any) payable by the Issuer to the Swap Counterparty in respect of each such Credit Default Swap (provided that the Credit Protection Payment Amount does not exceed the relevant Swap Notional Amount at the relevant time); and

(c) any amounts which are due but unpaid including any interest thereon.

Following the designation of an Early Termination Date as a result of a Swap Counterparty Default Event no amount shall be payable by either party to the other party in respect of the Credit Default Swaps other than as contemplated above.

For further information about the events that could cause an Early Termination Date, see "*The Credit Default Swaps — Early Termination of the Credit Default Swaps*" on page 328.

RISK FACTORS

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

A. Considerations relating to the Notes

Liability under the Notes

The Issuer is the only entity which has an obligation to pay any amount due in respect of the Notes. The Notes will not be the obligations or responsibilities of, or guaranteed by, any other entity, including (but not limited to) the Finance Parties, the Arranger, the Lead Manager, the Originator, any Servicer, any Sub Servicer, the Trustee, the Calculation Agent, the Swap Counterparty, the Repurchase Counterparty, the Custodian, the Cash Deposit Bank, the Cash Manager, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Account Bank or by any entity affiliated to any of the foregoing.

Limited resources of the Issuer

The Notes will be limited recourse obligations of the Issuer. The ability of the Issuer to meet its obligations under the Notes will be dependent primarily upon the receipt by it of monies due to it under the Credit Default Swaps, the Cash Deposit Agreement, the Repurchase Agreement, the Liquidity Facility and the transactions and agreements ancillary thereto. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes and/or any other payment obligation ranking in priority to, or *pari passu* with, the Notes. Following the payment of a Credit Protection Payment Amount in relation to a relevant Reference Obligation, the Principal Amount Outstanding of one or more Classes of Notes will, in certain circumstances, be subject to a write-down (such write-down taking place in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*)).

Upon enforcement of the Issuer Security, the only funds available to the Issuer to enable it to meet its obligations will consist of the proceeds of enforcement of the Issuer Security. It should be noted that, upon enforcement of the Issuer Security, the Issuer will not be able to make any further drawings under the Liquidity Facility Agreement.

Ratings of the Notes

The ratings assigned to each Class of the Notes by the Rating Agencies are based on their assessment of the Reference Portfolio, the Credit Default Swap Agreement, the Repurchase Agreement, the Cash Deposit Agreement, the Liquidity Facility Agreement, the related cashflows and the other relevant structural features of the transaction, including the Issuer Security and the short term unsecured, unguaranteed and unsubordinated debt ratings of the Cash Deposit Bank, the Swap Counterparty, the Repurchase Counterparty, the Liquidity Facility Provider and the Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings do not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a repayment, a prepayment or a default and acceleration in relation to any of the Reference Obligations.

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The ratings from the Rating Agencies do not address the likelihood of receipt by any Noteholder of principal on any date prior to the Final Maturity Date. The ratings from the Rating

Agencies do not, in addition, address the likelihood of receipt by any Class X Noteholders of the Class X Additional Amounts.

There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in circumstances which have an adverse effect on the transaction contemplated in this Prospectus or there is an unavailability of information or if, in the judgment of the Rating Agencies, circumstances so warrant. A qualification, downgrade or withdrawal of any of the ratings mentioned above may impact upon the other ratings, the market value and/or liquidity of the Notes of any Class.

Credit rating agencies other than Fitch, Moody's and S&P could seek to rate the Notes (or any Class of them) without having been requested to do so by the Issuer and if such unsolicited ratings are lower than the comparable ratings assigned to the Notes by Fitch, Moody's and S&P, those unsolicited ratings could have an adverse effect on the market value and/or liquidity of the Notes of any Class. In this Prospectus, all references to ratings are to ratings assigned by the Rating Agencies (namely Fitch, Moody's and S&P).

Ratings confirmations

Under the Transaction Documents, the Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of any Class of Noteholders, or, as the case may be, all the Noteholders, and if the Trustee shall certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate shall be conclusive and binding upon the Issuer, the Noteholders and the other Issuer Secured Creditors. In making such a determination, the Trustee will be entitled to take into account, among other things, any confirmation by the Rating Agencies (if available) that the then current rating of the Notes of the relevant Class would, or, as the case may be, would not, be adversely affected by any event, matter or thing.

It should be noted, however, that the decision as to whether or not to confirm any particular rating may be made on the basis of a variety of factors and no assurance can be given that any confirmation will be given or that any such confirmation will not be given in circumstances where the relevant proposed matter, event or thing would materially adversely affect the interests of Noteholders of a particular Class.

The Rating Agencies, in assigning credit ratings, do not comment upon the interests of holders of securities (such as the Notes) and, in any event, there can be no assurance that the Rating Agencies would provide any such confirmation even if requested.

Absence of secondary market; limited liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange. There is not, at present, a secondary market for the Notes. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest, market perceptions of the risks associated with the Notes, supply and other market conditions. Consequently, any sale of Notes by Noteholders in any secondary market which may develop may be at a discount to the original purchase price of those Notes. Moreover, the limited scope of information available to the Issuer, the Trustee and the Noteholders regarding the Reference Entities, the Reference Portfolio and the nature of any Credit Event may affect liquidity of the market for and the value of the Notes, especially the more junior Classes of Notes. Consequently, prospective purchasers of the Notes should be aware that they may have to hold the Notes until their maturity.

Availability of Liquidity Facility

Under the Liquidity Facility Agreement, the Liquidity Facility Provider will (prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) make available to the

Issuer a €20,000,000 Liquidity Facility. The amounts available for drawing under the Liquidity Facility will decrease as the outstanding principal balance of the Reference Portfolio decreases, in accordance with the terms of the Liquidity Facility Agreement but will not decrease below the lower of €20,000,000 and 3 per cent. of the outstanding principal balance of the Reference Portfolio at any time or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes. The Liquidity Facility will be available if:

(a) as a result of the occurrence of a Failure to Pay Credit Event or Bankruptcy Credit Event in respect of a Reference Obligation, the Swap Counterparty is no longer required to make Swap Counterparty Payments under the relevant Credit Default Swap, in accordance with the terms of the relevant Credit Default Swap Agreement, save to the extent the Swap Counterparty has made any Alternative Swap Counterparty Payment (such drawings being characterised under the Liquidity Facility Agreement as Swap Counterparty Deficiency Drawings);

(b) in the event that the Issuer is required to make a payment to a third party creditor or an Issuer Secured Creditor (other than the Noteholders) and, at the time such payment is due, requires funds in order to do so (such drawings being characterised under the Liquidity Facility Agreement as Administrative Costs Shortfall Drawings); and

(c) the Issuer is required to fund a Reference Obligation Protection Advance in relation to a Reference Obligation (such drawings being characterised under the Liquidity Facility Agreement as Reference Obligation Protection Drawings).

Administrative Costs Shortfall Drawings may be drawn in the event that there has been an underestimation of Administrative Costs for the purposes of calculating the Expected Class X Interest Amount.

Liquidity Drawings under the Liquidity Facility will therefore assist the Issuer, under certain circumstances, in making payments of, among other things, interest in respect of the Notes.

The initial Liquidity Facility will expire 364 days after the Closing Date, although it is extendable for successive periods of up to 364 days. The Liquidity Facility Provider is not obliged to extend or renew the Liquidity Facility at its expiry, but if it does not renew or extend the Liquidity Facility on request then the Issuer will, subject to certain terms, be required to make a Liquidity Stand-by Drawing and place the proceeds of that drawing on deposit in the Liquidity Stand-by Account. For further information about the Liquidity Facility, see "*Transaction Documents - Liquidity Facility Agreement*" on page 338.

The Liquidity Facility Provider will, in accordance with the terms of the Liquidity Facility Agreement, be entitled to receive interest and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders. Accordingly, such payments of interest or repayment of principal may ultimately reduce the amount available for distribution to Noteholders.

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

Payments of interest in respect of the Class X Notes (principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account) will be subordinated to payments of interest in respect of the Class A Notes. Payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class A Notes and interest in respect of the Class X Notes. Payments of principal and interest in respect of the Class C Notes, the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class B Notes. Payments of principal and interest in respect of the Class D Notes and the Class E Notes will be subordinated to payments of principal and interest in respect of the Class C Notes. Payments of principal and interest in respect of the Class E Notes will be subordinated to payments of principal and interest in respect of the Class D Notes.

If, on any Note Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds (including any funds available to be drawn for that purpose under the Liquidity Facility Agreement) to make payment in full of interest due on the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes, then the Issuer will be entitled (under **Condition 16** (*Subordination By Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Note Interest Payment Date. Such a deferral will not constitute a Note Event of Default and no action may be taken against the Issuer as a result of such deferral. If there are no Class A Notes outstanding on any Note Interest Payment Date, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes, the Class D Notes and the Class E Notes only but not the Class B Notes. If there are no Class B Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class D Notes and the Class E Notes only but not Class C Notes. If there are no Class C Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class E Notes only but not the Class D Notes. If there are no Class D Notes outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class E Notes.

The terms on which the Issuer Security will be held will provide that, both before and after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, certain payments (including all amounts payable to any receiver, the Trustee, the Cash Deposit Bank, the Repurchase Counterparty, the Swap Counterparty, any Verification Agent, the Calculation Agent, the Cash Manager, the Corporate Services Provider, the Servicers, the Sub Servicers, the Account Bank, the Paying Agents and the Agent Bank, all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of Liquidity Subordinated Amounts) will be made in priority to payments in respect of interest and principal on the Class A Notes. Upon service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all amounts of interest owing to the Class A Noteholders will rank higher in priority to payments of interest in respect of the Class X Notes (principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account) and all amounts of interest and principal owing to the Class A Noteholders will rank higher in priority to all amounts of interest owing to the Class B Noteholders, all amounts of interest owing to the Class X Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts of principal and interest owing to the Class B Noteholders will rank higher in priority to all amounts of principal and interest owing to the Class C Noteholders, all amounts of principal and interest owing to the Class C Noteholders will rank higher in priority to all amounts of principal and interest owing to the Class D Noteholders and all amounts of principal and interest owing to the Class D Noteholders will rank higher in priority to all amounts of principal and interest owing to the Class E Noteholders.

Redemption of the Notes

Subject to the Conditions, redemption of the Notes may occur:

(a) in whole or in part, upon the receipt by the Issuer of written notice from the Swap Counterparty of the repayment or prepayment of a Reference Obligation or Reference Obligations in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*);

(b) in whole or in part, on a Cash Settlement Date, after and in the event of a Credit Protection Payment Amount being paid in relation to a Failure to Pay Credit Event or Bankruptcy Credit Event, from Cash Deposit Release Amounts or Repurchase Release Amounts in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*);

(c) in whole or in part, following any early termination of a Credit Default Swap in accordance with **Condition 6.5** (*Mandatory redemption following termination of a Credit Default Swap*);

(d) in whole, upon the occurrence of a Tax Redemption Event in accordance with **Condition 6.2** (*Redemption for taxation or other reasons*); and

(e) upon the occurrence of a Note Event of Default (including any early termination of the Cash Deposit Agreement (as a result of an event of default thereunder) or the Repurchase Agreement (as a result of an event of default thereunder), delivery of a Acceleration Notice by the Trustee and enforcement of the Issuer Security whereby the Notes will be redeemed in accordance with the Post-Enforcement Priority of Payments.

No premium or penalty will be payable by the Issuer upon any redemption of the Notes. Any such redemption will shorten the average life of the Notes.

Conflict of interests between Classes of Noteholders

The Trustee will be required, in performing its duties as trustee under the Trust Deed, to have regard to the interests of all the Classes of Noteholders together. However, if (in the sole opinion of the Trustee) there is a conflict between the interests of the holders of one or more Classes of Notes and the interests of the holders of one or more other Classes of Notes, then the Trustee will be required in certain circumstances to have regard only to the interests of the holders of the Most Senior Class of Notes (the Class X Notes can never be the Most Senior Class of Notes) then outstanding. For all purposes when the Trustee performs its duties under the Trust Deed and/or the Issuer Deed of Charge, the interests of individual Noteholders will be disregarded and the Trustee will determine interests viewing the holders of any particular Class of Notes as a whole.

Withholding or deduction under the Notes

In the event that a withholding or deduction for or on account of any taxes is imposed by law, or otherwise applicable, in respect of amounts payable under the Notes, neither the Issuer nor any Paying Agent or any other entity is obliged to gross up or otherwise compensate Noteholders for the lesser amounts which the Noteholders will receive as a result of the imposition of such withholding or deduction. The imposition of such withholding or deduction would entitle the Issuer to redeem the Notes in accordance with **Condition 6.2** (*Redemption for taxation or other reasons*) at their then Principal Amount Outstanding (plus accrued interest but excluding any premium) if the Issuer has sufficient funds available, thereby shortening the average lives of the Notes.

Limited rights of Class X Notes and interest on the Class X Notes

The Class X Notes will not have all of the rights of the other Notes. The Class X Notes will not receive regular payments of principal, will not have any voting rights, will not be permitted to vote on any Extraordinary Resolutions or other resolutions or become the Controlling Creditor. In addition, the Class X Noteholders will not be able to direct an enforcement of the Issuer Security by the Trustee. Interest on the Class X Notes will comprise the Expected Class X Interest Amounts. In addition the Class X Noteholders will receive Class X Additional Amounts (if any). The ratings of the Rating Agencies do not address the likelihood of receipt by any Class X Noteholder of any Class X Additional Amounts.

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the applicable rate of interest on each Class of the Notes, the amount and timing of repayment and prepayment of principal in respect of the Reference Portfolio and the purchase price paid by the holders of the Notes.

The yield to maturity on the Class X Notes will be highly sensitive to the rate and timing of principal payments and collections (including by reason of a voluntary or involuntary prepayment, or a default and liquidation) by the Reference Entities in respect of the Reference Obligations. Investors in the Class X Notes should fully consider associated risks, including the risk that a faster than anticipated rate of principal payments and collections could result in a lower than expected yield, and an early liquidation of the Reference Obligations could result in the failure of such investors to fully recoup their initial investments in respect of any premium

above the €600,000 initial Principal Amount Outstanding of the Class X Notes as at the Closing Date.

Each Reference Entity has the option to prepay amounts owed in respect of its Reference Obligation at any time, although, if a Reference Entity chooses to do so before the end of the relevant period as set out in the relevant Credit Agreement, it may be required to pay certain prepayment fees (the **Prepayment Fees**). The Swap Counterparty will pay to the Issuer an amount equal to any Prepayment Fees paid to a Holder of the relevant Reference Obligation. The amount of each such payments from the Swap Counterparty will be deducted from the Class X Additional Amounts Ledger and paid directly to the Class X Noteholders as Class X Additional Amounts. Such Class X Additional Amounts will not therefore be available to make any payments in respect of the Notes (other than the Class X Notes).

For further information about the treatment of Prepayment Fees, see "*Cashflows*" on page 347.

If a Reference Entity prepays amounts owed in respect of a Reference Obligation in whole or in part, the Swap Notional Amount of the related Credit Default Swap will be reduced by the amount prepaid to the Holder. Upon the next following Note Interest Payment Date, an amount equal to any such reduction of a Swap Notional Amount, if the Collateral is in the form of the Cash Deposit at that time, will be released from the Cash Deposit, the amount released being a Cash Deposit Release Amount. The Cash Deposit Release Amount will in turn be applied in redemption of the Notes in accordance with **Condition 6.3** (*Mandatory redemption from Redemption Funds*). If at that time the Collateral is held in Repurchase Securities, on the maturity of the relevant Repurchase Transaction, the Issuer will apply an amount of the proceeds of the maturing Repurchase Transaction equal to the reduction of the Swap Notional Amount, being a Repurchase Release Amount, again in redemption of the Notes in accordance with **Condition 6.3** (*Mandatory redemption from Redemption Funds*).

Risks related to Repurchase Securities

Pursuant to the terms of the Repurchase Agreement, the Repurchase Counterparty will have flexibility and discretion in selecting Repurchase Securities. The Repurchase Securities must meet the Repurchase Securities Eligibility Criteria. However, the Repurchase Securities Eligibility Criteria do not, in all cases, include a requirement for a minimum or maximum number of separate obligors of the Repurchase Securities or requirements as to concentration limits in respect thereof. If the Repurchase Counterparty defaults on its ultimate obligation to repurchase all of the Repurchase Securities under the Repurchase Agreement, the Issuer, following realisation of the Collateral, may be exposed to the credit risk of the obligors of the Repurchase Securities or market value or liquidity fluctuations in respect of the Repurchase Securities, though the nature of the Repurchase Securities Eligibility Criteria, which have been approved by the Rating Agencies in ascribing the ratings to the Notes, are intended to substantially mitigate the exposure of the Issuer to such risks.

The Issuer's Reliance on Certain Transaction Parties

The Issuer is a party to contracts with a number of third parties who have agreed to perform certain services in relation to, among other things, the Notes. For example, the Corporate Services Provider has agreed to provide various corporate services to the Issuer and the Cash Deposit Bank, the Cash Manager, the Accounts Bank, the Paying Agents and the Agent Bank have agreed to provide, among other things, payment, administration and calculation services in connection with the Notes. In the event that any relevant third party fails to perform its obligations under the respective agreements to which it is a party, the Noteholders may be adversely affected.

Denominations and trading

The Notes of each class will be issued in the minimum authorised denomination of €50,000 and higher integral multiples of €1,000. If Definitive Notes for that Class of Notes are required to be issued and printed, such Definitive Notes will be printed and issued only in denominations of €50,000 and integral multiples of €1,000 in excess thereof up to and including €99,000. No Definitive Notes will be issued in a denomination above €99,000.

The Notes have a denomination consisting of a minimum authorised denomination of €50,000 plus higher integral multiples of €1,000. Accordingly, it is possible that the Notes may be traded in amounts in excess of the minimum authorised denomination that are not integral multiples of such minimum authorised denomination. In such a case, if Definitive Notes are required to be issued, a Noteholder who holds a principal amount less than the minimum authorised denomination at the relevant time may not receive a Definitive Note in respect of such holding and may need to purchase a principal amount of Notes such that their holding amounts to the minimum authorised denomination (or another relevant denomination amount).

If Definitive Notes are issued, Noteholders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum authorised denomination may be illiquid and difficult to trade.

Furthermore, at any meeting of Noteholders of any class while the Notes of that class are represented by a Global Note, any vote cast will be valid only if it is in respect of at least €50,000 in nominal amount and will be cast in respect of each €1 (or such other amount as the Trustee may in its absolute discretion stipulate) in principal amount outstanding of the Notes held or represented by the person voting. The quorum requirements for meetings of Note holders will also disregard any holdings to the extent that they cannot be represented by a holding of at least €50,000.

B. Considerations relating to the Reference Portfolio and the Related Security

There is a possibility that rental payments due under an Occupational Lease on or before the relevant Reference Obligation Interest Payment Date will not be paid, when due or at all. If any payment of rent is not received and any resultant shortfall is not otherwise compensated for from other resources available to a Reference Entity, there may be insufficient cash available to it to make payments due in respect of the relevant Reference Obligation resulting in occurrence of a Failure to Pay Credit Event.

Following the occurrence of a Failure to Pay Credit Event, the Swap Counterparty's obligation to pay Swap Counterparty Payments in respect of the relevant Credit Default Swap shall cease, though it shall be obliged to make Alternative Swap Counterparty Payments. In such circumstances and having taken into account any Alternative Swap Counterparty Payments actually made, the Issuer would make drawings, to the extent available, under the Liquidity Facility Agreement to cover any funding shortfall that it would otherwise be exposed to. The occurrence of a Failure to Pay Credit Event may, however, ultimately result in the enforcement of the relevant Related Security which could, in turn, result in determination of a Liquidation Loss Amount or Estimated Liquidation Loss Amount, as applicable, and consequently result in the Issuer being required to make payment of a Credit Protection Payment Amount.

If a Credit Protection Payment Amount is required to be paid by the Issuer to the Swap Counterparty, following the occurrence of a Failure to Pay Credit Event, the Principal Amount Outstanding of the Notes will be written-down (reverse sequentially with the Principal Amount Outstanding of the most junior Class of Notes being written-down first) by an amount equal to the Credit Protection Payment Amount, resulting in a loss to Noteholders or certain classes of them.

The sequence of events described in the foregoing paragraphs are described hereafter as the **Credit Event Consequences**.

Security

The Reference Obligations are, save as otherwise described in this Prospectus, fully secured by, among other things, first-ranking and fully perfected mortgages over the Properties, though in the case of certain of the German, French and Belgian Reference Obligations registration of the mortgages may be pending or on-going in relation to certain of the Properties or only registered in respect of a portion of the amount of the Reference Obligations (registration of the remaining amount of such Reference Obligation may be undertaken upon the occurrence of certain trigger events or at the discretion of the relevant Security Agent).

In the context of the German Reference Obligations, where registration of the mortgages is still pending, notarial certificates have been obtained which confirm the ranking of the mortgages upon registration and the discharge of any existing prior ranking mortgages, subject to only the customary qualifications. In the context of the French Reference Obligations, registration of the mortgages will occur upon the occurrence of certain events prescribed in the relevant Credit Agreements. In the context of the Belgian Reference Obligations, the obligations are in part secured by mortgage mandates which will be converted into mortgages upon the occurrence of certain events or in certain instances at the discretion of the relevant Security Agent as prescribed in the relevant Credit Agreement. The obligations of the Junior Den Tir Reference Entity in respect of the Junior Den Tir Reference Obligation are not secured by a mortgage over property and are only secured by share security and security over certain receivables of the Junior Den Tir Reference Entity.

For further information about the Belgian Reference Obligations and the mortgages mandates, see "*Relevant Aspects of Belgian Law – Mortgage Mandate*" on page 107.

For further information about the French Reference Obligations and the registration of mortgages, see "*Relevant Aspects of French Law – Holder's Privilege*" on page 125.

For further information about the German Reference Obligations and the registration of mortgages, see "*Relevant Aspects of German Law - Mortgages*" on page 143.

Prepayment of the Reference Obligations

Reference Entities may be obliged, in certain circumstances, to prepay a Reference Obligation in whole or in part prior to the prescribed Reference Obligation Maturity Date. These circumstances include on disposal of all or part of a relevant Property (where such Property has not been substituted (where such substitution is permitted in accordance with the terms of the relevant Credit Agreement)), on a change of control of the relevant Reference Entity in certain cases or its parents (where relevant), and where it would be unlawful for the relevant Holder to perform any of its obligations under a Finance Document or to fund or maintain its share in the relevant Reference Obligation. These events are, in certain cases, beyond the control of the Reference Entities. Any such prepayment may result in the Swap Notional Amount of the relevant Credit Default Swap being reduced and the Notes being subject to a corresponding mandatory early redemption, such redemption taking place in accordance with **Condition 6.3** (*Mandatory Redemption from Redemption Funds*).

For further information about the circumstances under which there may be mandatory prepayment in respect of the Reference Obligation, see "*Mandatory prepayment*" on page 35.

Refinancing risk

All of the Reference Obligations are expected to have substantial remaining principal balances as at their respective Reference Obligation Maturity Dates. However, some of the Reference Obligations will be subject to scheduled amortisation throughout the term of the relevant Credit Agreement. For further information about the Reference Obligations and the repayments of principal thereunder, see "*The Reference Portfolio and the Related Security*" on page 201.

Unless previously repaid, each Reference Obligation will be required to be repaid by the relevant Reference Entity in full on the relevant Reference Obligation Maturity Date. The ability of a Reference Entity to repay a Reference Obligation in its entirety on the Reference Obligation Maturity Date will depend, among other things, upon its having sufficient available cash or equity or upon its ability to find a lender willing to lend to it (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the Reference Obligation, thereby leading to the generation of Refinancing Proceeds. Such lenders will generally include banks, insurance companies and finance companies. The availability of funds in the credit market fluctuates and no assurance can be given that the availability of such funds will remain at or increase above, or will not contract below, current levels. 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.

The Originator is under no obligation to provide any refinancing or enter into new hedging arrangements and there can be no assurance that a Reference Entity would be able to obtain refinancing in respect of a Reference Obligation in the required amounts or at all. In the event that it is not able to do so, no Refinancing Proceeds will be generated.

If a Reference Entity cannot find such a lender on the relevant Reference Obligation Maturity Date, then it may be forced, in circumstances which may not be advantageous, into selling some or all of the Properties it owns, and thereby generating Disposal Proceeds, in order to repay the relevant Reference Obligation. Failure by the relevant Reference Entity to repay its Reference Obligation or to sell the Properties on or prior to the Reference Obligation Maturity Date may result in it defaulting in respect of that Reference Obligation, and causing the occurrence of a Failure to Pay Credit Event. The occurrence of a Failure to Pay Credit Event, as described above, may result in the Credit Event Consequences.

Limited payment history

14 of the Reference Obligations, representing 86.2 per cent. of the initial aggregated balance of the Reference Portfolio were originated within 12 months of the Closing Date. As such, these Reference Obligations do not have a long standing payment history. In the absence of such a payment history it is not possible to infer, based on historic performance, that the required payments will be made or, if made, will be made on a timely basis. Historic performance is not, however, necessarily indicative of future performance.

Recent acquisition of the Properties

In respect of certain of the Reference Obligations, the Reference Entities in respect thereof acquired their Property or Properties contemporaneously with the origination of the relevant Reference Obligations. Accordingly, such Reference Entities and their sponsors have limited experience in operating the relevant Property or Properties and, therefore, the net operating income and cash flow generated by such Properties may vary significantly from the operations, net operating income and cash flow generated by the Properties which were under prior ownership and management.

Sufficiency of Reference Entity's Assets

Payments in respect of the Reference Obligations are dependent primarily on the sufficiency of the Rental Proceeds generated by the Properties backing the Reference Obligations and, upon a default by the Reference Entity or on the maturity date of the Reference Obligation, the market value of the Properties and/or each Reference Entity's ability to dispose of or refinance the relevant Properties, resulting in the generation of Disposal Proceeds or Refinancing Proceeds.

A Reference Entity's ability to make payments due in respect of the relevant Reference Obligation and, therefore, the risk of the Issuer being required to pay a Credit Protection Payment Amount potentially resulting in losses to Noteholders, will be related to the risks generally associated with investment in commercial property in the relevant location and could be adversely affected if

occupancy levels at the Properties were to fall or if a significant number of Tenants were unable to meet their obligations under the Occupational Leases.

These risks include adverse changes in general or local economic conditions, the financial condition of the Tenants, vacancy levels, property and rental values generally and in the locality of the Properties, interest rates, taxes and tax rates (including income taxes and property taxes), other operating expenses or the need for capital expenditure, inflation, the supply of and demand for office, commercial or residential premises, planning laws, building codes or other governmental regulations and policies (including environmental restrictions), competitive conditions (including changes in land use and construction of new competitive properties) which may affect the ability of a Reference Entity to obtain or maintain full use of the relevant Property or Properties, war, civil disorder, global instability (resulting from economic and/or political factors, including the threat of global terrorism), acts of God (such as floods), *force majeure* and other factors in the relevant location beyond the control of the Reference Entity.

Furthermore, rental levels, the quality of the building, the amenities and facilities offered, the convenience and location of the Properties, the amount of space available, the transport infrastructure and the age of the building in comparison to the alternative buildings, are all factors which influence tenant demand in relation to the Properties. There is no guarantee that changes to the infrastructure, demographics, planning regulations and economic circumstances relating to the areas surrounding the Properties will not adversely affect the demand for units in the Properties.

The risks described above and other related factors may make it impossible for the Properties to generate sufficient income to allow the relevant Reference Entity to make full and timely payments in respect of the Reference Obligation.

Risks Relating to Collection of Rents

Income from, and the market value of, a Property would be adversely affected if Tenants or, where applicable, rent guarantors were unable to meet their payment obligations under the Occupational Leases, if a significant Tenant 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 failure on its part to make rental payments when due, thus compromising the generation of Rental Proceeds. If a Tenant of a Property were to default in its obligations to the Reference Entity, in its capacity as landlord, the Reference Entity might experience delays in enforcing its rights as landlord and may incur costs and experience delays associated with protecting its investment, including costs incurred in removing a defaulting Tenant renovating and re-letting the relevant Property or Properties. This may lead to the Reference Entity having insufficient cash flow to service the relevant Reference Obligation which, in turn, may lead to the occurrence of a Failure to Pay Credit Event. The occurrence of a Failure to Pay Credit Event may, as described above, result in the Credit Event Consequences.

Factors Affecting Recovery of Principal upon Enforcement of the Reference Obligation

In the event of default by a Reference Entity in respect of its Reference Obligation, enforcement of the Related Security may lead to a delay in recovery by the Holder or Holders of that Reference Obligation of amounts owed in respect of it. In addition, the value of a Property at the time that security over it is enforced may be adversely affected by risks generally incidental to interests in commercial property, as described under "*Risk Factors — Considerations Related to the Reference Obligation — Sufficiency of Reference Entity's Assets*" on page 70.

There can be no assurance that, upon the enforcement of the Related Security in respect of a Reference Obligation, all amounts owed thereunder would be recoverable on a timely basis or at all. This may lead to the Reference Entity having insufficient cash flow to service its obligations in respect of the relevant Reference Obligation which, in turn, may lead to the occurrence of a Failure to Pay Credit Event. The occurrence of a Failure to Pay Credit Event may, as described above, result in the Credit Event Consequences.

The Keops Portfolio Reference Obligation, the Monheim Reference Obligation and the Seaford Reference Obligation each provide for the relevant Reference Entity to pay a floating rate of interest. Of these Reference Obligations, the Monheim Reference Obligation and the Seaford Portfolio Reference Obligation do not provide for any interest rate hedging arrangements but rather rely on contractual caps on the rate of interest payable, as prescribed under the relevant Credit Agreement.

Limitations of Valuations

The Valuation of the Property or Properties relating to a Reference Obligation were obtained prior to origination of that Reference Obligation and there can be no assurance that the market value of the Property or Properties will continue to equal or exceed the amounts reflected in the Valuations (though updated valuations have been obtained in respect of the Den Tir Reference Obligations, the Obelisco Portfolio Reference Obligation and the Ostend Reference Obligation). The Valuations express the professional opinion of the relevant Valuer on the applicable Property or Properties and is not a guarantee of present or future value in respect of those Properties. Moreover, valuation of commercial property involves an exercise of judgement, and one valuer may, in respect of any Property, reach a different conclusion from the conclusion that would be reached if a different valuer were appraising that Property. Furthermore, 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.

As the market value of commercial properties in each of the relevant locations fluctuates, there can be no assurance that the market value of the relevant commercial properties in each of the relevant locations will be equal to or greater than the unpaid principal and accrued interest and any other amounts due in respect of the relevant Reference Obligation. If one or more Properties are sold following the occurrence of a Credit Event in respect of a Reference Obligation, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due thereunder. Such insufficiency could lead to the occurrence of a Failure to Pay Credit Event, which would, in turn, result the Credit Event Consequences, as described above.

Certain of the Credit Agreements contain covenants measuring the comparison between amounts outstanding and the market value of the relevant Properties. Breach of the thresholds specified in such covenants typically result in a requirement to prepay in part the amounts outstanding or to restrict the release of surplus cash flow and are designed to mitigate the potential exposure to market value fluctuations in respect of the relevant Properties.

Environmental Considerations

Certain existing environmental laws impose liability for clean-up costs if a Property is or becomes contaminated. The relevant Reference Entity may be liable for the entire amount of the clean-up and redemption costs for a contaminated site, regardless of whether the contamination was caused by it, thereby reducing its ability to make payments in respect of the applicable Reference Obligation.

In addition, the presence of hazardous or toxic substances, or the failure properly to remedy adverse environmental conditions at a Property, may adversely affect the market value of the Property as well as a Reference Entity's ability to sell, lease or refinance the relevant Property, thus impacting on the generation of Property Proceeds. However, in relation to Properties in respect of the which Originator perceives the possibility of environmental risks, it typically requires, as part of the loan origination process, that an environmental report be prepared as a condition precedent, so that it can assess the extent and magnitude of any environmental risk prior to making any advance.

The Keops Portfolio Reference Obligation is secured in part on industrial properties. The risk of the environmental considerations described above applying is generally higher for industrial properties than for other types of commercial properties. Further, certain of the Keops Properties were, at the time of origination of the Keops Portfolio Reference Obligation, the subject of continued environmental due diligence.

For further information on the Keops Portfolio Reference Obligation, see "*Keops Portfolio Reference Obligation*" on page 306.

Vacancies in Occupation

As at the Cut-Off Date, certain of the Properties were, having regard to the lettable space which remains vacant in each case, partially vacant. Thus, 2.4 per cent. of the Neumarkt Property (by area) was vacant, 1.9 per cent. of the Petersbogen Property (by area) was vacant; 21.6 per cent. of the CEPL Levallois Property (by area) was vacant; 23.9 per cent. of the Obelisco Portfolio Properties (by area) were vacant and 4.9 per cent. of the Pyrus Property (by area) was vacant, 3.9 per cent of the Prins Boudewijn Property (by area) was vacant and 6.2 per cent. of the Senior Den Tir Property and Junior Den Tir Property (by area) were vacant.

Several of the Occupational Leases granted in respect of the Properties either terminate before the repayment date of the relevant Reference Obligation, or contain break clauses in favour of the Tenant, allowing the Tenant to terminate such Occupational Leases. For example (but without limitation):

(a) in respect of the Ostend Property and the Den Tir Properties, certain tenants may terminate the relevant Occupational Leases every 3 years on 6 months' notice;

(b) in respect of the SCI Clichy Property, McCann Erickson Paris, a Tenant which accounts for approximately 31.6 per cent. of the Rental Proceeds generated in respect of the SCI Clichy Property, may terminate its Occupational Lease 6 years after the date of the relevant Occupational Lease on 6 months' notice;

(c) in respect of the Neumarkt Property, certain Occupational Leases (which account for approximately 0.1 per cent. of Rental Proceeds) may be terminated by the relevant Tenant on 6 months' or 9 months' notice;

(d) in respect of the Prins Boudewijn Property, a Tenant may terminate the relevant Occupational lease following the expiry of 3 years from the date of the relevant Occupational Lease on 12 months' notice; and

(e) in respect of the Obelisco Portfolio Properties, a majority of the Tenants have the right to terminate the relevant occupational lease with notice of one or six months' notice after the first six years of a lease term.

Furthermore, the Occupational Leases in respect of any of the Properties may terminate earlier than the contractual expiry date of the relevant Occupational Lease if the Tenant surrenders or defaults under the Occupational Lease or if statutory termination rights under applicable law arise. There can be no assurance that in the event of termination of the existing Occupational Leases substitute occupational leases on terms (including gross rents, service charges payable, and covenants of the landlord and tenant) equivalent to the Occupational Leases as at the Closing Date will be achievable. Equally, there can be no assurance that the relevant Reference Entities will be able to attract tenants of comparable credit quality as the existing Tenants to the Properties in the event that certain of the Occupational Leases expire or are terminated. There can also be no assurance that the credit quality of the Tenants of the Properties as at the Closing Date will not deteriorate over time, so that such Tenants are less able to meet their obligations under the relevant Occupational Leases.

In respect of certain of the Reference Obligations where the relevant Property or Properties are affected by vacancies, there are rental guarantees provided by third parties in place, which are intended to provide an alternative source of income in the absence of rental payments. Such rental guarantees are for finite time periods and there can be no assurance that the relevant Property or Properties will be let prior to the expiry of the guarantees. Payment of amounts under rental guarantees is, in turn, dependant upon the willingness and ability of the guarantor to make such payment.

Any increase in the vacancies described above, any delay in re-letting or negotiating the terms of an Occupational Lease and any future vacancies in respect of the Properties may adversely impact on the ability of the relevant Reference Entity to pay interest on and repay the principal of their respective Reference Obligation and may also affect the liquidation or refinancing value of the relevant Properties. In addition, the Interest Cover Ratios of the affected Reference Obligation may, as a result of any continuing or future vacancies, fall below specific thresholds required by the relevant Credit Agreement, causing the occurrence of an event of default under such Credit Agreement or triggering the requirement that surplus cash-flow is trapped. Any such failure to make a payment may result in the occurrence of a Failure to Pay Credit Event which may result in the Issuer being required to pay a Credit Protection Payment Amount and, as described above, the Credit Event Consequences.

For further information about the current or future vacancies and lease break provisions in the Properties see, "*The Reference Portfolio and the Related Security*" at page 201.

Cash Flow Control

As described in further detail in this Prospectus, each of the Reference Obligations have been structured so that the Lender or relevant Security Agent has a degree of control over the cash-flow generated by the relevant Property or Properties. Failure to exercise such control diligently may result in the misapplication of such cash flow, to the possible detriment of the holder and result in the Issuer having to make a Credit Protection Payment.

C. Considerations relating to the Reference Entities

Limited purpose entity

In the context of commercial mortgage loan transactions, limited purpose entity (**LPE**) covenants are generally designed to limit the activities and purposes of the borrowing entity to owning the related property, making payments on the related mortgage loan and taking such other actions as may be necessary to carry out the foregoing in order to reduce the risk that circumstances unrelated to the mortgage loan and related property result in an insolvency of the borrowing entity. LPEs are generally used in commercial loan transactions to satisfy requirements of institutional lenders and recognised statistical rating organisations, such as the Rating Agencies. In order to minimise the possibility that they will be the subject of insolvency proceedings, provisions are generally contained in an LPE's organisational documents and/or documentation relating to mortgage loans that, among other things, limit the indebtedness that can be incurred by such entities and restrict such entities from conducting business as an operating company (thus limiting exposure to additional creditors). Additional debt increases the possibility that a borrowing entity would lack the resources to pay the relevant commercial mortgage loan.

Save as described in this Prospectus, all of the Reference Obligations contain provisions that require the relevant Reference Entity to conduct itself in accordance with certain LPE covenants, which may include some or all of the foregoing. However, there can be no assurance that each Reference Entity will be able to comply with the LPE covenants. In addition, there can be no assurance that all or most of the restrictions customarily imposed on LPEs by institutional lenders and recognised statistical ratings organisations will, in fact, be complied with by the Reference Entities, even if they are able to do so, and even if all or most of such restrictions have been complied with by the Reference Entities, there can be no assurance that such Reference Entities will not, notwithstanding such compliance, become insolvent.

With the exception of the Junior Den Tir Reference Entities and the Obelisco Portfolio Reference Entity, the Reference Entities were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding interests in the relevant Property or Properties charged as security for the relevant Reference Obligation, or for acquiring the entire issued share capital in other companies owning the legal and beneficial interests in such Property or Properties (whether directly or indirectly). The Junior Den Tir Reference Entities and the Obelisco Portfolio Reference Entity are not LPEs, as described in further detail below.

Nature of certain Reference Entities

The Junior Den Tir Reference Entities are operating companies and therefore, may have third party creditors other than in connection with the financing of their obligations in relation to the Junior Den Tir Reference Obligation. Any such third party creditors are unlikely to be subject to non-petition covenants and may institute insolvency proceedings against either of the Junior Den Tir Reference Entities. Furthermore, there can be no assurance, that such third party creditors will not assert claims against any of these Reference Entities, which may impair their ability to make payments in respect of the relevant Reference Obligation.

The Obelisco Portfolio Reference Entity is an Italian real-estate investment fund and its activities are not restricted as would typically be the case with LPEs. There are, however, contractual restrictions on the indebtedness which the Obelisco Portfolio Reference Entity may incur, which are intended to restrict its dealings with other third party creditors and thereby reduce the risk of it being subject to insolvency proceedings and the risk that it will be unable to service its obligations in respect of the Obelisco Portfolio Reference Obligation.

Insolvency of a Reference Entity

Although most of the Reference Entities have generally been incorporated as LPEs they may, nonetheless, become insolvent or subject to moratorium proceedings (where applicable) under the relevant law. The relevant Security Agent as holder of, or a beneficiary of, the security interests granted in connection with the Reference Obligations, will have certain rights under the relevant security documents if a Reference Entity becomes insolvent or subject to a moratorium, including certain rights to enforce the security interests held by it. However, the rights of a creditor may be limited by the law of a particular jurisdiction, either procedurally or substantively, which had an impact on the process of enforcing security.

An insolvency of any Reference Entity or Security Grantor would result in a Reference Obligation Event of Default with respect to the related Reference Obligation, giving rise to the occurrence of a Bankruptcy Credit Event under the relevant Credit Default Swap, resulting in the Credit Event Consequences.

The rights of creditors and the creditor enforcement process will, as indicated above, be restricted in some jurisdictions more than in others. For further information about the restrictions which apply in relation to particular jurisdictions, see "*Relevant Aspects of Belgian Law – Insolvency*" at page 107, "*Relevant Aspects of French Law – Insolvency*" at page 117, "*Relevant Aspects of German Law – Insolvency*" at page 157, "*Relevant Aspects of Italian Law – Insolvency Principles*" at page 169, "*Relevant Aspects of Monaco Law – Insolvency*" at page 184 and "*Relevant Aspects of Swedish Law – Enforcement of Security*" at page 189.

Litigation

There may be pending or threatened legal proceedings against any of the Reference Entities and their affiliates. Each Credit Agreement and/or Security Agreement includes an obligation by the relevant Reference Entity to notify the Lenders or relevant Security Agent of any legal proceedings which might or could reasonably be expected to have (or, in respect of certain Reference Obligations, legal proceedings which are reasonably likely to be adversely determined and, if adversely determined, are reasonably likely to have) a material adverse effect on the ability of the Reference Entity to make payments in respect of a Reference Obligation. To the knowledge of the Swap Counterparty as Holder of the Reference Obligations on the Closing Date, there is no such litigation pending or threatened against any Reference Entities in respect of the Properties.

D. Considerations relating to the Properties

Commercial lending generally

Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the property is reduced (for example, if occupational leases are not obtained or renewed or if tenants default in their obligations under the leases), a borrower's ability to repay a relevant commercial mortgage loan may be impaired.

The volatility of property values and net operating income depends upon a number of factors, which may include:

(a) the volatility of the revenue generated by the relevant property; and

(b) the relevant property's "operating leverage", which generally refers to:

  (i) the percentage of total property operating expenses in relation to the revenue generated by the relevant property;

  (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue;

  (iii) the level of capital expenditure required to maintain the property and retain or replace tenants; and

  (iv) the ability to reclaim expenses from tenants.

Even when the current net operating income is sufficient to cover debt service, there can be no assurance that this will continue to be the case in the future.

In the context of the Reference Portfolio, the net operating income and value of the 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), national or local property market conditions (such as an oversupply of commercial space, including market demand), perceptions by prospective tenants, retailers and shoppers of the safety, convenience, condition, services and attractiveness of the Properties, the proximity, attractiveness 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, an increase in the capital expenditure needed to maintain a Property or make improvements to it, demographic factors, consumer confidence, unemployment rates, consumer 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 the Properties' value without affecting their current net operating income, including: changes in governmental regulations, fiscal policy and planning/zoning or tax laws, potential environmental legislation or liabilities or other legal liabilities, the availability of refinancing, and change in interest rate levels or yields required by investors in income-producing properties. The age, construction quality and design of a particular Property may affect its occupancy level as well as the rents that may be charged under individual Occupational Leases over time. The adverse effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the Property. 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 the Reference Obligations, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value and net operating income of such Properties could be reduced. Some of the Reference Obligations permit the Reference Entity to make

permitted developments, subject to the specific terms of the relevant Credit Agreement, including certain consent provisions.

In addition, some of the Properties may not readily be convertible to alternative uses if such Properties were to become unprofitable due to competition, age of the improvements, decreased demand, regulatory changes or other factors. The conversion of Properties to alternate uses generally requires substantial capital expenditure. Thus, if the operation of any such Property becomes unprofitable such that the relevant Reference Entity becomes unable to meet its obligations in respect of the Reference Obligations, the liquidation value of any such Property may be substantially less, relative to the amount owing in respect of the relevant Reference Obligation than would be the case if such Property were readily adaptable to other uses.

A decline in the 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 factors described above could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause a Reference Entity in respect of such Property to default on the relevant Reference Obligation or may impact a Reference Entity's ability to refinance the relevant Reference Obligation or sell the Properties or repay the relevant Reference Obligation and may consequently result in the occurrence of a Credit Event under the applicable Credit Default Swap, resulting in the Credit Event Consequences, as described above.

Concentration of Reference Obligations

The effect of losses on a pool of mortgage loans will be more severe if the pool is comprised of a small number of mortgage loans, each with a relatively large principal balance or if the losses relate to mortgage loans that account for a disproportionately large percentage of the pool's aggregate principal balance. As there are 17 Reference Obligations, losses on any Reference Obligation may, by virtue of any resulting Credit Protection Payment by the Issuer to the Swap Counterparty under the relevant Credit Default Swaps, have a substantial adverse effect on the repayment profile of, and lead to write-downs of, the Principal Amount Outstanding of the Notes. The relative approximate percentages of the 17 Reference Obligations are:

Reference Obligations	**Percentage of Cut-Off Date Securitised Principal**
Keops Portfolio	28.7%
Neumarkt	14.1%
SCI Clichy	13.0%
Obelisco Portfolio	10.2%
Petersbogen	8.5%
Pyrus Portfolio	4.2%
Senior Den Tir and Junior Den Tir	3.6%
Ostend	3.2%
CEPL Levallois	2.8%

Nordhausen	2.6%
Le Croissant	2.4%
Monheim	2.0%
Senior Monaco and Junior Monaco	1.9%
Prins Boudewijn	1.5%
Seaford Portfolio	1.5%
Total	**100.0%**

* Percentages may not total 100% due to rounding.

In addition, the repayment or prepayment, in whole or in part, of any Reference Obligation will affect the concentration of the Reference Obligations within the Reference Portfolio.

The largest Reference Obligation by percentage of the Cut-Off Date Balance, as set out above, is the Keops Portfolio Reference Obligation. As such Reference Obligation represents a significant portion of the total Reference Portfolio, any Reference Obligation Event of Default arising in relation to the Keops Portfolio Reference Obligation, as opposed to any other Reference Obligation, resulting in a Credit Event, could have a disproportionately adverse impact on the Noteholders or certain classes of them.

Geographic concentration: the economies of Sweden, Germany, France, Belgium, Italy and Monaco.

Based upon the principal balance of the Reference Obligations as at the Cut-Off Date (the **Cut-Off Date Balance**) 171 properties, representing 25.5 per cent. of the Properties by value are located in Sweden, 16 properties, representing 31.7 per cent. of the Properties by value are located in Germany, 12 properties, representing 17.9 per cent. of the Properties by value are located in Italy, 4 properties, representing 9.2 per cent. of the Properties by value are located Belgium, 2 properties, representing 14.1 per cent. of the Properties by value are located in France, and 1 property, representing 1.7 per cent. of the Properties by value is located in Monaco. Repayments in respect of the Reference Obligations and the market value of the Properties could be adversely affected by national and local conditions in the property markets where the Properties are located, acts of God, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Reference Entities. In addition, the performance of the Properties will be dependent upon the strength of the economies of the local areas where such Properties are located and there can be no assurances that such economic strength will remain constant over time.

Tenant concentration

Deterioration in the financial condition of a Tenant can be particularly significant in relation to performance of a Reference Obligation if a Property is leased to a small number of Tenants or a sole Tenant. Properties leased to a small number of Tenants, or a single Tenant, are more susceptible to interruptions of cash flow if a Tenant fails to renew its Occupational Lease. This is so because:

(a) the financial effect of the absence of Rental Proceeds may be severe;

(b) more time may be required to re-let the space; and

(c) substantial capital costs may need to be incurred to make the space appropriate for replacement tenants.

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

Concentration levels relating to Tenants in respect of the Reference Portfolio are described below on a Reference Obligation by Reference Obligation basis.

Risks relating to office properties

51.5 per cent. of the Properties in relation to the Reference Portfolio by value comprises office properties.

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

Local, regional and national economic conditions and other related factors also affect the demand for and operation of office properties. For example, decisions by companies to locate an office in a given area will be influenced by factors such as labour cost and quality, and quality of life issues such as those relating to schools and cultural amenities.

Also, changes in local, regional and national population patterns, the emergence of telecommuting, sharing of office space and employment growth also influence the demand for office properties and the ability of such properties to generate income and sustain market value. In addition, an economic decline in the businesses operated by tenants can affect a building and cause one or more significant tenants to cease operations and/or become insolvent. The risk of such an adverse effect is increased if revenue is dependent on a single tenant or a few large tenants or if there is a significant concentration of tenants in a particular business or industry.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties which are office properties and thereby increase the possibility that the Reference Entities will be unable to meet their obligations in respect of their Reference Obligations, resulting in the occurrence of a Failure to Pay Credit Event and the Credit Event Consequences, as described above.

Risks relating to industrial properties

9.9 per cent. of the Properties in relation to the Reference Portfolio by value comprises of industrial and warehouse properties.

The income from and market value of an industrial property and the ability of a landlord of an industrial property to meet its financial obligations which are secured by such a property are subject to a number of risks. One of the most important risks relates to the continued access to, and proximity of, the building to a major road network. Any interruption in the road access to an industrial property

could result in a shortfall in the number of customers utilising the units and reduce the tenants' ability to make payments under the relevant occupational leases. Additionally, the adaptability of a property to offer future leases and to attract new tenants (including those not involved in a similar industry) will have an impact on the ability of a landlord to meet its obligations. However, in order to attract new tenants and adapt the property, the property owner may be required to expend material amounts to refurbish and customise the relevant property, or part thereof.

Other key factors affecting the value of industrial properties will include the quality of management of the properties, the amenities offered to tenants and their customers and the location of the property with respect to urban areas.

Each of the foregoing risks may individually or in the aggregate affect the income from and market value of the industrial properties and thereby increase the probability that the Reference Entity will be unable to meet its obligations under the Reference Obligation secured by such Properties and may lead to the occurrence of a Failure to Pay Credit Event and the Credit Event Consequences, as described above.

Risks relating to retail properties

32.7 per cent. of the Properties in relation to the Reference Portfolio by value comprises of retail properties.

The value of retail properties is significantly affected by the quality of the tenants as well as fundamental aspects of property, such as location, catchment area and market demographics. In addition to location, competition from other retail spaces or the construction of other retail space, retail properties in particular face competition from other forms of retailing outside a given property market (such as mail order and catalogue selling, discount retail centres and selling through the Internet), which may reduce retailers' need for space at a given retail centre. The continued growth of these alternative forms of retailing could adversely affect the demand for space and, therefore, the rents collectable from retail properties.

The success of a retail property is dependent on, among other things, achieving the correct mix of retailers in a retail centre or area so that an attractive range of retail outlets is available to potential customers. The presence or absence of an "anchor retailer" in a retail area can be particularly important in this, because anchors play a key role in generating customer traffic and making an area desirable for other retail occupiers. An anchor retailer may cease operations in a retail area for a variety of reasons, including that the relevant retailer decides to move to a different retail centre, it becomes insolvent or otherwise goes out of business. If any anchor store, located in a retail area in which a property securing any loan is located were to close and such anchor is not replaced in a timely manner the related property owner may suffer adverse financial consequences.

Other key factors affecting the value of retail properties include the quality of management of the properties, the attractiveness of the properties and the surrounding neighbourhood to tenants and their customers, the public perception of the level of safety in the neighbourhood, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants. Furthermore, the income stream generated from retail properties is likely to be more variable than income generated from other types of property in that it may include rental income linked to turnover in relation to a tenant and income generated from car parks which may increase or decrease from time to time.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the relevant Reference Entities will be unable to meet their obligations in respect of the relevant Reference Obligations and may consequently result in the occurrence of a Failure to Pay Credit Event and, as a result, the Credit Event Consequences, as described above.

Risks relating to multi-family properties

4.4 per cent. of the Properties in relation to the Reference Portfolio by value comprises of multi-family properties.

The value of multi-family properties may be affected by the characteristic aspects of the relevant property such as location, the surrounding neighbourhood, the public perception as to the level of safety in the neighbourhood, access to shopping areas and parks, access to public transportation, the perceived attractiveness of the property and the level at which the building has been maintained.

Multi-family properties are subject to different considerations as compared to commercial property as they impose greater obligations on the landlord to maintain health and safety standards and keep the property in good repair and condition. The market rents from the properties may not provide sufficient income to cover existing operating expenses and ongoing repair needs and the costs associated with any major repair or refurbishment may not be recoverable from tenants. The income stream from multi-family properties may also be affected due to the considerably shorter tenure of residential leases, rent control laws and legislature regimes designed to protect tenants in favour of landlords in the jurisdictions of the Property Portfolio.

Reference Entities' liability to provide services

Parts of the Properties are not intended to be let to Tenants and comprise areas such as service ways, public arcades and other communal areas which are used by Tenants and visitors to the Properties collectively, rather than being attributable to one particular unit or Tenant (such parts of the Properties typically being called common parts). The majority of the Occupational Leases contain a provision for the relevant Tenant to make a contribution towards the cost of maintaining the common parts calculated with reference, among other things, to the size of the premises demised by the relevant Occupational Lease and the amount of use which such Tenant is reasonable likely to make of the common parts. The contribution forms part of the service charge payable to the relevant Reference Entities (in addition, to the principal rent) in accordance with the terms of the terms of the relevant Occupational Leases.

The liability of the Reference Entities to provide the relevant services is, however, generally not conditional upon all such contributions being made and consequently any failure by any Tenant to pay the service charge contribution on the due date or at all would oblige the relevant Reference Entities to provide for the shortfall from its own resources. The Reference Entities would also need to pay from their own monies service charge contributions in respect of any vacant units, which would reduce amounts available to make payments on the relevant Reference Obligation and consequently may result in the occurrence of a Failure to Pay Credit Event under the Credit Default Swap. Under certain of the Occupational Leases the relevant Reference Entity or Security Grantor, as applicable, does not have an ability to recover service charges from a Tenant and will be obliged to keep part of the structure in repair. Any amounts expended by, or on behalf of a Security Grantor by a Servicer, a Sub Servicer or the Holder, in respect of its obligations to maintain and/or repair the Property, may reduce amounts available to meet a Reference Entity's liabilities in respect of the relevant Reference Obligation and may consequently result in the occurrence of a Failure To Pay Credit Event under the applicable Credit Default Swap and as a result the Credit Event Consequences, as described above. The possibility of such occurrence is in part mitigated, however, as a result of the Originator taking account of such non-recoverable amounts in the context of originating the Reference Obligations.

Maintenance obligations

Under the relevant law of each jurisdiction, the landlord has a responsibility for certain maintenance obligations which at the very least require the landlord to maintain the property to a standard which is fit for the use assigned to it in the Occupational Lease unless in certain cases stated to the contrary. Accordingly, the Obligors will be required to apply some of the Rental Proceeds generated by the relevant Properties in discharging their maintenance and repair obligations in priority to discharging their other obligations which may reduce the cash flow available to make payments in respect of the

relevant Reference Obligation. For further information about maintenance obligations in respect of the various Reference Obligations, see:

"*Relevant Aspects of Belgian Law – Maintenance obligations*" on page 114 in relation to such matters in respect of the Belgian Properties;

"*Relevant Aspects of French Law – Maintenance obligations*" on page 132 in relation to such matters in respect of the French Properties;

"*Relevant Aspects of German Law – Maintenance obligations*" on page 154 in relation to such matters in respect of the German Properties;

"*Relevant Aspects of Italian Law – Extraordinary maintenance costs*" on page 171 in relation to such matters in respect of the Italian Properties;

"*Relevant Aspects of Monaco Law – Maintenance obligations*" on page 182 in relation to such matters in respect of the Monaco Properties; and

"*Relevant Aspects of Swedish Law – Maintenance obligations*" on page 197 in relation to such matters in respect of the Swedish Properties.

Terms of the Occupational Leases

Occupational Leases may terminate earlier than anticipated if the relevant Tenant surrenders its Occupational Lease or defaults in the performance of its obligations thereunder. Further, Occupational Leases contain break clauses which, if exercised, will lead to a termination of that Occupational Lease. In such circumstances, the relevant Reference Entities will have to seek to renew such tenancies or to find new tenants for the vacated premises.

Under the terms of the Credit Agreements, the relevant Reference Entity may generally grant or agree to grant a new Occupational Lease, subject to certain specified restrictions. In general, no existing Occupational Lease may be amended, waived, surrendered, sub-leased or assigned (unless the assignor remains bound by the terms of the Occupational Lease for the remainder of the term or the assignor is able to demonstrate to the Holder (acting reasonably) that the financial conditions and covenant of the assignee is no worse than that of the occupational Tenant as at the date of the relevant Credit Agreement) except in accordance with the terms of the relevant Credit Agreement. The Ostend Reference Entity and the Le Croissant Reference Entity require the consent of the Holder to grant or enter into a new Occupational Lease. The occupational tenancies which have been granted in respect of the Properties may contain provisions for the reduction of rents or review of rent and such rent review provisions do not generally provide for upward-only rent reviews.

However, there can be no assurance that leases on terms (including rent payable and covenants of the landlord) equivalent to those applicable to the Occupational Leases in place on the Closing Date will be obtainable in the market at such time, that market practice will not have changed or that the circumstances of prospective tenants will not make some or all of such provisions inappropriate. Certain discretions given to the Reference Entities under the Credit Agreements as to the matters described above may result in a diminution in the quality of the Tenants of the relevant Properties or the terms of their Occupational Leases.

Any of these factors may result in a decline in the income produced by the Properties or the incurrence by the Reference Entities of unforeseen liabilities, which may in turn adversely affect the ability of the Reference Entities to meet their obligations in respect of the Reference Obligations and as a result cause the occurrence of a Failure to Pay Credit Event, and the Credit Event Consequences, as described above.

Property management

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. A Managing Agent may have wide discretions: in particular, the Managing Agent may be (subject to certain general restrictions) responsible for finding and selecting new tenants on the expiry of existing tenancies (and their replacements) and for negotiating the terms of the tenancies with such tenants subject, in certain cases, (mainly for long term leases), to the approval of the relevant Security Agent under the Credit Agreements.

No representation or warranty is made as to the skill of any present or future managers of the Properties. Additionally, no assurance can be given that the Managing Agents will be in a financial condition to fulfil their responsibilities throughout the terms of their agreements.

In relation to some Reference Obligations, the Tenants of each Property may be required to pay Rental Proceeds into an account held in the name of the relevant Managing Agent in respect of each Property. Generally, no Managing Agents are required to provide any security over such funds (although in respect of certain of the Reference Obligations, the relevant Managing Agent will be required to account to the Reference Entity in respect of such amounts). Funds received by a relevant Reference Entity will be transferred to the relevant Rent Account as prescribed in the relevant Credit Agreement.

Under the terms of the Credit Agreements, restrictions are placed on the ability of the Reference Entities (and hence each Managing Agent) to do certain things in relation to the Occupational Leases of the Properties. These restrictions relate to matters such as entering into new occupational leases, and in certain cases, accepting surrenders of Occupational Leases and agreeing rent reviews. The restrictions apply in varying circumstances depending on the activity in question.

Statutory rights of Tenants

In certain circumstances, a Tenant of a property may have legal rights enforceable against its landlord that may delay the payment of rent or reduce the amount of rent payable or entitle it to terminate the relevant Occupational Lease. Any such reduction, delay or termination may consequently result in the occurrence of a Failure to Pay Credit Event under the applicable Credit Default Swap and as a result the Credit Event Consequences, as described above.

For further information about the rights of Tenants in relation to the Properties, see:

"*Relevant Aspects of Belgian Law – Statutory Rights of Tenants*" in relation to such matters in respect of Belgian Properties on page 83;

"*Relevant Aspects of French Law – Statutory Rights of Tenants*" in relation to such matters in respect of French Properties on page 132;

"*Relevant Aspects of German Law – Statutory Rights of Tenants*" in relation to such matters in respect of German Properties on page 155;

"*Relevant Aspects of Italian Law – the tenant's rights of withdrawal under the lease agreement*" in relation to such matters in respect of Italian Properties on page 170;

"*Relevant Aspects of Monaco Law – Statutory Rights of Tenants*" in relation to such matters in respect of Monaco Properties on page 182; and

"*Relevant Aspects of Swedish Law – Leases*" in relation to such matters in respect of Swedish Properties on page 196.

Leasing parameters

The level of service charges (if any) payable by Tenants under their respective Occupational Leases may differ, but the overall level of service charges payable by all Tenants is normally calculated by reference to expenditure with a final reconciliation so as to ensure that the landlord recovers from the Tenants (taken as a whole) substantially all of the service costs associated with the management and operation of the relevant Properties to the extent that the relevant Reference Entity itself does not itself make a contribution to those costs. The landlord is not entitled to recover from the Tenants the costs associated with any major improvements to or refurbishments of the relevant Property. Also, to the extent that there are any vacant units in any of the Properties, the relevant Reference Entity will generally experience a shortfall depending on the portion of the relevant Properties that are empty.

Insurance

The Credit Agreements provide, as a general matter, that the relevant Security Agent or Holder is named as co-insured under, or its interest is noted on, the insurance policies (each, an **Insurance Policy** and together, the **Insurance Policies**) maintained by each Reference Entity or in respect of certain Reference Obligations (including the Reference Obligations which are secured upon Properties located in Germany) a certificate of third party interest in respect of the German Reference Obligations (*Sicherungsschein*) has been issued by the relevant insurer.

If a claim under an Insurance Policy is made, but the relevant insurer fails to make payment in respect of that claim on a timely basis or at all, this could prejudice the ability of the relevant Reference Entity to make payments in respect of a Reference Obligation, which may consequently result in the occurrence of a Failure to Pay Credit Event under the applicable Credit Default Swap and as a result the Credit Event Consequences. Under the terms of the Credit Agreements, the relevant Reference Entity is required to maintain the Insurance Policies with an insurance company or underwriter that is acceptable to the Lenders or, where applicable, the relevant Security Agent and, where applicable, the insurance policies may not be amended without the prior consent of the Lenders.

Under the terms of the Credit Agreements, the relevant Reference Entity must generally apply all monies or, in respect of certain of the Reference Obligations, an amount up to a specified maximum amount received under any Insurance Policy (other than loss of rent or third party liability insurance) towards replacing, restoring or reinstating the relevant Property to which the claim relates. In addition, if the relevant Security Agent so requires, the Insurance Policy so permits and the relevant Credit Agreement so requires the proceeds of any Insurance Policy (other than loss of rent or third party liability insurance) must be used by the relevant Reference Entity to repay the relevant Reference Obligation.

Insurance for loss of rent will, subject to certain exceptions, cover the loss of rent during the period of rent cessation up to a specified duration. Although the relevant Tenant will again be liable to pay the rent once a Property has been reinstated, unless the Tenant has exercised a termination right which has arisen because of the demolition or damage to the relevant building, it is likely that a Tenant so affected would exercise any rights it might have to terminate its Occupational Lease (where such right is granted) if the premises are not reinstated in time. In such circumstances the relevant Reference Entity may not be entitled to loss of rent insurance and rent from the Property and any proceeds of insurance may be insufficient to cover amounts due by the relevant Reference Entity under the Credit Agreement.

In addition, although the Credit Agreements require each Property to be insured at appropriate levels there can be no assurance that any loss incurred will be a type covered by such insurance and will not exceed such insurance.

Sufficiency of Insurance

Should an uninsured loss or a loss in excess of insured limits occur at a Property, the Reference Entity could suffer disruption of income from or a reduction in value in respect of the relevant Property,

potentially for an extended period, while remaining responsible for any financial obligations relating to the Property. No assurance can be given as to the continuing availability of certain types of insurance, for example, terrorism insurance. In addition, the Reference Entity is relying on the creditworthiness of the insurers providing insurance with respect to the Properties and the continuing availability of insurance to cover the required risks, in respect of neither of which assurances can be given.

Upon any policy of buildings insurance having lapsed or if any of the Properties is otherwise not insured against fire and other perils under a buildings insurance policy or similar policy in accordance with the terms of the Reference Obligation, the Lender, any Servicer or any Sub Servicer acting in respect of the relevant Reference Obligation will have the right to instruct the Security Agent to arrange such insurance in accordance with the terms of the relevant Credit Agreement. Under the terms of each Credit Agreement, each Reference Entity is required to reimburse the Security Agent or, as the case may be, the Lender for such costs of insurance. Failure to reimburse such costs would result in an event of default by the Reference Entity in respect of the relevant Reference Obligation which might constitute a Failure to Pay Credit Event.

Uninsured losses

The Credit Agreements also contain provisions requiring the relevant Reference Entity to carry or procure the carrying of insurance with respect to the relevant Properties in accordance with specified terms (as to which, see further "*The Reference Portfolio and the Related Security – The Credit Agreements – Undertakings*" on page 216). There are, however, certain types of losses (such as losses resulting from war and terrorism (which, within certain limits are currently covered by some of the existing insurances), nuclear radiation, radioactive contamination and heave or settling of structures) which may be or become either uninsurable or not insurable at economically viable rates or which for other reasons are not covered, or required to be covered, by the required Insurance Policies. The relevant Reference Entity's ability to repay the relevant Reference Obligation (and, consequently, the Issuer's ability to make payments on the Notes) might be affected adversely if such an uninsured or uninsurable loss were to occur, to the extent that such loss is not the responsibility of the Tenants pursuant to the terms of their Occupational Leases.

Risks Relating to Planning

The laws of each relevant jurisdiction impose regulations that buildings comply with local planning requirements. Violation of local planning regulations can have consequences such as the imposition of a fine on the owner of the relevant building, a requirement that alterations are made to the relevant building or, in certain circumstances, the demolition of the relevant building. The due diligence undertaken at the time the Reference Obligations were originated did not reveal, in the case of any of the Properties, any material non-compliance with local planning requirements. However, such due diligence was based on a documentary review rather than a detailed physical examination of the Properties to ensure compliance.

A local planning authority may have a pre-emption right in the event of a property in its area being sold. Such a right would impact on the price at which a property could be sold. The due diligence undertaken at the time the relevant Reference Obligations were originated did not, however, reveal the existence of any such right in respect of the Properties securing the Reference Obligations.

For further information about planning requirements in respect of each Property, see:

"*Relevant Aspects of Belgian Law – Planning and Safety Regulations*" in relation to such matters in respect of Belgian Properties on page 116;

"*Relevant Aspects of French Law – Planning and Safety Regulations*" in relation to such matters in respect of French Properties on page 134;

"*Relevant Aspects of German Law – Planning and Safety Regulations*" in relation to such matters in respect of German Properties on page 157;

"*Relevant Aspects of Italian Law – Town Planning and Safety Regulations*" in relation to such matters in respect of Italian Properties on page 176;

"*Relevant Aspects of Monaco Law – Planning and Safety Regulations*" in relation to such matters in respect of Monaco Properties on page 184; and

"*Relevant Aspects of Swedish Law – Planning*" in relation to such matters in respect of Swedish Properties on page 195.

Compulsory purchase and Expropriation of Property

Any property located in a relevant jurisdiction may at any time be compulsorily acquired by, among others, a local or public authority or a government department, generally in connection with proposed redevelopment or infrastructure projects.

Each jurisdiction has its own rules relating to compulsory purchase. However, if a compulsory purchase order is made in respect of a Property (or part of a Property), compensation would generally be payable on the basis of a market value of all of the relevant Reference Entity's and the Tenants' proprietary interests in that Property (or part thereof). Following such a purchase, the Tenants would cease to be obliged to make any further rental payments under the relevant Occupational Lease (or rental payments would be reduced to reflect the compulsory purchase of a part of that Property, if applicable). Following payment of compensation, the relevant Reference Entity may be required to prepay all or part of the amounts outstanding under the relevant Credit Agreement in an amount equal to the compensation payment and in such circumstances, the Swap Notional Amount of the relevant Credit Default Swap will be reduced and a corresponding amount will be funded by the Issuer from amounts credited to the Cash Deposit Account or from the proceeds of maturing Repurchase Transactions and applied to redeem the Notes (in part). The risk to Noteholders in respect of a compulsory purchase is that the amount received from the proceeds of purchase of a Property or an interest in a Property may be less than the original value ascribed to such Property and of the corresponding Principal Amount Outstanding of the Notes together with accrued interest.

Force Majeure

Each relevant jurisdiction recognises the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of the contractual obligation. There can be no assurance that the Tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of Rental Income and hence the ability of the relevant Reference Entity to pay interest on or repay the principal of the relevant Reference Obligations which may consequently result in the occurrence of a Failure to Pay Credit Event under the applicable Credit Default Swap and the Credit Event Consequences.

Limitation of guarantees, joint liability and cross-collateralisation

To the extent that a Reference Obligation has been extended to multiple Reference Entities that are group companies ultimately owned by the same parent entities and the relevant Reference Entities or other group companies have undertaken to guarantee or to be jointly liable for the relevant amounts outstanding under the relevant Reference Obligation or have granted security securing all amounts outstanding under or with respect to the relevant Credit Agreement, the relevant Credit Agreement or security documents may provide for contractual undertakings of the relevant Holder and the relevant Security Agent not to enforce such guarantee, joint liability or security, or such guarantee, joint liability or security may not be valid if and to the extent such enforcement would lead to an infringement of the relevant corporate benefit or capital maintenance rules or tax rules (including thin capitalisation rules) applicable in the relevant jurisdiction.

Due Diligence

The only due diligence (including valuations of Properties) that has been undertaken in relation to the Reference Obligations and Properties is described below under "*The Reference Portfolio and the Related Security*" on page 201 and was undertaken in the context of and at the time of the origination of each particular Reference Obligation. None of the due diligence undertaken at the time of origination of the Reference Obligations was verified or updated prior to the date of this Prospectus.

Part registration of Security

Each mortgage granted in respect of the Le Croissant Reference Obligation, the Ostend Reference Obligation, the Prins Boudewijn Reference Obligation, the Senior Den Tir Reference Obligation, the Clichy Reference Obligation and the CEPL Levallois Reference Obligation, the Nordhausen Reference Obligation and the Pyrus Portfolio Reference Obligation (together, the **Part Registered Reference Obligations**) will only be partially registered as at the Closing Date (the registered mortgage is combined with a mortgage mandate, which is an irrevocable power of attorney to take and register an effective mortgage at a later time). Only the registered portion will be enforceable against third party creditors of the Reference Entities of such Part Registered Reference Obligations or their liquidators in insolvency and in the event that a third party registers a mortgage over the relevant Property before the mortgage mandate is exercised and the mortgage is registered in respect of the remaining amount of the relevant Part Registered Reference Obligation by the Security Agent, as contemplated below, the mortgage granted in favour of the third party will rank ahead of the mortgage registered upon the exercise of the mortgage in respect of the remaining portion of the relevant Part Registered Reference Obligation. Furthermore, the mortgage mandate cannot be exercised and the relevant mortgage will not be able to be registered in respect of the remaining unregistered portion of the relevant Part Registered Reference Obligation in the event that insolvency proceedings against the relevant Reference Entity have been commenced.

The Holder or the relevant Security Agent may exercise the mortgage mandate and compel the registration of the mortgage over the remaining loan balance either at its sole discretion or if certain ICR, LTV or default triggers are breached, as applicable. Each of the Part Registered Reference Obligations have funds on deposit to cover the costs of registration should the need arise. In respect of the Clichy Reference Obligation and the CEPL Levallois Reference Obligation, the Holder may, at its sole discretion, instruct that the mortgage be registered provided that it shall pay all related registration costs in the absence of the relevant triggers being breached. The granting of mortgages to a third party is prohibited under the relevant Credit Agreement. Furthermore, each relevant Credit Agreement prohibits the relevant Reference Entity from incurring any financial indebtedness save as contemplated by the relevant Credit Agreement, thereby restricting the number of third party creditors and under the terms of the relevant Subordination Agreements the creditors of the Part Registered Reference Obligations are restricted in relation to what enforcement action they may take in respect of the Subordinated Loans prior to the discharge of the relevant Part Registered Reference Obligation.

Substitution

Substitution of the Obelisco Portfolio Properties and the Keops Portfolio Properties is permitted subject to the satisfaction of certain conditions set out in the relevant Credit Agreements and generally subject to the consent of the Holder or Security Agent. Notwithstanding this consent requirement there can be no assurance that a substitution will not result in a deterioration of the quality of the Property Portfolio.

Single Tenant

The Le Croissant Reference Obligation, Nordhausen Reference Obligation, the Monheim Reference Obligations and the Senior Monaco Reference Obligation are each secured by one Property which is occupied by a single Tenant, representing the entirety of the Rental Proceeds generated in respect of each such Property. There can be no assurances that if the relevant Tenant is unable to make payment under the relevant Occupational Lease that the relevant Reference Entity would be able to continue to

service its obligations under the relevant Credit Agreement which may require the Issuer to make drawings under the Liquidity Facility in order to meet its obligations under the Notes.

E. Factors Relating to Certain Reference Obligations

The Belgian Reference Obligations

Le Croissant Reference Obligation

The Le Croissant Property is let to a single Tenant, the European Community Commission. The European Community Commission is not an ordinary commercial tenant in that according to the Protocol of the Privileges and Immunities of the European Union, dated 8 April 1965, the buildings and premises of the European Community Commission are inviolable and the property and assets of the European Union may not be subject to any administrative or legal measure of constraint without the sanction of the European Court of Justice.

Under Belgian law, immunity of enforcement (*immunité d'exécution*) is available for:

(a) the Belgian State or any subdivision thereof such as regions, communes, provinces;

(b) institutions for general good (*organismes d'intérêt public*); and

(c) in general, all persons of public law under article 1412bis of the Belgian Judicial Code.

The immunity is not absolute, however, and enforcement is possible against:

(a) those assets which have been identified officially by the relevant debtor as being available for enforcement (in practice this situation is merely theoretical); and

(b) those assets which are manifestly not useful for the public service (*service public*) activity of the debtor or for the continuity of that activity.

Comparable rules are also applicable to the institutions of the European Union. Based on European Court of Justice established case law, measures of constraint relating to sums owed by the Communities to the Belgian State in respect of rent would not interfere with the functioning of the Communities.

Thus, in the event of a default under the relevant Occupational Lease, while it may not be entirely clear, based on both European Court of Justice and Belgian case law, the better view appears to be that the relevant Reference Entity would be able to take enforcement measures against the European Union in the Belgian Courts.

Construction and refurbishment works

The Le Croissant Reference Entity has agreed pursuant to the Occupational Lease with the European Community Commission, to undertake certain construction and refurbishment works in relation to the Le Croissant Property. Upon the commencement of the construction and refurbishment works the Le Croissant Reference Entity is required to provide the European Community Commission, as Tenant, with a bank guarantee in the amount of €85,000 as security for the execution of its obligations under the relevant Occupational Lease. During the period that the construction and refurbishment works are carried out, the European Community Commission is exempt from having to pay rent, charges, taxes or other costs due or payable by it under the terms of the relevant Occupational Lease and so there will be no Rental Proceeds generated during this period in respect of the Le Croissant Reference Obligation. An amount of €500,000 has been deposited in an account controlled by the relevant Security Agent and amounts standing to the credit of such account may be used to service the obligations of the Le Croissant Reference Entity under the Credit Agreement relating to the Le

Croissant Reference obligation during the period that the construction and refurbishment works are carried out. Notice has been served by the Tenant for these works to commence.

Pursuant to the terms of the relevant Occupational Lease, the construction and refurbishment works are to be carried out by the Le Croissant Reference Entity within a period of 6 months and the Le Croissant Reference Entity is thereafter required to deliver the premises back to the European Community Commission. The Le Croissant Reference Entity will be required to fund the cost of the construction and refurbishment works and accordingly has entered into a fixed price construction and refurbishment contract in order to complete the necessary works. Furthermore, in case of unjustified delay in the carrying out of the construction and refurbishment works, the European Commission will be entitled to request a decrease in the amount of rent payable and reimbursement of any amounts (including interest payable on such amounts) or an indemnity for such delay, in an amount equal to 125 per cent. of the annual rent payable under the relevant Occupational Lease, divided by 365 per day of delay. A reduction in its Rental Proceeds for the relevant period may compromise the ability of the Le Croissant Reference Entity to service its obligations in respect of the Le Croissant Reference Obligation.

Insurance Proceeds

The Le Croissant Credit Agreement provides that the Security Agent must be named as co-insured and sole loss payee on each insurance policy. However, the receivables pledge agreement, entered into in connection with the Le Croissant Reference Obligation, pursuant to which the receivables arising under the insurance policies are pledged provides that until the occurrence of an event of default, the Le Croissant Reference Entity has the right to all amounts due under the relevant insurance policies. Following the occurrence of an event of default under the Le Croissant Credit Agreement, the relevant Security Agent will, by virtue of the relevant security interest, have the right to the amounts due under the insurance policies.

Mortgage Mandate

The mortgage mandate granted in respect of the Le Croissant Reference Obligation may be exercised and converted into a registered mortgage at any time at the discretion of the relevant Security Agent, and without any specific conditions having to be triggered.

In order to fund the costs of such mortgage registration, the Le Croissant Credit Agreement provides that the Le Croissant Reference Entity and the Le Croissant Guarantor should deposit the amount of such costs and registration duties in certain bank accounts, designated the Cash Reserve Account. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account was €500,000[*], which will be sufficient to meet the costs of such registration.

For further information about mortgage mandates in respect of the various Belgian Reference Obligations, see "*Relevant Aspects of Belgian Law – Mortgage Mandate*" on page 107 in relation to such matters.

Ostend Reference Obligation

Mortgage Mandate

The mortgage mandates granted in respect of the Ostend Reference Obligation may be exercised and converted into a registered mortgage upon the occurrence of any of the following events:

(a) the Interest Cover Ratio falling below 120 per cent.;

(b) the Loan to Value being equal to or exceeding 85 per cent.; or

[*] The amount is escrowed to cover the cost of mortgage registration and rental shortfalls.

(c) an event of default occurring under the Ostend Credit Agreement.

In order to fund the costs of such mortgage registration, the Ostend Credit Agreement provides that the Ostend Reference Entity and the Ostend Guarantor should deposit the amount of such costs and registration duties the Mortgage Deposits in certain bank accounts, designated as respectively the Borrower Cash Reserve Account, and the Guarantor Cash Reserve Account. As at the Cut-Off Date, the amount standing to the credit of the Borrower Cash Reserve Account and the Guarantor Cash Reserve Account was €151,745.42 and €151,494 respectively, which will be sufficient to meet the costs of such registration.

For further information about mortgage mandates in respect of the various Belgian Reference Obligations, see "*Relevant Aspects of Belgian Law – Mortgage Mandate*" on page 106 in relation to such matters.

Prins Boudewijn Reference Obligation

Mortgage Mandate

The mortgage mandate granted in respect of the Prins Boudewijn Reference Obligation may be exercised and converted into a registered mortgage by Barclays Bank PLC as the relevant Security Agent at any time in its absolute discretion, and without any specific conditions having to be triggered.

In order to fund the costs of such mortgage registration, the Prins Boudewijn Credit Agreement provides for the establishment of a bank account, designated the Cash Reserve Account, which will be funded over time. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account was €150,333.

For further information about mortgage mandates in respect of the various Belgian Reference Obligations, see "*Relevant Aspects of Belgian Law – Mortgage Mandate*" on page 107 in relation to such matters.

Senior Den Tir Reference Obligation

Mortgage Mandate

The mortgage mandate granted in respect of the Senior Den Tir Reference Obligation may be exercised and converted into a registered mortgage upon the occurrence of any of the following events:

(a) the Actual Interest Cover Ratio falling below 135 per cent.;

(b) the Loan to Value exceeding 72 per cent.; or

(c) an event of default occurring under the Senior Den Tir Credit Agreement.

In order to fund the costs of such mortgage registration, the Senior Den Tir Credit Agreement provides for the establishment of a bank account, designated the Cash Reserve Account, which will be funded over time. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account for this purpose was €276,577.

For further information about mortgage mandates in respect of the various Belgian Reference Obligations, see "*Relevant Aspects of Belgian Law – Mortgage Mandate*" on page 107 in relation to such matters.

Tenant Termination

One of the Tenants of the Property constituting security for the Senior Den Tir Property is City Parking Belgium, which occupies the car parking facility. There is currently a dispute between the Tenant and the Senior Den Tir Reference Entity, regarding the non-payment of rent by the Tenant. While the management of the Senior Den Tir Reference Entity are seeking to resolve the dispute in a commercial manner, there can be no assurance that such resolution will be obtained. The management of the Senior Den Tir Reference Entity has been advised that the actions of the Tenant in withholding rent constitutes a breach of the terms of the relevant Occupational Lease and that it may seek remedies through court action. The current arrears of rent from this Tenant amount to approximately €160,000.

The French Reference Obligations

Clichy Reference Obligation

Mortgages

The Clichy Reference Entity has granted a mortgage securing its obligations in relation to the Clichy Reference Obligation over its rights in respect of the Clichy Property. As at the Closing Date, the mortgage granted in respect of the Clichy Property will only be registered and therefore perfected in respect of 50 per cent. of the amount of the Clichy Reference Obligation. Pursuant to the terms of the Clichy Credit Agreement, the mortgage may be registered in respect of the remaining 50 per cent. of the Clichy Reference Obligation by the relevant Security Agent in its sole discretion upon the occurrence of one of the following events:

(a) the Interest Cover Ratio is equal to or less than 117.5 per cent.;

(b) a reference obligation event of default in respect of the Clichy Reference Obligation has occurred and is continuing; or

(c) subject to certain conditions, any claim over €200,000 of a third-party creditor of the Clichy Reference Entity remains unpaid for a period of more than three months.

In order to cover the costs related to such additional mortgage registration, an amount of €474,238 has been deposited, for the benefit of the relevant Security Agent, in an escrow account with Maître Etienne Pichat, Notaire in Paris, such amounts being sufficient to meet the costs of such registration. The relevant Security Agent is also entitled to register the mortgage at any time provided that it pays all costs of registration.

CEPL Levallois Reference Obligation

Mortgages

The CEPL Levallois Reference Entity has granted a mortgage securing its obligations in relation to the CEPL Levallois Reference Obligation over its rights in respect of the CEPL Levallois Property. As at the Closing Date, the mortgage granted in respect of the CEPL Levallois Property will only be registered and therefore perfected in respect of 50 per cent. of the amount of the CEPL Levallois Reference Obligation. Pursuant to the terms of the CEPL Levallois Credit Agreement, the mortgage may be registered in respect of the remaining 50 per cent. of the CEPL Levallois Reference Obligation by the relevant Security Agent in its sole discretion upon the occurrence of one of the following events:

(a) the Interest Cover Ratio is equal to or less than 117.5 per cent;

(b) a reference obligation event of default in respect of the CEPL Levallois Reference Obligation has occurred and is continuing; or

(c) subject to certain conditions, any claim over €50,000 of a third-party creditor of the CEPL Levallois Reference Entity remains unpaid for a period of more than three months.

In order to cover the costs related to such additional mortgage registration, an amount of €47,688 has been deposited, for the benefit of the relevant Security Agent, in an escrow account with Maître Etienne Pichat, Notaire in Paris, such amounts being sufficient to meet the costs of such registration. The Security Agent is also entitled to register the mortgage at any time provided that it pays all costs of registration.

Tenant Dispute

The major tenant of the CEPL Levallois Property, Areva T&D, served notice that it wishes to terminate its tenancy with effect from 30 September 2007, though the sponsor is currently in negotiations with the tenant regarding the terms of an extension. In the interim, the sponsor has agreed to cash collateralise the tenants obligations for a two and a half year period. The cash collateral will be held in an account in the name of the relevant Security Agent.

The German Reference Obligations

The Pyrus Portfolio Reference Obligation

Capital expenditure

All of the Pyrus Properties constituting security for the Pyrus Portfolio Reference Obligation have ongoing capital expenditure requirements. Budgets prepared by the Pyrus Reference Entity indicate that the required capital expenditure will be approximately in an aggregate amount of €1,250,000. The required capital expenditure for the Properties is expected to be approximately €250,000 per annum over a five year period starting from the origination date of the Pyrus Portfolio Credit Agreement, i.e. from 18 October 2006. It was thus agreed with the sponsor that €250,000 per annum will be escrowed from the Rental Income and held in a designated bank account. However, the escrowed amounts are only estimates and the actual amounts required may be greater.

Public Subsidisation

In Germany, apartments that are publicly funded are subject to various statutory provisions and conditions set out in the decisions on or the agreements for the granting of the subsidy or subsidised loan. On that basis, for example, a rent control regime typically applies to subsidised properties and the landlord of such properties is not permitted to negotiate freely with tenants or increase rents. In particular, where such controls apply, the landlords may only be entitled to claim a "cost-based" rent (*Kostenmiete*) which is determined as the rent required to cover all current expenses of the unit, i.e. costs of capital and operating costs and only some other amounts may be added. Such rent is not equal to the market rent and has to be calculated in accordance with applicable statutory rules of law. Rent increases may also be subject to the consent of the relevant public authorities. The restrictions imposed by the German Controlled Tenancies Act (*Wohnungsbindungsgesetz*) may continue for several years after the period of public funding has lapsed. In addition to the above example of applicable statutory provisions properties that are publicly funded are often encumbered with a right to nominate a tenant (*Besetzungsrecht*), given in favour of the funding bank or an authority.

In some cases, the relevant authorities may also have a right to nominate tenants and such rights may be secured *in rem*. The possible effect of such rights are that, for a certain period, unless the funding bank or authority consents, the relevant apartments may only be rented to limited income tenants who fulfil the requirements for publicly funded apartments. Also, other criteria for determining qualifying tenants may apply, for example that apartments must be let to elderly, retired people unless the relevant authority waives this obligation under specific circumstances. In case of non-compliance with the restrictions imposed on subsidised properties and the beneficiaries of the subsidies described above, the relevant Reference Entities may be obliged to repay the relevant subsidies or pay fines. Some of the subsidies are granted as loans which may be terminable by the granting authority or the

relevant lender. Often, condominium ownership structures are implemented, permanent housing rights, usufruct rights or public building charges are created to secure the subsidies granted. The restrictions apply on a long-term basis and, even if the relevant subsidised debt is fully repaid, the restrictions remain in place during a defined continuation period. The transfer of subsidised properties or apartments may require the consent of the authority granting the subsidy and the purchaser will generally have to assume the obligations referred to above.

In addition, even where a subsidised loan has already been repaid, apartments that were publicly funded remain subject to the German Controlled Tenancies Act (*Wohnungsbindungsgesetz*). The restrictions imposed by the German Controlled Tenancies Act may continue for several years after the period of public funding has lapsed. Therefore, irrespective of any repayment of any subsidised loan the restrictions referred to in the preceding paragraph may still apply, particularly, the right to name tenants or a group of tenants or limitation of rent increases.

Certain of the Properties constituting security for the Pyrus Portfolio Reference Obligation are subject to public subsidisation, as described above. Accordingly, the Pyrus Reference Entity, in relation to such Properties, will be subject to legal restrictions with respect to rental increases, re-lettings and in relation to any sale of an affected Pyrus Property. Thus, where a Property is affected by public subsidisation, the Pyrus Reference Entity does not have the freedom to deal with it as it would have, in the absence of such public subsidisation. This may compromise the ability of the Pyrus Reference Entity to secure replacement tenants for the affected Pyrus Properties and to generate Rental Proceeds from such affected Pyrus Properties which are in-line with market rentals. Furthermore, upon enforcement of the Related Security the affected Properties will be subject to certain selling restrictions which may result in any realisations being less than they otherwise would be in the absence of such selling restrictions.

Risks Relating to Public Law in Germany

Under German planning law, the competent building authority may enact by-laws which are either intended to enable a proposed redevelopment project or to preserve the existing urban or residential structures and restrictions on the sale, letting or encumbering of the properties may apply. After completion of the redevelopment process, the original property owner may be requested to pay a compensation fee (*Ausgleichsbetrag*) to reflect that the redevelopment may have led to an increase in value. This law and related restrictions apply to each of the German Reference Obligations but in particular to the Pyrus Properties, in that the consent of certain local building authorities will be required in relation to the sale, encumbrance (including the creation of mortgages) and letting of the Pyrus Properties, as well as to any reconstruction or refurbishment works to be undertaken. Accordingly, the Pyrus Reference Entity will be restricted in the way in which it may deal with the Pyrus Properties, which may compromise the value of such Properties or adversely affect the long-term rental prospects and the generation of Rental Proceeds. The value of the Pyrus Properties may also be adversely affected as a consequence of such restricted dealings and upon enforcement of the Related Security realisations in respect of the affected Pyrus Properties may also be compromised.

Petersbogen Reference Obligation

Hereditary Building Rights

Title to one of the plots of land making up the Petersbogen Property (representing approximately one third of the whole Petersbogen Property land) is based upon hereditary building rights (**HBR**) granted by the University of Leipzig, as further described below. An HBR typically requires payment of a periodic ground rent by the holder of the HBR to its grantor, who holds a superior title. If certain events as defined in the relevant agreement creating the relevant HBR occur, the holder of the superior title (and the grantor of the HBR) may seek to forfeit the HBR (or take analogous steps under German law). Any such action, in the context of the Petersbogen Reference Obligation is likely to adversely affect the ability of the Petersbogen Reference Entity to meet its obligations in respect of the Petersbogen Reference Obligation. The value of that portion of the Petersbogen Property that is affected may also be reduced as the entirety of the plot and the rights attaching thereto may not be

freely dealt with. However, the Petersbogen Reference Entity has no obligation to pay a periodic ground rent since the owner of the Property, the University of Leipzig, is instead allowed to use parts of the building without paying rent.

Hereditary Building Right and Mortgages

Under the terms of the HBR contract between the University of Leipzig and the Petersbogen Reference Entity, relating to specific land plot, plot 691/5, which forms part of the Petersbogen Property, the Petersbogen Reference Entity will be required to return the HBR to the University of Leipzig upon the enforcement of the mortgage encumbering the HBR in relation to the Petersbogen Property, in favour of the relevant Security Agent. In the event that the Petersbogen Reference Entity returns the HBR to the University of Leipzig, following the commencement of enforcement proceedings, compensation of 80 per cent. of the market value of the relevant portion of the Petersbogen Property (subject to a reduction of 1 per cent. per annum for each year expired since the commencement of the HBR term in the year 2000) will be paid by the University of Leipzig to the Petersbogen Reference Entity or following enforcement, the relevant Security Agent.

Furthermore, in connection with the HBRs attaching to plot 691/5, the University of Leipzig has a pre-emptive right in the event that the HBR is sold or transferred without its prior consent. The consent of the University of Leipzig may not be obtained and the realisations in respect of that portion of the Petersbogen Property may be less than would otherwise have been realised in the absence of such hereditary building rights or if the University of Leipzig had granted its consent to the sale or transfer. The value of that portion of the Petersbogen Property that is affected may also be reduced as the rights attaching thereto are restricted in this way.

For further information about the nature of hereditary building rights and the implications of their existence, see "*Relevant Aspects of German Law*" below at page 143.

Monheim Reference Obligation

Environmental Liabilities

In relation to the Monheim Property, the presence of soil, gas, and groundwater contamination was detected, following investigations undertaken by company M. Jannsen & R. Nysten - Marek, Ingenieurgesellschaft für Umweltberatung and certain remedial plans were documented in an environmental report prepared in 1999. Following environmental recommendations, as set out in that report, extensive soil, gas, and groundwater remediation of the site was undertaken between 2001 and 2003. The Monheim Property is now subject to restrictions in that digging to a depth greater than 2 metres below the surface level is not permitted.

Notwithstanding the historical contamination referred to above, the Phase I Facility Due Diligence Assessment-Environmental Assessment Report issued by URS Deutschland GmbH and dated 20 June 2006 commissioned as part of the origination process of the Monheim Reference Obligation reported that no environmental compliance issues were detected during this environmental building assessment.

Seaford Portfolio Reference Obligation

Priority Notices

One of the Properties (located in Friedrichsthal, in Germany) constituting part of the Seaford Portfolio Properties and securing the Seaford Portfolio Reference Obligation is subject to a prior ranking priority notice of re-conveyance in favour of the City of Friedrichsthal which is registered in the land register. Similarly, one of the other Properties (located in Sprockhövel, in Germany) constituting part of the Seaford Portfolio Properties and securing the Seaford Portfolio Reference Obligation is subject to a prior ranking priority notice of re-conveyance in favour of Eneppe-Ruhr-Kreis which is registered in the land register. As a consequence of such priority notices, the Properties located in Friedrichsthal

and Sprockhövel, as referred to above, are subject to restrictions on the transfer of title in that the prior consent of the City of Friedrichsthal or Eneppe-Ruhr-Kreis, as the case may be, if the relevant Seaford Portfolio Property is sold before the date falling 10 calendar years after 31 January 2005.

The priority notices secure the transfer of title in respect of the relevant Seaford Portfolio Property to the City of Friedrichsthal or Eneppe-Ruhr-Kreis, as the case may be, in the event that the property is sold without first obtaining the requisite consent. Upon the transfer of title to the City of Friedrichsthal or Eneppe-Ruhr-Kreis, as the case may be, as contemplated above, any mortgages which were registered after the relevant priority notice, which would include the security created to secure the obligations of the Seaford Reference Entity in relation to the Seaford Portfolio Reference Obligation in favour of the relevant Security Agent would be unenforceable and no compensation or other remedies would be available to the relevant Security Agent.

The Italian Reference Obligation

Obelisco Portfolio Reference Obligation

Assignments of rights under the Occupational Lease

Pursuant to applicable provisions of the ITSA S.p.A Occupational Lease in relation to the Obelisco Portfolio Property, the receivables relating to that Occupational Lease may not be assigned and accordingly there is no assignment by way of security of receivables (such as an assignment of rental proceeds) in favour of the Lender as security for the Obelisco Portfolio Reference Obligation and any purported assignment is not enforceable against the relevant Tenant. Furthermore, the Tenants may sub-let the property or assign its rights under the relevant Occupational Lease without the consent of the Obelisco Portfolio Reference Entity, provided that the going concern which operates from the relevant premises is assigned as well. However, by operation of Italian law, if the assignee of the relevant Occupational Lease is in default, the Obelisco Portfolio Reference Entity shall have the right to take action against the original Tenant in respect of any contractual obligations of the assignee, provided that the Obelisco Portfolio Reference Entity has not released the original Tenant from its obligations under the relevant Occupational Lease.

Nature of the Italian Reference Entity

The Obelisco Portfolio Reference Entity is an Italian close ended real estate fund (*fondo comune di investimento immobiliare*), and acts through *Investire Immobiliare Società di Gestione del Risparmio S.p.A.* as its fund manager. The Obelisco Portfolio Reference Entity has no separate legal personality. As it has no legal personality, the Obelisco Portfolio Reference Entity acts through a fund manager (the *Società di Gestione del Risparmio* or **SGR**). A SGR is subject to the authorisation of the Bank of Italy in consultation with the Consob, the Italian securities regulator and acts, in the case of the Obelisco Portfolio Reference Entity, pursuant to the management regulations of the Obelisco Portfolio Reference Entity.

A SGR can incur rights and obligations which bind the assets of the Obelisco Portfolio Reference Entity. Thus, in the context of the Obelisco Portfolio Reference Entity, the mortgages granted over the Obelisco Portfolio Properties will have been granted by the SGR, in its capacity as fund manager of the Obelisco Portfolio Reference Entity. In addition, the SGR, in its capacity as fund manager, will attend to all administrative matters of the Obelisco Portfolio Reference Entity including without limitation, the management of the bank accounts held with the depository bank, in accordance with the management regulations, the bank account mandates and any security agreements granting security over those accounts. The Obelisco Portfolio Reference Entity is required to pay to the SGR certain fees and expenses and accordingly, the SGR is an additional creditor of the Obelisco Portfolio Reference Entity and the additional financial obligations of the Obelisco Portfolio Reference Entity in respect of fees and expenses of the SGR may compromise its ability to fund its obligations in respect of the Obelisco Portfolio Reference Obligation. However, the Obelisco Portfolio Reference Entity has significant surplus cash flow at any time to meet all of its financial obligations.

Although, the Obelisco Portfolio Reference Entity is itself immune from insolvency proceedings as it lacks legal personality, SGR may however become subject to insolvency proceedings and as part of the insolvency process may become subject to the control of an insolvency representative and the management or operational activities of the Obelisco Portfolio Reference Entity may be compromised as a result of the SGR not being able to exercise independent discretion in discharging its functions as SGR. It is also not settled, as a matter of Italian law, whether an insolvency proceeding affecting the SGR would result in the Obelisco Portfolio Reference Entity being regarded as insolvent. However, by operation of Italian law, the assets of the Obelisco Portfolio Reference Entity are only available to its creditors and are not available to the creditors of the SGR nor to the creditors of any other entity managed by the SGR.

The Monaco Reference Obligation

Senior Monaco Reference Obligation

Indemnity

Under the relevant Occupational Lease, the Senior Monaco Reference Entities have indemnified the Tenant in limited respects of its previously occupied premises (the **Premises**) remaining vacant. In the event that the Tenant fails to find a replacement tenant to rent the Premises, the Senior Monaco Reference Entities will be required to fund the rent and rental charges payable under the terms of the Tenant's lease in relation to the Premises up to a maximum of the aggregate of three months' rent and related rental charges, an amount which is equal to €110,000.

Insurance policies

The Senior Monaco Credit Agreement provides that the insurance proceeds for loss of rent should be paid to the relevant Security Agent. The Senior Monaco insurance policy for loss of rent, does not provide for such payments to be made to the relevant Security Agent. Consequently, the insurance proceeds for loss of Rental Proceeds will be paid to the Senior Monaco Reference Entities (in accounts controlled by the Security Agent), as opposed to the relevant Security Agent.

The Swedish Reference Obligation

Keops Portfolio Reference Obligation

Environmental Liabilities

During the course of the origination of the Keops Portfolio Reference Obligation, it was identified following the environmental surveys carried out in respect of all the Keops Properties that in relation to the Keops Environmental Properties, further environmental investigations are required.

The Keops Environmental Properties are each owned by a separate Swedish limited liability companies, and accordingly costs and any environmental liabilities attaching to the Keops Environmental Properties will be ringed fenced within these companies. The Keops Portfolio Reference Entity also has the benefit of a put option pursuant to which the Keops Environmental Properties may, under certain circumstances, be sold back to the seller of the relevant property. The put option has a limited term and expires 35 calendar months after the date on which the relevant Keops Property Company acquired the relevant Keops Property. Notwithstanding the existence of the put option there can be no assurance that the seller will be able to honour its obligations under the put option or that the exercise of the put option will not be disputed.

Risks relating to Hotels

The Keops Portfolio Reference Obligation is partially secured upon 2 hotel properties located throughout Sweden. The ability of the Keops Portfolio Reference Entity to service its obligations in respect of the Keops Portfolio Reference Obligation is dependent, in part, on the performance of the

hotels. The income-producing capacity of hotels may be adversely affected by a number of factors which do not necessarily affect other types of commercial real estate which are let on medium or long-term leases. These factors include the age, design and construction quality of the hotels, the perception regarding the attractiveness of the hotels, the proximity and attractiveness of competing hotels, the adequacy of the management and maintenance, a decline is prevailing room rates, the need to incur capital expenditure and a fluctuation in demand from national, regional or local economic factors, business confidence and business and leisure travel. There can be no assurances that the underlying income granted by the hotels constituting security for the Keops Portfolio Reference Obligation will continue at these historic levels.

F. Considerations Related to the Credit Default Swaps

Credit Exposure to the Reference Entities

The amount repayable in respect of the Notes is dependent in part upon whether, and the extent to which, a Credit Event has occurred in relation to a Reference Obligation on or before the Final Maturity Date or, as the case may be, any Early Termination Date. The occurrence of a Credit Event may affect the yield to maturity of each Class of Notes, the rate of redemption of each Class of Notes, the weighted average life of each Class of Notes and ultimately the Issuer's ability to redeem the Notes in full. Accordingly, the Issuer, and therefore the Noteholders, will have exposure to the credit risk of the Reference Obligations and the Noteholders may lose some or all of the amounts invested in the Notes as a result of Credit Events occurring with respect to the Reference Obligations.

On the occurrence of a Credit Event, a Credit Protection Payment Amount may be payable under a Credit Default Swap, such Credit Protection Payment Amount being determined in the case of a Failure to Pay Credit Event or a Bankruptcy Credit Event by reference to recoveries upon a work-out of the Reference Obligation or if the Liquidation Date has not occurred by the Final Maturity Date or the Early Termination Date, the Estimated Loss Amount. In the case of a Restructuring Credit Event, the Credit Protection Payment Amount will be determined by reference to the present values of the scheduled cashflow on the Reference Obligation before and after Restructuring. Upon payment of a Credit Protection Payment Amount on a Cash Settlement Date, the Principal Amount Outstanding of the Notes will be written-down by the amount of such Credit Protection Payment Amount as follows:

(a) firstly the Principal Amount Outstanding of the Class E Notes will be written-down until the Principal Amount Outstanding of the Class E Notes is zero;

(b) secondly, the Principal Amount Outstanding of the Class D Notes will be written-down until the Principal Amount Outstanding of the Class D Notes is zero;

(c) thirdly, the Principal Amount Outstanding of the Class C Notes will be written-down until the Principal Amount Outstanding of the Class C Notes is zero;

(d) fourthly, the Principal Amount Outstanding of the Class B Notes will be written-down until the Principal Amount Outstanding of the Class B Notes is zero; and

(e) finally, the Principal Amount Outstanding of the Class A Notes will be written-down until the Principal Amount Outstanding of the Class A Notes is zero.

Principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account.

Accordingly, Noteholders will be exposed to the credit risk of each Reference Entity to the full extent of their investment in the Notes, with the Class E Noteholders being first in terms of such exposure.

No Legal or Beneficial Interest in Obligations of the Reference Entities

Under the Credit Default Swaps, the Issuer will have a contractual relationship only with the Swap Counterparty and not with the Reference Entities. Furthermore, the Swap Counterparty will not be, and will not be deemed to be acting as, the agent or trustee of the Issuer in connection with the exercise of, or the failure to exercise, the rights or powers (if any) of the Swap Counterparty arising under or in connection with the Reference Obligations. Consequently, the Credit Default Swaps do not constitute a purchase, assignment or other acquisition of an interest in the Reference Obligations (or any commercial properties relating thereto). The Issuer and the Trustee, therefore, will have rights solely against the Swap Counterparty in accordance with the Credit Default Swaps and will have no recourse against any Reference Entity or Reference Obligation or the relevant Property or Properties.

If and insofar as a Swap Counterparty is not the Holder of a Reference Obligation, it shall be a condition to payment of a Credit Protection Payment Amount by the Issuer under the relevant Credit Default Swap that the Servicing Standard was complied with by the Holder. No such requirement will apply, however, if and insofar as the Swap Counterparty is the Holder of a Reference Obligation and the Issuer will, under such circumstances, be appointed by the Swap Counterparty for so long as it is the Holder to act as the Master Servicer and the Special Servicer. The Issuer will delegate the performance of its responsibilities in such capacities to the Sub Master Servicer and the Sub Special Servicer who will be obliged to service the Reference Obligation in accordance with the Servicing Agreement and in compliance with the Servicing Standard.

No Actual Loss

On each Cash Settlement Date, the Issuer will be required to make payment of a Credit Protection Payment Amount to the Swap Counterparty pursuant to a Credit Default Swap in the event that a Credit Event has occurred, irrespective of whether the Swap Counterparty is the Holder of the relevant Reference Obligation or not (so it may not have suffered an actual loss or be at risk of such loss).

Calculation of Credit Protection Payment Amounts – Independent Valuers

The components of a Credit Protection Payment Amount will, in certain cases, be determined by the Calculation Agent based on valuations provided by Independent Valuers. Such latter determination may have the result that the amount calculated in respect of the Credit Protection Payment Amount may not represent an exact proxy for actual loss in respect of a Defaulted Reference Obligation.

For further information about the role of the Independent Valuers see "*The Credit Default Swaps - Calculation and Payment of Cash Settlement Amount*" on page 320.

Relationship of the Swap Counterparty with the Reference Entity

The Swap Counterparty and/or its affiliates may have entered into and may from time to time enter into transactions with any Reference Entity. The Swap Counterparty and/or its affiliates at any time, may or may not hold obligations (including the Reference Obligations) of, or have any relationship with, any Reference Entity or an affiliate thereof. The Swap Counterparty and its affiliates may deal in the Reference Obligations and may accept deposits from, make loans or otherwise extend credit to, and generally engage in any kind of banking or other business transactions with, the Reference Entities or an affiliate thereof and may act with respect to such transactions in the same manner as if the Credit Default Swaps, the Cash Deposit Agreement and/or the Repurchase Agreement and the Notes did not exist and without regard to whether any such action might have an adverse effect on a Reference Entity, the Issuer or the Noteholders. The Reference Obligations must, however, be serviced in accordance with the Servicing Standard.

Risks relating to conflicts of interest

There will be no restrictions on any Sub Servicer, Holder or Swap Counterparty preventing such person from acquiring Notes or servicing loans for third parties, including loans similar to the Reference Obligations. The properties securing any such loans may be in the same market as the Properties. Consequently, personnel of any Sub Servicer may perform services on behalf of the Master Servicer or Special Servicer, as the case may be, with respect to the Reference Obligations at the same time as they are performing services on behalf of other persons with respect to similar loans. Despite the requirement in the Servicing Agreement that any Servicer or any Sub Servicer performs or procures the performance of servicing obligations in accordance with the Servicing Standard and the other procedures set out therein, such other servicing obligations may pose inherent conflicts for such Servicer or Sub Servicer.

The Servicing Agreement gives the relevant Servicer discretion in determining how and in what manner to proceed in relation to the Reference Portfolio. Furthermore, as the Sub Master Servicer and the Sub Special Servicer may each acquire Notes, they could, at any time, hold any or all of the most junior Class of Notes outstanding from time to time. In addition, there are no limitations preventing the Sub Master Servicer or the Sub Special Servicer or any of their affiliates from purchasing an interest in the additional portion of a Tranched Reference Obligation. As holder of that Class of Notes or the additional portion of a Tranched Reference Obligation, the Sub Master Servicer or the Sub Special Servicer may have interests which conflict with the interests of the holders of the more senior Classes of Notes from time to time. However, the Sub Master Servicer and the Sub Special Servicer will be required under the Servicing Agreement to perform their duties and to act in accordance with the Servicing Standard (subject, in the case of the Tranched Reference Obligations, to an Intercreditor Agreement), and without regard to their ownership or the ownership of any of their affiliates of an interest in the Notes or any interest in a junior portion of a Tranched Reference Obligation or any relationship they, or any of their affiliates, may have with any Reference Entity or other participant in the transaction.

In relation to certain matters, including any variation of the terms of the Finance Documents, the consent of a Servicer will be required, which a Servicer may provide through a Sub Servicer. The Servicer or Sub Servicer acting on its behalf may be obliged to give such consent if certain conditions are met in compliance with the Servicing Agreement and in accordance with the Servicing Standard.

G. General Considerations

Reliance on Eligibility Criteria

Except as described under "*The Reference Portfolio and the Related Security - Diligence in connection with the Reference Portfolio*" on page 209, neither the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in relation to the Reference Portfolio and each will, instead, rely solely on the Reference Obligation Eligibility Criteria required to be met in accordance with each Credit Default Swap Agreement in order for the Conditions to Settlement to be satisfied and for any Credit Protection Payment Amount to be payable.

For further information about the Reference Obligation Eligibility Criteria, see "*The Credit Default Swaps – Reference Portfolio Eligibility Criteria*" on page 317.

Forward-Looking Statements

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment, calculations in respect of, among other things, expected average lives of the Notes, Maturity LTVs, DSCR and ICR (which are calculated on an annualised basis from cashflows as at the Cut-Off Date) and certain other characteristics of the Reference Portfolio, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and/or the use of forward-looking terminology such as "may",

"will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors, including (but not limited to) the economic, environmental and regulatory changes. Moreover, past financial performance should not be considered a reliable indicator of future performance and prospective purchasers of the Notes should be aware that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Lead Manager or Arranger assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

Underwriting assumptions in respect of Tenants and Reference Obligations

In addition to the inclusion of forward looking statements, certain other calculations in this Prospectus have been calculated in the light of certain other assumptions. As regards tenancy term, the standard assumptions include: (a) tenants that have an expired lease but are holding over on a month to month basis or who have occupational leases on a month to month term, have their lease expiry set to the Cut-Off Date (this treatment is particularly relevant for the Keops Portfolio Reference Obligation); and (b) for any lease for which there is an agreed upon lease expiry, but either the tenant or the landlord has the contractual option or statutory right (particularly relevant in respect of properties located in Belgium, France and Italy) to terminate the lease term at will, the first break date is taken as the Cut-Off Date or, if the tenant or landlord has the option to break the lease upon giving proper notification, the first break date is equal to the first date after the Cut-Off Date on which the applicable party would be allowed to break their obligations. In addition, multi-family leases were excluded from the calculation of tenancy term regarding the entire Reference Portfolio (the **Standard Tenancy Assumptions**).

In addition to the above, in respect of Reference Obligations where the relevant security comprises a large number of properties and/or a large number of leases, these occupational leases vary by type and maturity. Although the Swap Counterparty conducted due diligence in respect of the relevant properties and leases appropriate for loans of a similar nature and displaying similar characteristics in accordance with its usual practices, in determining whether or not to grant underwriting approval in respect of those Reference Obligations certain assumptions as to, amongst other things, the cost of void periods, letting costs, repairs and maintenance expenditure, insurance costs and the amount of bad debts arising as a result of tenant default, were made. The underlying assumptions in respect of each of these categories also varied according to the type of lease (for example, multi-family leases, rolling commercial leases, fixed term commercial leases and/or garage leases) (the **General Assumptions**).

No assurance can be given that any assumptions (including the Standard Tenancy Assumptions or General Assumptions) will prove to be correct or indeed a valid assumption to have been made in respect of a Reference Obligation. If any assumptions made with respect to a Reference Obligation proves to have been incorrect, it is possible that the Holder could receive less than the full amount due from the Reference Entity in respect of such Reference Obligation which could, in turn, increase the chances of a Credit Protection Payment being made.

Consents to variations of the Transaction Documents and other matters

In relation to certain matters, including any variation of the terms of the Transaction Documents, the consent of the Trustee will be required. The Trustee may be obliged to give such consent if certain conditions are met, such as receipt of written confirmation from the Rating Agencies that the Notes will not be downgraded below their then current ratings.

Where a particular matter (including the determination of material prejudice to the Noteholders or any Class of Noteholder) involves the Rating Agencies being requested to confirm the then current ratings of the Notes, such confirmation may or may not be given, at the sole discretion of the Rating Agencies. Any such confirmation, if given, will be given on the basis of the facts and circumstances

prevailing at the relevant time. Any confirmation of ratings represents only a restatement of the ratings given at the Closing Date and should not be construed as advice for the benefit of any parties to the transaction. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon the business of any of the Reference Entities.

European Union Directive on the Taxation of Savings Income

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

United States Tax Characterisation of the Notes

Although all of the Notes are denominated as debt, we intend to, and each holder and beneficial owner of a note by acceptance thereof, will agree to treat the Class D Notes and the Class E Notes as equity for United States federal income tax purposes. In addition, there is a possibility that the Class A Notes, the Class X Notes, the Class B Notes and the Class C Notes, although denominated as debt, may be treated as equity for United States federal income tax purposes. Such a characterisation could have certain adverse tax consequences to United States investors who hold such Notes.

For further information about the United States tax treatment of the Notes, see "*United States Taxation*" on page 422.

ERISA Considerations

Although no assurances can be made, the conditions and restrictions on transfers of the Notes set forth under "*Transfer Restrictions*" on page 442 and "*U.S. ERISA Considerations*" on page 433 are intended to prevent the assets of the Issuer from being treated as the assets of a plan subject to the United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**) or Section 4975 of the United States Internal Revenue Code of 1986, as amended (the **Code**) or any governmental or church plan that is subject to any federal, state or local law that is substantially similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**). If the assets of the Issuer were deemed to be "plan assets", certain transactions that the Issuer may have entered into, in the ordinary course of business might constitute non-exempt prohibited transactions under ERISA and/or Section 4975 of the Code, or Similar Law, and might have to be rescinded.

Each purchaser or transferee of the Notes that is, or is acting on behalf of, an ERISA Plan that is subject to ERISA or Section 4975 of the Code will be deemed to represent and warrant that its acquisition and holding of Notes will not result in a non-exempt prohibited transaction under ERISA or the Code.

For further information, and for a more detailed discussion of certain ERISA-related considerations with respect to an investment in the Notes, see "*U.S. ERISA Considerations*" on page 433.

Change of law

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

date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

Taxation - General

A withholding or deduction for or on account of tax other than Irish Tax or UK Tax may be required to be made in circumstances other than those set out above under the law of countries other than Ireland or the United Kingdom (including countries that are Member States of the EU). The outline in this Prospectus of certain key Irish and UK taxation issues does not include consideration of any such requirements and the commentary made regarding the EU Savings Directive should not be taken to imply that no other withholding or deduction is or may be applicable on account of non-UK or non-Irish tax.

Reliance on Creditworthiness of Barclays Bank PLC as Swap Counterparty

The ability of the Issuer to meet its obligations under the Notes will be dependent upon, among other things, receipt of the Swap Counterparty Payments and Swap Call Termination Payments which are required to be paid from Barclays Bank PLC in its capacity as Swap Counterparty. If Barclays Bank PLC does not have, at any time, among other things, the Swap Counterparty Required Rating, Barclays Bank PLC will be obliged to make Swap Counterparty Payments to the Issuer in advance during any such period which shall be held pursuant to the Repurchase Agreement.

For further information about the Swap Counterparty Payments, see "*The Credit Default Swaps — Swap Counterparty Payments*" on page 323.

Notwithstanding the obligation of Barclays Bank PLC to pay the Swap Counterparty Payments in advance if the Swap Counterparty does not have at such time the Swap Counterparty Required Rating, if Barclays Bank PLC defaults, for any reason, on its obligation to make the Swap Counterparty Payments which are required to be paid, the Issuer may be unable to make payment of all or a portion of the interest on the Notes or other amounts payable under the Class X Notes, which would constitute a Note Event of Default. Such a failure by the Swap Counterparty would, in any event, constitute an early termination event under the Credit Default Swap Agreement.

Reliance on Creditworthiness of Barclays Bank PLC as Cash Deposit Bank and Repurchase Counterparty

The ability of the Issuer to meet its obligations under the Notes will be dependent upon, amongst other things, Barclays Bank PLC for the return of the Cash Deposit in its capacity as Cash Deposit Bank or, as the case may be, the repurchase of the Repurchase Securities pursuant to the Repurchase Agreement, and payment to the Issuer of any Cash Deposit Income Payments and Repurchase Income Payments.

If Barclays Bank PLC does not have at any time the Cash Deposit Bank Required Rating and to the extent that it does not provide a guarantor of its obligations that has the Cash Deposit Bank Required Rating or is not replaced with a successor Cash Deposit Bank on substantially the same terms as the Cash Deposit Agreement, the Cash Deposit Bank will be required to notify the Issuer and the Trustee of the same and to arrange for the release of the Cash Deposit and acquisition of Repurchase Securities under the Repurchase Agreement.

For further information about the Cash Deposit Agreement, see "*The Collateral Arrangements - The Cash Deposit Arrangements – Cash Deposit Agreement*" on page 331.

If Barclays Bank PLC does not have at any time the Repurchase Counterparty Required Rating, Barclays Bank PLC will, pursuant to the terms of the Repurchase Agreement, be required to overcollateralise its obligations by way of the provision of cash or to provide additional Repurchase Securities (pursuant to the adjustment provisions set out in the Repurchase Agreement), in each case,

in accordance with the increased margin and as approved by two or more Rating Agencies (which must include Moody's, S&P and Fitch) at the relevant time.

For further information about the Repurchase Agreement, see "*The Collateral Arrangements - The Repurchase Arrangements - The Repurchase Agreement*" on page 332.

Potential Conflicts of Interest

Barclays Bank PLC acts in a number of capacities (specifically, Swap Counterparty, Repurchase Counterparty and Cash Deposit Bank) in connection with the transactions described in this Prospectus. Barclays Bank PLC, acting in such capacities, shall have only the duties and responsibilities expressly agreed to by it in its relevant capacities and shall not, by virtue of 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 expressly provided with respect to each such capacity. Barclays Bank PLC, in connection with the contemplated transactions, may enter into business dealings, including the acquisition of investment securities as contemplated by the Transaction Documents, from which it may derive revenues and profits in addition to the fees, if any, stated in the Transaction Documents, without any duty to account for such revenues and profits.

Limited Information on Certain Transaction Parties

This Prospectus provides only limited information regarding Barclays Bank PLC.

For further information about Barclays Bank PLC, see "*Originator/Swap Counterparty*" on page 362.

Preferred Creditors under Irish Law

Under Irish law, the interest of secured creditors in property and assets of an Irish company over which there is a floating charge only will rank behind the claims of certain preferential creditors on enforcement of such security. Preferential creditors include the Irish Revenue Commissioners, statutory redundancy payments due to employees (including where those employees have been made redundant as a result of the liquidation of the borrower) and money due to be paid by the Irish company in respect of employers contributing under any pension scheme.

The holder of a fixed security over the book debts of an Irish tax resident company (which may include the Issuer) may be required by the Irish Revenue Commissioners, by notice in writing from the Irish Revenue Commissioners, to pay to them sums equivalent to those which the holder received in payment of debts to it by the company.

Where the holder of the security has given notice to the Irish Revenue Commissioners of the creation of the security within 21 days of its creation, the holder's ability is limited to the amount of certain outstanding Irish tax liabilities of the company (including liabilities in respect of value added tax) arising after the issuance of the Irish Revenue Commissioners' notice to the holder of fixed security.

The Irish Revenue Commissioners may also attach any debt due to an Irish tax resident company by another person in order to discharge any liabilities of the company in respect of outstanding tax whether the liabilities are due on its own account or as an agent or trustee. The scope of this right of the Irish Revenue Commissioners has not yet been considered by the Irish courts and it may override the rights of holders of security (whether fixed or floating) over the debt in question.

In relation to the disposal of assets of any Irish tax resident company which are subject to security, a person entitled to the benefit of the security may be liable for tax in relation to any capital gains made by the company on a disposal of those assets on exercise of the security.

Examinership under Irish Law

Examination is an insolvency process under Irish law the objective of which is to facilitate the survival of a company and the whole or any part of its undertaking through the appointment of an

examiner and the formulation by the examiner of proposals for a compromise or scheme of arrangements. If an examiner is appointed in respect of the Issuer, among other things, the Security Trustee will be prevented from enforcing the Issuer Security during the Protection Period (as defined below). A brief outline of the principal features of the examinership regime is set out below.

The Irish High Court (the **Court**) may appoint an examiner if, following the presentation by an eligible person (see below) of a petition, it appears to the Court that a company is or is likely to be "unable to pay its debts" within the meaning of the applicable Irish legislation, no resolution of the company has been passed to wind up the company and no Court order exists to wind up the company. The Court must also be satisfied that there is a "reasonable prospect" of the survival of the company and the whole or any part of its undertaking as a going concern. In this respect, the Court will have regard to the report of an independent accountant, which must be provided with the petition, and which must, among other things, state that there is a reasonable prospect of the survival of the company and set out what considerations should be taken into account to achieve this.

Persons eligible to present a petition for the appointment of an examiner to a company are the company itself, the directors of the company, a creditor (contingent or prospective) (including employees) or a member of the company whose holding is not less than 10% of the paid up share capital of the company.

A protection period (the **Protection Period**) starts running from the date of presentation of the petition and lasts until the earlier of the 70 days from the date of its commencement (which may be extended by a further 30 days by the Court) and the date of withdrawal or refusal of the petition. During the Protection Period, among other things, no proceedings for the winding up of the company may be commenced; no receiver may be appointed unless appointed three days before the presentation of the petition; no attachment, sequestration, distress or execution may be put in force against the company except with the consent of the examiner; no action may be taken to realise any part or all of any security granted by the company except the consent of the examiner; no steps maybe taken to repossess goods held under hire purchase; and if another person apart from the company is liable to pay the debts of the company such as a guarantor no attachment, sequestration, distress or execution may be put in force against that person and no proceedings of any sort may be commenced against that person.

Two to three weeks after the issue of the petition there is a full hearing by the Court of the petition. If an examiner is appointed by the Court, he is obliged to formulate proposals for a scheme of arrangement or compromise as soon as practicable after he is appointed. The examiner must hold a meeting of each class of creditors at which each such class will be asked to approve the proposed scheme of arrangement or compromise. Within 35 days from the date of his appointment, the examiner must report to the Court on the proposed scheme of arrangement or compromise and the outcome of the meetings of each class of creditors convened to consider the proposals. In practice, this 35-day period is extended to the end of the Protection Period.

Before confirming any proposals the Court must be satisfied, among other things, that at least one class of creditors, whose interests or claims would be impaired by the implementation of the proposals has accepted the proposals and that the proposals are fair and equitable in relation to any class of creditor or member that has not accepted the proposals whose interests or claims would be impaired by implementation of the proposals, and are not unfairly prejudicial to the interests of any interested party. The Court considers the proposals made and may confirm, modify or reject them. In practice the Court is reluctant to make substantive modifications to the proposals unless such modifications have been presented to the creditors' meetings. The Court has been very reluctant to lay down detailed principles as to how it will determine whether the proposals are fair and equitable or unfairly prejudicial in the manner contemplated above but will consider the proposals from the perspective of the creditors as a whole and each specific class of creditors and also what such creditors would be expected to receive on a winding up of the company. It will also take into account the respective positions of the Irish Revenue Commissioners and the company's employees (if any). In considering the report for the purpose of confirmation of the proposals the Court may adjourn the hearing and thereby extend the Protection Period beyond 100 days.

If the Court does not confirm the proposals, the Court will generally make a winding-up order on just and equitable grounds. If the Court confirms the proposals, the Court will specify a date not later than 21 days after the making of its order from which they take effect. Once confirmed by the Court, the examiner's proposals are binding on the company, its members and creditors (both secured and unsecured).

The company may borrow monies during the examination to fund the business and, if the examiner certifies such borrowings as being incurred in circumstances where the survival of the company as a going concern would otherwise have been seriously prejudiced, those borrowings will rank ahead of all obligations of the company other than those secured by fixed security. The examiner also has reasonably broad powers to take preventative or remedial action relating to a company's income, assets or liabilities or the activities of its officers, employees, members or creditors where in his opinion it is likely to be to the detriment of the company. Contractual arrangements restraining a company from borrowing or pledging its assets are not binding on the examiner if in his opinion, if the clause was to be enforced, it would be likely to prejudice the survival of the company as a going concern. The examiner may sell property subject to a fixed or floating charge, to facilitate the survival of the company, but such a sale must be made pursuant to an order of the Court. Unless the examiner can show that the sale of the relevant charged property is very likely to facilitate the survival of the whole or any part of the company as a going concern, the Court is likely to be reluctant to permit such a sale where the holder of the security is strongly opposed to the sale. The proceeds of the disposed assets are subject to the same statutory priorities that applied prior to the examination. Where the security is a fixed charge, it is a condition of any Court order that the net proceeds of disposal and where such proceeds are less than open market value, any sums required to make good the deficiency, be applied towards discharging sums secured by the security.

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

RELEVANT ASPECTS OF BELGIAN LAW

This section summarises certain Belgian law aspects and practices in force at the date of this Prospectus relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to the Belgian Reference Obligations and Belgian Related Security

Security structure

Under Belgian law, no security right can be validly created in favour of a party who is not the creditor in relation to the debt which the security right purports to secure.

The Belgian Reference Obligations have been structured with a parallel debt covenant pursuant to which the Belgian Reference Entities and the other Belgian Obligors have undertaken to pay to the relevant Security Agent for the Belgium Reference Obligations, as an independent and separate creditor and not as a mere representative of other secured creditors, an amount equal to any amount owed by them to each Finance Party in connection with the Belgian Finance Documents (the **Belgian Parallel Debt**). The relevant Security Agent will therefore be a direct creditor of the Belgian Reference Entities and the other Belgian Obligors in respect of the Belgian Reference Obligations and shall be entitled to claim performance thereof in its own name and on its own behalf. The Belgian Parallel Debt owed to the Belgian Security Agent shall be reduced to the extent the Belgian Reference Entities and the other Belgian Obligors satisfy the Belgian Reference Obligations under the Belgian Finance Documents.

Although there is no Belgian statutory law or case law in respect of parallel debts to confirm this, the Originator has been advised that the Belgian Parallel Debt creates a claim enforceable by the Security Agents and the claim may be validly secured by, among other things, the relevant Related Security. Parallel debt structures have, moreover, been used in other Belgian finance transactions.

Security Interests

Mortgage

In Belgium, a security interest over real estate is created by way of a mortgage (*hypotheek/hypothèque*) pursuant to the Belgian Mortgage Act of 16 December 1851.

A mortgage can be granted over the full ownership interest in real property (*eigendomsrecht/droit de propriété*), which would cover land, buildings and constructions, but also on specific rights *in rem* such as bare ownership rights or freehold interests (*naakte eigendom/nue-propriété*), as well as other real property rights, such as long term lease rights (*erfpachtrecht/droit d'emphytéose*) or usufruct rights (*vruchtgebruik/usufruit*).

Two different types of rights *in rem* have been granted in respect of the Belgian Properties: (a) in case of long lease rights (i) a long lease right granted to the Belgian Reference Entities and a freehold interest to the other Belgian Obligors (for the Le Croissant Property), (ii) a long lease granted by Cofinimmo SA (a third party) to the Boudewijn Reference Entity on the Boudewijn Property), and (b) a usufruct right granted to the Belgian Reference Entities and a bare ownership interest to the other Belgian Obligors (for the Ostend Properties).

A long term lease is an agreement whereby an owner grants a right *in rem* over its property for a long period of time against payment of a periodic fee (*kanon/canon*), thereby granting full use of the property together with any accessory rights. Such long term lease rights are governed by the Belgian Act of 10 January 1824. The holder of a long lease right has *inter alia* the following accessory rights:

(a) right to dispose of the property, (b) right to change the destination of the property, (c) right to build or plant on the Property and, (d) right to lease the property.

A usufruct is an agreement whereby an owner grants to another person, the holder of the right of usufruct, a temporary legal right *in rem* to use and enjoy their property, and to collect all the profit, utility and advantage which it may produce, provided such use does not alter the substance of the property. Such usufruct rights are governed by the Belgian Civil Code (*Code Civil/Burgerlijk Wetboek*), art. 578 *et seq*.

These interests are not to be confused with occupational leases, which do not create any right in rem but are mere contractual arrangements.

A freehold interest or a bare ownership interest gives the holder the right to dispose of the property, but does not allow the use, or benefit thereof. The right arises following the split of full ownership between the person entitled to the right of use and benefit associated with the property (holder of the leasehold right and the usufruct) and the bare ownership holder or holder of the freehold right.

A mortgage over real property extends to:

(a) the accessories (*toebehoren/accessoires*) to the mortgaged property (for example, rental income); and

(b) all improvements (*verbeteringen/améliorations*) made to the mortgaged property.

Further, in the event of loss, deterioration or depreciation of the mortgaged property, any compensation owing by a third party to the mortgagor (such as an insurer) as a result thereof will be applied towards satisfaction of the mortgagee's secured debt, which will become immediately due and payable upon the occurrence of such event.

The Belgian Reference Entities and the other Belgian Obligors have granted mortgages over the leasehold (or, as the case may be, the usufruct) and the freehold interest (or bare ownership interest) in the Belgian Properties securing a certain percentage of the principal amount of and interest on the respective Belgian Reference Obligations. For the remaining percentage of the principal of or accessories on such Belgian Reference Obligations, which are not secured by an effective mortgage, the Belgian Reference Entities and the other Belgian Obligors have granted a mortgage mandate. The attorneys appointed under the mortgage mandate may convert the mortgage mandates into a mortgage and register the mortgage in order to secure the remaining obligations.

It should be noted that as a matter of Belgian law, a leasehold or usufruct interest may be terminated during its term if and when one of the parties fails to meet its obligations. Given that in respect of the Le Croissant Reference Obligation, the Ostend Reference Obligation and the Prins Boudewijn Obligation, the beneficiary's obligations under the leasehold and usufruct interests, as the case may be, are effectively limited to the annual payment of minor canon amounts, it is highly unlikely that a default on behalf of the beneficiary would occur. Moreover, under the Ostend Reference Obligations and the Prins Boudewijn Obligations, the notarial deeds creating the respective rights *in rem* have been amended to ensure that the freeholder or bare owner, as the case may be, accepts a grace period within which any default may be remedied by the leaseholder or usufruct holder, as the case may be, failing which the Security Agent (for as long as the respective Reference Obligations are in place) will be entitled to remedy such default within a reasonable time period. Even if it is not entirely clear under Belgian case law, the Issuer has been advised that the better view is for Belgian courts to uphold such upfront waiver arrangements.

Mortgage mandate

To reduce the costs involved in taking mortgages, it is a standard Belgian banking practice to grant a mortgage for only a portion and not for the total amount of the secured claim and a mortgage mandate (*hypothecair mandaat/mandat hypothécaire*) for the remaining portion of the secured claim.

A mortgage mandate is an irrevocable mandate to create and register a mortgage and must be granted by notarial deed. A mortgage mandate does not in itself create security establishing a priority right to payment in respect of the proceeds of sale of the mortgaged assets, but instead allows the attorney appointed under the mortgage mandate to create and register the mortgage at any time or upon the occurrence of certain events without any further involvement by the grantor of the mortgage mandate. The mortgage created upon the exercise of the mandate will only be effective in relation to third parties from the date that it is recorded in the mortgage office (*Hypotheekkantoor/Bureau de la Conservation des Hypothèques*). When a mortgage mandate is converted into a mortgage, registration duties will be payable. The following limitations exist in relation to the conversion of a mortgage mandate:

(a) where a third party registers a mortgage before the registration of the mortgage resulting from the conversion of a pre-existing mortgage mandate, the third party mortgage will rank ahead of the mortgage granted to the mandate holder resulting from such conversion. However, in the context of the Belgian Reference Obligations the granting of such mortgages to a third party would constitute a contractual breach of the Belgian Credit Agreements;

(b) if a conservatory or an executory seizure is made in respect of the relevant property by a third party creditor, a mortgage registered pursuant to the exercise of the mortgage mandate after the writ of seizure is recorded at the mortgage office will not be enforceable against the seizing creditor;

(c) the mortgage mandate can no longer be converted following the bankruptcy of the relevant obligors and any mortgage registered at the mortgage office after the bankruptcy judgment is void;

(d) the effect of a judicial composition (*gerechtelijk akkoord/concordat judiciaire*) and the dissolution (*ontbinding/dissolution*) of the relevant obligors on the mortgage mandate is uncertain;

(e) mortgages created as a result of the conversion of mortgage mandates after the date of cessation of payment of debts (*tijdstip van staking van betaling/date de la cessation de paiements*) by the relevant obligors are not enforceable against the bankrupt estate, as such mortgages constitute new security for a pre-existing debt. The bankruptcy court can fix the date of cessation of payments at a date up to six months before the bankruptcy order. However, under certain circumstances, the claw-back rules are not limited in time, for example where a mortgage has been granted pursuant to a mortgage mandate in order to fraudulently prejudice creditors;

(f) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than fifteen days after the creation of the mortgage; and

(g) besides the possibility that the relevant obligors may grant a mortgage to a third party (as set out above), the mortgage resulting from a conversion of the mortgage mandate may also rank after certain mortgages arising as a matter of law (for example, a legal mortgage arising in favour of the tax authorities) to the extent these mortgages are registered before the registration of the mortgage resulting from the exercise of the mortgage mandate. In this respect, it should be noted that a notary will need to notify the tax administration before passing the notarial deed for the mortgage mandate.

While each of these limitations could have potentially significant consequences, the Belgian Reference Entities have been established as LPEs and as such are restricted in their ability to incur additional liabilities, other than as explicitly permitted under the Belgian Credit Agreements, which would increase the likelihood of their being subject to a judicial composition or bankruptcy and therefore being subject to these limitations.

Registration of the mortgages

A mortgage will only become enforceable against third parties upon registration of the mortgage at the mortgage office, as described above. The ranking of the mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed and the "registration extracts" (*borderellen/bordereaux*) are registered at the mortgage office.

In the context of the Belgian Reference Obligations, the relevant Security Agent has been provided with an official certificate from the mortgage office (*hypothecair getuigschrift/certificat hypothécaire*) evidencing:

(a) that the Belgian Reference Entities have valid title to the long term lease right or the usufruct right as the case may be and the other Belgian Obligors have valid title to the freehold or the bare ownership right with respect to the Belgian Properties; and

(b) the mortgage registered in favour of the relevant Security Agent in respect of the Belgian Properties.

Evidence that all previous mortgages on the Belgian Properties have been released is has either been provided or, if outstanding, the relevant notaries have confirmed at the time of the origination of the relevant Belgian Reference Obligations in writing that the relevant notarial deeds of mortgage release have been duly signed and sent to the mortgage office for registration.

Pledge over bank accounts

Security interests over bank accounts are created by way of a pledge pursuant to the Belgian law of 5 May 1872, as amended, and the Belgian Act of 15 December 2004 concerning financial collateral arrangements (**Act of 15 December 2004**).

The Belgian Reference Entities have, in accordance with the terms of the Belgian Credit Agreements, established Belgian Reference Entity Accounts into which, among other things, rental income and disposal proceeds in respect of the Belgian Properties must be paid (see further "*The Reference Portfolio and the Related Security – Reference Entity Accounts and Payments*" on page 212). The Belgian Reference Entities have granted pledges over the Belgian Reference Entity Accounts and all of its interests in the Reference Entity Accounts.

Pursuant to Article 2075 of the Belgian Civil Code, a pledge of bank accounts will be legally valid, binding and enforceable between the parties and in relation to third parties (except for the debtors) as soon as the pledge agreement is entered into. The pledge will only be perfected against the bank which holds the pledged accounts, once the pledge is notified to it.

In respect of the pledged bank accounts, the Belgian Reference Entities have sent a notice to the account banks and have undertaken to use their best efforts so that the relevant account banks agree in writing, for the benefit of the Belgian Security Agents, to waive any right of set-off and the benefit of any "unicity of account", pledge or similar provision. To the extent such waiver has not been given, the relevant pledges granted in favour of the Belgian Security Agents will have a subordinate ranking to such security interests or similar mechanism in favour of the relevant account bank and/or will be subject to set-off by the relevant account bank.

However, the Belgian Reference Entities are prohibited from incurring financial indebtedness other than explicitly permitted under the Belgian Credit Agreements and, accordingly, there is a limited scope for incurring indebtedness with such account banks which would benefit from this prior ranking security.

Pledge over receivables

Security over receivables such as rental claims, insurance claims and guarantee claims is created by way of pledges pursuant to the Belgian Law of 5 May 1872, as amended.

The Belgian Reference Entities and the other Belgian Obligors have granted pledges over certain receivables.

Pursuant to Article 2075 of the Belgian Civil Code, a pledge of receivables will be legally valid, binding and enforceable between the parties and vis à vis third parties (except for the debtors of the pledged receivables, such as the tenants) as soon as the pledge agreement is entered into. In other words, no formalities are required (such as notification of the debtor by a bailiff or acknowledgement by the debtor in a notarised deed) for the pledge to be valid and enforceable between the parties and *vis-à-vis* third parties (except for the debtors). As long as no notice of the receivables pledge is given to the debtor of the pledged receivables, such receivables pledge will be subject to the following limitations:

(a) the debtor may validly discharge its obligations under the relevant receivable by payment to the relevant pledgor;

(b) the debtor may invoke any defence of set-off that it has against the pledgor;

(c) if the relevant pledgor on or after the execution of the pledge agreement assigns, pledges or otherwise encumbers the same rights to an assignee or pledgee, which assignee or pledgee, in good faith gives notice of such assignment, pledge or encumbrance to the relevant debtor before notice of the initial pledge agreement has been given, then the rights of the other assignee or pledgee and the rights of the creditors of such assignee or pledgee will rank prior to those of the initial pledgee;

(d) the pledge will not be effective as against a third party creditor of the relevant pledgor (such as, typically, a creditor who has proceeded with an attachment on the relevant receivable) who has in good faith received from the relevant debtor, also acting in good faith, payment of the latter's obligations under any relevant receivable.

The Belgian Reference Entities and the other Belgian Obligors have committed to send such notices to the debtors of the pledged receivables (notice to the Tenants, insurance companies, counterparties under the Acquisition Documents, as the case may be, but it cannot be guaranteed that each and every notice has been sent. This being said, the absence of such notification does not impact on the validity and effectiveness of such security *erga omnes* (except for the relevant debtor)).

In case of an insolvency event (e.g., a bankruptcy, judicial composition, insolvent winding-up or an attachment) in respect of the Belgian Reference Entities or the other Belgian Obligors, the issue may be raised as to whether the payments which fall due under the leases after the date of such insolvency event would constitute future receivables or existing receivables. If such payments were characterised as future receivables there would be a risk that in line with the comments published on the decision of the Court of Appeals of Ghent of 5 November 1993, the relevant court could declare the pledge ineffective (*non-opposable/niet-tegenwerpelijk*) against the creditors of the grantor. Furthermore, such analysis could be influenced by case law in France and The Netherlands, which limits the effectiveness of assignments of future receivables in a similar way and where case law to date seems to characterise rental receivables falling due after insolvency as future receivables while each of these limitations could have potentially significant consequences, the Belgian Reference Entities have been established as LPEs and as such are restricted in their ability to in our additional liabilities, which would increase the likelihood of their being subject to insolvency.

Pledge over shares

The Belgian Reference Entities and the Other Belgian Obligors are private limited liability companies (*besloten vennootschap met beperkte aansprakelijkheid/société privée à responsabilité limitée* (**BVBA/SPRL**)) or public limited liability companies (*naamloze vennootschap/société anonyme*)(**SA/NV**).

A BVBA/SPRL combines the limited liability of its members with a "closed structure", i.e. the rights of the shareholders may only be transferred under certain conditions. The liability of the shareholders of a SA/NV is also limited, but the shares are in principle freely transferable (subject to possible contractual transfer restrictions in the statutes of the company).

The shares in a BVBA/SPRL or SA/NV are pledged pursuant to the Belgian Act of 5 May 1872, as amended, and the Act of 15 December 2004. Creation of the pledge requires a written private pledge agreement and, in the case of registered shares, the registration of the pledge in the shareholders register, or, in the case of bearer shares, the delivery of the shares to the pledgee or its' representative.

Enforcement

Mortgages

The Belgian Reference Entities and the other Belgian Obligors have granted to the Belgian Security Agents mortgages over their respective real property rights with respect to the Belgian Properties.

Under Belgian law, a mortgage over real estate is enforced by a sale of the secured property. In order to enforce the mortgage, the mortgagee will first need to obtain an enforceable title (*uitvoerbare title/titre excécutoire*) from the court. An enforceable title could also consist of the notarised mortgage deed signed by the mortgagor if it sets out in sufficient detail the secured claim (the latter will generally only be acceptable in the case of fairly simple mortgage loans). The mortgagee will also need to arrange for a public auction of the property to take place, which requires prior notice to each registered creditor, a separate court order, the appointment of a notary (who will organise and effect the sale) and the registration of an attachment order at the mortgage office. The costs of enforcement will be borne by the relevant obligor or owner of the property.

Any transfer of an immovable property is subject either:

(a) to VAT (current rate of 21 per cent.) for new buildings; or

(b) to registration duty.

Enforcing a mortgage via a public auction will thus trigger either payment of 21 per cent. of VAT or the proportional registration duty on transfers of real property, (being 10 per cent. in the Flemish Region and 12.5 per cent. in the Brussels and the Walloon Regions), to be calculated on the sale price, which may not be lower than the market value (*markt waarde/valeur vénale*). The registration duties would normally be payable by the purchaser of the property, but technically speaking both the vendor and the purchaser are jointly liable for the payment of the duties. In addition, there will be proportional fees (administrative expenses) for the notary public and fees for the mortgage registrar in respect of the sale.

Priority rules

Under Belgian law, there are generally speaking three categories of creditors in the bankrupt estate (according to the rules of priority):

(a) the specific preferred creditors who have a privilege or security interest that gives them rights to particular assets;

(b) the general preferred creditors; and

(c) the non-privileged creditors.

The beneficiary of a mortgage is a specific preferred creditor. In general, the specific preferred creditors (including the mortgagee) rank ahead of the unsecured creditors and the general preferred creditors (such as the tax authorities, social security authorities and employees). If the proceeds of enforcement of sale of the security assets prove to be insufficient to repay the claim of the specific preferred creditors, then these creditors become unsecured creditors in respect of the balance of their claim. Unsecured creditors will then rank behind the general preferred creditors.

Share pledges

Article 249 of the Belgian Companies Code sets out the share transfer restrictions which apply to the transfer of shares in a BVBA/SPRL. In essence, the consent of half of the shareholders who represent 75 per cent. of the share capital, discounting the shares which relate to the contemplated transfer, will need to be obtained. Transfer restrictions will, in principle, apply to enforcement of the pledge.

However, the provisions of Article 249 of the Belgian Companies Code have been waived in favour of the Belgian Security Agent by the Belgian Reference Entities and the other Belgian Obligors which have been incorporated as a BVBA. Further, on the legal basis underlying Article 249 of the Belgian Companies Code, which is to protect the non-transferring shareholders of the BVBA/SPRL, it could be argued that Article 249 of the Belgian Companies Code will not apply to enforcement of a pledge created over all shares of a BVBA/SPRL.

Equitable Subordination

Belgian law does not recognise the concept of equitable subordination. Belgian courts may, however, apply subordination as a sanction (**judicial subordination**). A lender may be held liable for having granted credit to and maintained a credit line for a company which is not creditworthy. If the wrongful behaviour of the lender has caused damage to the borrower's other creditors (e.g., a decrease in the likelihood that other creditors will be able to recover their claims), the Belgian courts may decide that the most appropriate way to repair the damage (in kind) is to subordinate the claim of the credit provider. To assess the lender's liability, more severe criteria will apply if the lender is a professional lender.

As the Belgian Reference Entities and the other Belgian Obligors will, in principle, be restricted in their ability to have other creditors, the risk that the Belgian Reference Obligations and/or the Belgian Parallel Debt will be judicially subordinated is considered to be remote, though this cannot be ruled out.

(B) Risks relating to Property

Commercial Property Leases

Commercial (retail) lease agreements are subject to the Act on Commercial Lease Agreements of 30 April 1951 (the **Act of 1951**). These are applicable to lease agreements relating to the lease of premises that are used for retail business or craftsman activities (such as the leases in connection with the Ostend Reference Obligation Property and the Senior Den Tir Reference Obligation Property).

Renewal of the term of the lease agreement

The Act of 1951 provides that commercial leases relating to premises used as retail shops having direct contact with the public should have a minimum term of 9 years. If the term is longer, the agreement should be in the form of a notarial deed. The lessee has the right to ask for a renewal of the lease (up to a maximum of three times) at the end of the term of the lease, regardless of whether or not it is expressly provided for in the lease agreement. However the lessee must request the renewal between the 18th and 15th month before the end of the lease (otherwise, the lessor may refuse the renewal).

The circumstances where a lessor can refuse a renewal are limited as set out in Article 16 of the Act of 1951.

Termination of the agreement

The lessee may, at the end of each three year period (upon a six months' notice) terminate the lease agreement, regardless of whether or not it is expressly provided for in the lease agreement.

The lessor may only terminate the lease agreement if expressly provided for in the lease agreement at the end of each three year period (upon a one year's notice).

Review of the rent

Each party can ask for a review of the rent at the end of each three year period in the event that unpredictable and new circumstances arise (e.g. changes in the neighbourhood, economic charges, important works done by the landlord) which have either increased or decreased the "normal lease value" of the real estate (which is determined by an expert taking into account the lease values applicable for similar types of properties) by at least 15 per cent. versus the current rent.

This is a mandatory provision and so it applies even if it is not expressly provided for in the lease agreements. Provisions to the contrary are null and void.

Indexation of the rent

Indexation is only possible if expressly provided in the lease agreement. The parties may freely determine the indexation provision to the extent this does not exceed the indexation in accordance with the legal formula, which is equal to: (Basic rent x New index) / Index at the beginning of the agreement) and will either be dependent on the index of consumer prices or the health index (depending on the commencement date of the lease), as published from time to time in the newspaper.

Subleases and assignment of the lease

Subleasing and assignment of the lease is permitted under Belgian law, unless expressly prohibited in the lease agreement. In addition, the lessor cannot prohibit this assignment/sublease if the lessee assigns/subleases the lease in the framework of a sublease/assignment of its business.

Statutory rights of Tenants

Such rights may include in particular the following:

(a) where a Belgian Reference Entity, as landlord, is in default of its obligations under a lease in respect of the Belgian Properties, the tenant may have the right under general principles of Belgian law (*exceptie van niet – uitvoering/exception d'inexécution*) to withhold its rental payments until the default is cured or refrain from performing its other obligations under the lease;

(b) a legal right of set-off (*wettelijk recht op compensatie/droit de compensation légale*) could be exercised by a tenant of the Belgian Properties in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to this tenant by the landlord in its capacity as landlord or otherwise (the debt should be so-called *connexe*/*verknocht*);

(c) Belgian courts may in some circumstances grant a tenant acting in good faith a limited grace period in respect of its obligations to pay rent (under Article 1244 of the Belgian Civil Code), thus overriding any contrary provision in the lease;

(d) a tenant under a commercial lease may upon non-renewal of the lease, in certain circumstances, claim compensation from the landlord for eviction; and

(e) the terms of a commercial lease may grant the tenant a pre-emption right exercisable in the event of a proposed sale of the property.

The exercise of any such rights may affect the ability of the Belgian Borrower to meet its obligations under the Belgian Finance Documents.

Maintenance obligations

The Belgian Civil Code obliges the landlord to maintain the premises during the term of the lease agreement. However, this obligation is limited to the maintenance and repairs which are necessary to enable the tenant to use the premises in compliance with the use assigned to them in the lease agreement. Case law gives many examples of the types of repairs which must be borne by the lessor. In determining the types of repairs which must be borne by the landlord, the courts very often refer to substantial repairs or structural repairs. Lease agreements usually provide that all structural repairs are to be borne by the landlord, the tenant bearing all other repairs. However, certain categories of lessors (institutional investors) and certain types of leases (for instance shopping centre leases) often provide that all repairs, even structural repairs, should be borne by the tenant.

The lessor is not under any legal obligation to take responsibility for repairs or maintenance imposed by administrative authorities (i.e. to comply with the rules and regulations affecting the leased premises). However, if these repair or maintenance works are not carried out, and as a result the leased premises can no longer be used as specified in the lease agreement, the lessee may terminate the lease agreement.

If the lease does not contain any clause dealing with the partial or total destruction of the property, the landlord has no obligation to rebuild and the lease will be automatically terminated. However, in the case of a partial destruction, the tenant would be entitled to either a reduction in the rent or to terminate the lease agreement.

The Belgian Civil Code provides that landlords must provide a guarantee against defects. The duty to provide a guarantee is linked to the obligation to maintain the premises. The guarantee must cover all defects of the premises which would prevent the enjoyment of the premises by the tenant. It must cover all defects inherent at the beginning of the lease term and all defects which may subsequently appear.

The scope of the guarantee can be limited by the lease agreement. In practice, the landlord usually provides a guarantee against defects resulting from new construction works. The reason is that substantial defects are then covered by insurance policies taken out by the landlord at the time of the works and are also covered by the contractors' and architect's guarantees (being a 10 year guarantee).

Co-property regime

When two different entities are the exclusive (and full) owner of distinct "privative" parts in the same immovable good, they are also co-owners of the common parts (each for a certain percentage). These common parts – which include the land – are subject to a (forced) co-property regime (articles 577-3 - 577-14 of the Belgian Civil Code). As long as this type of "forced" co-property is in place, it is not possible for the individual owners to request a division of the property title to the jointly owned assets (art 577-2§9 of the Belgian Civil Code).

The legal regime provided in articles 577-3 – 577-14 of the Belgian Civil Code is mandatory (*dwingend recht / droit imperatif*).

The co-owners are members of an association of co-owners, which is a separate legal entity having as its purpose the safeguard and management of the building. The rights and obligations of the co-owners in connection with this association (in addition to the mandatory rights and obligations stipulated in the Civil Code) are provided in (i) the statutes (*acte de base/basisakte*) and (ii) the regulations (*règlement de copropriété/ règlement von mede-eigendom*) of the co-property, which must

be transcribed at the mortgage registry. Generally, these documents also contain clauses indicating whether specific items are (not) considered common (e.g. doors, etc).

Decisions relating to the common parts of the building must be taken within the association of co-owners by the competent body and taking into account strict formal requirements as to quorum, majority and limitation of voting rights (subject to specific – stricter – provisions in the articles of co-property).

Most decisions of the association of co-owners relating to works affecting the communal parts or changes to the building must be taken by the general meeting of co-owners (other than some minor works for which the manager (*syndic/syndicus*) may be competent). These decisions should meet certain presence and voting quorums.

As certain decisions taken by a general meeting of co-owners may impact the common parts of the buildings, which are subject to the mortgages granted in favour of the Security Agent, certain provisions have been inserted in certain Credit Agreements providing that the relevant Reference Entities and other Obligors will, should a decision (or the absence of a decision) of the general meeting of co-owners in respect of a property be likely to have a material adverse effect, take all measures which may be useful to maintain and protect the interests of the relevant Lenders and the Security Agent in connection with the Finance Documents.

Compulsory Purchase; Expropriation

Any property in Belgium may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. No such compulsory purchase proposals were, however, revealed in the course of the due diligence undertaken by the legal advisors to the Belgian Reference Entities at the time of the origination of the Belgian Reference Obligations.

The legal rules relating to compulsory purchase of property provide a process pursuant to which a compulsory purchase proposal may occur. Under these rules the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property. In the context of the Belgian Properties, there can be no assurance, however, that the compulsory purchase price would be equal to the amount or portion of the Belgian Reference Obligation secured by a mortgage on the Belgian Properties or that the compulsory purchase price would be paid prior to the scheduled maturity date of the Belgian Reference Obligations. Moreover, a compulsory purchase order in respect of a property would have the effect of releasing the tenants thereof from their obligations to pay rent.

In Belgium there is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the market value of the affected property, or other means of determining the amount of compensation payable upon a compulsory purchase.

Pre-emption rights

The terms of a commercial lease may grant the tenant a pre-emption right exercisable in the event of a proposed sale of a property (such as to the tenant GB Retail Associates NV in connection with the Senior Den Tir Property). The exercise of such pre-emption rights may affect the ability of the Belgian Reference Entities under the Belgian Finance Documents to dispose of the relevant Property.

There can be no assurance that the sale of the Belgian Properties (which are located in the Flemish and the Brussels region) can be effected at a given price or within a specific timeframe since the Flemish and the Brussels authority may in certain circumstances, hold a right of first refusal (*droit de pré-emption/voorkooprecht*) on the sale of properties. This right of first refusal only applies to direct asset sales.

Environmental Laws

All buildings in Belgium have to comply with regulations on fire protection. An analysis of compliance with applicable fire regulations is included in the procedure undertaken prior to the issuance of a building permit: a building permit can in fact only be delivered by a local authority if the building or proposed building complies with safety rules on fire protection. The Belgian legislation on asbestos is set forth in the Royal Decree dated 16 March 2006 regarding the protection of employees against exposure to asbestos. The main obligations provided for in this decree, such as the obligation to draft an inventory of all asbestos and materials containing asbestos in the building and to draft a programme to handle the presence of asbestos, rest upon the employer and not the owner of the building, and, therefore, should not apply to the Belgian Reference Entities. The due diligence undertaken by the legal advisors of the Belgian Reference Entities at the time the Belgian Reference Obligations were originated revealed that asbestos is present in the Belgian Properties but that this asbestos does not generate any direct danger for the health of the staff or visitors in that property.

In the Flemish Region, the "transfer of land" (which is defined very broadly by the legislation, i.e. the Flemish Statute on Soil Clean-up dated 22 February 1995, covering among other things the transfer of ownership and the entering into or termination of a lease) is subject to obtaining a soil certificate issued by the environmental authorities (so-called OVAM). If relevant, the transfer of land may also trigger soil survey and possible soil clean-up obligations.

The Brussels Region Ordonnance of 13 May 2004 concerning the management of polluted soils (article 10) obliges every entity which will begin a new risk activity or which transfers ownership (or other non-personal rights) or the environmental permit of a piece of land where risk activities have taken place or will take place to perform a soil investigation. Thus investigation must be performed prior to the completion of the envisaged transfer agreement. Upon receipt of the results of the soil investigation, the competent authorities (so-called I.B.G.E./B.I.M.) may order a risk study to be drawn up. If the competent authorities then conclude that the soil problem cannot be managed properly and that a clean-up is urgent and necessary for the environment and the health of people, the current permit holder can be forced to take concrete measures. Those measures must be developed in a clean-up plan that must be approved by the competent authorities. The purpose of the chosen measures is always to eliminate the risk and to obtain eventually an accepted level of pollution. Complete clean-up is not always required. When the competent authorities find it necessary to clean up the soil pollution, the transfer of land or the environmental permit can in principle not be realised before the clean-up has finished. Non-observance of the provisions of the said Ordonnance may result in a nullity claim (by the acquirer or the competent authorities) and even, in the worst case, in criminal liability.

The due diligence undertaken by the legal advisors of the Belgian Reference Entities at the time the Belgian Reference Obligations were originated, did not reveal any issues regarding current or future liabilities for soil pollution at the Belgian Properties.

Planning and Safety Regulations

Building permits

As a general rule, construction work, alterations or changing the use of a real estate asset require that the appropriate building permit be granted in accordance with the applicable zoning regulations and planning rules.

Building or maintaining constructions without holding the required building permit can give rise to criminal liability as well as administrative and tort liability.

Buildings in Belgium have to comply with certain regulations on fire protection. Normally, an analysis of compliance with relevant fire regulations is included in the procedure undertaken prior to issuance of a building permit.

The due diligence undertaken by the legal advisors of the Belgian Reference Entities at the time the Belgian Reference Obligations were originated did not reveal any zoning issues regarding the Belgian Properties. Further, the legal due diligence confirmed that several building permits have been issued and apply to the Belgian Properties, though comprehensively determining compliance with all permit conditions and approval plans went beyond to scope their due diligence review.

In relation to the Den Tir Reference Obligations, as there are some minor differences between the constructions as they were developed and the building permit that was granted for the property, the company has filed for a regularisation of the building permit, which remain outstanding.

Socio-economic permits

In Belgium, operating large stores and shopping centres is subject to specific permit requirements, referred to as socio-economic permit requirements.

Operating commercial activities without the required socio-economic permit being in place can give rise to criminal liability as well as administrative and tort liability. Also, competing shopkeepers could ask a court to order the close down of the store until the required permit is obtained.

The due diligence undertaken by the legal advisors of the Belgian Reference Entities at the time the Belgian Reference Obligations were originated confirmed that socio-economic permits have been obtained for the Belgian Properties and did not reveal any material issues regarding this matter. The legal advisors of the Belgian Reference Entities did not express any view on whether these permits duly cover all activities in the Belgian Properties and whether all permit conditions have been complied with.

On the basis of this due diligence, the Belgian Reference Entities confirmed in the relevant Finance Documents of the Belgian Reference Obligations that the Belgian Properties was not in breach of any national, regional or local zoning laws in any material respects.

(C) Considerations relating to Obligors

In order to minimise the risk that a Belgian Reference Entity is or will become insolvent at any time prior to the repayment of Belgian Reference Obligations, the activities of the Belgian Reference Entities have been restricted, through appropriate negative covenants in the Belgian Finance Documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that the exposure of the Belgian Reference Entities to liabilities is minimised to those relating to the Belgian Reference Obligations and the relevant Belgian Properties and are subject to limitations regarding incurring additional indebtedness.

For further information on such restrictions, see "*The Reference Portfolio and the Related Security – Lending Criteria*" on page 205.

Insolvency

Judicial Composition

General description

Judicial composition is a rehabilitative insolvency procedure. Pursuant to the Belgian Act of 17 July 1997 on Judicial Composition (*Wet betreffende het gerechtelijk akkoord/Loi relative au concordat judiciaire*) (the **Act on Judicial Composition**), a request for judicial composition can be filed for in respect of a company if the following conditions are met:

(a) the company is temporarily unable to pay its debts as they fall due or the continuity of the company is threatened so that it might give rise to a suspension of payments in the short term;

(b) the financial situation of the company can be cured and there is a real expectation of recovery; and

(c) there is no apparent bad faith on the part of the debtor.

The judicial composition can be applied for by the debtor or upon the initiative of the public prosecutor's office (even though in practice very little initiative has been taken by the latter).

Preliminary Suspension Period

The court decides on whether or not to grant a judicial composition request within 15 days of the submission of the request. The court will appoint a commissioner (*commissaire au sursis/commissaris inzake opschorting*) whose task it is to assist and supervise the debtor's actions in the course of the judicial composition. If the court decides to grant a judicial composition request, it may grant a preliminary suspension of payment. Such a suspension of payment is granted for a maximum period of six months (the **Preliminary Suspension Period**). The court will grant such suspension if the debtor has not acted in bad faith and if the court is of the opinion that such suspension would contribute to the recovery of the business.

The court may extend the suspension of payment for another three months upon the request of the commissioner, the public prosecutor's office, or at the discretion of the court itself.

Definitive Suspension Period

After the creditors have submitted their claims for unpaid debts to the court, the court may grant a definitive suspension of payment for a term of up to 24 months, which may be prolonged for another 12 months (the **Definitive Suspension Period**). Such definitive suspension is based on a recovery plan which will set out when and to what extent the suspended debts will be paid, as well as other measures agreed upon to allow the company to recover (the **Recovery Plan**). In addition to a suspension, a Recovery Plan may include mandatory rescheduling and even a mandatory reduction of debts. The Recovery Plan must be approved by a majority of creditors and by the court, as described in further detail below.

Automatic termination

Provisions of an agreement which provide that the contract is terminated or dissolved as a consequence of the company applying for a judicial composition or becoming the subject of a judicial composition procedure will be ineffective.

Impact of the moratorium on creditors

Following a request for a judicial composition, no enforcement against movable or immovable property of the debtor can be effected prior to the court's ruling on the request in accordance with the law on judicial composition. Following the entry into force of the Act of 15 December 2004, such prohibition should not apply to the pledge of financial instruments or cash held in an account by the debtor.

During the Preliminary Suspension Period, no enforcement against movable or immovable property of the debtor can be effected, provided that during such period the relevant creditors receive payment of interest and charges that fall due as from the date of ruling on the preliminary suspension.

If, following the conclusion of the Preliminary Suspect Period, a Recovery Plan is approved by the majority of creditors and the court, such plan and a final suspension of payments and enforcement rights will apply for a maximum period of 24 months, which period could be extended for a further 12 months. Approval by the court of the Definitive Suspension Period requires:

(a) that the Recovery Plan is approved by more than 50 per cent. of creditors who have filed a claim and have participated in the vote, provided that these creditors also represent more than 50 per cent. of the claims made against the debtor;

(b) that the debtor provides sufficient comfort as to proper management going forward; and

(c) that there is no breach of the public order (the Belgian legislator has described the rules of public policy in the preparatory works of the Act on Judicial Composition as "the rules which affect the essential interests of the Belgian State or community or which form the legal basis for the economical or social system of the community").

Pursuant to Article 28 of the Law dated 17 July 1997 on Judicial Composition, any provision in an agreement referring to judicial composition to result in an event of default, an acceleration or early termination of such agreement by operation of the application for or granting by the courts of judicial composition, will be considered not to be binding between parties and ineffective against all third parties (including the bankruptcy trustee). The Law is currently subject to amendments but this principle is not envisaged to be modified. It is one of the cornerstones of the judicial composition process where in view of supporting companies in distress, ongoing arrangements may not be terminated to avoid upfront jeopardising the chances for a possible turn-around of the company concerned.

All Credit Agreements provide for restrictions and limitations on financial indebtedness which the relevant Reference Entity may incur. To the extent these covenants are complied with and unless extraordinary permitted debts arise, the relevant Security Agent should (whilst sufficient indebtedness remains outstanding under the Credit Agreement and the Belgian Parallel Debt) have a claim representing more than half of the aggregate value of all financial indebtedness of such Reference Entity and could consequently veto a Recovery Plan which was not satisfactory to it.

In respect of creditors who benefit from a pledge or a mortgage (and who have not voluntarily agreed to the Recovery Plan), the Recovery Plan and final suspension will not be binding unless the court decides otherwise, which is only allowed if the following conditions are met:

(a) the Recovery Plan provides for payments of interest to the secured creditors;

(b) the suspension of payments is limited to no more than 18 months; and

(c) the Recovery Plan does not otherwise affect the current or future situation of the secured creditors.

If the secured party is not paid the relevant interest and costs during these periods, it can seek to enforce its security. This must be done with the consent of the court if a definitive suspension has been ordered.

Transfer of part of the business during the moratorium

Unless the court order granting the judicial composition has restricted such right, the debtor can freely sell properties as part of its normal business activity. The sale could be part of an approved Recovery Plan. Furthermore, Article 41 of the Act on Judicial Composition provides that the court appointed commissioner can sell all or part of the debtor's business with the approval of the court without an approved Recovery Plan. The commissioner will need to:

(a) publish the proposed sale so that any interested parties can make a bid; and

(b) investigate the bids made in view of their impact on the survival of the debtor and the debtor's ability to pay its creditors.

The commissioner must take into account the lawful interests of the creditors. If only part of the business is sold, the creditors do not need to consent. If all of the business is to be sold the approval of

the creditors will be required (i.e. an approval by more than 50 per cent. of creditors who have filed a claim and have participated in the vote, provided that these creditors also represent more than 50 per cent. of the claims made against the debtor).

The Act on Judicial Composition does not deal with the consequences of sales of the company's business or properties for creditors with security over the sold assets and there are few reported cases on the subject. One may expect that sales effected by the management of the debtor without the prior consent of a mortgagee would not legally prejudice the normal rights of the mortgagee and that the debtor would remain bound by the previously agreed covenants and undertakings. In case of a sale pursuant to Article 41 there is the risk, however, that a court may take the view that such procedure would release the mortgage, leaving the mortgagee to exercise its security interest only on the proceeds of such sale. However, as indicated above, in undertaking such a sale, the commissioner must take into account, the lawful interests of creditors.

The Belgian judicial composition rules are currently being revisited by the Belgian legislator but at the current time it is too early to anticipate any likely modifications and/or amendments.

Bankruptcy

General description

Unlike judicial composition, as described above, bankruptcy is a distributive insolvency process.

A bankruptcy procedure may be initiated by the debtor, unpaid creditors, or upon the initiative of the public prosecutor's office, the provisional administrator or the administrator, or the liquidator of the main proceedings (as defined in the Council Regulation EC No. 1346/2000 of 29 May 2000 on insolvency proceedings). Once the court decides that the requirements for bankruptcy are present, the court will establish a date before which all claims of unpaid debts by the creditors must be entered (within 30 days after the bankruptcy judgement) and the date of the first report on the verification of claims.

From the day of the declaration of the bankruptcy by the bankruptcy court the debtor loses all authority and control concerning the management of the assets of the bankrupt business. The bankruptcy receiver (*curateur/curator*) takes over the running of the business and attends to the sale of the assets, the distribution of the proceeds thereof to the creditors and the liquidation of the debtor's assets. The input of creditors is limited, to the extent that they are informed of the course of the bankruptcy proceedings, and they may request the temporary continuation of the business. Certain secured creditors benefit from specific powers and rights regarding the sale of the assets that are secured in respect of their claims. Upon a bankruptcy, in case the secured creditors (other than the mortgagee) fail to take enforcement steps, the bankruptcy trustee has the right to sell the secured assets (not real property) without giving notice to the secured creditors and without having to obtain its consent to the conditions of the sale. The secured creditor will not lose its secured position and be paid by preference out of the proceeds of the sale (subject to a number of creditors, such as the tax authorities, an unpaid vendor or unpaid lessor, who have a statutorily preferred position (*privileges/voorrechten*)). In respect of a pledge over shares and cash, the secured creditor has in principle (except if contractually excluded) the right to enforce the pledge out-of-court and in the most diligent way (pursuant to the Act of 15 December 2004), whereas a pledge on receivables necessarily needs to be enforced through court proceedings.

The situation is different in respect of mortgaged real property.

If a mortgagee has initiated proceedings for the enforcement of a mortgage before the bankruptcy judgement and the attachment has been recorded at the mortgage office, the enforcement proceedings may be continued by that creditor. The liquidator of a bankrupt estate has the right to oppose such an enforcement proceeding initiated by a secured creditor if it is in the interest of the bankrupt estate or in order to avoid a low price.

If no enforcement proceedings have been commenced before the closing of the statement of verification, only the first ranking mortgagee will be allowed to enforce its mortgage after the bankruptcy judgement.

In the absence of enforcement proceedings at the initiative of the secured creditors, the liquidator of the bankrupt estate also has the right to apply to the court for being authorised to sell the property.

Conditions for a bankruptcy order (*aangifte van faillissement/déclaration de faillite*) are that the debtor must be in a situation of cessation of payments (*staking van betaling/cessation de payments*) and must be unable to obtain further credit (*wiens krediet geschokt is/ébranlement de crédit*). Cessation of payments is generally accepted to mean that the debtor is not able to pay its debts as they fall due. This situation must be persistent and not merely temporary. In principle, the cessation of payments is deemed to have occurred as from the date of the bankruptcy order. The court issuing the bankruptcy order may determine that the cessation of payments occurred at an earlier date if there are serious and objective indications that such was the case. However, this date cannot be earlier than six months before the date of the bankruptcy order, save where circumstances suggest intent to defraud the creditors. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the suspect period (*verdachte periode/période suspecte*). Certain transactions are unenforceable against the bankrupt estate of the debtor if carried out during the suspect period. The following payments made or transactions undertaken by the debtor during the so-called suspect period are void and unenforceable against the liquidator and the creditors:

(a) security created for pre-existing debts during the suspect period (this may for instance affect the addition of new receivables or shares under pledges created by a receivables pledge agreement and a share pledge agreement and any mortgage taken pursuant to a mortgage mandate);

(b) a guarantee granted during the pre-bankruptcy suspect period (there is a risk that the obligations of the debtor as a guarantor and the security it provided may be set aside on the grounds that they were assumed without adequate consideration);

(c) if the inscription of a mortgage agreement takes place more than fifteen days after its date and during the suspect period in respect of the provider of security, then the security created thereby may be set aside;

(d) payments made in respect of liabilities that were not yet due and payable;

(e) payments or transactions made to or with a counterparty who had knowledge of the cessation of payments; and

(f) payments otherwise than in cash (or equivalent, *i.e.* bank transfers, cheques etc*).*

Fraudulent transactions can be challenged by a liquidator irrespective of whether they took place during the suspect period or before. The concept of "fraudulent transaction" is fairly broad and catches all "abnormal transactions" (which remains a fairly vague concept in doctrine and case law) that the debtor entered into with the knowledge that they were detrimental to its creditors generally.

The fees payable to the bankruptcy receiver (appointed by the court) are paid from the proceeds of the assets in the bankrupt company. It should be assumed that each secured creditor will be required to contribute to these costs to the extent that the bankruptcy receiver can establish that his involvement has been beneficial for the relevant secured creditor. The bankruptcy receiver may decide not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. If the receiver does not decide whether to continue any contract, the counterparty to that agreement may ask the receiver to take this decision no more than 15 days after the date on which the creditor makes the request. If the agreement is terminated, the counterparty may enter a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors.

In the case of bankruptcy, any power of attorney or mandate granted by the debtor and expressed to be irrevocable will lapse. Furthermore, such power of attorney may also be ineffective in relation to a mortgage mandate, if the irrevocable power of attorney is granted to the Security Agent, the Security Agent will have to act in a dual capacity upon the exercise of the mandate: on the one hand act for the borrower(s) and on the other hand act as the mortgagee, beneficiary of the mortgage.

Restrictions on the enforcement of any borrower's rights against other obligors imposed on a Belgian Reference Entity pursuant to the relevant Credit Agreement may cease to be effective upon a bankruptcy of such Reference Entity. In addition, an undertaking not to sue for the bankruptcy of any Person in Belgium may be unenforceable.

It is argued in Belgian legal doctrine that this infringes the general principle that prohibits a power of attorney holder to act as a counterparty.

Impact of the bankruptcy

As a result of a bankruptcy judgement the enforcement rights of individual creditors (including secured creditors) will be suspended since only the bankruptcy trustee will from then on be able to proceed against the debtor and to liquidate its assets. Following the entry into force of the Act of 15 December 2004, such suspension does however not apply to a pledge over financial instruments or cash held in an account by the debtor.

For certain creditors with security over movable assets, the suspension of individual enforcement rights would normally be limited to the period required for the verification of the claims, but may at the request of the bankruptcy receiver be extended up to one year from the bankruptcy judgement. Such extension requires a specific order of the court which can only be made if the further suspension would allow for a realisation of the assets without prejudicing the secured creditors and provided that those secured creditors had been given the opportunity to be heard by the court.

In respect of immovable assets, in principle only the bankruptcy receiver can pursue the sale of the assets. The receiver will do so upon order of the court, following a request by the receiver or at the request of a mortgagee. However, the first ranking mortgagee will nevertheless be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalised, unless the court suspends such enforcement for a period of not more than one year from the date of the bankruptcy (the court may do this if the further suspension will allow for a realisation of the assets without prejudicing the mortgagee and provided that the mortgagee has been given the opportunity to be heard by the court).

As from the date of the bankruptcy judgement, no further interest accrues against the bankrupt debtor on its unsecured debt. This however does not apply to the interest accruing on debts of the bankrupt debtor which are owed to a secured creditor.

Restrictions on the enforcement of any borrower's rights against other obligors imposed on a Belgian Reference Entity pursuant to the relevant Credit Agreement may cease to be effective upon a bankruptcy for such Reference Entity. In addition, an undertaking not to sue for the bankruptcy of any person in Belgium may be unenforceable.

Preferred creditors

General

As a general rule of Belgian law, any security interest will rank behind prior existing security interests, provided that appropriate perfection requirements (for example, registration or filing) have been completed.

New debts during a composition procedure

If a company that has obtained or has become subject to a judicial composition is declared bankrupt during the period of the judicial composition, then new debts duly incurred by the company during the judicial composition may be treated as debts incurred by the receiver, and will therefore rank in priority to the debts incurred prior to the judicial composition. This will only be the case if these new debts were made with the authorisation, assistance, and collaboration, of the judicial commissioner. Although it has been argued that these new debts should also take priority over previous debts which are secured by a mortgage or a pledge, reported case law to date and the most authoritative legal writers seem to take the view that such is only the case where the new creditors can provide proof that the incurrence of the new debt specifically benefited the secured creditor. However, the position cannot be regarded as definitive.

Under the bankruptcy law, debts duly incurred by the receiver after the date of the bankruptcy order could rank ahead of a mortgagee or a pledgee to the extent that such creditors could establish that the incurrence of such debt had specifically benefited the mortgagee or pledgee.

Statutory preferred creditors

Certain statutorily preferred creditors may, depending on the circumstances, rank ahead of a first ranking mortgage or first ranking pledge. Such creditors include:

(a) creditors in respect of legal costs incurred in the interest of all creditors;

(b) claims for costs made by a third party or the receiver for the maintenance, enforcement or recovery of the relevant asset;

(c) claims for overdue insurance premiums payable in respect of insurance covering the relevant asset, up to a maximum amount of two annual premiums;

(d) under certain circumstances and conditions the unpaid seller of a movable goods.

As to the statutory liens of the tax and social security authorities, these will normally rank behind the mortgage and pledge, unless such mortgage would be registered only after the tax authorities have perfected their mortgage (for example, on the basis of a mortgage mandate).

Belgian courts have established that in certain events other than bankruptcy or judicial composition, certain rules on conflicting claims of creditors (*concours/samenloop)* should also be applied. In relation to commercial companies, the relevant events are:

(a) the attachment of assets by various creditors which leads to the sale of the assets (*saisie/beslag*); and

(b) the winding-up (*dissolution/ontbinding and liquidation/vereffening*) of the company.

The basic principle applicable to a situation where there are conflicting claims between creditors is that all unsecured creditors shall be treated equally and that the secured creditors shall have priority over the unsecured creditors (either on the basis of statutory or contractual claims granting rights in rem). The Belgian bankruptcy rules may be revisited by the legislator in the foreseeable future but it is too early to anticipate any likely modifications and/or amendments.

Insolvency of the Belgian Reference Entities; Enforcement of Belgian Security

The Belgian Reference Entities and the other Belgian Obligors have been incorporated in Belgium under the laws of Belgium as special purpose vehicles. The Belgian Obligors are commercial companies and, as such, are subject to the Belgian insolvency legislation. The Belgian Reference Entities and the other Belgian Obligors have given covenants typical of a special purpose vehicle, such as covenants not to incur additional indebtedness, or engage employees, or acquire property other than the Belgian Properties. However, if the Belgian Reference Entities or the other Belgian

Obligors became subject to either a judicial composition or bankruptcy, as described above, the consequences on secured creditors would be as described above.

(D) General

Force Majeure

The laws of Belgium recognise the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that the tenants of the Belgian Properties will not be subject to a *force majeure* event releasing them from their obligations under the leases.

RELEVANT ASPECTS OF FRENCH LAW

This section summarises certain French law aspects and practices in force at the date hereof relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to the French Reference Obligations and the French Related Security

Security interests

Holder's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

Holder's privilege (*privilège de prêteur de deniers*) and mortgage (*hypothèque*) are the most common security rights over French real properties. All French Reference Obligations are secured by a lender's privilege and a mortgage.

The lender's privilege is conferred, in accordance with Articles 2324 and 2324-2° of the French *Code civil*, on a creditor who lends a sum of money in order to finance the purchase of real property provided that the following conditions are satisfied:

(a) the loan must be granted for the purchase of the real property and the deed evidencing the loan (*acte d'emprunt*) must expressly stipulate such purpose;

(b) by giving a discharge receipt (*quittance*), the vendor of the relevant real property must certify that the payment was made out of the moneys borrowed under the loan; and

(c) the deed evidencing the loan and the discharge receipt must be in a notarised form (*acte authentique*).

A mortgage is a right to real property granted to a creditor, known as a mortgagee (*créancier hypothécaire*), by a debtor, known as the mortgagor (*débiteur*), relating to real property which the latter owns or in which it has a right *in rem*, in order to secure payment of a debt owed by the mortgagor to the mortgagee.

Secured amounts comprise the principal amount of the loan as well as its related rights. It should be noted, however, that only three years of interest at the contractual rate can be secured by a lender's privilege or a mortgage. A mortgage cannot secure all present and future moneys generically.

Since the lender's privilege can only be conferred on a lender as security to the loan made available to finance the purchase price of the real property, the secured debt is limited to the obligations of the borrower under such loan. Any further obligations can be secured by a second ranking mortgage.

In the context of a refinancing of a loan, a lender's privilege or mortgage granted in favour of the lender whose loan is being refinanced can be transferred to the new lender by way of subrogation up to the principal amount of the loan.

In order to be enforceable against third parties, pursuant to the provisions of Article 2377 of the French *Code civil*, lender's privileges and mortgages must be registered at the French land and charges registry (*Conservation des Hypothèques*) situated in the geographical district where the relevant real property is situated.

A lender's privilege is retrospectively perfected from the date of the deed of conveyance of the relevant real property if the registration of the privilege occurs within a period of two months after the signing of the deed of conveyance (under Article 2379 of the French *Code civil*). If this deed fails to be registered within this two month period, rules applicable to mortgages will apply to the lender's

privilege. Mortgages are perfected from their date of registration with the French land and charges registry.

The registration of a lender's privilege or of a mortgage in France is only valid for a limited period of time. As a general rule, a lender's privilege or a mortgage is valid until the date of validity specified in the registration (under Article 2434 of the French *Code civil*). Where the due date of the debt secured by the lender's privilege or the mortgage occurs on one or several fixed dates, the validity of the registering of the lender's privilege or of the mortgage made prior to the due date or at the final due date (*dernière échéance prévue*) of the secured debt may run for more than one year beyond such due date, but may not exceed fifty years. Where the due date of the debt secured by the lender's privilege or the mortgage is not expressly fixed, the validity of the registering of the lender's privilege or of the mortgage is limited to fifty years. Where the due date of the debt secured by the lender's privilege or the mortgage is antecedent to or concomitant with the registration, the validity of the registering of the lender's privilege or of the mortgage is limited to ten years.

The registration of a lender's privilege or of a mortgage ceases to be effective if it is not renewed on or before the last day of its current period of effectiveness.

The beneficiary of a lender's privilege or a mortgage will rank ahead of all unsecured creditors (*créanciers chirographaires*) of the grantor of the security but will rank after the prior ranking creditors in the context of a bankruptcy (for further information, see "*Relevant Aspects of French Law - Enforcement*" on page 127) and after any claim of the manager of the condominium (*copropriété*) where the relevant French Property is comprised within a condominium.

Pledge over bank accounts

Each French Reference Entity has, in accordance with the terms of the relevant Credit Agreements, established Reference Entity Accounts into which, among other things, rental income and disposal proceeds in respect of the French Properties must be paid (see further "*The Reference Obligations and the Related Security – Reference Entity Accounts and Payments*") on page 212. The French Reference Entities have granted a pledge over the Reference Entity Accounts and all of its interests in the Reference Entity Accounts.

A pledge over a bank account is a pledge over the credit balance of such bank account opened in the name of the pledgor who retains title to the amounts standing to the credit of the pledged bank account and the right to operate the account (subject to any restrictions contained in the pledge agreement). Such pledge is governed by Article 2355 et seq. of the French *Code civil* and Article L.521-1 of the French *Code de commerce*, setting out the regime of the pledge of receivable (*nantissement de créance*).

Pledge over shares

Shares (*parts sociales*) issued by a *société à responsabilité limitée* (**SARL**) or a *société civile immobilière* (**SCI**) can be pledged in accordance with *Sous Titre II* of *Titre II* of *Livre IV* of the French *Code civil* and Article L.521-1 of the French *Code de commerce.*

Pledge of financial instruments accounts

Units and notes issued by a fonds commun de créances can be pledged in accordance with article L.431-4 of the French Code monétaire et financier.

Assignment of receivables by way of security

Rental proceeds, insurance indemnity claims and seller's indemnity claims (as applicable) have been assigned by way of security pursuant to an assignment governed by Articles L.313-23 to L.313-34 of the French *Code monétaire et financier* (the **Dailly law assignment**). The Dailly law assignment provides for the transfer of receivables (together with any security interests, guarantees and accessory

rights relating thereto) through the remittance to the assignee (the secured creditor) of a transfer form (*bordereau*) describing the amount of the type of receivables subject to such assignment by way of security. The assignment comes into effect as between the assignee and the assignor and is binding upon third parties as from the date of the transfer form. The ownership of the receivables is transferred as from the date of the transfer form notwithstanding the fact that such assignment is made by way of security.

Cash collateral arrangements

Under French law, a cash collateral (*gage-espèces*) is a security whereby cash is deposited by the debtor for the creditor in a bank account opened in the name of such creditor. Due to the fungible nature of cash, title to the deposited cash is transferred to the creditor by way of security.

As security for the French Reference Obligations, several cash collateral arrangements have been entered into in relation to sums paid by the French Reference Entities to the credit of accounts held in the name of the Holder or the relevant Security Agent.

Over-Collateralisation

Pursuant to the rules in respect of excessive security that was introduced into French law in July 2005, French law security could be held void and unenforceable (or could be reduced in the case of a mortgage) if a secured creditor takes security over assets of a value disproportionate to the debt that is secured by such security. In the absence of court precedents, academics generally consider that the liquidation value which can be expected to be realised in insolvency proceedings against the security grantor would be relevant in determining whether excessive security exists. In this context, the over-collateralisation, if any, of the claims of the secured creditor would not be deemed to be excessive (whether initially or subsequently) to the extent that such over-collateralisation is sized as to correspond to expected enforcement proceeds given the amount of the secured debt.

Enforcement

Holder's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

If a French Reference Entity defaults in its obligations in relation to a French Reference Obligation and/or a French Related Security, the Holder may decide to foreclose on the French Reference Entity's secured French Property provided that the relevant French Reference Entity is not subject to any insolvency proceedings (in which event the enforcement process is subject to certain limitations arising as a result of such proceedings).

The French legal procedures to be followed in relation to the enforcement of security interests over real property situated in France and the related expenses may affect the Holder's ability to liquidate the Properties efficiently and in a timely fashion. An outline of these procedures is set out below. Foreclosure on property situated in France by secured creditors (*saisie immobilière*) may first require the sale of the property at a public auction (*vente aux enchéres*).

The first step in the foreclosure procedure consists of delivering a foreclosure notice (*commandement de saisie immobilière*) to the debtor by a process server (*huissier*). This foreclosure notice should be filed at the French land and charges registry having jurisdiction over the district in which the relevant real property is situated. The next step is to instruct a local lawyer (*avocat*) to prepare the terms of the sale of the property at auction, including the reserve price of the relevant real property. Finally, a number of legal notices is required to be given prior to the sale. The debtor may file objections against such foreclosure (including the reserve price), the validity of which will be decided by a competent court.

If no bid is made at the public auction, and provided there is only one foreclosing creditor, such foreclosing creditor is declared the highest bidder and is thus obliged to purchase the property at the reserve price specified in the terms of the sale. The second possible action of the secured creditor

may be exercised in the event of the sale of the property by the debtor. In such event, the secured creditor may have the debts owing to him satisfied from the proceeds of the sale of the property in the order of priority of the privileges and mortgages encumbering such property (*droits de préférence*), in accordance with Article 2461 of the French *Code civil.*

The secured creditor's enforcement action consists of the possibility to continue to benefit from the lender's privilege or mortgage, even if the property is transferred by the debtor to a third party (*droit de suite*). The secured creditor can have the property attached and can claim a preference on the proceeds of the sale by the debtor to the third party (*droit de preference*). If the secured creditor wishes to exercise this right, it must cause an order to pay to be served on the debtor by a bailiff and, in addition, cause a notice to be served on the third party to whom the property subject to the lender's privilege or mortgage was transferred with a view either to pay the debt secured by the lender's privilege or mortgage granted over the property or to surrender such property in an auction sale, where a minimum bid exceeding 10 per cent. of the price paid by such third party shall be made by the creditor.

In accordance with Article 2458 of the French *Code civil* (following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the creditors benefiting from a mortgage may also obtain from the court the appropriation of the property as payment of its debt remaining unpaid (Article 2458 of the French *Code civil*).

Pledge over bank accounts

In the absence of specific contractual provisions providing for private enforcement (as permitted following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the enforcement of the pledge over bank accounts can be made by requesting the competent court to allow the appropriation of the credit balance subject to the pledge and the application of the proceeds in satisfaction of the secured debt.

Pledge over shares

In the absence of specific contractual provisions providing for private enforcement (as permitted following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the enforcement of the pledge over shares can be made by requesting the competent court either:

(a) to sell the shares by way of public auction (*vente publique*) in accordance with Article 2346 of the French *Code civil* and Article L.521-3 of the French *Code de commerce;* or

(b) to allow the appropriation of the shares

in accordance with Article 2347 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*.

The enforcement of the pledge of shares requires the approval of the shareholders of the company whose shares are pledged, to the assignee of the shares becoming a new shareholder.

In the case of an SARL, such approval is deemed granted so long as the SARL has agreed to the pledge of shares in the form prescribed by Article L.223-14 of the French *Code de commerce*. The SARL may also, with the consent of the selling shareholder, decide to cancel the shares by repurchasing them itself.

In the case of an SCI, pursuant to Article 1867 of the French *Code civil*, should the pledge of shares be enforced, a notice of the sale shall be given to the shareholders at least one month before the sale and each shareholder may substitute himself for the purchaser within a period of five days from the date of the sale and if no shareholder exercises such right of substitution, the SCI may cancel the shares by repurchasing them itself.

Pledge of financial instruments account

The enforcement of the pledge of financial instruments account can generally be made by requesting the competent court either:

(a) to sell the financial instruments by way of public auction (*vente publique*) in accordance with Article 2346 of the France *Code civil* and Article L.521-3 of the French *Code de commerce*; or

(b) to allow the appropriation of the financial instruments

in accordance with Article 2347 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*.

Since the French *ordonnance* dated 23 March 2006 on security interests and in accordance with Article 2348 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*, the parties to a pledge of financial instruments account can also provide for private enforcement. The value of the assets is then fixed at the day of the transfer by an independent expert appointed either by the parties or by the court.

Assignment of receivables by way of security

The enforcement of such security is achieved through notifying the assigned debtors of the assignment of the receivables. Upon receipt of such notice, the assigned debtors must pay their debt directly to the assignee instead of paying the assignor. However, so long as the assigned debtor has not formally accepted the assignment in the form prescribed in Article L.313-29 of the French *Code monétaire et financier*, such debtor will be entitled to raise against the assignee any defence it could invoke against the assignor.

Cash collateral arrangements

The enforcement of such security is achieved through the right of the creditor to set-off its obligation to return the amount applied as cash collateral (*créance de restitution*) against the secured debt without the need of any judicial proceedings or public auction.

(B) Risks relating to Property

Commercial Property Leases

Obligations and liabilities of commercial property landlords

The principal rules applicable to the letting of commercial property are contained in the French *Code civil*, which is applicable to all types of leases, in Articles L.145-1 *et seq*. of the French *Code de commerce* and in the French decree No. 53-960 of 30 September 1953 (the **Decree**) which is specifically applicable to commercial leases.

Article L.145-4 of the French *Code de commerce* provides that a commercial lease should have a term of at least nine years. The parties may provide for a longer term, but if the term is more than 12 years, the lease must be in the form of a notarial deed and published at the relevant land charges registry (*Conservation des Hypothèques*). This formality in relation to leases with terms of more than 12 years, will entail payment of a registration duty of 0.715 per cent. applied on an amount equal to twenty times the average annual payment (excluding VAT) under the lease charged over the period of such lease. To the above cost should also be added (a) the salary of the land charges registry clerk, which amounts to 0.10 per cent. of the total rent (including VAT) payable during the term of the lease (with the same limitation as mentioned above if the lease is for a term of more than 20 years), and (b) the notary's fees, which are freely determined by the notary, the rate being generally around to 0.40 per cent. (to which VAT, currently at 19.6 per cent. must be added) of one half of the total rent

(including taxes) payable during the term of the lease. The cost of publication is usually borne by the tenant.

Pursuant to Article L.145-4 of the French *Code de commerce*, the tenant may terminate the lease at the end of each full period of three years (e.g. at the end of year three and year six in respect of nine-year leases). It is however possible to provide in the lease that the tenant shall not have such right of termination, or that such right is not available during a certain period from the start of the lease, for example, during the first six years.

Obligations and liabilities of a landlord to its tenant

The provisions of the French *Code civil* relating to the obligations of a landlord are not compulsory and many are capable of being waived or limited by agreement of the parties contained in the lease agreement. However, some provisions of the French *Code de commerce* are compulsory and may not be waived by the parties.

Articles 1719 *et seq*. of the French *Code civil* provides for three main obligations of the landlord:

(a) the obligation to deliver the premises;

(b) the obligation to maintain the premises; and

(c) the obligation to guarantee the quiet enjoyment of the premises.

Obligation to deliver the premises

The premises must be delivered in accordance with the provisions of the lease agreement. Delivery must be made on the due date and the premises must comply with all the specifications agreed by the parties.

The premises must be fit for the purposes of the lease and, in particular, the tenant must be able to carry out the commercial activities as specified in the lease agreement. This includes in particular that the premises must be commercial premises, that all taxes payable have been paid and that all necessary administrative authorisations have been obtained.

Should the landlord not deliver the premises in accordance with the terms of the lease and these requirements, the tenant can seek a court order to enable the tenant to take possession of the premises or to terminate the lease without having to pay any early termination indemnity. The landlord may also be required to pay damages to the tenant.

Should the premises not meet all the specifications provided for in the lease agreement or should the premises not be in a good state of repair, the tenant could force the landlord to make the necessary repairs or to carry out the repairs himself and obtain reimbursement of the cost from the landlord. However, the second alternative is only available if the repairs are urgent and carried out at low cost. If the repairs are not urgent, the tenant should request the prior authorisation of the court to carry out the works in order to be able to obtain reimbursement from the landlord.

Maintenance obligations

The French *Code civil* obliges the landlord to maintain the premises during the term of the lease agreement. However, this obligation is limited to the repairs which are necessary to enable the tenant to use the premises in conformity with the use assigned to them in the lease agreement. Case law gives many examples of the types of repairs which must be borne by the landlord. The courts very often refer to substantial repairs or structural repairs as a criterion to determine the repairs to be borne by the landlord. Lease agreements usually provide that all structural repairs are to be borne by the landlord, the tenant bearing all other repairs. However, certain categories of lessors (institutional investors) and certain types of leases (for instance shopping centre leases) often provide that all repairs, even structural repairs, should be borne by the tenant.

If the lease does not contain specific provisions relating to repairs or maintenance imposed by administrative authorities, these repairs are to be borne by the landlord. If the lease does not contain any clause dealing with the partial or total destruction of the property, the landlord has no obligation to rebuild and the lease will be automatically terminated. However, in the case of a partial destruction, the tenant would be entitled to a reduction in the rent or would be able to terminate the lease agreement.

The French *Code civil* provides for landlords to give a guarantee against defects. This guarantee is linked to the obligation to maintain the premises and covers all defects of the premises which would prevent the enjoyment of the premises by the tenant. It covers all defects inherent at the beginning of the lease term and which appear subsequently. The French *Code civil* does not provide whether the guarantee includes apparent defects, but the courts have considered that it should, in most cases, be limited to hidden defects.

The scope of the guarantee can be limited by the lease agreement. In practice, defects resulting from new construction works are generally guaranteed by the landlord. The reason is that substantial defects are then covered by insurance policies subscribed by the landlord at the time of the works and are also covered by the contractors' guarantees.

Obligations resulting from the rules specifically applicable to commercial leases security of tenure

Article L.145-8 of the French *Code de commerce* confers security of tenure on tenants of commercial premises. The tenant is entitled to the renewal of its lease upon its expiry provided that it has carried on the same activity in the premises for more than three years prior to the expiry date of the lease, and that it is entitled to benefit from the status of the commercial leases. The owner could, however, terminate the lease without compensation if the tenant breaches the lease. If the landlord refuses to renew the lease (except in a few narrowly defined cases) it may have to pay the tenant compensation equal to the loss sustained by the tenant.

The lease is normally renewed on the same terms and conditions as the previous lease and for a term of at least nine years. In respect of offices, single use premises, and leases for which the term exceeds nine years, the rent may however be renegotiated, but the new rent must be in line with rents applicable in the same area for similar businesses. In respect of other premises (*locus à usage polyvalent*), the new rent must not exceed the variation of the construction cost index (*Indices INSLEE due coot de la construction*). However, if at the time of the renewal of the *locus à usage polyvalent*, there have been some changes in the local marketing factors (*hangmen des factures locus de commercialise*), provided that these changes have had an impact so that the value of the lease has increased by more than 10 per cent. then the lessor is entitled to increase the rent to reflect the market value of the property.

Subletting

In certain circumstances, sub-leases which have been authorised by the landlord also give the sub-tenant a right of renewal. Where the head lease is not renewed, the sub-tenant will be able to claim the renewal of its lease directly from the landlord.

Transfer of the lease by the tenant

The possibility for the tenant to transfer the lease is generally limited in lease agreements. However, Article L.145-16 of the French *Code de commerce* declares null and void all clauses which prohibit the transfer of the lease by the tenant to the purchaser of the tenant's business.

Lease agreements frequently provide that assignor and assignee will remain jointly liable for the payment of the rents and charges and for the performance of obligations under the lease. This joint liability is however only applicable until the end of the current lease, and not during any renewed term.

Liability of landlords to third parties

The liability of landlords to third parties can arise in a variety of ways. For example, in the case of premises situated in a building subject to co-ownership regulations, the landlord is responsible to the other co-owners for compliance by the tenant with the co-ownership regulations. The landlord may also be jointly liable with the tenant for the payment of business tax (*taxes professionally*) where the tenant leaves the premises without paying this tax and if the landlord fails to inform the tax authorities of the move by the tenant.

Statutory Rights of Tenants

The following are further examples of statutory rights of the tenants:

(a) where a landlord is in default of its obligations under a lease, the tenant may have the right under general principles of French law (*Principe deception d'inexécution*) to retain its rental payments until the default is cured or refrain from performing its other obligations thereunder, if the breach results in an impossibility for the tenant to use the premises;

(b) a legal right of set-off (*droit de compensation légale*) could be exercised by a tenant in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to this tenant by the relevant landlord;

(c) French courts may in some circumstances grant time to the tenants in respect of their payment obligations under the leases, taking into account their financial standing and the needs of the landlord or may reschedule the debt of the tenants (in both cases not in excess of two years), treating the extension of time as a matter of procedural law governed by Articles 1244-1, 1244-2 and 1244-3 of the French *Code civil*, thus disregarding any provision of the lease to the contrary;

(d) a tenant who owns a going-concern (*fonds de commerce*) which has been legitimately carried out in a property for the three years preceding the expiry of the relevant lease acquires a protected leasehold right, subject to certain other conditions, and is entitled to the renewal of the lease (*droit au renouvellement*) upon its expiry or to compensation for eviction (*indemnité d'éviction*) should the landlord elect not to renew the lease. The compensation for eviction must compensate the tenant for any losses and costs incurred by it. It must be noted that in respect to the lease of offices, the current French case law considers that usually there is no going-concern, so that the eviction compensation amounts to the costs incurred in connection with the removal of the tenants and his installation into new premises. Compensation is not payable, however, if the tenant is in serious breach of its obligations under the lease.

Compulsory Purchase; Expropriation

Property in France may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. No such compulsory purchase proposals were, however, revealed in the course of the due diligence undertaken by Barclays Bank PLC as Originator at the time of the origination of the French References Obligations.

In the absence of exceptional circumstances (such as war), the expropriation proceedings that would apply in the case of the French Properties would be the standard expropriation proceedings provided for by the French *Code de l'expropriation pour cause d'utilité publique*.

French administrative authorities ascertain and assert the existence of a public interest in order to justify the expropriation of the contemplated property. The notion of "public interest" is objectively determined and may not be constituted by the purely economic interests of a specific local authority. The law provides that public interest shall apply to various projects pertaining to public health, education, transport and town planning (*i.e.* in France, most compulsory acquisition proceedings

concern motorway or zone development projects). In any case, the notion of public interest is subject to the control of the administrative courts.

The decision to deprive a private owner of its property may only be taken by the judicial courts (as opposed to the administrative courts mentioned in the paragraph above). Such judicial court will also determine the amount of the compensation payable to the owner of the relevant property. There is no time limit for this judicial procedure. The judgement so rendered can be challenged before a court of appeal and then the French *Cour de Cassation*.

The expropriated owner must receive fair compensation for the loss of its property. Fair compensation is compensation for the full direct loss suffered by the expropriated owner, including the fair market value of the property as at the date of the first instance judicial decision relating to the expropriation based on all relevant circumstances as at one year prior to the beginning of the preliminary public enquiry.

Pre-emption Rights

Right of first refusal (droit de préemption urbain)

In certain circumstances, French local planning authorities may hold a right of first refusal (*droit de préemption urbain*) in respect of the sale of French property. This right of first refusal only applies to direct asset sales. Such right may be exercised by the authorised French local planning authorities within a two-month period following the mandatory filing of the offer for sale of a French property (the **DIA**) and for a different price than the offer price (in which case the authorised French local planning authority must inform the seller of its intention to request judicial determination of the acquisition price).

The authorised French local planning authorities may exercise their right of first refusal at the same price as the one mentioned in the DIA. In such case, the seller cannot refuse the exercise of right of first refusal and is obliged to sell its property at the price set out in the DIA. If the authorised French local planning authorities decide to exercise their right of first refusal at a lower price than the one mentioned in the DIA, then the seller may refuse to sell at the offered price and may request the acquisition price to be fixed by the Court.

Environmental Laws

As regards the French Properties, the environmental and occupational health and safety obligations and liabilities of real property landlords under the applicable French laws and regulations essentially include the following:

(a) Landlords have no direct obligations as regards land investigation and monitoring but must inform a potential purchaser of (i) the current or prior operation of authorised regulated activities on the site and (ii) of any environmental damage, risk or inconvenience such activities may have generated or generate. Responsibilities with respect to land remediation and monitoring lie with the title operator of the regulated activities and installations located thereon. Since 30 July 2003 amendment of applicable laws, municipal authorities may also under certain circumstances require not only the operator but also the landlord to carry our clean up works a polluted site. For contractual responsibility reasons, it is now customary but not mandatory for landlords to assess the environmental condition of the land in order to determine whether past activities are likely to have been a source of environmental conditions which may eventually require soil and/or groundwater investigation, monitoring or cleanup.

(b) In terms of potential liabilities arising out of the operation of the site, the following must be noted. Pursuant to a prefectorial order dated 22 April 1999 issued under the registered installations legal regime (*installations classées pour la protection de l'environnement*), installations operated within the property include:

(i) a car park subject to authorisation under Articles L. 511-1 et seq. of the French *Code de l'environnement* (item No. 2935/1-A of the categorical classification of industrial and commercial operations);

(ii) cooling towers subject to authorisation (item No. 2920/2/a); and

(iii) combustion installations subject to declaration (boilers) (item No. 2910/A/2).

The capacity of fuel tanks supplying combustion installations and their contents are such that they do not require authorisation or declaration under currently applicable thresholds.

Failure of the title operator of the above installations to comply with applicable prescriptions may result in administrative sanctions including for example a permit suspension (preceded by an injunction to comply within a given timeframe) (see Article L. 514-1 of the French *Code de l'environnement*) and/or criminal prosecution (see id., Article L. 514-6 et seq. of the French *Code de l'environnement*).

(c) Domestic laws and regulations further require that the relevant French Reference Entity, as the owners of the French Properties, checks the premises for the presence of asbestos-containing materials (**ACMs**) Article L. 1334-7 of the French *Code de la santé publique* requires that an asbestos investigation report detailing the presence or absence of ACMs be appended by the seller to any promise or deed of sale of a building. In the absence of such documentation, no liability waiver may validly be stipulated to the benefit of the seller. Decree No, 96-97 of 7 February 1996 as amended provides that information duties shall apply only to those buildings which building permits were issued prior to 1 July 1997.

(d) Standard occupational health and safety regulations also require that water cooling and heating systems be checked for the presence of legionella (the aerobic bacteria causing legionnaire's disease – a form of pulmonary infection). Likewise, technical prescriptions attached to the operation of cooling towers under item No. 2920 of the categorical classification of industrial activities also require that legionella testing be conducted on a regular basis.

Planning and Safety Regulations

As a general rule, construction works or any change of use of a real estate asset require that appropriate planning permissions be obtained or that the requisite works declarations be filed. Should these permissions or this filing not be completed, the following sanctions shall apply.

During a time period of three years from the completion of the works, criminal sanctions may be taken against the user of the property (*ulilisateur due sol*), the beneficiary of the works, the architect, the building contractors and any other people in charge of the carrying out of the works (fine and/or imprisonment) together with other sanctions such as demolition of the erected building, restoration of the initial use, if:

(a) works have been carried out or a change in the use initially authorised has been made without obtaining the relevant authorisation; and

(b) the works carried out do not comply with the relevant authorisation.

Imprisonment is very rare and only in case of repeated offending. Likewise, the demolition of the building is also very rare.

In the event that the planning authorisation is in breach of a planning rule or a public easement, third parties may have the possibility to obtain damages and the possibility to require the demolition of the works or the restoration of the initial use if the following five conditions are met:

(a) the works were carried out in compliance with the building permit;

(b) the planning permission breached a planning rule or a public easement;

(c) the claimants suffer a damage;

(d) a direct link exists between the prejudice and the breach invoked; and

(e) the planning permission is annulled or declared illegal.

Any action on these grounds is statute-barred after a five-year period as from the date of completion of the works. The forced demolition of the works is very rare.

Where works are carried out without planning permission or a work declaration and in the case of a change of use without the above mentioned authorisation, third parties may obtain damages and may ask for the demolition or the restoration of the initial use if the claiming third party has suffered a prejudice and there is a direct link between the prejudice and the breach invoked (i.e. absence of the relevant authorisation or the failure of the works or the use to comply with the relevant authorisation). This risk is statute-barred after a ten-year period as from the date the works have been completed. Again, the forced demolition of the works is very rare.

In the case of breach of the above regulations, the successive owners of the properties could be held liable. The consequence of such breach could entail the payment of a substantial fine as well as demolition of the relevant property.

The due diligence undertaken at the time the French Reference Obligations were originated did not reveal any material non-compliance with local planning requirements. This was confirmed by the French Reference Entities in the French Credit Agreements, through appropriate repeating representations.

(C) Considerations relating to French Reference Obligations

Insolvency

In order to minimise the risk that the French Reference Entities are or will become insolvent at any time prior to the repayment of the French Reference Obligations, the activities of the French Reference Entities in respect of each French Reference Obligation have been restricted so as to ensure that the French Reference Entitys' exposure to liabilities is minimised to those relating to the relevant French Reference Obligation and the relevant French Property. See further "*The Reference Portfolio and the Related Security –Lending Criteria*" on page 205.

An Insolvency of any French Reference Obligation would result in a default under the relevant French Credit Agreement (a **French Reference Obligation Event of Default**) with respect to the related French Reference Obligation giving rise to a potential acceleration of such French Reference Obligation and an enforcement of the French Related Security.

French insolvency law is governed by (a) law No. 2005-845 dated 26 July 2005, (b) Decree No. 2005-1677 dated 28 December 2005, (c) Decree No. 2005-1756 dated 30 December 2005 and (d) Circular (*Circulaire*) dated 22 July 2005 which are applicable as from 1 January 2006 (the **French Insolvency law**). French Insolvency Law provides for three pre-insolvency proceedings and two insolvency proceedings.

Pre-insolvency proceedings

Conciliation proceedings

If a French debtor faces actual or expected legal, economic or financial difficulties and has not been under cessation of payments (*cessation des paiements*) for more than 45 days, it may apply for conciliation proceedings (*procédure de conciliation*) with the competent French court.

A company is in a state of cessation of payments (*cessation des paiements*) when it cannot pay its liabilities as they fall due having regard to its assets available to meet its liabilities.

Under the conciliation proceedings, the company can, with the help of a court appointed conciliator (*conciliateur*), renegotiate its debts with its main creditors. The duration of the conciliation procedure cannot exceed four months, subject to a one month extension. Management of the company remains in the hands of its chairman or board. There is no suspension of judicial or legal proceedings during the conciliation period.

In accordance with article L.611-11 of the French *Code de commerce*, creditors who advance credit for the purposes of ensuring the continuation of the company's business within the terms of the court approved arrangements during the conciliation period will have priority over creditors whose claims (other than super-priority salary claims and court fees and expenses) arose prior to the date of the opening of the conciliation proceedings (if the company is subsequently placed into rehabilitation proceedings, safeguard proceedings or judicial liquidation). Similar provisions also apply to suppliers of new services or assets for such purposes. These provisions do not apply to shareholders making contributions in respect of share capital increases.

The arrangement reached between the parties during the conciliation proceedings may be approved at the request of the debtor company by the commercial court. The court approval of such an agreement will provide protection to creditors in respect of certain lender liability issues. In the absence of fraud, the date on which a company can be deemed by the court to have been unable to pay its debts as they fell due cannot be a date prior to the date of the court judgment approving the agreement reached during the conciliation proceedings. Conciliation proceedings do not automatically impose a stay on secured creditors from collecting their debts against the debtor. However, secured creditors who attempt to enforce their rights while the conciliation is still in progress may be forced by the court, at the debtor's request, to accept a moratorium for up to two years.

Special mediation (article L.611-3 of the French Code de commerce)

Instead of or before voluntary reorganisation proceedings are opened, special mediator proceedings can be opened at the request of a debtor which is in difficulty, but not yet insolvent and its purpose is to facilitate an agreement settling the financial difficulties of the business. The court appoints an ad hoc special mediator (*mandataire ad hoc*) and determines its duties (the period for which the special mediator can be appointed is not limited by law).

A special mediator cannot be appointed if the company is in a state of cessation of payments.

Unlike the conciliator, the special mediator only reports to the court and cannot request that the court impose any measures on the creditors. Arrangements entered into with the company with the intervention of a special mediator are not formally approved by the court and will only bind the parties to the arrangements.

Preservation proceedings

Preservation proceedings (*procédure de sauvegarde*) allow those companies which are in difficulty, but which are not yet in a state of cessation of payments, to obtain the suspension of judicial proceedings. The objective is to organise a global negotiation with financial creditors, main suppliers and public authorities, to ensure that the company continues to operate and maintains employment. Preservation proceedings start with an observation period of up to six months to appraise the situation of the debtor. This may be renewed once for an additional six month period and may be further renewed, in exceptional circumstances, at the Public Prosecutor's request. At any time, the court can order conversion of the case to rehabilitation proceedings or, as the case may be, judicial liquidation, if it appears that the debtor is insolvent.

Preservation proceedings will be initiated by the company but opened by a court decision. The procedure will be available where a company can demonstrate difficulties which are likely to lead to

its insolvency. Though available to solvent debtors only, preservation proceedings are generally considered as being insolvency proceedings and the main rules applicable to rehabilitations, e.g. automatic stay, filing of proof of claim etc., are also applicable to a preservation procedure.

The court order will result in the commencement of the observation period (*période d'observation*) (see "*Relevant Aspects of French Law – Observation Period*" on page 139) and a freeze on debt payment, acceleration and enforcement of security as it does for rehabilitation proceedings.

The court will also appoint one or several judicial administrators (*administrateur judiciaire*), a representative of the creditors (*représentant des créanciers*) and two creditors' committees are created (if certain conditions are met, one composed of credit institutions, and the other of main suppliers of goods and services).

Under preservation proceedings, the company will continue to manage its business (although it may sometimes be assisted by an administrator).

The preservation proceedings ends either with:

(a) the approval by the court of a rescue plan;

(b) the conversion of the preservation proceedings (*procedure de sauvegarde*) into a rehabilitation proceedings (*règlement judiciaire*); or

(c) a conversion of the preservation proceedings into a judicial liquidation (*liquidation judiciaire*).

Insolvency proceedings

Rehabilitation proceedings

The rehabilitation proceeding is available to businesses which are in a state of cessation of payments (*cessation des paiements*), but appear viable. Most of the organisational provisions of the preservation proceedings apply to the rehabilitation procedure.

The court will order the opening of rehabilitation proceedings if it can be shown that the debtor is in a state of cessation of payments and has not ceased its activities, or if the company is capable of being rehabilitated. If the debtor has ceased its activities or is incapable of being rehabilitated, the court will order the opening of compulsory liquidation proceedings with no observation period.

When opening rehabilitation proceedings, the court will open an observation period for the purpose of assessing the company and either:

(a) forming a plan for the reconstruction of the company (*plan de redressement*) which may take the form of a continuation plan or a transfer plan; or

(b) liquidating it under the compulsory liquidation procedure.

The opening of rehabilitation proceedings may also lead to the constitution of creditors committees (See "*Preservation proceedings*" on page 136).

Important features of the rehabilitation proceedings are as follows:

(a) rehabilitation proceedings start with an observation period of up to six months (renewable once for six months and, under exceptional circumstances, for an additional six month period) during which the administrator appointed by the relevant court will assess the overall situation for the debtor and prepare a report on the economic and employment situation of the company (*bilan économique et social*) with a view to proposing a continuation plan (*plan de continuation*) for the debtor;

(b) during the observation period, the debtor usually remains in possession and retains title to its property under the protection of the court pending an arrangement with creditors. The debtor remains in charge of the management of its business in respect of the part that has not been transferred to the administrator in accordance with the court decision;

(c) during the observation period, all creditors are barred from filing any actions against the company to obtain payment for claims which arose prior to the court order initiating the rehabilitation proceedings;

(d) only the administrator can elect to continue existing contracts (*contrats en cours*) that are necessary for the continuation of the activities of the company; and

(e) the most important feature of this observation period is the automatic stay of proceedings. All creditors (including secured creditors) whose debts arose before the insolvency judgement are barred from enforcing their rights against the debtor.

At any time during the observation period, the court will be able to order the transfer of part of the debtor's business or the start of liquidation proceedings.

Compulsory liquidation

Compulsory liquidation (*liquidation judiciaire*) is set out in article L.640-1 to L.644-6 of the French *Code de commerce* and only applies to private entities which have ceased their activities, or are incapable of being rehabilitated. The court can order the opening of immediate compulsory liquidation proceedings without opening rehabilitation proceedings (described above) or the company can go into compulsory liquidation following the opening of rehabilitation proceedings. Compulsory liquidation involves the appointment of a liquidator to take control of the company, represent the creditors and to collect, realise and distribute the company's assets or the proceeds of its assets. The court decision ordering compulsory liquidation also leads to the immediate dissolution of the company. Unlike rehabilitation proceedings, the debtor is immediately and automatically divested of the administration of its business and of its estate.

Avoidance of certain transactions before the opening of insolvency proceedings (the suspect period)

French law distinguishes between two categories of vulnerable transactions:

(a) transactions which are null and void if the legal requirements are met; and

(b) those which are voidable depending on the knowledge of the person dealing with the debtor.

To be voidable, vulnerable transactions must have been made during the suspect period (*période suspecte*) (the **Suspect Period**). The Suspect Period starts at the date of cessation of payments and ends on the date on which the court orders the opening of insolvency proceedings. The Suspect Period cannot exceed 18 months. The Suspect Period for gratuitous acts may be extended by the court for an additional period of up to 6 months.

The claimant does not need to demonstrate that the transaction prejudices the insolvent company.

Transactions which are null and void if the legal requirements are met

Under article L. 632-1 of the French *Code de commerce*, the following transactions, among other things, are null and void if they have occurred during the Suspect Period:

(a) all gratuitous acts which result in a transfer of real or personal property (this includes all forms of gifts or transactions for no consideration);

(b) any bilateral contract under which the obligations of the debtor significantly exceed those of the other party;

(c) any payment made (in whatever way) in respect of a debt which has not yet fallen due for payment;

(d) any payment for debts that have fallen due where the payment was made in a manner other than in cash, bills of exchange (and the like), securities, wire transfer, Dailly law assignment, or any other mode of payment commonly recognised in business relationships;

(e) any mortgage or pledge over the assets of the debtor granted for existing indebtedness;

(f) any measure taken to protect a right unless the filing or the act of seizure was prior to the date of cessation of payments; and

(g) stock options (as defined in article L. 225-177 of the French *Code de commerce*).

Transactions which are voidable depending on the knowledge of the person dealing with the debtor

Under article L. 632-2 of the French *Code de commerce*, payments in respect of due debts made after the date of cessation of payments, and onerous acts performed after that date, are voidable if the persons dealing with the debtor were aware of the cessation of payments. The decision of the court is discretionary.

Observation Period

During the observation period, an administrator (*administrateur judiciaire*) may be appointed by the court to investigate the insolvent company's affairs and make proposals for the reorganisation or sale of the insolvent company. On termination of the observation period, the court will make an order for the reorganisation of the insolvent company, for the sale of its business, or its liquidation.

During the observation period, the rights of the creditors of the insolvent debtor are restricted, by, among other things:

(a) the payment of debts incurred prior to the insolvency judgment is prohibited, except in limited cases; court actions for payment initiated prior to the judgment commencing the procedure can only aim at liquidating the amount of the debt, which will be treated as pre-insolvency judgment debt (i.e. stayed);

(b) the commencement of insolvency proceedings freezes enforcement of security and also freezes the right to perfect security through registration of such security, with only limited exceptions in both cases;

(c) contractual clauses providing for automatic termination or acceleration of the contract in the event of insolvency proceedings are ineffective;

(d) contracts cannot be terminated for reasons originating prior to the judgment starting the procedure;

(e) creditors must file a statement of their claims against the debtor; and

(f) the right to set off reciprocal debts with the insolvent debtor is limited to "related" debts (*créances connexes*).

Secured creditors during and after the observation period

Security granted by an insolvent company will fall into two categories:

(a) security interests conferring a right of retention, which includes pledges (*nantissements*) and cash collateral (*gage-espèces*); and

(b) security interests which do not confer a right of retention, which includes mortgages.

First category – security conferring a right of retention

During the observation period, the bankruptcy judge (*juge commissaire*) may require a secured creditor to surrender the pledged asset. However, if the security interest confers a right of retention on the creditor, the surrender of the pledged asset can only be required if:

(a) the secured debt must be paid up to the full value of the pledged asset; and

(b) the subject matter of the security must be required for the purposes of continuing the insolvent company's business.

At the end of the observation period, if the court orders the continuation of the business under a reorganisation plan (*plan de continuation*), the secured creditors will remain unable to enforce their security and will be forced to accept a rescheduling of their secured debt. Such a reorganisation plan could last up to ten years. Alternatively, if the court orders the sale of business (*plan de cession*), and provided that the pledged asset does not form part of the assets subject to the sale of business, a secured creditor benefiting from a right of retention would be able to enforce its security by applying to the court for an order transferring the pledged asset to the creditor (*attribution judiciaire*).

The *attribution judiciaire* requires a valuation of the pledged asset by an expert approved by the court (*expert judiciaire*). The effect of the *attribution judiciaire* is to extinguish the secured debt in an amount equal to the valuation of the pledged asset.

If the relevant court orders the liquidation of the insolvent company's assets, a secured creditor benefiting from a right of retention will be entitled to seek the *attribution judiciaire* of the pledged asset. The liquidator may also require the secured creditor to surrender the pledged asset against payment of the secured debt.

Second category – security without a right of retention

During the observation period, real properties subject to a mortgage may be sold by the administrator with the consent of the bankruptcy judge (*juge commissaire*). In that event, an amount equal to the lesser of the sale price and the secured debt will be deposited into an account. At the end of the observation period, the secured creditors will be paid from this account in accordance with their respective rank.

Assets that are the subject of a lender's privilege and mortgage may be sold by the administrator during the observation period with the consent of the *juge-commissaire*. If these assets are subject to security interests which do not confer an actual right of retention, an amount equal to the lessor of the sale price and the secured debt will be deposited into an account held with the *Caisse des Dépôts et Consignations* (the French State owned bank).

During the observation period, secured creditors may also be required to accept, subject to the *juge-commissaire*'s prior approval, alternative security provided that such proposed alternative security is held to be equivalent to that initially granted.

If the court orders a reorganisation plan, it may decide that a property is essential to the continuation of the insolvent company's business, in which case the secured creditor will not be able to enforce its security even after the observation period has ended. If the building is sold as part of the reorganisation plan, the procedure described in the preceding paragraph will be followed and the sale proceeds will be paid to the secured creditors following the sale in accordance with their respective rank.

If the court orders the sale of the business, the court will apportion, at its own discretion, part of the sale proceeds towards the satisfaction of the secured debt.

However, the secured creditors claim to the sale proceeds will be subordinated to the claims of certain prior ranking creditors, being the French State (in respect of taxes), employees, new money providers and preferred creditors as set out in article L.622-17 of the French *Code de commerce*.

Proof of claims

Creditors whose debts arose prior to the declaration of insolvency must lodge a statement of their claims against the insolvent company within two months of the publication of the court order declaring the insolvency (four months for non French resident creditors), failing which their claim will become irrecoverable.

Ranking of creditors on insolvency proceedings

The law provides an order of priority as follows:

(a) unpaid salaries and related items originating prior to the insolvency judgment;

(b) legal fees in connection with the proceedings;

(c) debt in connection with new money made available pursuant to a court-approved conciliation proceedings (*procédure de conciliation*) prior to the insolvency judgment;

(d) if unpaid when due, liabilities incurred after the insolvency judgment for the purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings;

(e) certain legal cost originating prior to the insolvency judgment;

(f) liabilities originating prior to the insolvency judgment with a general security (e.g. tax) or special security: pursuant to their chronological order of registration; and

(g) unsecured liabilities originating prior to the insolvency judgment.

In a liquidation procedure, the order of priority among the creditors is as follows: (a) unpaid salaries and related items originating prior to the insolvency judgment, (b) legal costs (court clerk's, fees, administrators/liquidators' fees, lawyers fees incurred) in connection with the proceedings, (c) debt in connection with new money made available pursuant to court-approved conciliation agreement (*procédure de conciliation*) prior to the insolvency judgment, (d) mortgage, real estate lien, pledge on equipment, pledges with retention of title originating prior to the insolvency judgment, pursuant to their chronological order of registration, (e) if unpaid when due, liabilities incurred after the insolvency judgment for the purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings, (f) liabilities originating prior to the insolvency judgment with a general security (e.g. tax) or special security other than one mentioned in (c) above, and (g) unsecured liabilities originating prior to the insolvency judgment.

Under French insolvency law, all creditors of a particular class should be treated equally, subject to their respective ranking, and should participate in the distribution of the proceeds of the assets in proportion of the size of their admitted claims (*pari passu* principle of distribution which broad effect is that agreements which are designed to favour a particular creditor by removing from the estate of the company an asset which would otherwise be available to the other creditors will be struck down by the court as being void and unenforceable).

Extension of insolvency

If a company becomes subject of insolvency proceedings, there is a risk that its insolvency could spread to the other members of that company's group. Other than where this is automatically triggered by the insolvency of certain types of companies (for example, an SCI), this would happen when it can be demonstrated that a person or a company that is also a manager (whether in law or in fact) of the insolvent company has mismanaged the insolvent company or is guilty of certain types of misfeasance, a court may order the insolvency of that person or company.

There is the possibility that a court will extend the insolvency of that company to that company's entire group if the court finds that the assets and liabilities of the company's group have been managed as a single unit.

(D) General

Force Majeure

French law recognises the doctrine of *force majeure*. There can be no assurance that the tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of rental income and hence the ability of the relevant French Reference Entity to pay interest on or repay the principal of the relevant French Reference Obligation.

RELEVANT ASPECTS OF GERMAN LAW

This section summarises certain German law aspects and practices in force at the date of this Prospectus relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to German Reference Obligations and German Related Security

Security Interests

Mortgages

In Germany, a land charge *(Grundschuld*) will create a security interest over the real property encumbered thereby. It will also create a security interest over the buildings and improvements thereon *(Zubehör)*, the rents resulting from lettings of the property and the insurance claims relating to assets which are encumbered by the land charge.

The creation of a land charge becomes effective only upon its registration in the relevant land register *(Grundbuch)* and, in the case of certified land charges (*Briefgrundschulden*), upon hand-over of the land charge certificate (*Grundschuddbrief*). Its priority stems from the registered rank itself. The documents relating to a land charge are the land charge certificate, deed of land charge (including wording as to the executory title) and, due to its non-accessory character, the agreement on the security purpose *(Sicherungszweckerklärung)* of the land charge.

The land charges used to secure the German Reference Obligations over the relevant German Properties are immediately enforceable certificated land charges *(sofort vollstreckbare Briefgrundschulden)* (individually a **German Mortgage** and collectively the **German Mortgages**).

In relation to the Nordhausen and Pyrus Reference Obligations, all or some of the land charges are not yet registered. However, all necessary documents for the registration of the land charges have been filed. For some land charges registration will occur after the Closing Date. The timing will depend on, among other things, the workload at the relevant land register. Notarial confirmations have been received for all land charges that are not already registered.

Pursuant to the agreements on the security purpose for the German Reference Obligations, the land charges secure all claims resulting from the related Finance Documents in respect of the German Reference Obligations (the **German Finance Documents**).

In Germany, registration of a mortgage over a hereditary building right property typically requires the consent of the owner of the corresponding superior interest, which is the grantor of the HBR. Without such consent a mortgage over an HBR property cannot be perfected. The Reference Entity in respect of any such affected Property may initiate court proceedings to replace such consent by a court decision, however, no assurance can be given that a consent will be granted for a mortgage in the requested amount. Generally, a new filing of the mortgage will be required which attracts the risk that a security interest filed after the filing of the initial mortgages could rank senior to the newly registered mortgage. As the Reference Entities have generally covenanted in the Credit Agreements not to incur any other financial indebtedness and not to allow any security to subsist over the Properties (to the extent not permitted under the Credit Agreements) any subsequent security filed on behalf of the relevant Security Agent should acquire a rank equivalent to the rank the mortgages would have received over the relevant Property had the related consent to registration been granted. Also, the transfer of a hereditary building right may require the consent of the freehold property owner.

Pledges

Partnership interests in limited or unlimited partnerships *(Kommanditgesellschaft* or *Offene Handelsgesellschaft,* respectively) or shares in a German limited liability company *(Gesellschaft mit beschränkter Haftung)* or a stock company *(Aktiengesellschaft)* may be pledged by an interest pledge agreement or share pledge agreement, respectively. The pledge extends in particular, but without limitation, to the present and future rights to receive dividends, if any, and all other monetary claims associated with the pledged interest or share.

Similarly, bank accounts are secured by way of a pledge *(Pfandrecht)* under German law (subject to pledges granted in respect of the general business operations of the account bank of the German Reference Entity). The present and future credit balance of bank accounts, including all interest payable thereon, together with all ancillary rights and claims associated with such accounts, are usually pledged under an account pledge agreement.

Assignments for Security Purposes

Receivables such as rental claims, insurance claims or intra-group receivables are secured by way of an assignment agreement for security purposes *(Sicherungsabtretung)*. Pursuant to such agreement all present and future receivables and other monetary claims held by the party granting security originating from present and any future contracts entered into by such party (including, without limitation, damage claims *(Schadensersatzansprüche)* or claims resulting from unjust enrichment *(ungerechtfertigte Bereicherung)*, will be encumbered, subject to the relevant insolvency law rules (for example, Section 166 of the German Insolvency Code).

German Mortgages that encumber income-producing property are often accompanied by a security assignment of rents and leases, pursuant to which the borrower assigns its right, title and interest as landlord under each lease and the income derived therefrom to the lender, while the borrower retains a revocable license to collect the rents for so long as there is no default.

Registration of real property rights

The Obligors will not be the legal owner of the Properties relating to certain of the German Reference Obligations until the transfer of title to the Properties has been registered in each relevant land register. In addition, the German Mortgages in respect of the German Properties will only come into existence upon due registration in each relevant land register and possession of the land charge certificate. Transfer of title to these Properties may not be registered before the Closing Date, although the necessary documents have in each case been filed with the relevant land registers by the notary public and a priority notice for conveyance has been registered. No assurance can be given as to the precise time within which transfer of title to these Properties will be completed as this will be dictated by, among other things, the workload at the relevant land registry.

German Mortgages that remain to be registered at the Closing Date will nonetheless rank ahead of any other land charges filed after the date on which such German Mortgages were filed (though they will not become enforceable until the registration process is complete). No assurance can be given as to the precise time within which registration of the German Mortgages will be completed as this will be dictated by, among other things, the workload of the relevant land registry.

While filing for the necessary documents for the registration should in the normal course of events enable transfer of title as well as due registration of the German Mortgages with their agreed ranking, the Issuer will be exposed to all risks inherent in this process (some of which are described herein), in most cases the actual date of the transfer of title in respect of the relevant Properties (and the relating creations of title to the lease receivables, unless they have been assigned) and the creation of the relevant land charges will occur only after the Closing Date, and evidence thereof in the form of a certified extract from the competent land registers will only be available to the Issuer after the Closing Date. Neither the Holder nor the Security Agent shall be responsible for ensuring that the above

procedures are sufficient to enable the security granted under the German Mortgages to be perfected in favour of the Security Agents.

Rank of Mortgages

The German Mortgages have been granted at the highest available rank. Accordingly, they will rank first, unless there are land charges in Division III or other encumbrances in Division II of the land register that rank in priority. Where prior ranking land charges exist, these will be deleted in accordance with and pursuant to undertakings in the relevant German Credit Agreement.

In respect of a number of the German Reference Obligations the pre-existing security is yet to be deleted and the mortgage security in relation to the German Reference Obligation is yet to be registered. This is due to the time constraints of the registration process, however, after the Closing Date the Master Servicer will, subject to receipt of relevant information, monitor the registration of the German Mortgages and the deletion of any pre-existing security from the land register.

Excessive Security

Pursuant to certain rules of German law, security which is excessive as at the closing date of a Reference Obligation (*anfängliche Übersicherung*) will result in the relevant security arrangement being void. In the event of subsequent excessive security (*nachträgliche Übersicherung*), any portion of the collateral considered to be excessive would have to be released from the security. Pursuant to the relevant court precedents, the liquidation value that can be expected to be realised in insolvency proceedings against the provider of the security would be relevant in determining if excessive security exists. No assurance can be given as to how a competent court would view the security structure for the relevant German Reference Obligation in particular with regard to the German Related Security provided for in respect of the obligations of each relevant German Reference Entity under the relevant German Credit Agreement. The security granted pursuant to the German Finance Documents should not be deemed to be excessive because the security has been sized according to the value of the relevant German Reference Obligation, plus interest as well as anticipated costs and fees (including, among other things, anticipated enforcement costs), which is in line with commercial lending practices and is based on expected foreclosure proceeds; however, no assurance can be given that the German Related Security will not be found to be excessive under the applicable rules of German law.

Encumbrances over the Properties

The German Properties are subject to various types of encumbrances registered in Division II of the land register and hereditary land register (*Abteilung II des Grundbuchs und Erbbaugrundbuchs*), including, without limitation, personal limited servitudes (which, for example, may limit the use of the property to a particular type of trade or prohibit certain trades on the premises) and other easements and in the case of hereditary building rights securing payment of hereditary building rent (*Erbbauzinsreallast*). These encumbrances could diminish the value of the affected German Properties.

Enforcement

Enforcement of the German Mortgages under German law will be carried out by the Security Agents or any representative or legal counsel appointed by the Security Agents in its discretion from time to time in accordance with the German Compulsory Auction and Compulsory Administration of Immoveable Property Act (**ZVG**). The ZVG provides for two different types of enforcement of mortgages:

(a) compulsory sale of the relevant German Properties (*Zwangsversteigerung*); or

(b) compulsory administration of the relevant German Properties (*Zwangsverwaltung*).

Compulsory Sale

In the case of a compulsory sale, the German court will effect the sale of the relevant property by way of a public auction. The organisation of such auction and the sale of the property therein may take a considerable amount of time. If the highest bid at the auction is not at least 70 per cent. of the market value of the property as estimated by the court, any person who has an interest in the outcome of the decision (*Berechtigter*) and is a person ranking behind the most senior enforcing creditor with claims that would not be fully satisfied after the distribution of the proceeds, may require the court not to sell the property to the relevant bidder. The enforcing creditor may oppose such request by providing *prima facie* evidence that the non-acceptance of the bid would cause the enforcing creditor an unreasonable disadvantage. In no event may the court dispose of the property if the highest bid in the auction does not reach 50 per cent. of the estimated value of the property. If a second auction is necessary because the highest bid in the first auction was too low, the highest bid in such further auction does not need to meet any threshold with regard to the estimated value of the property. The leases relating to the property will continue during the enforcement procedure.

The net proceeds of the sale of the German Properties at auction (less certain enforcement costs and payment to certain categories of preferred creditors) will be applied, together with any amount payable to the Germany Reference Entities on any related insurance contracts (to the extent such contracts may be applied in repayment of the relevant German Reference Obligation) to reimburse any amount due and unpaid to the Issuer as mortgagee under the relevant mortgage.

In order to enforce a mortgage granted over a hereditary building right by way of compulsory sale (*Zwangsversteigerung*), the relevant landlord must grant an additional (express) consent to such enforcement by way of compulsory sale. Where such consent has not been given as a condition precedent to funding the absence of such consent to enforcement by way of compulsory sale can result in a delay in the enforcement process of several months and may in some circumstances prevent an enforcement of a mortgage by way of compulsory sale if the relevant consent cannot be obtained from the landlord or alternatively from the court. However, where the relevant landowner withholds its consent without good cause, the relevant German Reference Entity as well as the Security Agent enforcing a mortgage by way of compulsory sale may apply to court for an order replacing the landlord's consent with that of the court thereby allowing the enforcement by way of compulsory sale over the relevant Property, if the relevant German Reference Entity or, as the case may be, the Security Agent, can establish among other things, that such consent to enforcement is necessary in the circumstances.

Compulsory Administration

In a compulsory administration, the court will appoint an administrator to administer (*Zwangsverwaltung*) the property on behalf of the enforcing creditors. The administrator alone is entitled to receive all income generated from the property, including all rents and insurance claims. The right of the administrator to collect rents takes priority over all other rights to the rent stream. The administrator, subject to the supervision of the court, passes the collected monies on to the enforcing creditors after deducting ongoing costs and enforcement costs calculated in accordance with the Compulsory Administrator Remuneration Act which came into force on 4 January 2004. The enforcing creditor will receive the interest payments and a certain amount of amortisation of its principal after payment of ongoing costs for the administration, maintenance and public charges relating to the property.

German Registration Formalities

As at the date of this Prospectus, the mortgage registration process has not been completed for mortgages affecting certain of the Properties securing the German loans. These Properties relate predominantly to the Nordhausen Reference Obligation and the Pyrus Reference Obligation. The registration process is on-going and in such situations the Originator's usual policy is to obtain confirmations from a German notary which confirms that the application for registration of the Originator as new mortgage beneficiary has been filed and that there are no material obstacles for

registration other than payment of costs. In these cases, it is expected that the mortgage registration process will be completed in due course.

Furthermore, some of the German Properties, including the Pyrus Properties, are located in urban renewal or refurbishment areas or other specific areas and the registration of the mortgages requires the consent of the relevant authorities.

While filing of the applications for the registration of the mortgages in respect of the Properties should in the normal course of events enable due registration, the relevant Holder will be exposed to all risks inherent in this process (some of which are described herein), and as set out above, the perfection of the mortgages will partly or completely occur only after the Closing Date and no evidence will be available before that date. If any of the Properties has been incorrectly described in the relevant deed for the land charge creation, the land registry may refuse the application and it will need to be submitted again. This entails the risk that an application filed after the initial filing of the mortgages could rank senior to the newly registered encumbrance. Neither the relevant Holder nor the relevant Security Agent will be responsible for ensuring that the above procedures are sufficient to ensure the validity of the security granted over the relevant Properties. However, the possibility of subordination of the mortgages granted in respect of the Properties in this way is mitigated by there being no other debt other than the existing subsidised debt or certain permitted reinvestment debt and the Reference Entities being limited purpose entities which are generally (subject to certain limited exceptions in respect of permitted indebtedness and security therefor) restricted from incurring any further indebtedness or creating security over the Properties.

Ranking

The proceeds of a compulsory sale or a compulsory administration will be used to pay creditors' claims described in paragraphs (a) to (i) below by allocating them to classes (the **Grades** and each a **Grade**) in the order set out below. Creditors whose claims fall within a certain Grade will only be paid upon satisfaction in full of the claims of creditors falling within higher Grades. In a compulsory sale of a property, the Security Agent will generally rank in Grade 4.

(a) Grade 1a

In the event of a compulsory administration the enforcing creditor's expense claims in relation to maintenance or necessary improvement of the property (in the case of compulsory sale such claims will only be satisfied if (i) the compulsory administration continues until adjudication of the property pursuant to the public auction and (ii) the maintenance costs cannot be covered from the administration of the property).

(b) Grade 1b

In the event of a compulsory sale where insolvency proceedings have been opened over the debtor's estate the costs for determination of the movable assets which are included in the public auction, a flat fee of 4 per cent. of the value of such movable assets will be payable to the insolvency administrator.

(c) Grade 2

Certain costs relating to land used for agricultural or forestry purposes.

(d) Grade 3

Public charges on the property for any arrears in the last four years. However, periodic charges (*wiederkehrende Leistungen*), such as real property tax, interest, extra charges, annuities, and certain other claims are in this rank only for ongoing claims and arrears for the last two years.

(e) Grade 4

Any claims resulting from rights relating to the property (for example mortgages), but only to the extent they have not become ineffective in relation to the enforcing creditor as a consequence of the attachment of the property, including all claims resulting from such amounts which are payable for a gradual repayment of a debt as an extra charge on the interest payments. Any claims resulting from periodic charges, for example, interest, extra charges, administrative costs, annuities are in this Grade only for ongoing claims and arrears for the last two years.

(f) Grade 5

The enforcing creditor's claims to the extent they will not be satisfied in one of the above Grades.

(g) Grade 6

The rights relating to the property to the extent they have become ineffective in relation to the enforcing creditor as a consequence of the attachment of the property.

(h) Grade 7

The claims of the third Grade for any arrears not covered thereunder.

(i) Grade 8

The claims of the fourth Grade for any arrears not covered thereunder.

Rights ranking in the fourth Grade

As stated above, in a compulsory sale of a German Property, the Security Agent will rank in Grade 4, but claims of the Security Agent resulting from periodic charges (especially claims for interest, extra charges, administrative costs, annuities) will be in this Grade only for ongoing claims and arrears for the preceding two years. Depending on the due dates for interest up to three years of interest may effectively be covered. Therefore, creditors falling into Grades 1 to 3 (if any) must be fully satisfied out of the proceeds of the compulsory sale or compulsory administration before amounts can be paid to satisfy the claims under the German Reference Obligations. If the creditor secured by the mortgage applies for a compulsory sale of the Property, all rights ranking prior to such creditor in Division II and III of the land register will continue to be registered after a compulsory sale, whilst all rights ranking behind the creditor will be deleted.

In the event of a compulsory administration the same rule applies. However, prior to distributing (in the above order) the proceeds resulting from the usage of the property, the costs of administration and enforcement proceedings will be deducted. Pursuant to Section 155 (2) ZVG, in the event of a compulsory administration only current periodic charges will rank in the fourth Grade. Arrears and principal will rank in the fifth Grade.

The right to satisfy claims secured by the mortgage also includes the re-disbursal of costs triggered by the termination of the mortgage (but does not include costs for acceleration of the claims) and the legal costs. In principle, the claims within each grade rank *pari passu* amongst themselves. Satisfaction of the claims in the Grades 4, 6 and 8 will occur in the order in which such claims rank amongst themselves. The claims ranking in the fifth Grade will be satisfied in accordance with the order in which the property has been attached. Any claim will be satisfied in the following order: (a) costs, (b) periodic charges and other additional charges, then (c) principal.

Equitable Subordination

Under certain circumstances a financing party, such as the Holder may be excluded from demanding repayment of its claims against a German Reference Entity as an ordinary creditor, namely if the German Reference Entity is a Limited Liability Company or a Limited Partnership and the Holder has a degree of control over the management of the German Reference Entity which puts it in a shareholder-like position.

If a shareholder of a German limited liability company (*Gesellschaft mit beschränkter Haftung* (a **GmbH**)) or German limited partnership (*Kommanditgesellschaft* (a **KG**)) has granted, extended or did not accelerate, when permitted, a loan to a GmbH or KG at the time when such GmbH's or the general partner of the KG's registered share capital would be, in the opinion of a prudent merchant (*ordentlicher Kaufmann*), inadequate, then, in a subsequent financial crisis of such GmbH or KG and/or in insolvency proceedings over such GmbH's or KG's assets, the finance party, due to its shareholder-like position is, pursuant to § 32a of the German Limited Liability Company Act (**GmbH Act**), excluded from demanding repayment of such loan as an ordinary creditor. The same rule applies with respect to other payment claims of the financing party against the GmbH or KG. In addition § 32a of the GmbH Act applies to loans which have been entered into prior to the financial crisis, but have not been terminated at the time when the financial crisis occurred (**Implied Continuation**). For the purpose of § 32a of the GmbH Act a company or KG is deemed to be in a financial crisis if the company is either insolvent, i.e. over-indebted (*überschuldet*) or illiquid (*zahlungsunfähig*) or not creditworthy (*nicht kreditwürdig*), i.e. no third party would enter into loans/leases with the company on market terms.

The Federal High Court (*Bundesgerichtshof*) held in 1992 that a financing party which had received the benefits of a pledge of the interest of the limited partner in a GmbH & Co. KG to which it had extended a loan, was subordinated with respect to its claim for repayment due to a combination of restrictive covenants, consent requirements, performance-based interest payments and security over typical shareholder rights such as dividend rights, participation rights in liquidation proceeds and proceeds from the sale of the company.

In all circumstances (other than actions in bad faith) a termination of the German Credit Agreement prior to the financial crisis of a German Reference Entity will avoid an Implied Continuation and thus the application of § 32a of the GmbH Act.

(B) Risks relating to Property

Regulation of residential leases

Rents for residential property in Germany have been regulated since the post-war era, starting with strong rent regulation and the assignment of tenants by public authorities. Since the 1960s rent control and tenure security were deregulated everywhere except in West-Berlin, but legislation provided tenants with protection against eviction again in 1971. Rent regulation was revised in 2001. A landlord cannot terminate a lease unless the landlord has a valid reason for doing so and has complied with notice requirements. Immediate termination of a lease is only possible for good cause (*aus wichtigem Grund*). Even if the landlord has good cause for termination, he may be prohibited from doing so in circumstances where such would inflict undue hardship on the tenant (*Sozialklausel*).

Under the current system, residential rents do not necessarily reflect tenant demand for particular properties but are based on construction costs, including financing costs. Landlords are restricted in their ability to increase rents (and, where increases are permissible, landlords are further restricted in relation to the amount).

The landlord may generally increase the rent where (a) the rent has not changed over a period of 15 months, and (b) the increase does not exceed the local comparative rent (*ortsübliche Vergleichsmiete*). Increases must be justified in writing by reference to any of the following:

(a) the local rental table *(Mietspiegel)*, where available;

(b) comparable examples taken from a rent database *(Mietdatenbank)* which is maintained by a local authority or an organisation of landlords and contains sample rents for the purposes of calculating the local comparative rent;

(c) the opinion of a publicly appointed expert setting out the basis for the increase; or

(d) three comparable properties selected by the landlord.

The rate of increase is capped at 20 per cent. over three years. If the landlord decides to increase rent by an amount not exceeding the local comparative rent, he must send an increase request (*Mieterhöhungsverlangen*) to the tenant asking for his consent to the increase. If the tenant consents, he must pay the increased rent from the beginning of the third month following the request. If the tenant does not consent within two months, the landlord may bring proceedings against him within three months of the refusal.

Excessive rent charges carry the following penalties:

(a) if rent charged is more than 20 per cent. higher than the local comparative rent (*ortsübliche Vergleichsmiete*) a landlord could face a fine of up to €50,000;

(b) if rent charged is more than 50 per cent. higher than the local comparative rent and the landlord acted in bad faith (for example, in case of illness of the tenant or his ignorance of the local comparative rent), he may face imprisonment for up to three years or a fine, or imprisonment between six and ten years in severe cases; and

(c) excess rent may have to be reimbursed by the landlord.

It is also possible to agree on a lease that includes step up rent increases (*Staffelmietvertrag*) or indices rent in line with consumer prices (*Indexmietvertrag*) as calculated by the Federal Statistics Office (*Statistisches Bundesamt*). The landlord must justify in writing why an increase by reference to consumer prices is necessary. The landlord must also demonstrate a correlation between the change in the consumer price index and the increase. The increase is due from the beginning of the second month following its notification and must remain unchanged for a year.

Termination of Rental Agreements

Termination of Lease by the Tenant

The rights of a tenant to surrender a lease prior to its contractual term depend on the respective agreement and on the individual circumstances.

In particular, under German law, a clause which restricts the rights of a tenant to terminate a lease may be invalid if it is part of the lessor's standard terms and conditions, but this depends on the specific clause and its wording.

Generally, under German law, the statutory rights of residential tenants tend to be wider than those of commercial tenants, because of special legislation applying to residential tenancies. Insofar as the Properties relating to the German Reference Obligations are concerned, the majority of the space is commercial space, though, there is also some multi-family space, which will be subject to the restrictions applicable to residential tenancies. The following sets out the rules applying to commercial leases and refers to the rules that apply to residential leases only where this is relevant.

Contract Period

If a tenancy agreement specifies an expiry date, the tenancy will terminate on the specified date.

If a tenancy agreement does not specify an expiry date or has been entered into for an indefinite period, it can be terminated by the tenant at any time subject to the notice periods set out in the lease agreement or, if the lease agreement does not provide for notice periods, such period as specified under German law. A commercial lease that has been entered into for an indefinite term can be terminated by the tenant at the latest on the third working day of a calendar quarter with effect as of the end of the next following calendar quarter. Special notice periods apply to residential leases where the tenant is, generally, under mandatory rules of law always entitled to terminate the lease at the latest on the third working day of a calendar month with effect as of the end of the second following calendar month. Special rules apply to certain, non-standard types of residential leases.

A tenancy agreement for a term longer than one year must be in writing, otherwise the tenant is entitled to terminate such agreement subject to the statutory notice periods. A defect in the written form requirements would arise, among other cases, where not all terms of the lease (including any annexes) have been included in the written lease agreement or where the time between offer and acceptance is unduly long. Even if both the offer and acceptance of a lease for a specified time were in written form, the contract may not be deemed to be in writing if the period between offer and acceptance is deemed to be too long. In this case, the acceptance is seen as a new offer which has been accepted by using the property and paying and accepting rent. A lease so created would be deemed to be for an indefinite term, even if a specific lease period is specified in the contract. So far, there is uncertainty about the maximum permissible period between offer and acceptance, since the relevant court decisions differ from each other. Regarding the lease agreements in respect of the Properties relating to the German Reference Obligations, no investigation as to whether the lease agreements were signed by the landlord and the tenants on the same day or whether a certain period of time lapsed between signing by the landlord and signing by the tenant was undertaken and whether the agreements comply with all other aspects of the written form requirement. Accordingly, no statement can be made as to whether any lease agreement entered into with respect to the German Properties will be deemed to be for an indefinite term.

In respect of residential leases, the provision of a limited term is only allowed where the landlord:

(a) requires the space after such time for its family;

(b) has the intention to materially change or destroy such space; or

(c) intends to lease such space to its employees after the termination of the term.

Where none of the above scenarios applies, any provision as to the length of the tenancy is invalid and the lease can be terminated by the tenant at any time.

However, in respect of residential leases concluded before 1 September 2001 (in principle, but with some exemptions) a provision of a limited term is valid even if the landlord does not require the space for the purposes set out above. Therefore, such contracts will terminate on the specified date. However, the tenant has the right to demand an extension of the contract if:

(a) the landlord does not have a legitimate interest to terminate the contract;

(b) the contracting period was longer than five years;

(c) the landlord does not require the space after such time for its family;

(d) the landlord does not have the intention to materially change or destroy such space; or

(e) the landlord does not intend to lease such space to its employees or if the landlord did not notify the tenant of his intentions at the time the agreement was concluded.

If a contract concluded before 1 September 2001 includes an option to extend the contract after the specified termination date, the tenant may either exercise his option or demand an extension due to the

above mentioned reasons. If such an agreement includes a provision for automatic extension, it will be extended if no notice of termination is given by either party. Regarding the German Properties, most of the residential leases fall under the scope of the law in force prior to 1 September 2001.

A commercial lease agreement will also terminate if the agreement includes an option to extend the contract period, but the option is not exercised.

If the tenant uses the property after the termination date and neither tenant nor lessor expressly state within two weeks following such termination date that the contract shall not be extended, the contract will be extended for an indefinite period. Such an extension for an indefinite period may be expressly excluded in the contract.

Notice of Termination

A lease for an indefinite term may be terminated by either party by serving a notice of termination. In case of commercial leases, the notice of termination does not have to follow a prescribed form, unless otherwise agreed. In the case of residential leases, notice of termination must be in writing.

A notice of termination must be given by the third working day of a quarter for the next quarter in the case of commercial premises. This applies irrespective of the term of the tenancy to be effective. In the case of residential leases, the notice period is three months, and the notice must be served by the third working day of the first month. If the notice of termination specifies a termination date that does not comply with German law, the notice of termination is not deemed to be invalid, but instead the notice period will be extended to achieve compliance.

In the case of:

(a) tenancy agreements which validly specify a period of time for the lease;

(b) agreements with a valid option to extend the contract;

(c) an agreement that validly excludes the right for contractual notice of dismissal; or

(d) if a long period of notice has been validly agreed,

German law may provide for special rights of termination as set out below.

Where a property has been occupied under the same lease for 30 years, calculated from the date on which the premises were contractually let to the tenant, either party may terminate the lease by giving the statutory notice, unless the lease was concluded for a lifetime. This special right of termination of the contract does not apply where occupation in excess of 30 years is due to options for extension having been exercised. In cases of a voluntary extension of a formerly determinable contract, the 30 year period begins with the date of extension.

If the tenant dies, the lease can be terminated by giving one month's notice calculated as of the day of death, the day of knowledge of the death or the day on which the beneficiary gained knowledge of the inheritance. This also applies in respect of the death of the personally liable partner of a limited partnership or a general commercial partnership. This special right of termination may be excluded by contract.

In the case of business premises, the lessor is not obliged to accept subletting. If the lessor does not consent to a tenant's request to permit subletting, the tenant may terminate the headlease subject to the statutory notice period, unless there is good cause against the third party (*wichtiger Grund in dritter Person*), e.g. a substantial change in the use of the property, frequent change in (sub-) tenants, etc. This termination right may be excluded by contract. However, neither subletting nor the termination rights may be excluded by standard terms and conditions if a definitive lease term is specified.

The tenant may also terminate the contract upon two months' notice if the landlord intends to undertake refurbishments, but the tenant has an obligation to tolerate such refurbishments, as long as such refurbishments have only minimal impact on the premises.

Extraordinary Notice of Cancellation

There are certain circumstances under German law in which a tenant may terminate the tenancy agreement with immediate effect. Some of these circumstances are statutory, others are based on case law. The relevant court decisions in this respect are always in reference to the individual circumstances of the case and largely reflect a compromise between conflicting interests. Therefore, the different reasons for termination as set out below may not apply in all circumstances.

Extraordinary cancellation rights have been granted in the following circumstances:

(a) where the lessor does not grant use of the property or does not allow (or no longer allows) the property to be used;

(b) subject to a remedial period, where a rented property is in a condition that is unacceptable with respect to the contractual purpose;

(c) where a health hazard affects the rented property such as intolerable odours or noise level;

(d) in some cases, on part of the tenant, where the landlord has given an extraordinary notice of cancellation without good cause;

(e) where the tenant is forced to terminate business operations due to personal or economic reasons; and

(f) in rare cases, where the lease contract is frustrated.

Cancellation Agreement

The parties to a tenancy agreement are always free to negotiate a cancellation agreement and to end a contract without complying with legal or contractual notice periods.

Liquidation of a Corporation

The dissolution of a corporation with subsequent cancellation of entry into the commercial registry terminates the tenancy agreement.

Termination by Way of Administrative Act

The tenancy agreement may be terminated by way of administrative order if the real estate is situated in a reallocation area, in case of expropriation or where realising the aims and purposes of redevelopment in a formally designated redevelopment area, requires the termination of a tenancy agreement.

Termination in an Insolvency of the Tenant

If insolvency proceedings have been commenced with respect to the tenant, the insolvency administrator may at any time terminate the lease agreement applying the statutory notice periods, even if the property is a commercial property and the lease has been entered into for a specified period of time.

Eviction of Tenant

If a tenant defaults on its rent payments for two months, the landlord may give notice of termination of the lease. The landlord can also apply for a court order to evict the tenant from the property. The

tenant has the right to object to the eviction process and appeal against any judgment if eviction would cause an "unsustainable hardship" for the tenant (usually not the case with commercial property). The tenant can stay in the property until a court order for eviction is obtained. If the tenant does not leave the property after an eviction notice is served on him, bailiffs may be used to evict him. The enforcement procedure may take between one and two years.

Obligations and Liabilities of Commercial and Residential Property Landlords and Tenants

In principle, it can be said that the mandatory rights of a tenant with respect to residential properties are wider than the rights of a tenant with respect to commercial properties because of the specific legislation applying to residential tenancies. Unlike most residential leases, commercial leases are typically arranged for a limited period of time, usually 10 or 15 years with (a) an automatic extension period of one year, if the agreement is not terminated with 12 months' prior written notice, and (b) between one and three extension options for the tenant, typically of 5 years, as agreed between the parties. Lease agreements which are arranged for a limited period of time are required to be in writing. Unlimited leases or those that are deemed to be unlimited due to defects in written form may be terminated (x) in the case of residential leases during the period from the third working day of one calendar month to the end of the second succeeding month, and (y) in the case of commercial leases, by either party, during the period from the third working day of one calendar quarter to the end of the next calendar quarter.

Commercial lease agreements normally contain indexation clauses linked to the German consumer price index or comparable costs of living indices. An index change of more than 10 per cent. may lead to a change in the rent of 50, 60 or 70 per cent. of the index change. Such rent revision may be effected automatically or upon the requirement of either party depending on the contractual arrangement.

Public charges, such as property tax, cost for general maintenance of the property and decorative repairs *(Schönheitsreparaturen)* as well as all other operating costs, insurances and service charges may broadly be charged to the tenant. Usually the base rent is calculated net plus operating costs as statutorily defined in the German Operating Costs Regulation *(Betriebskostenverordnung 2)*. In essence, commercial leases provide that only base maintenance costs with respect to the roof and all carrying parts *(Dach und Fach)* are borne by the landlord. In the case of residential leases usually the landlord bears the general maintenance costs except for decorative repairs.

Maintenance Obligations

Under German statutory law, the landlord has a responsibility for maintenance and upkeep of an entire property (including the structure, the roof and the exterior). Accordingly, the German Reference Entities will be required to apply the rental income received under the lease agreements in discharging their maintenance and repair obligations in priority to discharging their obligations under the relevant German Reference Obligation.

Repairing Obligations

In Germany, landlords may be subject to statutory or contractual repair obligations in respect of the German Properties. German civil law, as a matter of general principle, obliges the landlord to maintain the leased premises to a proper letting condition standard. The costs related to such obligations cannot always be recovered from tenants (or insurance) in full, and may therefore have to be paid out of the capital expenditure accounts maintained by the relevant German Reference Entity. The analysis of each Reference Obligation at origination included estimates of any irrecoverable amounts that may need to be paid.

Under a residential or a commercial lease agreement in Germany, the tenant may be obliged to carry out decorative repairs during or at the end of the term of the lease. Such provisions must, however, comply with certain requirements determined by the German Supreme Court (*Bundesgerichtshof*) which has ruled that lease agreements may not provide for fixed dates for decorative repairs and must

consider the factual degree of wear and tear. In addition, an obligation of the tenant contained in general business terms and conditions to carry out decorative repairs at the end of the term of a lease without taking into consideration repairs that may have been carried out during the term of the lease may be invalid. In this case, also the obligation of the tenant to carry out decorative repairs during the term of the lease agreement might also be invalid. In addition, maintenance and ancillary costs will only be borne by the tenant if validly agreed upon in the respective lease agreement. The same principle applies to obligations of the tenant to carry out maintenance and repair work. As a result, the landlord could theoretically have to carry out the decorative repairs at its own expense.

Ancillary Costs

In Germany, in general, a tenant is only responsible for ancillary costs, such as insurance, water and heating costs, with respect to a leased property where the responsibility for such costs are explicitly agreed with the landlord in the relevant lease agreements.

Set-off of rental payments

It is possible that the tenant of a German Property may seek to set-off part of its rent in the event that there is a dispute between a Reference Entity and such tenant, or if a Reference Entity breaches the tenant's rights of quiet enjoyment, or if the Reference Entity fails to meet its obligation to keep the relevant German Property in repair. The exercise of such set-off would, if exercised across a significant number of German Properties, reduce the amount of net rental income available to meet the debt service obligations of the relevant Reference Entity.

Statutory Rights of Tenants

Each German Reference Entity is generally under an obligation, *inter alia*, to allow each tenant quiet enjoyment of the premises which are leased to it and to perform certain specified obligations. Where the German Reference Entities or other obligors are in default of their obligations under a tenancy under the general law a right of set-off could be exercised against the relevant German Reference Entity or other obligors by a tenant of the relevant German Property in respect of its rental obligations.

In Germany, a number of statutory rights of tenants under the leases may affect the net cash flow realised from a German Property or cause delay in the payment of rental income.

Such rights include:

(a) in a case of a defect of the leased property, rental payments will be automatically reduced by an appropriate amount *(Mietminderung)*. The tenant will only be liable in respect of the reduced rental payments and may recover any excess amount on the basis of unjust enrichment *(ungerechtfertigte Bereicherung)* of the landlord;

(b) if the landlord is in default of its obligations under a lease, the tenant may have the right, under general principles of German law to retain its rental payments *(Zurückbehaltungsrecht)* until the default is cured or refrain from performing its other obligations thereunder if the breach makes it impossible for the tenant to use the premises; and

(c) a legal right of set-off *(Aufrechnungsrecht)* could be exercised by a tenant of the property in respect of its due rental obligations under the relevant leases if a reciprocal due debt is owed to this tenant by the borrower as landlord or otherwise.

The exercise of any such rights by a tenant may affect the ability of the relevant German Reference Entity to meet its obligations under the respective German Reference Obligation which in turn may adversely affect the timely receipt of interest and principal by the Noteholders.

Compulsory Purchase; Expropriation

In Germany, property may be expropriated (*enteignet*) in connection with the fulfilment of public tasks, such as redevelopment or infrastructure projects. An expropriation must be based on a specific aim and must be indispensable for the general public welfare (*Allgemeinwohl*). In connection with an expropriation (*Enteignung*), adequate compensation must be paid to the owner of the property in the amount of the open market value (*Verkehrswert*). Generally, the compensation will be paid in money; however, in some cases the owner can be provided with alternative property or securities as compensation.

In the event of an expropriation of a German Property, tenants would cease to be obliged to make any further rental payments to the relevant Borrower and/or assignees of the rent receivables under the relevant leases. The risk for Noteholders is that either the amount received by the Holder by way of compensation for the expropriation of the relevant German Property or any other compensation may be less than the relevant principal amount outstanding under the relevant German Reference Obligation. In the event of an expropriation of a Property, the amount of the compensation could lead to the payment of a Credit Protection Payment by the Issuer to the Swap Counterparty and a write-down of the Notes.

Pre-emption Rights

It cannot be ruled out that some of the German Properties may be subject to pre-emption rights including, among other things, pre-emption rights in favour of a landowner who has granted a hereditary building right (such as in relation to the Petersbogen Reference Obligation) which the relevant German Reference Entity owns or pre-emption rights in favour of municipalities in respect of properties situated in re-grouping areas (*Umlegungsgebiete*), renewal and/or redevelopment areas (*Sanierungs- und/oder Entwicklungsgebiete*) or areas subject to a preservation of certain neighbourhood ordinances (*Erhaltungssatzung*). The pre-emption right will only be triggered in case of the sale of the relevant property, but not in case of the sale of the hereditary building right.

When pre-emption rights exist, it will not be possible to dispose of the affected properties without first notifying the holders of such pre-emption rights and giving them an opportunity to purchase or to waive the pre-emption right. Moreover there could be a delay in reaching agreement on the price to be paid in respect of such pre-emption.

Environmental Laws

Under German law, the rules on rehabilitating contaminated sites are contained primarily in the Federal Soil Protection Act (*Bundesbodenschutzgesetz*). The persons who may be responsible for the rehabilitation of a particular property includes, among others:

(a) any person who caused harmful change to the soil (*Handlungsstörer*) and such person's universal successor (*Gesamtrechtsnachfolger*);

(b) the owner of the property (*Zustandsstörer*) and, under certain conditions, the former owner; and

(c) the party exercising actual control over the property.

Any of such persons can be held liable by the competent public authorities for the soil and/or groundwater investigation monitoring and clean-up. The public authority will select the responsible person by way of a discretionary decision which must be guided by the greatest possible effectiveness of the resulting work.

As a matter of principle, a mortgagee in respect of a land charge over a contaminated property is not liable for the soil and/or groundwater investigations or clean-up of such property prior to the enforcement of the land charge. Moreover, under current German law, the mortgagee does not take

possession of a property upon enforcement of the mortgage and it is generally considered unlikely that a mortgagee would incur a liability. However, if the public authority has cleaned-up the property, any unpaid expenses due to such public authority will rank ahead of the creditor's claim.

The German Reference Entities have given undertakings to comply with environmental laws or have warranted, in the German Credit Agreements, that they are not aware of any contamination, as applicable.

Planning and Safety Regulations

Due to changes in applicable building and planning regulations and codes that have come into effect in relation to improvements of a property, certain improvements may not comply fully with current planning laws including density, use, parking and set back requirements, but qualify as permitted non-conforming uses. Such changes may limit the ability of a German Reference Entity to rebuild the premises "as is" in the event of a substantial loss with respect thereto and may adversely affect the ability of a German Reference Entity to meet its German Reference Obligations from cash flow. While it is expected that insurance proceeds would be available for application to the relevant German Property if a substantial loss were to occur, no assurance can be given that such proceeds would be sufficient to pay off the relevant German Reference Obligation in full or that, if the German Property were to be repaired or restored in conformity with current law, what its value would be relative to the remaining balance on the relevant German Reference Obligation, whether the German Property would have a value equal to that before the loss, or what its revenue-producing potential would be.

The German Reference Entities have given covenants to comply with planning and safety regulations in the German Credit Agreements.

(B) Insolvency

Insolvency

Under German law, one of the three following alternative regimes may be adopted in the event of a debtor insolvency.

(a) Liquidation (*Verwertung der Insolvenzmasse*). In this case, the debtor's assets are liquidated in order to pay the claims of its creditors. This is, therefore, an insolvency regime focused on satisfying the claims of creditors rather than the rehabilitation of the debtor;

(b) Insolvency plan (*Insolvenzplan*). In this case, the debtor is given temporary relief from its creditor's claims in order that it may reorganise and rehabilitate its business pursuant to an insolvency plan agreed with the relevant creditors. This is, therefore, an insolvency regime focussed on rehabilitation of the debtor, rather than on distribution of the debtor's assets; and

(c) Self-management (*Eigenverwaltung*). In this case, the debtor may reorganise and rehabilitate its business under the supervision of the creditors' trustee (*Sachwalter*). This is, also, an insolvency regime focused on rehabilitation of the debtor, rather than on distribution of the debtor's assets.

As a general rule, the secured creditors should not be prejudiced by the commencement of any of the above insolvency proceedings against the debtor.

Transaction Avoidance under German Law

German law recognises the principle that, under certain circumstances, transactions entered into by a debtor prior to the onset of insolvency can be set aside or invalidated by the insolvency administrator or the creditors' trustees (in the German language, *Sachwalter*) in case of self-management procedure.

The hardening periods range from one month to 10 years and depend on the specific reason for voiding the transaction. The claim to void a transaction shall be time-barred (*Verjährung*) pursuant to

the rules on regular prescription (*regelmäßige Verjährung*) under the German Civil Code (*Bürgerliches Gesetzbuch*). Under normal circumstances, the regular prescription period for claims is three years and begins on the last day of the year during which such claim came into existence and the creditor becomes aware thereof.

Prospective Noteholders should note that provisions of the German Insolvency Code (*Insolvenzordnung*) (the **Insolvency Code**) came into force on 1 January 1999, and court precedents with respect to the statute are rare. However, in reliance on a significant body of legal writing, the Issuer believes that the security structure established for the benefit of the Lender should yield sufficient access to all potential proceeds in an insolvency of a German Reference Entity and to satisfy in full all the obligations of such German Reference Entity under the relevant finance documents (although the amount of any such proceeds will be calculated by, among other things, market values and economic conditions at the time of enforcement).

(C) Risks relating to German tax

Proposals for a Tax Reform in 2008

Based upon a draft version of a Enterprise Tax Reform Act 2008 (*Entwurf eines Unternehmensteuerreformgesetzes 2008*) by the German Federal Government of March 2007, the corporate income tax rate might decrease from 25 per cent. to 15 per cent. (in each case plus 5.5 per cent. solidarity surcharge thereon) such that the nominal tax burden for corporations (resulting from corporate income tax and trade tax) would decrease to below 30 per cent. In principle, the tax reform package would come into force on 1 January 2008 and would also provide for certain tax increases of which the following is relevant in the context of the issuance of the Notes by the Issuer.

For purposes of corporate income tax and – as far as certain business income is concerned – also income tax, the draft of the Enterprise Tax Reform Act 2008 provides, that in principle debt financing would be limited by a so-called modified interest barrier (*modifizierte Zinsschranke*). Net interest expense would only be deductible to the extent of 30 per cent. of current year net earnings before interest, unless the net interest expense does not exceed €1,000,000. Non-deductible interest expenses could be carried forward and would generally be deductible in subsequent fiscal years, subject to limitations similar to those applicable in the current year.

For purposes of trade tax, the net income (after interest) is currently subject to an "add back" of 50 per cent. of interest expenses on long-term debt. Such add-back would be replaced by an "add back" in the amount of 25 per cent. of all interest payments and certain other interest components of rental and lease payments.

It remains unclear whether and in which form the envisaged legislative changes will ultimately become effective. The government's current proposal envisages that the above new provisions will apply from 2008, unless specific other dates apply. However, this is merely a tentative date. Under general principles of German law, a major change in material circumstances - which a change in tax laws, such as the proposed change described above would likely constitute for the German Borrowers - will oblige the parties to negotiate in good faith so as to restructure their agreements in a manner that takes into account the new circumstances.

(D) General

Force Majeure

In Germany, there are laws that permit the termination of a lease upon the occurrence of certain unforeseen events. Such unforeseen circumstances must be of the nature that the adherence to the contract would be unreasonable or the substantial conceptions which form the basis of the contract were wrong and if modification of the contract is impossible or unreasonable, then a party may terminate the contract. It is possible that such events could arise in certain situations, such as significant damage to a Property.

There can be no assurance that a tenant will not be subject to a *force majeure* event or similar event. If a tenant is subject to a *force majeure* or similar event and is subsequently released from its obligations under a lease, the tenant will no longer be responsible for rental payments to the relevant German Reference Entity. This could result in a decrease of rental income to the German Reference Entity unless the German Reference Entity can enter into a new lease with a tenant at substantially the same rent. If the German Reference Entity is unable to secure a new tenant at substantially the same rent, a decrease in rental income may have an adverse effect on a German Reference Entity's ability to meet its debt service on the relevant German Reference Obligation and subsequently the Holder may not receive the timely repayment of interest and principal on the relevant German Reference Obligation.

Capital Maintenance Rules

As a general principle, the German capital maintenance rules limit the ability of a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) to provide upstream or cross-stream guarantees and security for a debt incurred by a direct or indirect shareholder or to issue upstream or cross-stream loans or collateral to a direct or indirect shareholder. In particular a GmbH may not provide such guarantees or loans of an amount in excess of its net assets. Any amount received by a direct or indirect shareholder in violation of these rules must be repaid and collateral given in violation of such rules may be void. Furthermore, the GmbH may be entitled to damage claims. Investors should be aware that security granted by a German Reference Obligation GmbH or a German Reference Obligation established as a limited partnership (*Kommanditgesellschaft*) with a GmbH as general partner (GmbH & Co. KG) may be subject to customary limitation language.

RELEVANT ASPECTS OF ITALIAN LAW

This section summarises certain Italian law aspects and practices in force at the date hereof relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

Italian Security Rights

Italian law formally recognises specific classes of security which constitute preferential rights in favour of the creditor over assets of the debtor or a third party.

Mortgage (*ipoteca*)

A mortgage over real property gives the creditor a right to expropriate the specified property made liable to secure its identified claim, even against a third party transferee, and a preference in being paid from the proceeds of such expropriation. A mortgage is indivisible and extends in its entirety over all mortgaged assets, over each of them and over any part of them. A mortgage extends to interest accrued in the two years preceding the attachment (*pignoramento*) and in the then current year, notwithstanding any agreement to the contrary, provided that the relevant rate is indicated in the registration. The mortgage extends also to interest accrued in the period following the year when the attachment is lodged and ending on the date of the sale, but such interest must be calculated at the legally prescribed rate.

Mortgages will have different rankings, depending on the date of registration. A mortgage may be constituted by operation of law, by virtue of a judicial decision or at the instance of the mortgagor. This analysis focuses only on the last indicated method. A mortgage may also be given by a third party mortgagor (*terzo datore di ipoteca*) over its immovable property in favour of a debtor for the benefit of the latter's creditor. A mortgage may also be granted on assets which the mortgagor does not currently own. In this case, the mortgage can be validly perfected only upon acquisition of the asset by the mortgagor. A mortgage may also be granted on future assets, but it can validly be perfected only upon the asset coming into existence.

Instrument granting a mortgage

A mortgage may be granted by either a unilateral or bilateral deed. It should be noted that the mortgage deed (whether or not unilateral in nature) must be made in the form of a public deed or a written document with signature certified as true by a notary public. If these formalities are not followed, the mortgage will be null and void. The instrument creating a mortgage must specifically designate the immovable property involved, indicating what such immovable property consists of, the municipality (*comune*) in which it is located and the number referencing the immovable property registration details. In addition, the instrument must define the sum of money denominated in euro for which the property is mortgaged. A mortgage may also be granted by an instrument concluded outside of Italy. If this is the case, such instruments must be legalised (or apostilled) in order for registration to occur.

Perfection of mortgages

The mortgage is only perfected once it is registered in the public register of immovable property of the place in which the immovable property is situated (the local land/property registry). In order to do this, the instrument creating the mortgage, together with a note signed by the applicant in duplicate must be presented to the registrar.

In the case of each of the creditor, debtor and any third party mortgagor, the note must state:

(a) if they are physical persons, their surname, first name, place and date of birth and tax code; or

(b) if they are legal entities, their name or style, registered office and tax code;

(c) the domicile elected by the creditor within the jurisdiction of the tribunal in whose district the office of immovable property records is located;

(d) the instrument on the basis of which the mortgage is being registered, its date and the name of the public official who has drawn it up or authenticated it;

(e) the amount for which registration is made;

(f) the interest and annuities produced by the debt;

(g) the time at which the claim can be collected; and

(h) the nature and the location of the property encumbered, together with the indications referred to in the description of the instrument creating a mortgage above.

Once registered, the applicant will be given one of the duplicates of the above note on which shall be recorded the date and the serial number of the registration. It should be noted that such registration is valid for a twenty year period from the date of registration. Registration will need to be renewed if the mortgage continues for any longer period.

In certain cases the public register of immovable property evidences registration of mortgages ranking senior to a mortgage which has been agreed to be taken as a first-ranking mortgage by the lender, notwithstanding that the creditor secured by the pre-existing mortgages has consented to their cancellation or that the obligation secured by such mortgage has been satisfied and/or that the mortgage has not been renewed at its expiration date. This may depend either on the fact that the mortgage cancellation deed has not been filed with the public register of immovable property and/or as a result of the slow bureaucratic timing for the perfection of the cancellation formalities in Italy. When a situation like this occurs, notarial reports relating to the registration of the new mortgages granted to a new lender describe such new mortgages as "substantive" first or first and second-ranking mortgages (*ipoteche di primo grado o di primo e secondo grado sostanziale*).

Future amendment

The details contained in the mortgage register would need to be amended if any changes occur in the parties secured by the mortgages: e.g., if a lender transfers its participation to a new lender, the name of such new lender will have to be inserted into the records by way of an annotation (*annotazione*) on the relevant register.

Pledge over accounts

The pledge created over amounts standing from time to time to the credit of bank accounts would be considered as pledge over the relevant claims which the secured creditor has towards the relevant account bank for payment of the net balance of such account.

In order for a pledge over accounts to be enforceable, the requirement for an identified subject matter of the pledge would require that the formalities for creating a pledge are carried out each time moneys are credited or debited to the account. Even though the perfection formalities are repeated on each date on which monies are credited to the account, however the security remains valid and binding at all times in respect to the monies initially credited to pledged accounts, subject to re-perfection of the security each time the balance changes.

The enforceability of such pledge would therefore be subject to (in addition to a written agreement between the parties) service of a notice through an Italian court bailiff on the relevant account bank or obtainment of an acceptance bearing *data certa* by the relevant account bank upon entering into the pledge agreement and thereafter each time the balance of such accounts changes. The suspect period in connection with such pledge:

(a) would start again from the date on which such notice is served or such acceptance is given; and

(b) could have a duration of up to one year.

Costs of Enforcement

As far as costs are concerned, in addition to the costs and expenses connected with the enforcement proceeding (including, without limitation, notarial costs and fees), Italian Ministerial Decree No. 127 of 8 April 2004 states the legal fees, costs and expenses in connection with an enforcement proceeding, calculated as a percentage of the value of the asset being the subject of the enforcement. In Italian enforcement proceedings the overall fees, costs and expenses are usually up to 2 or 3 per cent. of the value of the asset being enforced.

Pledge created pursuant to Legislative Decree No. 170 of 21 May 2004

Legislative Decree No. 170 of 21 May 2004 (the **Decree**) implemented in Italy the Directive 2002/47/EC which introduced a more favourable legal regime for transactions which involve financial security agreements.

The Decree applies to "financial security agreements" (as defined in the Decree). According to the Decree, a financial security agreement is:

(i) any agreement (such as a pledge agreement) that creates security as regards financial assets (i.e., cash and financial instruments); and

(ii) any agreement (such as an assignment of receivables by means of security or a repurchase agreement) that transfers title to financial assets by means of security;

in each case that are entered into by parties falling within any of the following categories to secure financial obligations (i.e., any obligation to pay an amount of money or deliver financial instruments): public authority, central bank, the European Central Bank, the Bank for International Settlements, the International Monetary Fund, the European Investment Bank, financial institution, central counterparty, settlement agent or clearing house. With the exception of natural persons, other entities may also benefit from the new regime if the counterparty to the financial security agreement falls within any of the above categories.

Removal of Formal Requirements

The Decree provides that the perfection, validity and opposability of a financial security agreement shall not be subject to any formal requirement except as follows:

(i) a financial security agreement shall be evidenced in writing (including electronic or other durable formats);

(ii) the financial intermediaries that hold or register the secured assets shall make any required registration entries in the related accounts; and

(iii) in the case of a pledge or assignment of receivables, the third party debtor shall be notified, or shall have accepted, such pledge or assignment.

In light of the above, any additional formalities provided by Italian law for the perfection of a pledge or assignment of receivables (such as notarised signatures or acceptances) is no longer required if the security instrument qualifies as a financial security agreement.

Removal of Procedural Requirements to Enforcement — Right of Appropriation

In removing the procedural requirements to enforcement prescribed by Italian law (such as prior notice, public auction or court approval), the Decree makes a distinction between (i) financial security agreements that constitute pledges of financial assets and (ii) those that transfer title to financial assets by means of security or constitute repurchase agreements.

As regards pledges, the Decree provides that, upon the occurrence of an event of default, a pledgee is entitled to:

(a) sell the pledged assets and apply the related proceeds to the satisfaction in full of the secured obligation;

(b) appropriate the pledged assets to satisfy in full the secured obligation, provided that such appropriation is expressly permitted by the terms of the financial security agreement (which shall also indicate the criteria for assessing the value of the pledged assets); or

(c) apply any cash pledged by the pledgor to the satisfaction in full of the secured obligation.

The remedies described in under (a), (b) and (c) above may be exercised by the pledgee subsequent to the commencement of an insolvency proceeding. Prior to exercising such remedies, the pledgee shall provide prompt written notice to the pledgor and any bankruptcy receiver of such enforcement and any proceeds derived therefrom.

As regards financial security agreements that transfer title to financial assets by means of security and repurchase agreements, the Decree states that such agreements may provide for the automatic transfer of the title to secured assets to a secured creditor upon any failure by the debtor to satisfy the secured obligation in full. Such provisions are generally void under Italian law on the basis of the *pactum commissorium* prohibition.

Use of Secured Assets

According to the Decree, a secured creditor may use the assets secured pursuant to a financial security agreement prior to the occurrence of an event of default.

As regards pledges, a pledgee may dispose of the pledged assets prior to the occurrence of an event of default, provided that: (i) such right is expressly stated in the financial security agreement; and (ii) the pledgee replaces the pledged assets prior to the maturity of the secured obligation. The Decree provides that replacement of the pledged assets shall not constitute a new security.

In addition, the secured creditor of a financial security agreement that transfers title to financial assets may dispose of secured assets prior to the occurrence of an event of default, subject to a duty to replace the secured assets prior to the maturity of the secured obligation.

Insolvency Principles. Close-out Netting Agreements. Provision of "Top-up" Security and Substitution of Secured Assets.

The Decree provides that the "zero hour rule" shall not apply to financial security agreements. In addition, the Decree states that security (including security granted pursuant to "top-up" or substitution clauses) shall not be declared ineffective solely on the basis that such security was granted on the date of a declaration of insolvency.

Regarding close-out netting clauses, such provisions were permitted to a certain extent under Italian law. However, the Decree affirms the validity and opposability of such clauses also in cases of insolvency.

The Decree introduces the possibility of providing "top-up" security and substituting secured assets in the event that a debtor is declared insolvent without adverse effects for a secured creditor.

P.R.I.M.A. Principle

The Decree implements the "place of the relevant intermediary approach." It provides that, if rights relating to financial instruments (including security rights) are evidenced by registration in accounting records, management systems or centralised depository systems, then the transfer of such rights is governed by the laws of the country where such records or systems are located. Any derogation from such principle is void.

Assignment of receivables or claims by way of security (*cessione dei crediti a scopo di garanzia*) Description and scope

Although widely used in commercial practice, Italian law does not specifically regulate this type of instrument. An assignment of future receivables by way of security is also a recognised form of security under Italian law. However, such an assignment is only perfected when any conditions to the receivable coming into existence have been satisfied and the receivable becomes actual. For instance, if an assigned receivable is the price payable for goods and there is a contractual condition precedent that payment obligation shall follow delivery of the goods by the creditor, then the assignment is fully perfected only when delivery of the goods is made in conformity with the contract. The consequence of this is that, in the case of the bankruptcy of the assignor, Italian law does not recognise the enforceability of the assignment as against other creditors until such assignment is perfected.

Assigning receivables by way of security

An assignment of receivables by way of security must be evidenced by a written document. In addition, the obligor of the receivables must have:

(a) been notified of the assignment; or

(b) acknowledged the granting of the assignment.

Such notification or acknowledgement (as applicable) must be in writing in a document bearing an indisputable date.

If the receivable is evidenced by a document (not having the characteristics of a security), the assignor is bound to deliver such document to the secured creditor. Receivables arising in respect of securities are pledged according to specific rules.

An assignment of receivables by way of security grants to the assignee the right to appropriate and apply the relevant amounts to discharge the secured obligations. Upon the secured obligations being discharged in full, the assignment is automatically terminated and the right to the receivables reverts to the assignor.

Assigning rental receivables by way of security

In case of an assignment by way of security of rental payments in respect of real estate, the following additional formal requirements shall be met:

(a) pursuant to articles 1605, 2643, No. 9 and 2918 of the Italian Civil Code, an assignment by way of security of the claims arising under lease agreements, if such claims refer to a period of more than three years, must be registered with the competent Land Registry Office in order for the assignment to be enforceable in relation to any subsequent purchaser of the property and any third parties (including, but not limited to, any creditor of the borrower); and

(b) pursuant to article 2918 of the Italian Civil Code, an assignment by way of security of claims arising under lease agreements, if such claims refer to a period of less than three years shall not be registered, but shall be evidences by a document bearing a certified true date and shall be effective *in relation to* any third party attaching the assets of the assignor (including the

receiver in the insolvency of the assignor) for a period not exceeding one year after the date of the attachment.

Claims in relation to public bodies

The assignment of claims in relation to the public bodies (**PA**) is regulated by articles 69 and 70 of the Royal Decree No. 2440 (**R.D. No. 2440**) dated 18 November 1923 and by articles 498-502 of Royal Decree No. 827 dated 23 May 1924.

R.D. No. 2440 requires that:

(a) the assignment agreement relating to claims in relation to the PA must be in a notarial form and must contain certain information;

(b) the assignment must be served by a court bailiff on the public authority which is vested with the authority to order the payment;

(c) the assignor is not allowed to assign claims in relation to the PA by a single assignment agreement if such claims are against multiple public bodies. In such event, the assignor and assignee must execute as many assignment agreements as are the public debtors.

If the claims derive from "public contracts" (i.e. contracts relating to the acquisition of services, supplies, or the execution of public works), the relevant assignment is regulated by Article 117 of Legislative Decree No. 163 of 12 April 2006 (the **Public Contract Code**).

The Public Contract Code requires that:

(a) the assignment agreement must be either a public deed or a private writing with notarised signatures;

(b) the assignment must be notified to the assigned public authority.

The assignment of receivables is perfected in relation to the public authorities if not refused by the same within fifteen days from the notice of the assignment.

Article 117 of the Public Contract Code applies to the assignment of claims deriving from public contracts entered into after the date of the entering into force of the Public Contract Code.

***Appendici di Vincolo* (endorsement of insurance policy)**

The *Appendice di Vincolo* provides the beneficiary with certain payments and other rights arising out of the endorsed insurance policy.

Remedies – General

Provisions on the enforcement proceedings are contained in the Italian Civil Code (articles 2910-2933) and in the Italian Code of Civil Procedure (articles 474-632), which was reformed starting from 1 January 2006, by Law No. 80 of 14 May 2005.

The enforcement proceedings are based, subject to specific exceptions, on the following pre-requisites:

(a) service of notice of the title on which the enforcement proceedings are based (*titolo esecutivo*): for example, an enforceable decision of a court, or a promissory note (*cambiale*) or a bank draft (*assegno bancario*). A public instrument (*atto pubblico*) evidencing payment obligations also constitutes an enforceable title. This is why the practice has developed to execute lending contractual instruments in the form of an atto pubblico; and

(b) service of the notice of the intention to start enforcement proceedings (*precetto*).

There are three types of enforcement proceedings, namely:

(a) proceedings involving movable property (*espropriazione mobiliare*);

(b) proceedings involving real property (*espropriazione immobiliare*); and

(c) enforcement proceedings involving third parties (*esproriazione presso terzi*).

Forced sale of debtor's immovable property

Upon occurrence of an event of default, and following service of the *titolo esecutivo* and of the *precetto*, each as described above, the mortgagee may take steps to start enforcement proceedings. The first of these steps is to perfect an attachment (*pignoramento*). The perfection of the attachment creates an interest over the assets to be expropriated, voiding as against the mortgagee, any act of assignment or disposal made by the mortgagor in respect of the attached assets. However, this is without prejudice to the rights of third parties, acting in good faith in possession of movable assets located on the mortgaged property not recorded in public registries.

In order to enforce a foreclosure proceeding, the mortgagee must attach the property not earlier than 10 days but not later than 90 days from the date on which the notice of the *precetto* has been served.

However, in order to avoid the risk of delay, the court may allow the mortgagee to attach the property immediately (without observing the aforementioned period of 10 days) with or without the need of a deposit guarantee, as the case may be pursuant to article 482 of the Italian Code of Civil Procedure.

An attachment shall be served by the court officer on the mortgagor in compliance with article 555 of the Italian Code of Civil Procedure. The attachment must contain a detailed description of the property and rights on which the execution is intended to be levied and a warning to refrain from actions that may interfere with the function of that property and those rights constituting security for the claim. As at the date of the service of the attachment, the attachment is perfected *in relation to* the mortgagor. The attachment must then be registered in the appropriate land registry. The registration perfects the attachment in relation to third parties.

Furthermore, the court will, at the request of the mortgagee, appoint a custodian to manage the mortgaged property in the interest of the mortgagee. If the mortgagee does not make such a request, the mortgagor will automatically be entrusted with the custody of such property.

Not earlier than 10 days and not later than 90 days from the attachment, the mortgagee may apply to the court for the sale of the attached property (*istanza di vendita forzata*), based on an appraisal of its value.

A court hearing will then interview the parties, overrule objections (if any) and order the sale of the relevant property.

However, technical delays may be caused by the need to deposit, within the term of 120 days of the request of sale (postponable once), copies of the registration of the relevant mortgage, land register, certificates (*certificati catastali*) and a copy of town-planning certificate in respect of the mortgaged property pursuant to article 18 of Law No. 47 of 28th February 1985.

Law No. 302 of 3rd August 1998 (**Law No. 302**) has amended some provisions relating to the above foreclosure proceedings, providing that:

(a) the mortgagee may substitute the land register certificates with a certificate issued by a public notary; and

(b) a public notary may be appointed by the foreclosure judge to carry out the sale of the property.

In this case the public notary shall take various steps relating to bringing about the eventual sale of the property.

The involvement of a public notary pursuant to Law No. 302 has the aim of reducing the duration of foreclosure proceedings and it may be ordered where the judge has not yet decided on the motion for an auction, a sale without auction has not been performed successfully and the judge – after consultation with the creditors –decides to proceed with an auction, and a possible receivership has ceased and the judge decides to proceed with a sale by auction.

Sale of the Property not involving a notary

If a public notary is not involved in the mortgage enforcement proceedings, the court may order:

(a) a tender (*vendita senza incanto*) in respect of the attached property, or

(b) an auction (*vendita con incanto*) of the attached property.

In both cases, the court may appoint an expert to value the property (*consulente tecnico di ufficio*).

In case of tender, if the offer does not exceed the value of the attached property increased by one fifth (determined in accordance with article 568 of the Italian Code of Civil Procedure), the dissent of a sole creditor is sufficient for the rejection of the offer. If the offer exceeds such limit, the court may proceed with the sale if it believes that a better sale may not be effected.

If it does not exceed the above limit, the court can not proceed with the sale if the creditor dissents, or if it believes that a better sale may be realised by auction.

If more than one offer is made, the judge shall call the offerors for a bid upon the higher offer. If the bid does not take place the judge may order the sale in favour of the best offeror, or the sale by auction.

The court will then order the sale by auction and determine, on the basis of the expert's appraisal, the minimum bid price for the property at the auction. Offers which do not exceed the minimum bid price or the preceding offer, will not be accepted.

The mortgagee or any other interested creditor may, within 10 days after the auction (or at least 10 days prior to the auction after the Reform) apply to the court for a direct assignment to itself of the attached property should the sale by auction not take place for lack of offers. If no applications are made or accepted, the court may arrange a new auction with a lower minimum bid price, or order the temporary receivership (*amministrazione giudiziaria*) of the property.

The sale proceeds (net of any expenses of the foreclosure proceedings and any expenses for the deregistration of the mortgage) will be applied in satisfaction of the claims of the mortgagee in priority to the claims of any other creditor of the debtor except, among other things, those claims for taxes due in relation to the foreclosure proceedings of the relevant property and claims for costs and expenses necessary in relation to safety and clean-up activities pursuant to Legislative Decree No. 22 of 5th February 1997.

Any amounts recovered in excess will be applied to satisfy the claims of all creditors participating in the foreclosure proceedings. Creditors holding valid mortgages over the property will be paid in priority to other creditors of the mortgagor.

The balance, if any, will then be paid to the borrower or to a third party guarantor.

The average length of foreclosure proceedings, from the date of the attachment to the final sharing out of proceeds is typically between six and seven years, even if after the recent reform the average length of foreclosure proceedings is expected to be reduced.

Forced sale of debtor's movable property

A mortgagee may resort to a forced sale of a debtor's movable property (*pignoramento mobiliare*) instead of, or in the case of a mortgagee intending to attach movable assets located in the mortgaged property, in addition to, real estate sale proceedings.

The mortgagee may commence a forced sale proceedings of a debtor's movable property by serving the *titolo esecutivo* together with a *atto di precetto*.

The attachment is carried out at the debtor's premises by a court officer who will remove the attached moveable property or forbid the debtor from transferring or otherwise disposing of the attached movable property and appoint a third party or the debtor himself as custodian thereof.

Not earlier than 10 days but not later than 90 days from the attachment, the mortgagee may request the court to:

(a) share out all moneys found at the debtor's premises;

(b) assign to the mortgagee the properties consisting of listed or marketable securities; and

(c) sell the remaining attached moveable property.

The average length of a forced sale of debtor's movable property, from obtaining the court order or injunction of payment to the final pay out, is approximately three years.

Attachment of Receivables

Attachment proceedings may also be commenced on due and payable debts owed to the debtor (such as balances standing to the credit of the debtor's bank accounts and salary) by a third party or on debtor's property that is located on third parties' premises.

Pledges

In general terms, upon occurrence of an event of default, the holder of a pledge may choose between the following remedies:

(a) applying to the court for an order vesting the relevant assets in the secured creditor in satisfaction of its claim, according to an appraisal to be made by experts, or according to the current market price of the pledged asset (if it has a market price). In effect, the court would be authorising a sale to the secured creditor itself; or

(b) selling the pledged asset. If this is proposed, then, prior to the sale, the secured creditor must, through a process server, serve a demand for payment of the debt and charges on the debtor. This demand must include a warning (the **Notice**) that if he fails to comply with the request, then the pledged asset will be sold. The Notice shall also be served on any third party pledgor (if applicable). In the case of a debtor who resides or has his elected domicile in Italy, if no objection is raised within five days from receipt of the Notice, or if the court overrules any objection, the secured creditor can sell the pledged asset by public auction or, if it has a market price, he may sell it for that current market price through a person authorised to make such a sale.

It should be noted that it is open to the parties to agree to other procedures in connection with the sale of the thing given in pledge, provided that, also in this case, the Notice is given to the debtor.

According to the opinion of the majority of Italian legal scholars, no service of the *titolo esecutivo* and of the *precetto* is required for the purposes of enforcing a pledge.

Insolvency

Two types of insolvency liquidation procedure exist in Italy. The 'general' procedure, which is applicable to traders, whether individual or structured as a partnership or company, is the *fallimento* (bankruptcy). The second procedure applies to particular cases, such as those of banks, insurance companies and co-operative companies.

Depending on the cause of the insolvency and on the legal structure of the enterprise, other procedures are applicable as alternatives to bankruptcy. One of these procedures, which envisages a situation less serious than in bankruptcy, is *concordato preventivo*. The effect on secured creditors of both bankruptcy and these other procedures is described in summary form below.

As a matter of Italian law, in the event that the debtor is declared bankrupt it is not possible to automatically rely on the remedies described above in order to enforce the types of security examined. Rather, Italian bankruptcy law takes over and regulates the method of enforceability and the enforcement of the security. In addition, the position is different under each of the following three procedures.

Bankruptcy (*fallimento*) Commencement of the proceedings

Bankruptcy proceedings commence pursuant to a petition filed by the debtor himself, by one or more creditors, or by the public prosecutor.

As at the date of the declaration of bankruptcy, no action may be initiated or undertaken affecting the property of the bankrupt. Any pledge, lien or mortgage may not, therefore, be automatically enforced even if such bankruptcy constitutes an enforcement event under the terms of the security.

Claims

Potential claims must be filed with the bankruptcy court before or on the date of the hearing for the ascertainment of the bankrupt's liabilities. A chronological list of the claims is then put before the judge in charge of the bankruptcy proceedings (the **bankruptcy judge**) who determines the claims and indicates those with the benefit of any type of security.

Possible sale of pledged assets

Once a declared claim has been accepted, a creditor with the benefit of a pledge or of a special lien under articles 2756 and 2761 of the Italian Civil Code (i.e. those resulting from claims for services and expenses in connection with the conservation or improvement of movable property or arising in connection with contracts of carriage, of deposit, or of conventional sequestration, or from the performance of an agency agreement), may request the bankruptcy judge to allow a sale of the property over which the pledge or lien is held. After consulting with the receiver and the creditors' committee (if any), the bankruptcy judge will decide the timetable for the sale and whether it should be achieved by private offer or auction.

Secured creditors' repayment rights

Creditors who hold any type of security have a priority right to repayment from the sale of the relevant assets as well as interest and expenses. If such creditors are not repaid their secured debts in full from the proceeds of such sale, they then participate with unsecured creditors in the distribution of the remaining assets. However, such rights must be enforced in the context of the bankruptcy procedure only and cannot be independently enforced by the secured creditor.

Offset of debts against claims

It should be noted that creditors are entitled to offset their debts to the bankrupt against amounts owing to them by the bankrupt, even if such amounts had not fallen due and payable prior to the adjudication of bankruptcy.

Composition with creditors (*concordato preventivo*)

Pursuant to the modifications to the Bankruptcy Act introduced by Law Decree No. 35 of 14 March 2005 converted into Law No. 80 of 14 May 2005, the composition with creditors (*concordato preventivo*) procedure can only be initiated by a debtor by petition to a competent court. The composition with creditors is approved by a majority vote of the creditors entitled to vote. Where there are different classes of creditors, the composition with creditors is approved by a majority vote of the creditors within the same class that are entitled to vote. Provided that this quorum is met, the relevant court may approve the composition with creditors even when one or more classes have not given their consent, if it deems that the composition with creditors would not be less advantageous to dissenting creditors than other practicable solutions. The proceeding of the composition with creditors will end with a decree which is to be issued by the competent court. If the court or the creditors reject the offer, the entrepreneur is automatically declared bankrupt by the court.

Secured creditors cannot participate in the voting on the composition with creditors procedure unless they waive, in whole or in part, their priority rights. If they waive such rights and the composition with creditors plan is approved, their claims will be satisfied *pari passu* with the non secured creditors. In case they do not waive their priority rights, then claims will still be paid in priority and, in the absence of an express position of the law in this respect, according to the majority of the scholars' opinion and the most recent case law, in full. Minority scholars, however, opine that in certain cases secured creditors' claims may be paid only up to the extent of the amount agreed upon in the composition with creditors procedure.

The composition with creditors procedure should comply with certain steps provided for by the Italian Bankruptcy Law, which, in general terms, can be summarised as follows: (1) preparation and delivery to the court of the plan for the composition with creditors, together with a report by an authorised professional; (2) validation (*omologazione*) from the competent court, which, *inter alia*: (a) calls for a creditors' meeting to be held within 30 days and sets out a term for sending notices to the creditors; (b) holds voting meetings; and (c) appoints a date for the hearing; according to the applicable provisions the composition with creditors validation procedure should be completed within 6 months, and such term can be extended by 60 days; and (3) execution of the procedure. The timing for the completion of such procedure depends on the type of plan approved and the practice of the competent court.

Lease Agreements

The tenant's rights of withdrawal under the lease agreements

Pursuant to Article 27, last paragraph, of the law No. 392 of 27 July 1978 (**Law 392/78**), the lessee has a statutory right to terminate at any time the commercial real estate lease agreement for serious reasons (*gravi motivi*) upon service of a six-month advance notice on the lessor.

According to the prevailing case law, *gravi motivi* are considered to be objective events that are beyond the lessee's will and unforeseeable at the time the lease agreement is executed, which render extremely burdensome the performance of the lease agreement for the lessee. In particular, the Italian Supreme Court (*Corte di Cassazione*) has stated that the need to transfer the activity carried out in the rented premises to another location may be considered as *gravi motivi* for the purposes of Article 27 of the Law 392/78 provided that this need was not a free choice of the lessee and that it arose after the execution of the relevant lease agreement. In the same ruling, the Italian Supreme Court also confirmed the principle that *gravi motivi* are considered unforeseeable events which render the use of the leased real estate as originally planned burdensome for the lessee.

On the basis of the above, it may be argued that an event considered as *gravi motivi* must be unforeseeable at the moment of the execution of the lease agreement and objective (i.e. it can not be connected to subjective choices of the lessee).

In accordance with the above principle, the Italian Supreme Court stated that:

(a) the non-achievement of a pre-announced plan of growth of a suburban zone on which the lessee had relied (the decision also clarified that the unforeseeability must not be interpreted on an abstract and absolute sense but rather based upon the reasonable assurance that the event will occur); and

(b) economic trends, when objectively unforeseeable, may represent a *grave motivo* for the purposes of Article 27 of the Law 392/78.

The Italian Supreme Court also stated that the termination by the lessee of the activities for which the real estate was used does not represent, *per se*, a suitable requirement for the lessee to exercise its rights of withdrawal for *gravi motivi*, since this is considered a subjective decision of the lessee and not an objective and unforeseeable event.

In addition, pursuant to Article 79 of Law 392/78, any contractual provision which grants the lessor a benefit which is not in compliance with the provisions of Law 392/78 may be deemed to be null and void.

Extraordinary maintenance costs

According to Italian law and relevant case law, extraordinary maintenance costs include material maintenance and repair expenses necessary to maintain the properties fit for leasing purposes, including any substantial repair and maintenance works or replacement reasonably required by virtue of physical depreciation or inoperability of the properties and by new laws and regulations (excluding any works required by the specific activities carried out by the lessee), and any replacement or repair of structural elements (such as walls and roofs) which are essential for their safety and stability.

Extraordinary maintenance costs do not include regular and minor works reasonably required to maintain the properties in good maintenance conditions in connection with the regular use and operation of the same.

Extraordinary maintenance costs do not include modifications and improvements of the leased properties. Pursuant to article 1576, the extraordinary maintenance costs are borne by the landlord.

Provisions governing recovery of amounts due under the lease agreements

A delay or a default by a tenant on its payment obligations under a lease agreement, entitles the landlord to:

(a) serve the tenant with a motion for eviction (the **Motion**), and convene it to appear before the competent Court for the purposes of ordering the eviction (the **Order**).

If the tenant does not appear before the Court, or does not challenge the Motion or does not cure its breach within the term granted by the judge, the Court issues the Order and orders the tenant to release the leased property. The issuance of the Order is made approximately 30-60 days from the date of the service of the Motion.

In the event the tenant challenges the Motion (i) the judge may still issue the Order and (ii) in any case special proceedings would follow in order to confirm the Order and to condemn the tenant to release the relevant property. Such proceedings may take a minimum of approximately 18-24 months.

If the tenant, notwithstanding the issuance and/or the confirmation of the Order, does not release the property within a reasonable time after the date of the issuance of the Order or of the confirmation of the Order, further proceedings in order to enforce the Order and obtain the release of the property will follow. The enforcement proceedings may take, on average, a minimum of approximately 6-9 months. During this period, the tenant has in any case to pay an indemnity for the unlawful occupation to the landlord; or

(b) terminate the relevant lease agreement pursuant to Article 1456 of the Italian Civil Code and claim the payment for damages through an ordinary judicial proceedings.

It may take a minimum of approximately 30-36 months to obtain the issuance of the sentence in first instance from such ordinary proceeding. The judgment issued in first instance is immediately enforceable in relation to the condemned party.

In the event the condemned party challenges the judgment, appeal proceedings will follow that may take approximately 30-36 months. However, the Court of Appeal may stay the enforceability of the judgment issued in first instance if serious reasons occur (i.e. the risk that the culpable party could not obtain the restitution of the relevant amount at the time of the judgment in second instance); and

(c) submit a claim for payment of unpaid rents. Such proceedings may run independently of any of the two above described proceedings or in conjunction with any of them.

Should the landlord request the payment of the due rents, the judge may also order the tenant to pay the relevant rents by issuing an injunction order (the **Injunction Order**). Usually, in order to obtain the issuance of the Injunction Order written evidences of the due amount are requested. Having proved the due amount by filing the relevant invoices with the court, it is predictable that the Judge would issue the Injunction Order.

The Injunction Order, which is immediately enforceable, must be served upon the tenant and may be challenged by it within 40 days from the date of the service. In the event the Injunction Order is challenged by the tenant, ordinary proceedings will start. Such proceedings may take a minimum of approximately 30-36 months.

Effect of bankruptcy of the tenant on the lease agreement

If a tenant is declared insolvent, the receiver is entitled either to continue or terminate the lease agreement, regardless of its contractual duration.

In case of continuation of the lease agreement, the receiver would be bound by the obligations of the tenant under the lease agreement (including obligations concerning the delivery of the real estate unit at the end of the lease), and would be obliged to pay any rent matured after the declaration of insolvency. According to certain case law, the lessor's credit for such amounts should be considered as immediately payable (*prededuzione*), and the receiver should be obliged to pay the rent according to the lease agreement provisions. The receiver would not be entitled to modify terms and conditions of the lease agreement and would be able only to decide whether or not to continue the lease agreement on the same terms and conditions.

Pursuant to Article 80 of the Bankruptcy Act, the lessee is entitled to a fair compensation (the **Compensation**) if the receiver unilaterally elects to terminate the agreement. The Compensation is a preferential credit of the Borrower, to be paid by the receiver. Should an agreement between the parties not be reached, the Compensation is determined by the competent Bankruptcy Court, which mainly considers the remaining period of time during which the lease agreement should have been effective and the amount of the rent due.

Expropriations

The expropriation in the Italian Constitution

Article 43 of the Italian Constitution states that for reasons of public convenience, by means of legislation, a specific business providing to the public an essential public utility service can be transferred to the State by means of expropriation. Article 42.3 of the Constitution further provides that private properties may be subject to expropriation for general interest reasons only when specific legislation provides for such possibility and provided that a fair indemnity is granted to the owner.

The Italian Constitutional Court has stated in various decisions that, according to Article 42 of the Constitution, "fair indemnity" means an indemnity likely to represent a serious compensation but not implying, by definition, a full restoration of the loss suffered by the owner of the asset concerned (among others Corte Costituzionale 30 January 1980 No. 5). Lacking specific legislation providing otherwise, the amount of the indemnification is determined based on the general principle set forth by the regulations of expropriation procedures described below.

The regulations governing the expropriation process for existing buildings

Expropriation procedures are currently carried out according to the rules under law No. 2359 dated 25 June 1865 (as modified). According to such regulation, expropriation of private properties (i.e. land and/or buildings) must be executed according to the following procedural steps:

(i) declaration of "public convenience": representing the formal step by which an individual ownership right is limited in view of the public interest;

(ii) temporary occupation of the area: authorities in charge of the expropriation procedure may be allowed to access the area immediately, even before the issuance of a formal expropriation decree, under certain conditions and for a limited period;

(iii) expropriation decree: it is the formal measure stating the removal/limitation of the ownership right on the expropriated properties; and

(iv) expropriation indemnity: owners of expropriated properties are entitled to receive an indemnity which, as a general rule applicable to existing buildings, must be calculated "based on the market value" of the properties themselves.

A new set of rules governing expropriation has been established by means of Presidential Decree No. 327 dated 8 June 2001 (*Testo unico sull'espropriazione*). The new rules on expropriation became fully applicable as from 30 June 2003.

The new rules still envisage the above described procedural steps (with the exception of temporary occupation which will no longer be allowed), providing however for increased protection of the private owner's position in the entire process.

As far as the indemnity is concerned, a conciliation procedure may be carried out in the event the owner does not endorse the calculation performed by the authorities. The new calculation resulting after such procedure must be regarded as definitive. In such respect, article 38 of the Presidential Decree No. 327 dated 8 June 2001 specifies that the indemnity to be paid for buildings which were lawfully constructed (i.e. in compliance with all town planning and building legislation) shall be "*equal to their market value*". Once the definitive amount of the expropriation indemnity has been established, such calculation can be challenged before the ordinary civil courts (namely, the *Corte d'Appello*) in order to have it reconsidered. The decision of the *Corte d'Appello* is not subject to any appeal.

Notifications and pre-emption rights in relation to properties of cultural and historical interest

Legislative Decree No. 42 of 22 January 2004 (the **Code of Cultural Heritage and Landscape**) contains the regulations relating to the transfer of those properties which, by means of legislation, may be qualified as properties of cultural and historical interest.

The transfer by private owners, both in whole and in part, of such properties is always subject to a notification to the competent authorities (*Soprintendenza delle Belle Arti*), within 30 days from the transfer date.

Furthermore, if the transfer is for consideration, the Ministry of Arts and Cultural Affairs (the **Ministry**) not later than 60 days from receipt of the aforesaid notification, is entitled to exercise a right of pre-emption on such properties. In such case, the price to be paid to the transferor is equal to the transfer price or, if not determined and/or determinable, is officially fixed by the Ministry or, in the event of a dispute, by a third party jointly appointed by the Ministry and the transferor. If the parties do not reach a determination on the appointment of such third party the appointment is effected by the president of the tribunal of the place where the assets transfer agreement is executed.

Description of selected environmental, town planning and safety regulations relating to the ownership of the Properties

Environmental regulations

Legislative Decree No. 152 of 3 April 2006 (the **Environmental Code**) contains a comprehensive and consolidated version of most of the Italian laws regulating environmental matters (environmental impact assessment, waste, air and soil pollution and environmental damage).

Notwithstanding the approval of the Environmental Code, Italian Environmental Legislation is still highly fragmented and many of the provisions of the same Environmental Code need to be implemented through ministerial regulations or local (above all, regional) rules.

Soil and subsoil: the occurrence of any event implying the risk of soil contamination determines the duty for the subject responsible of such event to adopt any appropriate measures and to notify the event to the competent authorities (the Municipality, the Province, the Region and the Prefect). The reclamation duty arises when from the characterisation of the soil it results that certain contamination thresholds are exceeded. According to the Environmental Code, environmental liability is based on the "polluter pays" principle. Operators are thus liable for any damage caused through their activity and, in principle, the owner of an area is not liable for the environmental damage caused by activities carried out on that area by third parties. The duty to reclaim a polluted site is a real burden (*onere reale*) which affects the land and results also from the related planning certificate. If the liable party fails to carry out the remediation of a polluted site the public authority may directly carry out the remediation works. In this case, the receivable of the public authority (corresponding to the amount of the remediation costs) will be secured by a special lien (*privilegio speciale*) on the concerned area that may be enforced even in relation to the purchaser of the area.

The Environmental Code (Art. 253) sets forth many limitations to the possibility to enforce the special lien (*privilegio speciale*) in relation to the non-liable owner.

In particular:

(a) the public authority may enforce the special lien (*privilegio speciale*) in relation to the non-liable owner only on the basis of a duly motivated order where it explains the impossibility to identify the liable subject or the impossibility to take any legal action against the liable subject or the un-profitability of any legal action against it;

(b) the special lien (*privilegio speciale*) may be enforced in relation to the non-liable owner for an amount not bigger than the market value of the concerned site, as resulting after the completion of the remediation activity.

In case of voluntary payment of the remediation costs by the non-liable owner, it will be entitled to claim back such amounts from the liable person.

The infringement of rules on soil contamination implies the application of both fines and criminal sanctions.

Electromagnetic pollution: law No. 36 of 22 February 2001 (**Law 36/2001**) sets out general rules on protection from exposure to electric, magnetic, and electromagnetic fields. Such rules aim at the protection of general public and of workers from the exposure to electric, magnetic, and electromagnetic fields generated by any equipment operating in the 0 Hz ÷ 300 GHz frequency range, both in outdoor and indoor environments. Moreover, pursuant to the Italian planning legislation (law No. 47 of 28 February 1985 and according to Italian courts interpretation), should the telecommunication broadcasting systems located on the Properties not be installed in compliance with all the required building permits and authorisations, the Borrowers, as the owner of the property on which such system are installed, may be subject to monetary and criminal sanctions (conviction up to 2 years and fine of about €50,000). The Borrowers would not be liable for sanctions due to the lack of the permits and authorisations need for the performance of the telecommunication activity and/or to the breach of the relevant applicable regulations (*inter alia* Law 36/2001). The above liabilities as well as those liabilities for any other damage deriving from such activity and connected with the electromagnetic pollution would rest with the manager of the broadcasting system.

Asbestos containing material: Italian legislation in force about asbestos containing materials (Law No. 257 of 27 March 1992, Presidential Decree 8 August 1994 and Legislative Decree No. 277 of 15 August 1991, Ministerial Decree of 6 September 1994) provides that, should the Properties contain asbestos, the Borrowers would be bound to:

(a) periodically monitor the structures containing asbestos to verify that the asbestos is not is non carcinogenic and does not pose health risks and ascertain the absence of any dispersion of asbestos particles into air; and

(b) clean up the structure by removing the existing asbestos in the event the same is above the thresholds fixed by law or is in a carcinogenic status.

Underground Storage Tanks (**UST**): the realisation of fuel UST requires a deed of concession for the use of public soil (if realised on a public area) and a building license. The operation of the fuel UST is authorised by the *Prefetto*. Local authorities also require the owner of the fuel USTs to:

(a) carry out maintenance activities to assure the structural integrity of the tanks;

(b) perform periodical inspections; and

(c) remove and dispose of the oldest USTs, both to guarantee their functionality and to avoid any leakage of oils and pollutants into the subsoil. As indicated all the above activities are requested in order to guarantee the safety of the USTs as well as to avoid any leak of polluted materials on soil and subsoil (see "*Soil contamination*" above).

Water supply: The use of public water is subject to a concession (having a validity of no more than 30 years) granted by the competent local public entity (Art. 17 of Royal Decree No. 1775 of 11 December 1993 as amended by the Environmental Code). The un-authorised use of public water is sanctioned with a fine ranging between €300 and €30,000. Any wells or storage tanks present in the relevant property must be built on the basis of a valid building permit.

Town Planning and Safety regulations

General: The zoning of buildings in Italy is regulated by the Town Plan (*Piano regolatore*), which sets forth:

(a) the types of buildings that are permitted in specific areas (industrial, residential, commercial or related to agricultural use);

(b) the permitted size and height of the buildings; and

(c) any other prescription for building construction and/or maintenance. The construction, renovation and maintenance of buildings is subject to the compliance with the Town Plan and the approval of the relevant municipality, through issuance of a building permit, except for minor maintenance and renovation works that are subject to the mere requirement of the giving of a prior notice to the municipality.

Specific Planning: besides the rules set out by the relevant Town Plan, building activities and any intervention on existing buildings located on a certain area may be also subject to specific planning provisions (*piani particolareggiati*) and by planning agreements (*convenzioni urbanistiche*) possibly entered into with the relevant Municipality.

Public constraints: building activities may be also limited by the presence of public constraints charging the relevant areas (e.g. archaeological constraint, airport constraint, landscape constraint). The presence of a public constraint implies the application of stringent rules contained in specific regulations and laws (e.g. the Airport Plan or the Code of Cultural Heritage and Landscape) and the supervisory powers of the competent public authority on any activity carried out on the concerned areas.

Fitness-for-use: Properties located in Italy need to be granted a fitness-for-use decree by local municipalities. In the absence of this decree, the owner is liable to monetary sanctions (ranging from €77.47 to €464.81) and may be obliged to perform any construction works necessary to obtain the fitness-for-use decree. In addition, the tenant may be ordered to evacuate the premises until the decree has been granted.

Fire Prevention: the Properties may require a fire prevention certificate. Legislative Decree No. 139 of 8 March 2006 establishes that both in case of construction of a new plant or of modification of an existing one, the operator of the plant, before the start of the works, must submit to the local Fire Brigade the relevant project in order to obtain its approval (*parere di conformità*). Upon completion of the works the operator must ask for an inspection by the Fire Brigade. The fire prevention certificate has a validity which may range from 3 to 6 years. Its renewal does not require a new inspection by the Fire Brigade, unless there is any change in the characteristic of the plant or of the industrial activity. The law imposes a duty of control and maintenance of all the equipment as well as a proper fire prevention training of the personnel.

The person bound to obtain such certificate is:

(a) the owner, if the fire prevention certificate is required because of the structural characteristics of the Property and of its common parties; or

(b) the tenant, if the fire prevention certificate is required in light of the activity carried out at the Properties.

With respect to certain industrial activities, the lack of such certificate may result in monetary sanctions (i.e. payment of an amount ranging between €258.23 and €2,582.28) and criminal prosecution (i.e. imprisonment for up to 1 year) for the liable party, as well as an order to undertake such works as are necessary to obtain the certificate. Furthermore, the competent authority could order the party in breach not to use the premises until the certificate has been granted. Monetary

sanctions are also applied in case of false declarations contained in the application for the fire prevention certificate.

RELEVANT ASPECTS OF MONACO LAW

This section summarises certain Monaco law aspects and practices relating to the transaction described in this Prospectus. The summary relates to Monaco law aspects and practices as at the date of this Prospectus. It does not purport to be a complete analysis of any issue which may be relevant in the context of this Prospectus and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on such relevant matters.

(A) Considerations relating to the Monaco Reference Obligations and the Monaco Related Security

Security interests

Holder's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

Holder's privilege (*privilège de prêteur de deniers*) and mortgage (*hypothèque*) are the most common security rights over Monaco real properties. The Senior Monaco Reference Obligation under the related Credit Agreement is secured by a lender's privilege. The Junior Monaco Reference Obligation under the related Credit Agreement is secured by a mortgage.

The lender's privilege is conferred, in accordance with Articles 1940 *et seq*. of the Monaco *Code civil*, on a creditor who lends a sum of money in order to finance the purchase of real property provided that the following conditions are satisfied:

(a) the loan must be granted for the purchase of the real property and the deed evidencing the loan (*acte d'emprunt*) must expressly stipulate such purpose;

(b) by giving a discharge receipt (*quittance*), the vendor of the relevant real property must certify that the payment was made out of the moneys borrowed under the loan; and

(c) the deed evidencing the loan and the discharge receipt must be in a notarised form (*acte authentique*).

A mortgage is a right to real property granted to a creditor, known as a mortgagee (*créancier hypothécaire*), by a debtor, known as the mortgagor (*débiteur*), relating to real property which the latter owns or in which it has a right *in rem*, in order to secure payment of a debt owed by the mortgagor to the mortgagee.

Secured amounts comprise the principal amount of the loan as well as its related rights. It should be noted, however, that only three years of interest at the contractual rate can be secured by a lender's privilege or a mortgage. A mortgage cannot secure all present and future moneys generically.

Since the lender's privilege can only be conferred on a lender as security to the loan made available to finance the purchase price of the real property, the secured debt is limited to the obligations of the borrower under such loan. Any further obligations can be secured by a second ranking mortgage.

In the context of a refinancing of a loan, a lender's privilege or mortgage granted in favour of the lender whose loan is being refinanced can be transferred to the new lender by way of subrogation up to the principal amount of the loan.

In order to be enforceable against third parties, pursuant to the provisions of Article 1986 of the Monaco *Code civil*, lender's privileges and mortgages must be registered at the Monaco land and charges registry (*Bureau des Hypothèques*).

A lender's privilege is perfected from the date of its registration with the Monaco land and charges registry (under Article 1993 of the Monaco *Code civil*). Mortgages are perfected from their date of registration with the Monaco land and charges registry.

The registration of a lender's privilege or of a mortgage in Monaco is only valid for a limited period of time. As a general rule, a lender's privilege or a mortgage is valid up to 10 years from the date of its registration (under Article 1993 of the Monaco *Code civil*). Where the due date of the debt secured by the lender's privilege or the mortgage occurs on one or several fixed dates, the validity of the registering of the lender's privilege or of the mortgage made prior to the due date or at the final due date (*dernière échéance prévue*) of the secured debt may run until the repayment and termination of the relevant Reference Obligation, but may not exceed ten years from the relevant registration date. Where the due date of the debt secured by the lender's privilege or the mortgage is not expressly fixed, the validity of the registered security is also limited to ten years. Where the due date of the debt secured by the lender's privilege or the mortgage occurs before or at the same time as the registration of the security, the validity of the registering of the lender's privilege or of the mortgage is once again limited to ten years.

The registration of a lender's privilege or of a mortgage ceases to be effective if it is not renewed on or before the last day of its current period of effectiveness.

The beneficiary of a lender's privilege or a mortgage will rank ahead of all unsecured creditors (*créanciers chirographaires*) of the grantor of the security but will rank after the prior ranking creditors in the context of a bankruptcy (for further information, see "*Enforcement*" on page 180) and after any claim of the manager of the condominium (*copropriété*) where the relevant Monaco Property is comprised within a condominium.

Pledge over bank accounts

Each Monaco Reference Entity has, in accordance with the terms of the relevant Credit Agreements, established Reference Entity Accounts into which, among other things, rental income and disposal proceeds in respect of the Monaco Properties must be paid (for further information, see further "*The Reference Obligations and the Related Security – Reference Entity Accounts and Payments*" on page 212). The Monaco Reference Entities have granted a pledge over the Reference Entity Accounts and all of its interests in the Reference Entity Accounts.

A pledge over a bank account is a pledge over the credit balance of such bank account and is governed by Article 1909 *et seq.* of the Monaco *Code civil*, Article 59 *et seq*. of the Monaco Code de commerce and Sovereign Ordinance no. 14.309 of 28 December 1999.

Delegation agreements

A delegation agreement (*acte de délégation imparfaite*) has been executed, in accordance with Article 1119 *et seq.* of the Monaco *Code civil*, as security for the Monaco Reference Obligations, by the relevant Monaco Reference Entity over insurance indemnity claims.

The delegation consists of a person (*délégué*) incurring payment obligations to another person (*délégant*), where the *délégué* is obliged to pay those amounts to a third person (*délégataire*) upon instructions of the *délégant* in satisfaction of a debt owed by the *délégant* to the *délégataire*. A delegation is called "*imparfaite*" where the *délégué* continues to be bound to pay the *délégant* so that there is no novation under Monaco law (in which case the *délégué* would no longer be bound to pay the *délégant* but only the *délégataire*).

Cash collateral arrangements

Under Monaco law, cash collateral (*gage-espèces*) is a security whereby cash is deposited by the debtor to the creditor on a bank account opened in the name of such creditor. Due to the fungible nature of cash, title to the deposited cash is transferred to the creditor by way of security.

As security for the Monaco Reference Obligations, several cash collateral arrangements have been entered into in relation to sums paid by the Monaco Reference Entities to the credit of Reference Entity Accounts held in the name of the Holder or the relevant Security Agent.

Enforcement

Holder's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

If a Monaco Reference Entity defaults in its obligations in relation to a Monaco Reference Obligation and/or a Monaco Related Security, the Holder may decide to foreclose on the Monaco Reference Entity's secured Monaco Property provided that the relevant Monaco Reference Entity is not subject to any insolvency proceedings in Monaco (as indicated below, given the jurisdiction of incorporation of the Monaco Reference Entity, the courts in Monaco would not have jurisdiction in respect of insolvency proceedings concerning the Monaco Reference Entity).

The Monaco legal procedures to be followed in relation to the enforcement of security interests over real property situated in Monaco and the related expenses may affect the Holder's ability to liquidate the Properties efficiently and in a timely fashion. An outline of these procedures is set out below. Foreclosure on property situated in Monaco by secured creditors (*saisie immobilière*) may first require the sale of the property at a public auction (*vente aux enchéres*).

The first step in the foreclosure procedure consists of delivering a summons to pay that is executed by a process server (*huissier*). If it remains outstanding for 30 days, the secured creditor may, within 90 days from the delivery of the summons to pay, deliver a foreclosure notice (*commandement de saisie immobilière*) to the debtor through a process server. This foreclosure notice should be filed at the Monaco land and charges registry within 15 days. The next step is to instruct a local lawyer (*avocat*) to prepare the terms of the sale of the property at auction, including the reserve price of the relevant real property (*cahier des charges*), and notify the Monaco Reference Entity within 15 days from the filing of the foreclosure notice at the land and charges registry to the Court. Finally, a number of legal notices are required to be given prior to the sale. The debtor may file objections against such foreclosure (including the reserve price), the validity of which will be decided by a competent court.

If no bid is made at the public auction, and provided there is only one foreclosing creditor, such foreclosing creditor is declared the highest bidder and is thus obliged to purchase the property at the reserve price specified in the terms of the sale. The second possible action of the secured creditor may be exercised in the event of the sale of the property by the debtor. In such event, the secured creditor may have the debts owing to him satisfied from the proceeds of the sale of the property in the order of priority of the privileges and mortgages encumbering such property (*droits de préférence*), in accordance with Articles 1929 and 1930 of the Monaco *Code civil*.

The secured creditor's enforcement action consists of the possibility to continue to benefit from the lender's privilege or mortgage, even if the property is transferred by the debtor to a third party (*droit de suite*). The secured creditor can have the property attached and can claim a preference on the proceeds of the sale by the debtor to the third party (*droit de preference*). If the secured creditor wishes to exercise this right, it must cause an order to pay to be served on the debtor by a bailiff and, in addition, cause a notice to be served on the third party to whom the property subject to the lender's privilege or mortgage was transferred with a view either to pay the debt secured by the lender's privilege or mortgage granted over the property or to surrender such property in an auction sale, where a minimum bid exceeding 10 per cent. of the price paid by such third party shall be made by the creditor.

Pledge over bank accounts

The enforcement of the pledge over bank accounts can be made by requesting the competent court to allow the appropriation of the credit balance subject to the pledge and the application of the proceeds in satisfaction of the secured debt.

Cash collateral arrangements

The enforcement of such security is achieved through the right of the creditor to set-off its obligation to return the amount applied as cash collateral (*créance de restitution*) against the secured debt

without the need of any judicial proceedings or public auction (article 61-1 of the Monaco Code de Commerce).

(B) Risks relating to Property

Commercial Property Leases

Obligations and liabilities of commercial property landlords

The principal rules applicable to the letting of commercial property are contained in the Monaco *Code civil*, which is applicable to all types of leases, and in the Monaco Law no. 490 of 24 November 1948 (**Law No. 490**) which is specifically applicable to commercial leases, the latter not being of public order, *i.e.* not compulsory.

Article 1 of Law no. 490 implies that a commercial lease should have a term of at least three years. A commercial lease must be registered, and entails no registration duty if the commercial lease is subject to V.A.T.

Pursuant to Article 2 of Law no. 490, the tenant may terminate the lease at the end of each full period of three years (for example, at the end of year three and year six in respect of nine year leases). It is however possible to provide in the lease that the tenant shall not have such right of termination, or that such right is not available during a certain period from the start of the lease, for example, during the first six years.

Obligations and liabilities of a landlord to its tenant

The provisions of the Monaco *Code civil* relating to the obligations of a landlord are not compulsory and many are capable of being waived or limited by agreement of the parties contained in the lease agreement.

Articles 1559 *et seq.* of the Monaco *Code civil* provide for three main obligations of the landlord:

(a) the obligation to deliver the premises;

(b) the obligation to maintain the premises; and

(c) the obligation to guarantee the quiet enjoyment of the premises.

Obligation to deliver the premises

The premises must be delivered in accordance with the provisions of the lease agreement. Delivery must be made on the due date and the premises must comply with all the specifications agreed by the parties.

The premises must be fit for the purposes of the lease and, in particular, the tenant must be able to carry out the commercial activities as specified in the lease agreement.

Should the landlord not deliver the premises in accordance with the terms of the lease, the tenant can seek a court order to enable the tenant to take possession of the premises or to terminate the lease without having to pay any early termination indemnity. The landlord may also be required to pay damages to the tenant.

Should the premises not meet all the specifications provided for in the lease agreement or should the premises not be in a good state of repair, the tenant could force the landlord to make the necessary repairs or to carry out the repairs himself and obtain reimbursement of the cost from the landlord, but only if the tenant obtained the prior express consent of the landlord to carry out the works.

Maintenance obligations

The Monaco *Code civil* obliges the landlord to maintain the premises during the term of the lease agreement. However, this obligation is limited to the repairs which are necessary to enable the tenant to use the premises in conformity with the use assigned to them in the lease agreement. The Monaco *Code Civil* refers to substantial repairs or structural repairs as a criterion to determine the repairs to be borne by the landlord.

If the lease does not contain specific provisions relating to repairs or maintenance imposed by administrative authorities, these repairs are to be borne by the landlord or the tenant, according to the type of repairs. If the lease does not contain any clause dealing with the partial or total destruction of the property, the landlord has no obligation to rebuild and the lease will be automatically terminated. However, in the case of a partial destruction, the tenant would be entitled to a reduction in the rent or would be able to terminate the lease agreement.

The Monaco *Code civil* provides for landlords to give a guarantee against defects. This guarantee is linked to the obligation to maintain the premises and covers all defects of the premises which would prevent the enjoyment of the premises by the tenant. It covers all defects inherent at the beginning of the lease term and which appear subsequently.

Subletting

In certain circumstances, sub-leases which have been authorised by the landlord also give the sub-tenant a right of renewal. Where the head lease is not renewed, the right of renewal of the sub-tenant is enforceable against the landlord if the sub-lease was authorised by the landlord, and if the premises of the principal lease do not constitute an indivisible set.

Transfer of the lease by the tenant

The possibility for the tenant to transfer the lease is generally limited in lease agreements.

Lease agreements may provide that assignor and assignee will remain jointly liable for the payment of the rents and charges and for the performance of obligations under the lease. This joint liability is however only applicable until the end of the current lease, and not during any renewed term.

Liability of landlords to third parties

The liability of landlords to third parties can arise in a variety of ways. For example, in the case of premises situated in a building subject to co-ownership regulations, the landlord is responsible to the other co-owners for compliance by the tenant with the co-ownership regulations.

Statutory Rights of Tenants

The following are further examples of statutory rights of the tenants:

(a) a legal right of set-off (*droit de compensation légale*) could be exercised by a tenant in respect of its rental obligations under the relevant lease if a reciprocal certain, liquid and payable debt is owed to this tenant by the relevant landlord;

(b) Monaco courts may in some circumstances grant time to the tenants in respect of their payment obligations under the leases, taking into account their financial standing and the needs of the landlord or may reschedule the debt of the tenants (in both cases not in excess of two years), according to article 29 of Law no. 490; and

(c) a tenant who owns a going-concern (*fonds de commerce*) which has been legitimately carried out in a property for the three years preceding the expiry of the relevant lease acquires a protected leasehold right, subject to certain other conditions, and is entitled to the renewal of the lease (*droit au renouvellement*) upon its expiry or to compensation for eviction (*indemnité*

d'éviction) should the landlord elect not to renew the lease. The compensation for eviction must compensate the tenant for any losses and costs incurred by it. Compensation is not payable, however, if the tenant is in serious breach of its obligations under the lease.

Compulsory Purchase; Expropriation

Property in Monaco may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project.

In the absence of exceptional circumstances (such as war), the expropriation proceedings that would apply in the case of the Monaco Properties would be the standard expropriation proceedings provided for by the Monaco *Code Civil* and Law no. 502 of 6 April 1949.

Monaco administrative authorities ascertain and assert the existence of a public interest in order to justify the expropriation of the contemplated property. The notion of "public interest" is not determined by Law no. 502.

The decision to deprive a private owner of its property may only be taken by the judicial courts. Such judicial court will also determine in a separate judgment the amount of the compensation payable to the owner of the relevant property. The judgement rendered in relation to expropriation can only be challenged by lodging an appeal for reconsideration (*pourvoi en révision*), and the judgement determining the amount of indemnities can be challenged before a court of appeal and then the Monaco *Cour de Révision.*

The expropriated owner must receive compensation for the loss of its property; however, no express criteria are provided for in order to determine the amount.

Environmental Laws

As regards the Monaco Properties, the environmental and occupational health and safety obligations and liabilities of real property landlords under the applicable Monaco laws and regulations essentially include the following.

Sovereign Ordinance no. 10.505 of 27 March 1992 created a specialised commission (*commission technique pour la lutte contre la pollution et pour la sauvegarde de la sécurité, de l'hygiène, de la salubrité et de la tranquillité publique*).

This commission makes regular controls and is in charge of all questions relating to environment, and its missions entail:

(a) studying, suggesting and checking the implementation of all rules in terms of security, hygiene, public health and safety concerning construction, laying out, modification, opening or operating of:

  (i) any building used for industrial, commercial or administrative purposes;

  (ii) any car parks;

  (iii) any warehouses;

  (iv) any buildings opened to the public;

  (v) any building for residential use, and

  (vi) any equipments or processes which could imply any kind of nuisance;

(b) Searching and suggesting the implementation of any process to avoid any troubles;

(c) Insuring compliance with all town planning rules in premises for residential use;

(d) Studying, suggesting and checking the implementation of processes allowing to fight against pollution; and

(e) Checking transportation conditions of dangerous stuffs.

Failure of the title operator of the installations to comply with applicable prescriptions may result in administrative sanctions including for example a suspension of the authorisation to occupy the premises (preceded by an injunction to comply within a given timeframe) and/or criminal prosecution.

Domestic laws and regulations further require that the relevant Monaco Reference Entity, as the owners of the Monaco Properties, checks the premises for the presence of asbestos-containing materials (**ACMs**). An asbestos investigation report detailing the presence or absence of ACMs should be kept, updated and put at the disposal of all persons concerned.

Standard occupational health and safety regulations also require that all systems (including water cooling and heating and fire detection) be checked regularly by a specialised agency.

Planning and Safety Regulations

As a general rule, construction works or any change of use of a real estate asset require that appropriate planning permissions be obtained and that the requisite works declarations be filed. Should these permissions or this filing not be completed, the following sanctions shall apply.

During a time period of three years from the completion of the works, criminal sanctions may be taken against the user of the property (*utilisateur du sol*), the beneficiary of the works, the architect, the building contractors and any other people in charge of the carrying out of the works (fine and/or imprisonment) together with other sanctions such as demolition of the erected building, restoration of the initial use, if:

(a) works have been carried out or a change in the use initially authorised has been made without obtaining the relevant authorisation; and

(b) the works carried out do not comply with the relevant authorisation.

A building authorisation is always granted, subject to third parties' rights.

Where works are carried out without planning permission or a work declaration and in the case of a change of use without the above mentioned authorisation, third parties may obtain damages and may ask for the demolition or the restoration of the initial use if the claiming third party has suffered a prejudice and there is a direct link between the prejudice and the breach invoked (i.e. the absence of the relevant authorisation or the failure of the works or the use to comply with the relevant authorisation).

In the case of breach of the above regulations, the successive owners of the properties could be held liable. The consequence of such breach could entail the payment of a substantial fine as well as demolition of the relevant property.

(C) Considerations relating to Monaco Reference Obligations

Insolvency

Since the Monaco Reference Entities are incorporated in the BVI, should they become insolvent, the Monaco Courts would not have jurisdiction concerning insolvency procedures.

BVI Courts would be competent. Consequently, the decision of the foreign judge would not be immediately enforceable in the Principality and an exequatur procedure would be necessary.

The Monaco Civil Procedure Code, in its article 472, states that judgments passed by foreign courts and legal transactions established by foreign officers can only be executed in Monaco after being declared enforceable by the first instance court, unless an international treaty contains specific provisions in relation thereto.

Existence of an international treaty

In the case where an international treaty exists, the enforcement of foreign judgments is authorised without any review of their substance if the law of the country in which the judgment was passed provides for a condition of reciprocity.

This condition of reciprocity exists when an international treaty is applicable: indeed the treaty per se guarantees a mutual treatment of the individuals concerned or offers a mutual guarantee the individuals will be treated in the exact same way.

Consequently, the foreign judgment will not be judged on the substance a second time in Monaco, the court will only ensure that:

(a) the foreign judgment is in due form;

(b) the foreign judgment was passed by a competent jurisdiction, according to local law, without any opposition from Monaco law;

(c) the parties were regularly summoned and enable to defend themselves;

(d) the foreign judgment was possessing force of law and is enforceable in the country in which it was passed; and

(e) the foreign judgment does not contain provisions contrary to Monaco public order (*ordre public*).

In the absence of international treaty

By virtue of the provisions of article 474 of the Civil Procedure Code, a Monaco judge would have to examine the judgment in its form and its substance, being stated that the Monaco judge may revise it, entirely or partly.

Furthermore, in order to obtain the execution of a foreign judgment, the plaintiff must produce:

(a) an authenticated copy of the judgment;

(b) the original copy of the writ of notification or of any other document which stands for this purpose where the judgment was passed; and

(c) a certificate issued, either by a foreign judge or by the clerk of the court which judged the case, certifying the judgment is neither under, nor likely to be under, appeal or opposition, and that it is enforceable in the country where the judgment has been pronounced.

These documents shall then be authenticated by a diplomatic or consular officer of the Principality of Monaco accredited by the competent authorities of that State.

A French translation, duly authenticated and made by a sworn in or an official translator in Monaco, must be attached to the documents required.

The exequatur procedure is introduced before the president of the first instance court who will render an order. The Monaco defendant can then appeal from the order so rendered and the procedure can then and up to four years in case of an appeal.

Since Law no. 1.285 of 15 July 2004, no registration taxes apply to foreign judgment.

To conclude, the final decision to reject or admit a debt claim belongs to the court in terms and conditions developed above.

(D) General

Force Majeure

Monaco law recognises the doctrine of *force majeure*. There can be no assurance that the tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of rental income and hence the ability of the relevant Monaco Reference Entities to pay interest on or repay the principal of the relevant Monaco Reference Obligations.

RELEVANT ASPECTS OF SWEDISH LAW

Establishing a Security Interest

General

In order to create a valid security interest under Swedish law, the property subject to such security interest must fulfil the following criteria:

(a) there must be an underlying debtor-creditor relationship in respect of the obligations which the security purports to secure;

(b) the pledgor must grant the security interest, typically in the form of a pledge agreement; and

(c) an act perfecting the security interest must take place, generally fulfilled through delivery of the pledged property to the pledgee. However, there are alternatives to the delivery requirement, depending on the type of property in question and its location. Fulfilment of this requirement means that the security interest over the property is protected against third party creditors and successors in title. It should be noted, however, that the security agreement is valid as between the parties to such agreement even if paragraph (c) is not properly fulfilled. In the absence of such security protection, no protection against third parties will be obtained.

Security in real property

Security interests over real property are created in the form of pledges of real property mortgage deeds (*Pantbrev*). A *Pantbrev*, a bearer instrument with a face value specified by the title holder of the property, will be issued by the property registry (*Inskrivningsmyndigheten*) upon application by the title holder. The title holder is the person who is registered as owner in the land register. A *Pantbrev* can be issued in the form of a physical document or in electronic form in which case it will be represented by an entry on a register.

The priority of the *Pantbrev* relating to a single property is ranked according to the date of application to the property registry for its issue. A *Pantbrev* is a perpetual document and cannot be terminated (except with the consent of the *Pantbrev* holder).

A registration tax of 2 per cent. of the nominal amount of the *Pantbrev* is payable at the time of issue of a new *Pantbrev*. There is no upper limit on the registered amount of *Pantbrev* on any one property but the registration tax discourages application for an amount larger than what is realistic in light of the property value.

A security interest in a property is granted by the title holder pledging one or more *Pantbrev* to the creditor and physically delivering the *Pantbrev* to the creditor or, where the *Pantbrev* is represented by an entry on the register, the creditor is registered as holder of the *Pantbrev*. No Swedish stamp duty is payable upon the pledge of existing *Pantbrev*.

The Amount of the Secured Liabilities

The aggregate amount to which the holder of a first ranking Pantbrev is entitled to be paid as a secured creditor in respect of each property during any bankruptcy or enforcement proceedings with respect to any borrower will be equal to the lowest of the results of three calculations set out, respectively, in paragraphs (A), (B) and (C) below. These calculations would be made by either the relevant borrower's receiver or the enforcement agency (*Kronofogdemyndigheten*) and would be calculated on a property-by-property basis only. All income and all costs are attributed to each property separately and distributed accordingly. The proceeds from a property are not liable to be used for general administrative costs (as distinguished from the costs relating to such property) in the bankruptcy.

(A) *Loan Entitlement:*

(i) the principal amount of the entire loan plus any fees and charges set out in the loan; plus

(ii) interest at the contractual loan rate (or, as the case may be, at the default rate) up to the date of the dividend proposal in the bankruptcy or, if advance payments are made, up to the date of such payments (or, in the case of enforcement, the date when the property is taken over by the buyer (tillträdesdagen).

(B) *Pantbrev Entitlement:*

(i) the amount shown in the *Pantbrev* as being its nominal amount; plus

(ii) 15 per cent. of the nominal amount of the *Pantbrev*; plus

(iii) an amount calculated as interest from the date of the application for bankruptcy (or, as the case may be, the enforcement decision) to the date of payment to the lender calculated on the nominal amount of the *Pantbrev* at a rate per annum equal to the reference rate of interest (as set from time to time by the Swedish Central Bank (*Riksbanken*) plus 4 percent.

(C) *Realisation Proceeds:*

(i) the amount realised on the sale or auction of the property; plus

(ii) the income deriving from the property from the date of the bankruptcy decision (or, as the case may be, the enforcement decision if the lender has requested that the income be collected by the enforcement agency or an administrator) to the date when the sold property is taken over by the buyer; less

(iii) expenses incurred in respect of the property from the date of the bankruptcy decision (or, as the case may be, the enforcement decision); less

(iv) costs incurred and fees charged by the receiver and/or the enforcement agency for the administration and sale or auction of the property (and, in limited circumstances, certain creditors preferred by law).

Security in yield from assets

Under Swedish law, it is possible in principle to establish and perfect a security interest over yield from an asset. As from the date of filing of a bankruptcy proceeding by the pledgor, however, the yield from an asset cannot be separated from the asset itself. Therefore, as from such bankruptcy date, the yield belongs to the creditor having security over the "main asset" or, in case no creditor has security over the main asset, to the bankruptcy estate. This is the case irrespective of the existence of a separate security interest in the yield.

Security in specified movable property

General

In addition to the general qualifications of pledgeable property discussed above, a pledge over moveable property is normally not perfected, and therefore not enforceable against third parties (such as the pledgor's creditors), until the physical possession of such property is transferred either to the pledgee or to another party acting for the pledgee. In the event the physical delivery of the property in question into the pledgee's possession is not possible, the pledgor must typically perfect the pledge by notifying the relevant third party, such as the debtor of a pledged receivable, of the pledge.

Shares

In the case of shares, the perfection of the pledge is achieved by transferring the share certificates to the possession of the pledgee or, in the event the shares are registered in the Swedish book-entry system with VPC AB (the **VPC Register**), by way of an appropriate registration in the VPC Register. The pledgee is not entitled to vote for the shares but is, absent agreement to the contrary, entitled to any bonus shares and any new shares issued in rights issues. Unless the pledgee and the pledgor agree otherwise, the pledgor is entitled to all dividends until the bankruptcy date. The right to future dividend can however be pledged to the holder of the pledge over the shares or to a third party.

In respect of the share pledges taken in the context of the Keops transaction, the security interest over the dividends will not be perfected until a default has occurred (see "*Claw-back*" on page 193).

Receivables in general

Pledges can also be granted and perfected in accrued receivables (which are receivables that have been earned by the creditor (but not necessarily fallen due) at the time when the receivables were pledged). The pledgor may also grant pledges in unearned receivables. A pledge of such receivables will, however, not become perfected until and to the extent the receivables have been earned (reference is made to the section below regarding "*Claw-back*" on page 193). In the case of receivables, the pledge is perfected by way of notification to the debtor of the underlying receivable. There is no requirement as to the form for such notification. However, in order to obtain the intended result, the pledgor or the pledgee should state that the receivable has been pledged to the pledgee. In general, the notice must also effectively prohibit the debtor of the underlying receivable from making payments to the pledgor.

Other contractual rights

Contractual rights in general, may be pledged in accordance with the general principles for a pledge over specified movable property and, more specifically, the rules regarding pledges of receivables. Perfection of the pledge is achieved through notification of the other party to the relevant agreement. In general, the notice must effectively prohibit the other party to pay to the pledgor.

Up-stream and cross-stream guarantees/security and corporate benefit

A guarantee or security provided by a Swedish limited liability company to support the indebtedness of another party may be considered as a "transfer of value" or a "hidden dividend" (i.e. a transaction which produces the same or similar effect as a dividend) if the company does not receive sufficient corporate benefit in return. A guarantee or security which constitutes a hidden dividend because sufficient corporate benefit was not at hand will only be valid to the extent it does not exceed such amount as is available for distribution of dividends at the time the guarantee was provided. Consequently, the amount available for distribution of dividends determines the values that may be transferred from a company without the company receiving a corresponding benefit in return. Corporate benefit can be particularly difficult to prove in cases of up-stream and cross-stream guarantees or security where the guaranteed or secured amount has not been advanced to the guarantor or chargor. To the extent corporate benefit was not at hand, the guarantee or security may be limited in value.

Enforcement of Security

Enforcement Outside Bankruptcy

General

Under Swedish law, security may generally be enforced by the holder of the security itself. Certain categories of properties, including real property, may however only be enforced through the enforcement agency or, in the case of bankruptcy, through the receiver. Enforcement of security over

shares, receivables, bank accounts, and contractual rights can be carried out by the security holder itself.

Enforcement of security through sale

The pledgee is normally entitled to enforce the security through a sale of the security. Certain restrictions apply to the procedure for such a sale. The pledgor must be given prior notice of the contemplated enforcement and also of the time and location of the sale. Furthermore, sufficient notice must be given to prospective purchasers in order to create reasonable preconditions for a market price being obtained in the sale. Where the pledgee has been granted the right to enforce the security through a private sale, such sale must be made to a party unaffiliated to the pledgee unless the market price of the security can be independently and objectively established and the security is sold at such price.

Enforcement of security through collection of payment

Pledges over receivables and other claims shall, if the receivable or claim has fallen due, primarily be enforced through the pledgee collecting the payment as opposed to selling the receivable.

Enforcement of security in real property outside bankruptcy

Security in real property cannot be enforced other than through the enforcement agency or, in the case of bankruptcy, through a receiver. The enforcement agency is the body responsible for carrying out enforcement orders over assets in Sweden, including those for the collection of unpaid debts, whether secured or unsecured. A lender begins the enforcement process by obtaining an enforcement order from the enforcement agency or the court. Upon obtaining an order against a borrower or a guarantor, a lender is entitled to apply to the enforcement agency for enforcement of his claim. Upon the enforcement agency registering an application for enforcement against a particular property, it will notify the owner of the property as well as notifying all of the known secured creditors. The identity of the owner and registered *Pantbrev* holders is publicly available from the property registry.

Rent and other receipts which are payable after an enforcement order is obtained may, upon request by a creditor, be collected by the enforcement agency or the administrator of the property (if one is appointed). Rent so collected may be used for payment of the administrative, operating and maintenance costs of the property, but may not be used to pay debt service on the defaulted loan until the forced sale is completed. Instead, the excess of the rent collected over such expenses is retained by the enforcement agency and distributed, together with the proceeds of the sale of the property, in satisfaction of the claims of creditors in order of their priority.

Disposal of property by the enforcement agency is usually conducted by advertised public auction held in the district in which the property is located. It is also possible for the enforcement agency to sell a property using other means (such as through a real estate agent) if they are considered more expedient and it is clear what claims and other encumbrances there are on the property. The consequences of a private sale by the enforcement agency are broadly the same as a sale through an auction.

The Originator as holder of the Keops Portfolio Reference Obligation is the highest ranking *Pantbrev* holder and has all the related rights set out above.

Subject as provided below, the highest ranking *Pantbrev* holder who has applied for enforcement and the holder of any *Pantbrev* ranking prior to that of the highest ranking applicant for enforcement can reject any auction or private sale result which does not fully satisfy his claim. If an auction or private sale is held, the enforcement agency can reject any result if, in its view, a substantially higher price will be achieved at a subsequent auction or private sale. If the results of the first auction or private sale are rejected or the property is not sold, a new auction is scheduled or a new private sale is arranged. If the property is not sold after two auctions, the enforcement agency can reject a request to

schedule further auctions if it finds it unlikely that the property can be sold within a reasonable period of time.

The proceeds received under a sale by way of public auction or private sale are applied firstly, to satisfy the enforcement costs payable to the enforcement agency and thereafter, the claims of *Pantbrev* holders in order of their priority. If a lender's claim exceeds the amount distributable to him in respect of all *Pantbrev* held by him, the excess of the claim generally becomes an unsecured obligation of the borrower who remains liable for the deficiency. If all costs for the proceeding cannot be taken out of the proceeds of a sale, the applicant for enforcement is liable to pay the costs.

As described above, the enforcement agency's sales have often been conducted by way of public auction. Due to deterioration of the property (including fixtures and fittings), the absence of the normal seller's representations and warranties as to the property's freedom from undisclosed defects and the limited participation of buyers in the auction process, the prices realised on the sale of the property at auction are typically less than would be realised in a sale of a property in other circumstances.

Bankruptcy Proceedings

General

Bankruptcy proceedings may be commenced under Swedish law at any time when a company is insolvent (*på obestånd*). The petition to the court which commences such proceedings may be presented either by the company itself or by a creditor. If a company does not itself commence bankruptcy proceedings it would be normal for one of its secured creditors to do so as liquidation in bankruptcy is considered to be preferable to the liquidation of separate properties and other assets outside of bankruptcy proceedings.

Upon commencement of a bankruptcy proceeding a receiver is appointed by the court. The Swedish Bankruptcy Act (*konkurslagen (1987:672)*) provides that the receiver is obliged to administer the bankruptcy estate in the manner most beneficial to both secured and unsecured creditors of the bankrupt company and to take all measures to further a swift and advantageous disposal of its assets.

The Keops Portfolio Reference Entity and other Security Grantors have been established as LPEs in order to reduce the risk that they became subject to bankruptcy proceedings.

Enforcement of security in movable property

Security interest in property other than real property can, in principle, be carried out in the same manner in a bankruptcy proceeding as pre-insolvency. However, where a security holder seeks to enforce such security itself, certain statutory notice requirements apply. A creditor holding a possessory pledge over moveable property may arrange for the sale of the property at a public auction (but not sell the property privately unless the receiver consents). Unless the receiver in bankruptcy consents, such a sale may not take place earlier than four weeks from the oath administration meeting. Further, the creditor must, not less than one week before he undertakes a measure to sell the property, give the receiver in bankruptcy an opportunity to redeem the property. In addition, the creditor must, not less than three weeks in advance, notify the receiver of the time and place for the auction. The notice requirements allow the receiver the possibility to sell the property by other means, should this be considered more beneficial. If the creditor does not wish to sell the property himself, the receiver may carry out the sale.

Enforcement of security in real property during bankruptcy proceedings

Real property belonging to the debtor may be sold by the receiver in bankruptcy either through the enforcement agency in a public auction or by other means.

Where real property forms the security for secured creditors, decisions on these matters are taken on a property by property basis.

The receiver is deliberately given broadly defined powers under the Swedish Bankruptcy Act. The intention behind this is that the receiver should act in a commercial manner consistent with his statutory obligations to liquidate the properties in the way most advantageous to creditors. Additionally, to the extent that the creditors suffer a loss as a result of steps taken by the receiver, the receiver will be personally liable for this loss if it results from his negligence. The three key factors relating to the sale of a property and the *Pantbrev* holder's influence are:

(a) the sale price;

(b) the timing of the sale; and

(c) the method of sale.

Since the receiver's obligation is to dispose of the properties as advantageously and as quickly as possible at market value, one of the first things a receiver would do upon being appointed is to have a valuation made of the relevant properties, typically by one of the leading firms of property valuers. The market value established by the property valuer would then form the basis of the sale price for the properties sold by the receiver.

To the extent that the receiver received an offer for a property at or about this market value, it would be accepted provided that all *Pantbrev* holders agreed to the sale or the sale proceeds are sufficient to repay the secured amounts of the relevant *Pantbrev* holders. Following a sale, any of the receiver's costs and expenses attributable to the relevant property remaining outstanding are deducted prior to distribution of the proceeds.

Since the receiver is obliged to sell the properties as advantageously and as quickly as possible, there is no merit in holding properties and not promoting their sale. Accordingly, once the receiver has completed his preliminary administrative functions in respect of those properties, the main factor which would influence the timing of the sale is usually whether any particular group of *Pantbrev* holders objected to the sale of that property.

Before a property can be sold at any price by means of a private sale with the release of the security interest of the *Pantbrev* holders, all *Pantbrev* holders should agree to the sale. No similar rights exist in favour of unsecured creditors. An unsecured creditor cannot interfere with a sale. The unsecured creditor's only remedy is to sue the receiver for damages after the sale on the basis that the sale price was below market value if he has incurred a loss on such sale. The validity of the sale, however, would not be affected.

If a private sale by the receiver is not conducted, the receiver may request that the property is sold within the bankruptcy proceedings through the enforcement agency by way of a public auction or a private sale as described above. In such a sale or auction, the costs and fees of the receiver attributable to the property rank ahead of the *Pantbrev* holders. In connection with a sale of a property to any third party, a stamp duty of 3 per cent. calculated on the purchase price for the property (or, if higher, the tax assessment value for the property) would be payable by the purchaser of the property.

A *Pantbrev* holder is entitled to demand that its *Pantbrev* be enforced by the enforcement agency without obtaining the consent of the receiver. Otherwise, the receiver is obliged to use the method which would promote the highest price. This is generally by means of a private sale.

Advance Payments

The Swedish Bankruptcy Act requires that a receiver make an advance payment (i.e. a payment in advance of the final dividend payable by a receiver at the end of bankruptcy proceedings) to the

secured creditors of a company in bankruptcy from the aggregate of any sale proceeds and net income generated by the assets forming the security "if it is appropriate to do so" (*om det lämpligen kan ske*). If an advance payment is made by a receiver, it will only be paid to a first ranking Pantbrev holder until its entitlement as set out under "*The Amount of the Secured Liabilities*" on page 187 is satisfied.

The time which will elapse between the commencement of bankruptcy proceedings and the making of an advance payment will be dependent on many factors.

In order to make an advance payment, the receiver may request a guarantee from the creditor to secure any possible repayment of an advance payment.

In the event a property is sold in bankruptcy by the enforcement agency rather than the receiver, the proceeds will be distributed by the enforcement agency. The enforcement agency will not wait until the end of the bankruptcy proceedings but will distribute the proceeds as a part of the enforcement proceedings in the same manner as when a property is sold by the enforcement agency outside bankruptcy. In addition to the enforcement costs at the enforcement agency, the receiver's costs pertaining to the property will be taken out of the proceeds prior to the distribution.

Claw-back

Under Swedish insolvency law, a court can, under certain circumstances, set aside and invalidate transactions that have taken place before the initiation of the insolvency proceeding. For example, a security may be set aside by the court if the security was perfected after the time the indebtedness arose. In the context of the Keops transaction, this is particularly relevant in respect of:

(a) pledges of "New Insurances" (as defined in the insurance pledge agreement);

(b) pledges of "Occupational Leases" after the first utilisation under the Credit Agreement;

(c) perfection of the pledge over the General Account which may only be perfected following the occurrence of an event of default under the loan agreement; and

(d) security over each deposit made into a pledged account. The hardening period is generally three months.

Reorganisation of a Company

General

The Swedish Reorganisation Act (*lagen om företagsrekonstruktion (1996:764)*) provides an opportunity for companies with economic problems to resolve these problems without being declared bankrupt. A petition for company reorganisation may be presented by the debtor or a creditor of the debtor. It is however not possible to force an unwilling company into reorganisation. The court may dismiss the petition if it considers that there are no reasonable grounds to believe that the reorganisation will accomplish its objectives.

Administrator

An administrator is appointed by the district court and supervises the day to day activities and safeguards the interests of creditors. However, the debtor remains in full control of the business except that, for important decisions (for example to pay a debt which has fallen due prior to the order, to grant security for a debt that arose prior to the order, to undertake new obligations or to transfer, to pledge or grant rights in respect of assets of a substantial value for the business) the consent of the administrator is required.

Moratorium

The making of an order under the Swedish Reorganisation Act does not have the effect of terminating contracts with the debtor. During the reorganisation procedure, the debtor's business activities continue in the normal way. However, the procedure includes a suspension of payments to creditors and the debtor cannot pay a debt that fell due prior to the order without the consent of the administrator (such consent may only be granted in exceptional circumstances). Where, prior to the order regarding company reorganisation, a party to an agreement with the debtor is entitled to terminate the agreement as a consequence of an actual delay or anticipated delay in performance, such party may not, following the order regarding reorganisation, terminate the agreement as a consequence of the delay, provided that the debtor, with the consent of the administrator, within reasonable time demands that such agreement be performed.

Lease agreements

In case a tenant is under reorganisation, the tenant may demand that the landlord continues to perform under the lease, even though the landlord would have the right to terminate the agreement because of the tenant's breach (or anticipated breach) of the agreement. However, the tenant has to pay or grant security to the landlord for his payment obligations that will fall due during the remaining period of the lease agreement. The tenant does not have to pay or grant security for lease payments that have already fallen due and regarding which he is in delay. These lease claims will be included as part of a future public composition proceeding, if any.

Reorganisation plan, creditors' meeting and creditors' committee

Upon an order by the court under the Swedish Reorganisation Act, the administrator must notify the creditors of the reorganisation proceedings and will draw up a reorganisation plan specifying the proposed action to be taken to resolve the debtor's problems. A creditors' meeting will be held at which the creditors will be given the opportunity to express their opinions as to whether the reorganisation should continue. Upon the request of any of the creditors, the court shall appoint a creditors' committee of at most three persons. The administrator shall, if possible, consult with the creditors' committee prior to taking any important decisions.

Public composition proceedings

If the proposals described above are not accepted by all creditors, the debtor may apply to the court requesting public composition proceedings (*offentligt accord*).

The proposal for a public composition must meet certain requirements:

(a) the claims of all non-preferential creditors must be treated on a *pari passu* basis;

(b) all preferential claims and at least 25 per cent. of the amounts of non-preferential claims must be repaid (a lower percentage must either be agreed by all known creditors who would be affected, or be justified by a specific reason); and

(c) the distribution of agreed amounts should usually be made within one year from the date of approval of such composition.

Creditors with set-off rights and secured creditors will not be bound by the composition unless they expressly agree. A creditors' meeting is convened to vote on the proposed composition. Different majorities are required depending on the proposed terms of the composition: (a) a majority of 60 per cent. (both in number of votes and amount of claims) is needed when it is proposed that unsecured creditors are to receive at least 50 per cent. of their claims; and (b) a majority of 75 per cent. (both in number of votes and amount of claims) is needed when unsecured creditors are to be paid less than 50 per cent. of their claims.

Real Property

General

Swedish properties are generally transparently and comprehensively registered and described in the Swedish Land Registry (*fastighetsregistret*). Amongst other things, the Registry contains information regarding property designations, cadastral procedures, registered encumbrances, zoning plans (*detaljplaner*), registered title holders (*lagfarna ägare*), mortgages and taxation values.

It should be noted that the Registry as such does only contain information regarding the existence of e.g. a plan and not the full information. The Government warrants to a large extent the correctness of the Registry and is – in general – liable to pay damages when the registered information is wrong.

Compulsory purchase

Normally, a compulsory purchase will be decided by the Government after an application from a public or a private body. A compulsory purchase may only be granted when it will serve an essential public interest (*angeläget allmänt intresse*).

Examples of essential public interests according to the Swedish Expropriation Act (*expropriationslagen (1972:719)*) are that the property to be acquired is to be used for more densely built-up areas, for an installation serving a public need for communication or transport or the availability of electricity, water, heating or other similar utilities.

The landowner is compensated for losses (for market value) in connection with the compulsory purchase.

Planning

The Swedish Planning and Building Act (*plan- och bygglagen (1987:10)*) regulates the planning of land and water and includes provisions *inter alia* about the public interests to be considered in the planning and location of a building, building standards, different plans that may or should be adopted by the municipalities within certain geographic areas.

The municipality normally adopts a detailed plan (*detaljplan*), which is given legal force. If a municipality wishes to adopt a detailed plan, it must confer with the relevant parties of the affected property, including the owners and any tenants. In addition, the proposed detailed plan must be exhibited to the public during at least three weeks.

The planning of land use should be balanced between private and public interests. Environmental aspects (public interest) are often an essential part of the planning requirements. Detailed plans also regulate, among other things, the height and size of buildings within the area. The implementation of the standards set out in the detailed plan is to be made by means of planning or in connection with building permits. A building permit under the aforementioned act is normally required for building and construction activities and for demolition activities.

Leases

Important Mandatory Rules

A lease is subject to several mandatory and non-mandatory regulations under the Swedish Land Code (*jordabalken (1970:994)*). The Swedish Land Code regulates both residential and commercial leases. There are no requirements as regards the form of a lease and oral agreements will be binding upon the parties. If there are no mandatory provisions, the tenant and the landlord are free to regulate such matters in the lease.

Deficiencies and Defects

If:

(a) the premises are damaged and the tenant has not caused the damage;

(b) any obstacle (*hinder*) or detriment (*men*) affects the tenant's right of use and the tenant has not caused the obstacle or detriment; or

(c) an authority issues an injunction that affects the ongoing enjoyment of the right of use or diminishes the premises and the tenant has not given cause for the injunction,

the tenant:

(a) may remedy (*avhjälpa*) the deficiency at the landlord's expense if the landlord does not remedy the deficiency itself;

(b) has the right to reduced rent under the deficiency period;

(c) is entitled to damages if the landlord cannot prove that the tenant has caused the deficiency or defect; and

(d) if the deficiency or defect is material, may terminate the lease if the landlord does not remedy the deficiency.

However, under commercial leases the tenant usually waives its right to reduction of the rent when the landlord conducts customary maintenance (*sedvanligt underhåll*) at the premises. This is the only exception allowed from the mandatory protective regulations regarding deficiencies and defects.

Grounds for Forfeiture

Several grounds for forfeiture exist for commercial leases. The most important are the landlord's right to, under certain conditions, forfeit the lease if the tenant does not pay the rent in a timely manner, transfers the lease without the landlord's consent, sublets the premises without permission or uses the premises for another type of operations than the one stated in the lease.

The landlord may also forfeit a lease if the tenant violates an obligation in a lease which goes beyond the obligations in the Swedish Land Code provided that the obligation is of significant importance (*synnerlig vikt*) for the landlord.

Transferability of Leases

Normally, a tenant needs the landlord's consent to transfer the lease. If the landlord does not state due cause to refuse consent, the tenant may terminate the tenancy.

If the landlord refuses a transfer of a lease, the tenant may apply for the right to transfer the lease before the Rent Tribunal (*hyresnämnden*) if the lease is to be transferred as a part of the transfer of the operations conducted at the premises. If the transferor has conducted its operations at the premises for at least three years before the transfer of the business, the transfer shall be granted if the landlord does not show legitimate cause (*befogad anledning*) to refuse the transfer (e.g. bad reputation or a weak financial situation of the transferee). If the business has been conducted less than three years, exceptional reasons (*synnerliga skäl*), such as the death of the tenant, will be required for a permit to transfer from the Rent Tribunal.

A lease is automatically transferred between landlords when the property is transferred.

Maintenance Obligations

The landlord's and the tenant's respective responsibilities for the operations, maintenance and investments at the premises are most often defined in a demarcation list attached to each lease. In general, the tenant is responsible for the "inner" parts of the buildings (including the ongoing maintenance of floors, walls, and ceilings), whereas the landlord is responsible for the exterior and structure of the building.

Indirect Right of Tenure

A commercial tenant has an indirect right of tenure (*indirekt besittningsskydd*). The general outline of this provision is that the tenant is entitled to damages in two situations:

(a) when the landlord completely refuses to prolong the lease; or

(b) when the landlord is only willing to prolong the lease on non-market conditions, such as at an excessive rent level and, as a consequence of such excessive rent level, the lease is not prolonged.

The right to damages will lapse given certain special circumstances:

(a) if the tenant has not fulfilled its obligations under the lease to such an extent that it cannot be reasonably demanded by the landlord to prolong the lease;

(b) if the building is to be demolished and the landlord appoints the tenant new premises acceptable to the tenant;

(c) if the building is to be subject to a material rebuilding and therefore it is not possible for the tenant to stay in the premises and the landlord appoints the tenant new premises acceptable to the tenant;

(d) if the landlord has another just cause to terminate the tenancy (for example, the landlord shall use the premises for itself). Normally the landlord would be required to offer new premises or other compensation to the tenant to be allowed to terminate the lease on this ground without obligation to compensate the tenant under the provisions regarding indirect right of tenure; or

(e) if the tenant has waived its indirect right of tenure. In many cases such waiver requires an approval from the Rent Tribunal to be valid between the parties.

Deposits to the County Administrative Board

Under certain circumstances, following disagreements between the tenant and the landlord, a tenant may in accordance with the Swedish Land Code, deposit rent with the County Administrative Board (*Länsstyrelsen*), implying that the landlord will not be able to forfeit the lease due to the fact that the deposited rent has not been paid to the landlord.

Environmental Matters

Under the Swedish Environmental Code (*miljöbalken (1998:808)*), there are specific provisions on remediation of polluted areas. They are applicable to land and water, buildings and structures, which are polluted to such an extent as to entail a risk for damage or nuisance to human health or the environment. The primary liability for remediation of polluted areas is put on operators of polluting activities. Those who have conducted a polluting activity after 30 June 1969 may be liable for remedying the area which has been contaminated by the activity. Landowners have a secondary liability. If a liable operator cannot be found or is not able to take necessary remediation measures, anyone who, after 31 December 1998, has acquired or acquires a polluted area with knowledge of a contamination within the area may be held liable for remediation measures. The same applies if the purchaser should have known about the contamination. A landowner who is not liable may be

required to contribute to costs of remediation that correspond to an increase in value of the property due to the remediation.

THE ISSUER

The Issuer was incorporated in Ireland on 12 April 2007 under registered number 437907 as a private limited company with limited liability under the Irish Companies Acts 1963-2006. The registered office of the Issuer is at 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland and its contact telephone number is +353 1 647 1550. The Issuer has been incorporated as a special purpose vehicle and its objects are limited accordingly. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by or on behalf of the Share Trustee on trust for charitable purposes under the terms of the Share Trust Deed.

1. Principal Activities

The principal objects of the Issuer are set out in Clause 2 of its Memorandum of Association and include, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer's business is limited to the issuing the Notes, entering into the Credit Default Swaps, the Cash Deposit Agreement, the Repurchase Agreement, the Liquidity Facility Agreement, certain related transactions described elsewhere in this Prospectus and activities ancillary thereto.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the Irish Companies Acts 1963-2006, the authorisation of the issue of the Notes and of the other documents and matters referred to or contemplated in this Prospectus and matters which are incidental or ancillary to the foregoing.

The activities of the Issuer will be restricted by the Conditions and will be limited to the issue of the Notes, entering into the Credit Default Swaps, the Cash Deposit Agreement, the Repurchase Agreement, the Liquidity Facility Agreement, the exercise of related rights and powers and the other activities described in this Prospectus and activities ancillary thereto (see further **Condition 4.1** (*Restrictions*)).

2. Directors and Secretary

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

Name	**Business Address**	**Principal Activities**
Frank Heffernan	25-26 Windsor Place Lower Pembroke Street Dublin 2 Ireland	Company Director
Karen McCrave	25-26 Windsor Place Lower Pembroke Street Dublin 2 Ireland	Company Director

The company secretary of the Issuer is Structured Finance Management (Ireland) Limited, a company incorporated in Ireland (registered number 331206), whose business address is 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland.

3. Process Agent

The Issuer has appointed Structured Finance Management Limited (the **Process Agent**), a company incorporated under the laws of England and Wales (registered number 3853947), whose registered office is at 35 Great St. Helen's, London EC3A 6AP to accept service of process in England on its

behalf in connection with the Transaction Documents. The process agent appointment letter will be governed by English law.

4. Capitalisation and Indebtedness

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

Share Capital

Authorised Share Capital	**Issued Share Capital**	**Value of each Share**	**Share Fully Paid up**	**Paid-up Share Capital**
€1,000	€1,000	€1	€1,000	€1,000

999 of the issued shares in the Issuer are held by the Share Trustee. The one remaining share in the Issuer is held by SFM Nominees Limited (UK registered number 4115230) under the terms of a trust as nominee for the Share Trustee.

Loan Capital

Class A Floating Rate Notes due November 2022	€677,250,000
Class X Floating Rate Notes due November 2022	€600,000
Class B Floating Rate Notes due November 2022	€69,150,000
Class C Floating Rate Notes due November 2022	€74,300,000
Class D Floating Rate Notes due November 2022	€40,900,000
Class E Floating Rate Notes due November 2022	€5,750,000
Total Loan Capital	**€**867,950,000

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

5. Financial Information

The Issuer will publish annual reports and accounts. The Issuer has not prepared audited financial statements as at the date of this Prospectus. Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at the specified office of the Irish Paying Agent.

THE REFERENCE PORTFOLIO AND THE RELATED SECURITY

1. Reference Obligation Origination Process

The Reference Portfolio consists of 17 Reference Obligations, each secured by mortgages on properties located in Belgium (except for the Junior Den Tir Reference Obligation which is secured by a share pledge and receivables pledge only), France, Germany, Italy, Monaco and Sweden. The Reference Obligations have an aggregate balance as at the Cut Off Date of €869,478,915.

The 17 Reference Obligations were originated in 15 discrete transactions. Two of the Reference Obligations, the Junior Den Tir Reference Obligation and the Junior Monaco Reference Obligation, constitute the junior portion of senior loans also included in the Reference Portfolio.

Fourteen of the Reference Obligations, which represents 67.8 per cent. of the aggregate balance of the Reference Portfolio as at the Cut-Off Date are fixed rate mortgage loans (together the **Fixed Rate Reference Obligations**). Two of the Reference Obligations, which represent 30.2 per cent. of the initial aggregate balance of the Reference Portfolio as at the Cut-Off Date are floating rate mortgage loans (together the **Floating Rate Reference Obligations**). The Monheim Reference Obligation provides for the relevant Reference Entities to pay a part fixed and part floating rate on the principal amount outstanding. The Monheim Reference Obligation will, unless stated to the contrary, be treated as a Floating Rate Reference Obligation for the purposes of this Prospectus.

The Originator originated all of the Reference Obligations between 11 January 2006 and 21 December 2006. The decision to advance any Reference Obligation was taken by the Originator in compliance with its lending criteria as prevailing from time to time (the **Lending Criteria**) as further described below.

In connection with the origination of the Reference Obligations, the Originator ensured that certain due diligence procedures were undertaken, such as would customarily be undertaken by a prudent lender making loans secured on properties of the same type as the Properties, so as to evaluate the ability of each Reference Entity to service the obligations it was undertaking in respect of its Reference Obligation and so as to analyse the quality of the Properties. In order to do this, an analysis of the contractual cashflows, any rental guarantees, Tenant and rent guarantor covenants and Occupational Lease terms, cash reserves, escrows and the overall quality of the Property was undertaken by or on behalf of the Originator. In this analysis, risk was assessed by stressing the cashflows derived from Tenants and the risks associated with refinancing the amount due upon the maturity of the Reference Obligations.

2. Reference Obligation Characteristics

The following tables set out certain information in respect of features of the Reference Obligations and the Properties. The statistics in the following tables were primarily derived from information provided to the Originator by or on behalf of the respective Reference Entities, other than assumptions or projections used in calculating such statistics, which were determined by the Originator. The **Cut-Off Date DSCR** in respect of each Reference Obligation is the annualised net cashflow of the relevant Reference Entity as at the Cut-Off Date divided by the annualised interest (based upon the maximum all-in rate[*] payable in respect of the relevant Reference Obligation) due in respect of the relevant Reference Obligation as at the Cut-Off Date and principal payments for such Reference Obligation for the 12 months following the Cut-Off Date. The **Cut-Off Date ICR** in respect of each Reference Obligation is the annualised net cashflow of the relevant Reference Entity as at the Cut-Off Date divided by the annualised interest due in respect of the relevant Reference Obligation as at the Cut-Off Date. Some of the totals in the following tables may not equal the sum of the parts due to rounding of numbers.

[*] Except in respect of the Keops Portfolio Reference Obligation which includes an interpolated value for the floating period.

Cut-Off Date Balances										
Cut-Off Date Balances	**Number of Reference Obligations[1]**	**Aggregate Cut-Off Date Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Reference Obligation Balance**	**Aggregate Cut-Off Date MV (€)**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[2]**	**Weighted Average Seasoning (Years)**	**Weighted Average Remaining Term to Maturity (Years)[2]**	**Weighted Average Cut-Off Date ICR**	**Weighted Average Cut-Off Date DSCR**
Less than or equal to 20,000,000	4	59,873,632	6.9%	80,350,000	74.9%	69.3%	0.4 yrs	6.2 yrs	1.42x	1.15x
20,000,000 < x <= 60,000,000	6	161,848,183	18.6%	215,290,000	75.6%	67.9%	0.5 yrs	7.5 yrs	1.49x	1.26x
60,000,000 < x <= 80,000,000	1	73,910,000	8.5%	105,000,000	70.4%	65.7%	0.4 yrs	6.7 yrs	1.60x	1.26x
80,000,000 < x <= 100,000,000	1	89,000,000	10.2%	229,100,000	38.8%	38.8%	1.1 yrs	8.9 yrs	2.30x	2.30x
100,000,000 < x <= 120,000,000	1	112,712,020	13.0%	147,400,000	76.5%	76.5%	0.6 yrs	4.7 yrs	1.65x	1.65x
120,000,000 < x <= 140,000,000	1	122,312,500	14.1%	177,165,390	69.0%	69.0%	0.5 yrs	6.5 yrs	1.51x	1.51x
140,000,000 < x <= 250,000,000	1	249,822,580	28.7%	326,437,450	76.5%	71.0%	0.3 yrs	4.7 yrs	1.99x	1.49x
Total/Weighted Average	**15**	**869,478,915**	**100.0%**	**1,280,742,840**	**70.8%**	**67.0%**	**0.5 yrs**	**6.2 yrs**	**1.74x**	**1.51x**

[1] The Senior and Junior elements of the Den Tir Reference Obligations and the Monaco Reference Obligations are added together for the purpose of the stratifications.

[2] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Cut-Off Date Reference Obligation-to-Value Ratios										
Cut-Off Date Reference Obligation-to-Value Ratios	**Number of Reference Obligations[1]**	**Aggregate Cut-Off Date Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Reference Obligation Balance**	**Aggregate Cut-Off Date MV (€)**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[2]**	**Weighted Average Seasoning (Years)**	**Weighted Average Remaining Term to Maturity (Years)[2]**	**Weighted Average Cut-Off Date ICR**	**Weighted Average Cut-Off Date DSCR**
Less than or equal to 65.0%	1	89,000,000	10.2%	229,100,000	38.8%	38.8%	1.1 yrs	8.9 yrs	2.30x	2.30x
65.0% < x <= 70.0%	3	171,375,132	19.7%	250,255,390	68.5%	67.1%	0.4 yrs	6.8 yrs	1.52x	1.45x
70.0% < x <= 75.0%	3	111,090,188	12.8%	156,250,000	71.1%	67.0%	0.4 yrs	6.5 yrs	1.56x	1.29x
75.0% < x <= 80.0%	5	428,825,595	49.3%	560,537,450	76.5%	71.6%	0.4 yrs	5.0 yrs	1.82x	1.48x
80.0% < x <= 85.0%	3	69,188,000	8.0%	84,600,000	81.8%	74.2%	0.5 yrs	7.5 yrs	1.37x	1.20x
Total/Weighted Average	**15**	**869,478,915**	**100.0%**	**1,280,742,840**	**70.8%**	**67.0%**	**0.5 yrs**	**6.2 yrs**	**1.74x**	**1.51x**

[1]The Senior and Junior elements of the Den Tir Reference Obligations and the Monaco Reference Obligations are added together for the purpose of the stratifications.

[2] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Seasoning (Quarters)										
Seasoning (Quarters)	**Number of Reference Obligations**	**Aggregate Cut-Off Date Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Reference Obligation Balance**	**Aggregate Cut-Off Date MV (€)**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[2]**	**Weighted Average Seasoning (Years)**	**Weighted Remaining Term to Maturity (Years)[2]**	**Weighted Average Cut-Off Date ICR**	**Weighted Average Cut-Off Date DSCR**
Less than or equal to 1	1	13,200,000	1.5%	18,350,000	71.9%	63.2%	0.2 yrs	8.0 yrs	1.40x	1.01x
1 < x <= 2	8	564,708,080	64.9%	766,542,840	73.9%	69.6%	0.3 yrs	5.7 yrs	1.72x	1.41x
2 < x <= 3	4	171,670,835	19.7%	228,400,000	75.3%	72.3%	0.6 yrs	5.6 yrs	1.64x	1.55x
3 < x <= 4	1	30,900,000	3.6%	38,350,000	80.6%	72.4%	0.8 yrs	9.2 yrs	1.31x	1.13x
4 < x <= 5	1	89,000,000	10.2%	229,100,000	38.8%	38.8%	1.1 yrs	8.9 yrs	2.30x	2.30x
Total/Weighted Average	**15**	**869,478,915**	**100.0%**	**1,280,742,840**	**70.8%**	**67.0%**	**0.5 yrs**	**6.2 yrs**	**1.74x**	**1.51x**

[1] The Senior and Junior elements of the Den Tir Reference Obligations and the Monaco Reference Obligations are added together for the purpose of the stratifications.

[2] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Property Open Market Value							
Property Market Value	**Number of Properties**	**Aggregate Cut-Off Date MV (€)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Allocated Reference Obligation Balance**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[1]**
Less than or equal to 10,000,000	180	295,000,010	23.0%	210,125,451	24.2%	73.1%	67.9%
10,000,000 < x <= 20,000,000	9	126,546,140	9.9%	84,117,497	9.7%	69.2%	64.2%
20,000,000 < x <= 30,000,000	8	196,581,300	15.3%	134,997,135	15.5%	73.1%	66.4%
30,000,000 < x <= 40,000,000	4	146,750,000	11.5%	97,778,777	11.2%	70.9%	65.4%
40,000,000 < x <= 50,000,000	2	86,300,000	6.7%	33,525,535	3.9%	38.8%	38.8%
50,000,000 < x <= 110,000,000	1	105,000,000	8.2%	73,910,000	8.5%	70.4%	65.7%
110,000,000 < x <= 150,000,000	1	147,400,000	11.5%	112,712,020	13.0%	76.5%	76.5%
150,000,000 < x <= 190,000,000	1	177,165,390	13.8%	122,312,500	14.1%	69.0%	69.0%
Total/Weighted Average	**206**	**1,280,742,840**	**100.0%**	**869,478,915**	**100.0%**	**70.8%**	**67.0%**

[1] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Property Type							
Property Type	**Number of Properties**	**Aggregate Cut-Off Date MV (€)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Allocated Reference Obligation Balance**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[1]**
Car Park - Car Park	3	50,043	0.0%	38,298	0.0%	76.5%	71.0%
Hospitality – Hotel	2	3,410,567	0.3%	2,610,107	0.3%	76.5%	71.0%
Industrial - Light Industrial	43	62,532,492	4.9%	47,856,116	5.5%	76.5%	71.0%
Logistics – Warehouse	19	64,085,117	5.0%	37,440,699	4.3%	63.1%	58.4%
Mixed – Mixed	9	13,065,679	1.0%	9,999,164	1.2%	76.5%	71.0%
Office - Business Park	1	18,350,000	1.4%	13,200,000	1.5%	71.9%	63.2%
Office - Out of Town Office	1	21,700,000	1.7%	17,638,000	2.0%	81.3%	74.2%
Office - Prime CBD Office	8	86,990,753	6.8%	66,649,663	7.7%	76.6%	72.4%
Office - Secondary CBD Office	78	532,865,224	41.6%	331,764,072	38.2%	67.7%	65.7%
Other - Educational	2	2,888,375	0.2%	2,210,473	0.3%	76.5%	71.0%
Other - Other	1	38,077	0.0%	29,140	0.0%	76.5%	71.0%
Residential – Apartment	10	55,961,819	4.4%	37,836,033	4.4%	67.7%	63.5%
Retail - Shopping Centre	28	389,804,696	30.4%	279,964,156	32.2%	72.0%	68.4%
Retail – Supermarket	1	29,000,000	2.3%	22,242,995	2.6%	76.7%	58.0%
Total/Weighted Average	**206**	**1,280,742,840**	**100.0%**	**869,478,915**	**100.0%**	**70.8%**	**67.0%**

[1] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Country Distribution							
Country Distribution	**Number of Properties**	**Aggregate Cut-Off Date MV (€)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Allocated Reference Obligation Balance**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[1]**
Sweden	171	326,437,450	25.5%	249,822,580	28.7%	76.5%	71.0%
Germany	16	405,955,390	31.7%	285,166,127	32.8%	70.4%	66.4%
Italy	12	229,100,000	17.9%	89,000,000	10.2%	38.8%	38.8%
Belgium	4	117,750,000	9.2%	92,498,000	10.6%	78.8%	70.1%
France	2	180,300,000	14.1%	136,692,208	15.7%	75.8%	75.8%
Monaco	1	21,200,000	1.7%	16,300,000	1.9%	76.9%	76.9%
Total/Weighted Average	**206**	**1,280,742,840**	**100.0%**	**869,478,915**	**100.0%**	**70.8%**	**67.0%**

[1] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Property Tenure							
Property Tenure	**Number of Properties**	**Aggregate Cut-Off Date MV (€)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Reference Obligation Balance (€)**	**Percentage of Pool by Cut-Off Date Allocated Reference Obligation Balance**	**Weighted Average Cut-Off Date LTV**	**Weighted Average Maturity LTV[1]**
Freehold[2]	185	1,059,745,262	82.7%	725,651,380	83.5%	71.3%	67.7%
Leasehold	10	36,720,725	2.9%	25,563,411	2.9%	71.6%	64.8%
Mixed	11	184,276,853	14.4%	118,264,124	13.6%	67.3%	63.1%
Total/Weighted Average	**206**	**1,280,742,840**	**100.0%**	**869,478,915**	**100.0%**	**70.8%**	**67.0%**

[1] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

[2] Includes any usufruct as applicable in relation to certain Belgian Reference Obligations.

Reference Obligations										
Reference Obligation Number	**Reference Obligation Name**	**Cut-Off Date Reference Obligation Balance (€)**	**Percentage by Aggregate Cut-Off Date Reference Obligation Balance**	**Cut-Off Date LTV**	**Maturity LTV**	**Maturity Date[1]**	**Cut-Off Date ICR**	**Cut-Off Date DSCR**	**Weighted Average Remaining Occupational Lease Term to Occupational Lease First Break (Years)[2]**	**Weighted Average Remaining Occupational Lease Term to Occupational Lease Expiry (Years)**
1	Keops Portfolio	249,822,580	28.7%	76.5%	71.0%	15/10/2011	1.99x	1.49x	3.1	3.3
2	Neumarkt	122,312,500	14.1%	69.0%	69.0%	10/08/2013	1.51x	1.51x	7.9	8.8
3	SCI Clichy	112,712,020	13.0%	76.5%	76.5%	10/11/2011	1.65x	1.65x	4.1	5.8
4	Obelisco Portfolio	89,000,000	10.2%	38.8%	38.8%	31/12/2015	2.30x	2.30x	1.0	4.5
5	Petersbogen	73,910,000	8.5%	70.4%	65.7%	10/11/2013	1.60x	1.26x	8.6	8.6
6	Pyrus Portfolio	36,327,000	4.2%	67.3%	63.2%	10/11/2014	1.51x	1.33x	n/a	n/a
7/8	Den Tir (Senior/Junior)	30,900,000	3.6%	80.6%	72.4%	10/05/2016	1.31x	1.13x	4.9	10.7
9	Ostend	27,748,000	3.2%	76.0%	65.7%	10/08/2013	1.63x	1.14x	2.0	16.6
10	CEPL Levallois	23,980,188	2.8%	72.9%	72.9%	10/11/2011	1.53x	1.53x	1.8	6.4
11	Nordhausen	22,242,995	2.6%	76.7%	58.0%	10/08/2016	1.70x	1.19x	11.3	11.3
12	Le Croissant	20,650,000	2.4%	84.1%	77.1%	10/11/2013	1.24x	1.24x	13.4	13.4
13	Monheim	17,638,000	2.0%	81.3%	74.2%	10/08/2012	1.65x	1.30x	5.9	7.9
14/15	Monaco (Senior/Junior)	16,300,000	1.9%	76.9%	76.9%	10/08/2011	1.00x	1.00x	9.5	9.5
16	Prins Boudewijn	13,200,000	1.5%	71.9%	63.2%	10/02/2015	1.40x	1.01x	2.7	6.1
17	Seaford Portfolio	12,735,632	1.5%	66.7%	59.1%	10/08/2014	1.64x	1.30x	7.3	7.3
Total	**Average / Weighted Average[3]**	**869,478,915**	**100.0%**	**70.8%**	**67.0%**		**1.74x**	**1.51x**	**4.7**	**6.4**

[1] The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelisco Reference Entity for a period of up to 36 months subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

[2]. Earlier of break or expiry of the relevant Reference Obligation.

[3] Excluding the VAT Reference Obligation.

Amortisation Schedule[1]		
Note Interest Payment Date	**Scheduled Amortisation (including Balloon) (€)**	**Scheduled Amortisation (excluding Balloon) (€)**
1.	2,155,472	2,155,472
2.	1,998,831	1,998,831
3.	1,707,965	1,707,965

Amortisation Schedule[1]		
Note Interest Payment Date	Scheduled Amortisation (including Balloon) (€)	Scheduled Amortisation (excluding Balloon) (€)
4.	1,308,521	1,308,521
5.	1,448,050	1,448,050
6.	1,525,289	1,525,289
7.	1,430,315	1,430,315
8.	1,590,176	1,590,176
9.	1,684,431	1,684,431
10.	1,497,588	1,497,588
11.	1,551,805	1,551,805
12.	2,248,366	2,248,366
13.	2,475,511	2,475,511
14.	2,686,122	2,686,122
15.	2,363,849	2,363,849
16.	1,930,943	1,930,943
17.	2,048,729	2,048,729
18.	18,307,047	2,007,047
19.	369,344,920	930,831
20.	973,647	973,647
21.	993,397	993,397
22.	16,999,739	905,739
23.	861,950	861,950
24.	877,314	877,314
25.	940,917	940,917
26.	146,837,960	554,710
27.	88,302,281	377,281
28.	379,696	379,696
29.	399,727	399,727
30.	11,631,500	336,700
31.	34,359,385	251,385
32.	11,847,852	252,852
33.	257,808	257,808
34.	257,580	257,580
35.	257,383	257,383
36.	89,258,905	258,905
37.	27,910,000	160,000
38.	16,827,943	-

[1] Formulated disregarding any extension periods and assuming 0% CPR.

3. Lending Criteria

The description contained in this section relates to the general business practices of the Originator, rather than relating to the Reference Portfolio specifically. Details about the Reference Portfolio and individual Reference Obligations are provided in subsequent sections. The terms "property" or "properties" as used in this section refers to the real estate assets financed by the Originator, unless the contrary is indicated.

Lending philosophy

Barclays Bank PLC in its capacity as an originator (the **Originator**) is engaged in the business of, among other things, making loans secured directly or indirectly by income-generating commercial real properties such as office properties, retail properties, industrial properties, leisure and hospitality properties, warehouse properties and multi-family residential properties. These properties are

intended to generate a regular periodic income, generally from rental payments made by tenants pursuant to occupational lease arrangements.

The Originator's decision to make a loan is based on an analysis of the contracted periodic income generated or expected to be generated by the leases granted in respect of the property or expected to be granted in view of the overall quality and location of the relevant property, demand for properties of that type and any applicable rental guarantees or escrow arrangements. In deciding whether to make a loan, the Originator assesses the risks relating to the periodic income generated by the relevant property and the risks of refinancing the principal amount due upon maturity of the loan, if any. Further, in deciding to make a loan in any particular jurisdiction, the Originator considers, together with its external legal advisers, the legal environment in such jurisdiction and how this will impact on its ability to recover the interest on and the principal of a loan made by it in such jurisdiction, particularly following the occurrence of a default by the borrower. The Originator also considers the plans and strategy for the use of the relevant property, as well as the property investment experience and expertise of the relevant borrower's sponsors, both generally and within the context of a particular jurisdiction, when deciding whether to make a loan.

Types of Borrower

In order to minimise the risk that a borrower to which it makes a loan is or will become insolvent at any time prior to the repayment of that loan, the Originator typically, but not invariably, requires the borrower to have been established as a limited purpose entity, the activities of which are restricted to acquiring, owning, managing and financing the relevant property or properties.

The borrower of a loan made by the Originator will often be established contemporaneously with the loan being made and thus will not have any pre-existing liabilities, actual or contingent. Further, the activities of the borrower will typically be restricted, through appropriate negative covenants in the documentation relating to the loan and, in certain cases, through appropriate restrictions in its constitutional documents, to those matters described above, so as to ensure that its exposure to liabilities is minimised to those relating to the loan and the property or properties.

If, for whatever reason, it is not possible to prescribe that the borrower of a loan is to be a limited purpose entity of the type described above, the Originator will seek to satisfy itself of the borrower's solvency and will seek to obtain information from the borrower or its sponsors relating, in particular, to its pre-existing liabilities, both actual or contingent (including its general commercial liabilities, tax liabilities, employee-related liabilities, litigation related liabilities or liabilities relating to the relevant property itself (such as environmental liabilities and maintenance liabilities)) and by controlling its ability to create further liabilities on a going-forward basis through appropriate negative covenants and, in certain cases, restrictions in its constitutional documents, as more particularly described below.

If and insofar as the borrower has any debt obligations other than the loan made by the Originator, these will typically be subordinated to that loan through contractual subordination or intercreditor arrangements involving both the Originator and the creditor of the other debt obligations. Subordination arrangements are particularly important if such debt obligations are secured by any of the assets of the borrower which constitute security for the loan made by the Originator, though they will be used even when this is not the case.

In respect of certain loans originated by the Originator, the owner of the relevant property will not be the borrower itself. In relation to such loans, the Originator will seek to ensure that the relevant property is owned by an entity which is substantially similar in nature to the Originator's preferred form of borrower and will also seek to undertake the same level of due diligence. The Originator will also seek to take the same level of security and to exercise the same level of control over the relevant entity through contractual restrictions and/or restrictions in its constitutional documents, as it would in relation to the borrower owning the property with the intention, once again, of minimising the risk of insolvency.

Security

The Originator generally aims to ensure that the loans it originates are secured both by the relevant

property and by the cash-flow generated by that property, which is typically a stream of contractual rental payments under the related lease arrangements. The security package in respect of a loan will typically, but not invariably, include a mortgage or similar security interest in respect of the relevant property and an assignment or similar security interest in respect of the rental payments generated by that property. Where security is taken, the Originator will seek to ensure that the security created is fully perfected in accordance with any applicable laws and that it is first-ranking, though this is not achieved in all cases.

In addition to the above types of security interest, security may also be taken over other assets of the borrower. The Originator will, where possible, aim to ensure that such security is also first-ranking and fully perfected. As regards bank accounts, the Originator will typically require that the collection of rental payments is structured in a particular manner, designed to maximise the efficacy of the security interests taken over the rental payments, the relevant bank accounts and the amounts standing to the credit thereof. In certain instances, the borrower will have a pre-existing arrangement with the tenants of the relevant property whereby rental payments are credited to an account of the borrower or a managing agent (amounts paid into an account of a managing agent may be held in a trust or segregated account for the benefit of the borrower or may be secured in favour of the relevant borrower). If that account is a non-commingled account (i.e. it is used to collect only the rental payments in relation to the relevant property or properties) over which the Originator can obtain control, it will usually take security over that account. However, if that bank account is a commingled account (i.e. it is used to collect amounts other than just the rental payments attributable to the relevant property or properties the subject of the Originator's loan) and the borrower requires control over it in order to make other payments, the Originator will typically require that the rental payments be swept within a reasonable period of time from receipt to a non commingled account over which it will take security or which will be in the name or under the operational control of the Originator, the Security Agent or an affiliate of the Originator or the Security Agent. The Originator thus adopts a degree of flexibility in structuring the bank account arrangements so as to accommodate the commercial needs of different borrowers and their sponsors.

In some instances, the Originator requires that the shareholders of or members in the borrower grant a security interest over their respective shareholdings or membership interests (as applicable) in the borrower so that the Originator can, if necessary, obtain control over the borrower by exercising rights granted in respect of the shares or membership interests (as applicable) or, alternatively, can dispose of such shares or membership interests, rather than enforce the mortgage over the property or properties. By taking such control, the Originator could seek to influence the borrower's management of the relevant property or properties, or could seek to substitute the existing management with management of its choosing (though achieving this level of control depends on the facts of any particular situation). Further, if the creditworthiness of the borrower and/or the value of the relevant property is regarded as insufficient by the Originator, the Originator may require that the obligations of the borrower in respect of the loan be supported by way of a third party guarantee, indemnity, letter of credit or similar instrument or by way of cash-collateralisation, the cash collateral being placed under the control of the Originator or the Security Agent.

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

The security granted in respect of a loan is typically held and/or administered for the finance parties by Barclays Bank PLC or Barclays Capital Mortgage Servicing Limited, as security agent or trustee, or is otherwise granted to the Originator or the other Finance Parties directly, depending on the requirements of a particular loan.

Purpose of the Loans

Generally, the purposes for which the Originator makes loans are to acquire or refinance the relevant property which constitutes security for the loan, to acquire the share capital in companies owning such property and to pay fees, costs and expenses related to such acquisition or refinancing. The loans made by the Originator may also be used in part to fund capital expenditure relating to the relevant property or to cover void periods in terms of the generation of rental income.

Repayment terms

The term of loans typically made by the Originator may be between three and ten years, although the majority of loans originated by the Originator have a term of between five and eight years. As described earlier, the term of the Senior Monaco Reference Obligation, the Junior Monaco Reference Obligation, the Le Croissant Reference Obligation and the Obelisco Portfolio Reference Obligation may be extended at the option of the relevant Reference Entity. Loans may be structured so as to be "interest only" with bullet repayment at maturity or have a defined principal repayment schedule requiring periodic payments over its term. The principal repayment schedule of a loan is structured to take account of the profile of the rental income which the Originator anticipates that the relevant property will generate over the term of the loan and the anticipated realisable value of such property at the maturity of the loan. If a loan is prepaid in part, which may be the case under a variety of circumstances both voluntary and mandatory, the principal repayment schedule of such loan may be amended to reflect such partial prepayment in accordance with the provisions of the documentation relating to such loan. To the extent that a loan does not fully amortise by its scheduled maturity date, the borrower will be required to make a final bullet repayment, which it is expected to fund either through refinancing or through the disposal of the relevant property.

In general, loans made by the Originator may be voluntarily prepaid by the borrower at any time. Such prepayment is often contingent upon the payment of certain prepayment fees and break costs incurred by the Originator. Under certain circumstances, the Originator will require mandatory prepayment of loans made by it. The most common circumstances in which the Originator requires mandatory prepayment is in the event of the relevant property being sold (unless, in certain cases, a suitable replacement property has been given as security for the relevant loan within a specified period of time), if it becomes unlawful for the Originator or its assigns to continue to fund the loan or if the borrower is subject to a change of control. For loans secured on more than one property, each property is notionally allocated a proportion of the relevant loan and upon disposal of any property the related portion will typically be subject to mandatory prepayment, together with a specified incremental amount.

Insurance

In making a loan, the Originator places considerable importance on the insurance arrangements which exist in respect of the relevant property securing the loan. The Originator will typically expect, to the extent it is possible or usual in accordance with market practice in the country in which the property is situated, each borrower to effect or procure, prior to a loan being drawn, that the following types of insurance cover will be in place:

(a) insurance in respect of physical damage to the relevant property, including fixtures and improvements, on a full reinstatement basis, including typically not less than three years' loss of rent insurance;

(b) insurance against acts of terrorism;

(c) insurance against damage caused to third parties for which the borrower might otherwise be liable; and

(d) such other insurance as a prudent company in the business of the borrower would effect.

The Originator will generally expect the interest of the Security Agent or, if applicable, its own interests to be noted on any insurance policy obtained by the borrower or in respect of certain loans, that a certificate of third party interest is obtained from the relevant insurer. Market practice and the availability of insurance in each jurisdiction in which the Originator originates loans will differ, however, and the Originator will take this into account in formulating its requirements. The Originator will, consider its requirements on a case-by-case basis and where the Originator considers it appropriate it may agree to different arrangements in respect of insurance policies, for example, where a freeholder or a tenant has an obligation to procure insurance in respect of the property. The borrower's obligation in respect of insurance will, under such circumstances, be modified accordingly. Where properties are leased to government entities, the Originator may, in place of standard insurance arrangements, require an obligation from that government entity to the Originator to rebuild or repair where damage or destruction is caused by insurable risks as is customary for government tenants.

Property expenses

In making a loan, the Originator also considers the income generated by and the expenses to be incurred in respect of the relevant property. The expenses which can be incurred in respect of a property include, most significantly, property taxes, in cases where the borrower has an obligation to insure the relevant property, insurance premium and capital expenditure which must be incurred as a matter of law and/or in order to maintain the property in a state of good order or in some cases to enhance the property. Given that cash-flow available to a borrower is typically limited to that which is generated by the relevant property, and there is typically no obligation on the part of the borrower's sponsor to provide any additional amounts to the borrower, the Originator seeks to confirm, as part of the origination process, that all necessary expenses can be met out of such cash-flow without the borrower's ability to pay interest on or repay the principal of a loan being compromised.

4. Diligence in connection with the Reference Obligations

In connection with the origination of each Reference Obligation, the Originator evaluated the corresponding Property or Properties in the manner described below.

Title and other investigations

In the context of each Reference Obligation, reports on title (each a **Report on Title** and together the **Reports on Title**) were issued on or prior to the relevant Reference Obligation Closing Dates. Each Report on Title was prepared by a duly qualified lawyer or notary in the relevant jurisdiction and was addressed to, among others, the relevant Security Agent.

The investigation required to provide the Reports on Title included a review of title documentation, title history and land registry entries (including reviewing any leasehold interest under which a Property was held, or in respect of the German Reference Obligations, any hereditary building rights) together with all usual land registry, public authority and other appropriate searches as would generally be required by a lender, lending in respect of commercial property located in the relevant jurisdiction. In addition, Occupational Leases relating to the Properties were reviewed and the basic terms (including, among other things, details of rent reviews and Tenant's determination rights) were included in the Reports on Title. The review of the Occupational Leases varied, however, depending on their number and not every Occupational Lease was reviewed in respect of every Property, though where this was the case an appropriate sample of Occupational Leases were reviewed.

Where a Report on Title was not prepared by a lawyer or a notary engaged by the Originator (such Report on Title being prepared by a lawyer or notary engaged by or on behalf of a Reference Entity), the lawyer or notary engaged by the Originator, as well as the Originator itself, undertook a review of the Report on Title and satisfied itself that it addressed the relevant matters in an acceptable manner.

Capacity of Reference Entities

The Originator or lawyers acting for the Originator satisfied themselves that each Reference Entity was validly incorporated or established, had sufficient power and capacity to enter into the proposed

transaction and where such checks are customary, determined whether it had granted any existing mortgages or other security interests over any of its assets, whether it was the subject of any insolvency proceedings and, generally, that the Reference Entities had complied with any necessary formalities in entering into the Reference Obligations.

Registration of security

Following drawdown of each Reference Obligation, the Originator or lawyers acting for the Originator ensured that all necessary registrations in connection with the security taken were attended to within the applicable time periods and appropriate notices served (except in relation to certain of the German Reference Obligations where registration of certain land charges is an on-going process and in respect of which notices of the creation of certain security interests will not be served until the occurrence of a default and also in respect of certain other of the Reference Obligations).

The Originator has, in respect of certain Reference Obligations, taken a mortgage over the relevant Properties which only secures a percentage of the value of the relevant Reference Obligation. In such circumstances, as is the case in respect of Reference Obligations secured over Properties located in Belgium and France, mortgage mandates have been taken to permit the relevant Security Agent to obtain a mortgage upon the occurrence of certain events, for the full value of the relevant Reference Obligation.

Property management

Where in respect of a Reference Obligation there is a manager of a Property (each a **Managing Agent** and together, the **Managing Agents**), that Managing Agent was approved by the Originator in connection with the origination of the relevant Reference Obligation. The terms of the appointment of each Managing Agent vary from Reference Obligation to Reference Obligation but generally, a Managing Agent is responsible for responding to changes in the local market, planning and implementing the rental rate or operating structure, which may include establishing levels of rent payments or rates, and ensuring that maintenance and capital improvements are carried out in a timely fashion, as well as collecting rent payable under the Occupational Leases.

Generally, each Managing Agent will undertake a specific duty of care to the Holder and/or the relevant Security Agent in respect of the Property or Properties in respect of which it acts and the discharge of its functions in respect thereof, such duty being undertaken pursuant to an express duty of care agreement, entered into by it with the Originator or the relevant Security Agent.

Valuations

An independent valuer conducted the Valuation, in order to establish the approximate value of the relevant Property or Properties prior to the Originator originating the Reference Obligations.

The Valuations are the basis for the valuation figures contained within this Prospectus and no additional valuations will be undertaken prior to the Cut-Off Date save as otherwise set out herein. Additional valuations may be undertaken from time to time, however, as contemplated in the relevant Credit Agreement.

Occupancy statements, operating statements and other data

The Originator took steps to review, to the extent available or applicable, rent rolls, Occupational Leases, and related information or statements of occupancy rates, market data, financial data, operating statements and receipts for insurance premiums, as part of the process of originating the Reference Obligations. Reference Entities were generally required to furnish, to the extent available, operating budgets for the current year and to provide Occupational Leases if and to the extent such information was available. This information was used in part as the basis of the information set out in this Prospectus in relation to the Reference Obligations.

5. Standard form documentation

The terms of each Reference Obligation are documented by a Credit Agreement governed by English law or the law of the jurisdiction in which the relevant Property or Properties are located, for example Belgian law, French law, German law, Italian law, Swedish law or the law of Monaco. The Credit Agreements and the Security Agreements, are generally based on certain standard forms of documentation used by the Originator in providing similar forms of financing designed to ensure that the Originator obtains a consistent set of rights, subject to any variations negotiated by the relevant Reference Entity or as required in the relevant jurisdiction or as advised by the Originator's own lawyers at the time of the origination. The Originator, as a matter of general business practice, seeks to resist any material or non-customary amendment to its standard forms of credit and security agreements unless such amendment is necessary in order to reflect the terms, conditions or structure of the relevant Reference Obligation or Related Security, though the origination process is, particularly in relation to larger Reference Obligations, often negotiated. Certain of the Credit Agreements and Security Agreements were not, however, based on the Originator's standard forms, though in all cases they were reviewed by the Originator and its lawyers prior to the advance of funds.

6. The Credit Agreements

Each Credit Agreement contains the types of representations, warranties and undertakings on the part of the relevant Reference Entity or other Obligor, as applicable, that a reasonably prudent lender making loans secured on commercial properties and as applicable, residential properties of the same type as the Properties would typically require. A summary of the principal terms of each Credit Agreement is described below.

Reference Obligation amount and drawdown and further advances

The maximum amount of borrowing under each Credit Agreement is calculated by reference to, among other things, the value of the relevant Property or Properties (determined in accordance with the relevant Valuation) and the amount of Rental Proceeds generated by the relevant Property or Properties relative to the amount of interest and principal which the Holder requires to be periodically paid.

Conditions precedent

The Originator's obligation to make an advance under the relevant Credit Agreement was subject, in the usual manner, to the Originator's or, as applicable, the relevant Security Agent first having received certain documents as conditions precedent to funding, in each case, in form and substance satisfactory to it.

The conditions precedent documentation required varied depending upon the terms of each Credit Agreement, though certain documents (duly executed) were required in all cases. These documents generally included, as applicable, constitutional documents and board or shareholder minutes for the relevant Reference Entity and the relevant shareholder (if applicable), execution of the Finance Documents and a Valuation in respect of the relevant Reference Entity's interest in the Property or Properties, evidence of appropriate insurance cover in respect of the relevant Property or Properties, all title documents (or an appropriate undertaking in respect of all title documents) relating to the relevant Property or Properties, where applicable copies of all title searches and information relating to the appointment of the relevant Managing Agent (if applicable).

Interest and amortisation payments/repayments

Each of the Credit Agreements relating to the Reference Obligations provides for payment of quarterly instalments of interest and, in certain cases quarterly, repayment of principal.

The Reference Obligations all have original maturities of between approximately 4.9 and 10.1 years. No Reference Obligation is scheduled to be repaid later than August 2016.*

The Credit Agreements permit the relevant Reference Entity to prepay the relevant Reference Obligation on any Reference Obligation Interest Payment Date in whole or in part (but, if in part, subject to a minimum prepayment amount) by giving a minimum number of Business Days' prior written notice to the relevant Holder. In addition, certain of the Credit Agreements provide that a relevant Reference Entity may prepay the Reference Obligation at any other time, provided that, in certain cases, if prepayment is made in respect of a Reference Obligation, on a day which is not a Reference Obligation Interest Payment Date, the relevant Reference Entity must also pay to the amount of interest that would have been payable on the immediately succeeding Reference Obligation Interest Payment Date had no such prepayment occurred. Voluntary prepayment of a Reference Obligation may be subject to payment of certain prepayment fees by the relevant Reference Entity.

Prepayment fees will, however, not generally be payable in the following circumstances:

(a) where it becomes unlawful for the relevant Holder to perform any of its obligations under a Finance Document or to fund or maintain its share in a Reference Obligation, resulting in the relevant Reference Entity prepaying the principal amount outstanding of the relevant Reference Obligation;

(b) where the relevant Reference Entity prepays on account of an increase in the relevant Holder's costs arising out of a change of law or regulation which have been passed onto it; or

(c) where the relevant Reference Entity prepays on account of being required to make a Tax Payment to a Finance Party.

In addition to any Prepayment Fees to be paid by the relevant Reference Entity in the event of a Prepayment, the relevant Reference Entity may be required to pay to the relevant Holder an amount (determined by that Holder) that would compensate the relevant Holder for or against any loss or liability that it incurs or suffers as a consequence of any part of the Reference Obligation or overdue amount being prepaid or repaid other than in the amounts and on the dates set out in the relevant Credit Agreement, together with certain costs incurred as a result of the unscheduled termination of all or any part of the relevant Holder's related funding arrangement (including, but not limited to any swap arrangements) in each case as more specifically set out in the relevant Credit Agreement.

In some instances, the relevant Holder will be required to reimburse to the relevant Reference Entity any gains made by that Holder as a result of any part of a Reference Obligation or overdue amount being prepaid or repaid other than in accordance with the relevant Credit Agreement or to reduce the amounts otherwise due from the relevant Reference Entity by such amounts.

Tax Payment means a payment made by a Reference Entity to a relevant Finance Party in any way relating to a Tax Deduction or under any indemnity given by that Reference Entity in respect of tax under any relevant Finance Document. **Tax Deduction** means a deduction or withholding for or on account of tax from a payment under a Finance Document.

Reference Entity Accounts and Payments

Pursuant to the terms of the Credit Agreements, the Reference Entities or the relevant Security Agent, have each established a number of bank accounts (as described below, together, the **Reference Entity Accounts**) into which Rental Proceeds and other monies received in connection with the relevant Properties are required to be paid directly or indirectly. In relation to certain of the Reference Entity

* The Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation may be extended at the option of the Senior Monaco Reference Entity or, as applicable, the Junior Monaco Reference Entity for a period of up to 24 months. The Le Croissant Reference Obligation may be extended for two additional successive one year periods by written notice to the Security Agent from the Le Croissant Reference Entity. The Obelisco Portfolio Reference Obligation may also be extended at the option of the Obelsico Reference Entity subject to fulfillment of certain conditions (as specified under the Obelisco Credit Agreement).

Accounts, the relevant Security Agent, has sole signing rights or control from the time the relevant Reference Obligation was originated. Following a Reference Obligation Event of Default, the relevant Security Agent will generally be able to assume sole signing rights or otherwise assume control over those Reference Entity Accounts in respect of which it does not already have sole signing rights or control.

Under the Credit Agreements, the Reference Entity Accounts must generally be maintained with a bank acceptable to the relevant Security Agent and satisfying certain ratings thresholds.

The Reference Entity Accounts in respect of a relevant Reference Entity will include all or some of the following accounts (though the exact terminology used may vary from Credit Agreement to Credit Agreement):

(a) Rental Accounts

Each Credit Agreement contemplates that the relevant Reference Entity will open a bank account for the purposes of collecting Rental Proceeds (either gross or subject to certain deductions) (each a **Rent Account** and together the **Rent Accounts**).

The Rent Accounts will either be in the name of the relevant Reference Entity, subject to a security interest in favour of the relevant Security Agent, or the relevant Security Agent. Further, the Rent Accounts will be either controlled by the relevant Security Agent or, prior to the occurrence of an event of default in respect of the relevant Reference Obligation will be under the joint control of the relevant Security Agent and the relevant Reference Entity.

Amounts standing to the credit of the Rent Accounts, from time to time, will be applied to make periodic payments of interest on and, where applicable, repayments of principal of the relevant Reference Obligation, as well as payment of fees, costs and expenses due to the relevant Security Agent and expenses relating to the relevant Property or Properties. Such amounts will be paid in accordance with a priority of payments specified in the relevant Credit Agreement.

In the event that there are any surplus amounts standing to the credit of the Rent Accounts after the application of funds contemplated above, such amounts may be transferred to the General Account of the relevant Reference Entity, subject to the satisfaction of certain conditions, the most significant one of which is the compliance with certain financial covenants relating to Interest Cover Ratio or Debt Service Cover Ratio or Loan to Value.

(b) Sales Account

Each Credit Agreement contemplates that the relevant Reference Entity will open a bank account for the purposes of collecting the proceeds of sale of the relevant Property or Properties (each a **Sales Account** and together the **Sales Accounts**).

The Sales Accounts will either be in the name of the relevant Reference Entity, subject to a security interest in favour of the relevant Security Agent, or the relevant Security Agent. Further, the Sales Accounts will be either controlled by the relevant Security Agent or, prior to the occurrence of an event of default in respect of the relevant Reference Obligation will be under the joint control of the relevant Security Agent and the relevant Reference Entity.

Amounts standing to the credit of the Sales Accounts will be applied, among other things, to prepay amounts owed in respect of the relevant Reference Obligation in accordance with the terms of the related Credit Agreement.

(c) Rental Deposit Account

Certain of the Credit Agreements contemplate that the relevant Reference Entity will open a bank account for the purpose of holding cash deposits paid by Tenants in accordance with the

requirements of their respective Occupational Leases (each a **Rental Deposit Account** and together the **Rental Deposit Accounts**).

The Rental Deposit Accounts will either be in the name of the relevant Reference Entity or the relevant Security Agent.

Amounts standing to the credit of the Rental Deposit Accounts will be applied in accordance with the terms of the relevant Occupational Leases and will be returned to the relevant Tenants as required in accordance with the terms of the relevant Occupational Leases.

(d) General Account

Each Credit Agreement contemplates that the relevant Reference Entity will open a bank account for the purposes of collecting surplus cash flow standing to the credit of the Rent Account or the Sales Account after the application of funds from such accounts as contemplated in that Credit Agreement (each a **General Account** and together the **General Accounts**).

The General Accounts will be in the name of the relevant Reference Entity but will be subject to a security interest in favour of the relevant Security Agent. Further, the General Accounts will be controlled by the relevant Reference Entity prior to the occurrence of an event of default but will be under the control of the relevant Security Agent thereafter.

The General Account is the main corporate account of the relevant Reference Entity and amounts standing to the credit of the General Account may be used by the relevant Reference Entity for any purpose including making distributions to its shareholders.

(e) Other accounts

The relevant Reference Entity may be required under the terms of the relevant Credit Agreement to maintain one or more further accounts in addition to those set out above, including, but not limited to, an escrow account, into which funds advanced by the relevant Originator may be deposited and released to the relevant Reference Entity at a date upon fulfilment of certain conditions precedent and a deposit account into which a certain percentage of excess rental income may be deposited to ensure compliance with certain Interest Cover Ratio tests or an insurance proceeds account into which the proceeds of certain insurance claims may be made. The relevant Security Agent or, as applicable, the relevant Holder will generally be able to assume sole signing rights or otherwise assume control in relation to each escrow account, deposit account or insurance proceeds account. Additionally, in relation to some Reference Obligations, money standing to the credit of the escrow account and/or deposit account can be used to cure a breach of the covenant to ensure that annual net rental income is equal to or exceeds a certain percentage of annual finance costs.

Hedging Obligations

Under the terms of the Credit Agreement for the Floating Rate Reference Obligations, the Keops Portfolio Reference Entity is required to maintain (subject to the limits described below) interest rate hedging arrangements to protect against the risk that the interest rate payable by the Keops Portfolio Reference Entity under the Keops Portfolio Reference Obligation may increase to levels which would compromise its ability to service its payment obligations, bearing in mind the relevant Reference Entity's income (which comprises, primarily, Rental Proceeds arising in respect of its Property or Properties and which does not vary according to prevailing interest rates) (the **Reference Obligation Hedging Arrangements**).

In order to comply with these obligations, the relevant Reference Entity has entered into Reference Obligation Hedging Arrangements with the Reference Obligation Hedge Counterparty which are acceptable to the relevant Security Agent or the relevant Holder.

Under the terms of the relevant Credit Agreement, if the notional principal amount of the hedging arrangements exceeds the amount of the advance, the relevant Reference Entity must, at the request of the relevant Security Agent, reduce the notional principal amount of the relevant hedging arrangement to ensure that they no longer exceed the amount of the relevant advances then outstanding.

Neither the relevant Reference Entity nor the relevant Reference Obligation Hedge Counterparty will be entitled to amend or waive the terms of the Reference Obligation Hedging Arrangement without the consent of the relevant Security Agent and/or the relevant Holder.

Representations and warranties

The representations and warranties given (or to be given) by each Reference Entity and/or other Obligor under the relevant Credit Agreement, as at the date of the relevant Credit Agreement and (subject to certain exceptions and any necessary changes for each jurisdiction), the date of the request for the relevant Reference Obligation, the date of drawdown and each Reference Obligation Interest Payment Date, generally include, among other things, the following representations (subject in each case to the specific terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

(a) the relevant Reference Entity and, as applicable, any Obligor is incorporated as a limited liability company or partnership, duly incorporated or established and validly existing under the laws of the jurisdiction of its incorporation or establishment;

(b) the relevant Reference Entity and, as applicable, any Obligor has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents;

(c) subject to certain reservations as to matters of law, each Finance Document to which the relevant Reference Entity or Obligor, as applicable is a party constitutes legally binding, valid and enforceable obligations of the relevant Reference Entity or Obligor, as applicable and will not conflict with any applicable law or regulation, the constitutional documents of the relevant Reference Entity or Obligor, as applicable or any document binding on the relevant Reference Entity or Obligor, as applicable or any of its assets;

(d) no Reference Obligation Event of Default is outstanding or is or might reasonably result from the execution or performance of any transaction contemplated by the Finance Documents and no other event which constitutes an event of default under any other document binding on the relevant Reference Entity or Obligor, as applicable or any of its assets is outstanding which has or is reasonably likely to have a material adverse effect on the relevant Reference Entity's or Obligor's ability to perform its obligations under any Finance Document;

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

(f) the relevant Reference Entity or Obligor (as the case may be) is the legal and/or beneficial owner of each relevant Property or Properties or in respect of the German Reference Obligations has an irrevocable expectancy right to the relevant Property or Properties;

(g) subject to registration where required, certain reservations as to matters of law and in respect of the German Reference Obligations undertakings to remove any existing security and pledges granted under the general business conditions of certain account banks, the security conferred by each Security Agreement constitutes a first priority security interest over the assets referred to in that Security Agreement and the assets are not subject to any prior or *pari passu* security interests;

(h) no litigation, arbitration or administrative proceedings are, to the knowledge of the relevant Reference Entity or Obligor, as the case may be, current or threatened which have or would be reasonably likely to have a material adverse effect on the relevant Reference Entity's or the relevant Obligor's ability to perform its obligations under any Finance Document;

(i) subject to certain qualifications, all relevant information supplied by the relevant Reference Entity or Obligor, as the case may be, to any Finance Party in connection with the Finance Documents was as at its date or (if appropriate) as at the date (if any) at which it was stated to be given:

(i) true and accurate in all material aspects; and

(ii) insofar as it consists of financial projections, such projections have been prepared as at their date, on the basis of recent historical information and assumptions believed by the relevant Reference Entity to be fair and reasonable,

and, other than in respect of certain financial information, did not omit any information which, if disclosed, would make the information supplied untrue or misleading in any material respect;

(j) as at the date of the relevant Credit Agreement and at the date of drawdown of the relevant Reference Obligation, nothing had occurred since the date the information referred to in sub-paragraph (i) above which, if disclosed, would, to the best of the Reference Entity's or Obligor's (as applicable) knowledge and belief, make that information untrue or misleading in any material respect;

(k) subject to certain qualifications in respect of some of the Reference Obligations, all information supplied by the relevant Reference Entity or Obligor, as applicable, or on its behalf to the Valuer for the purposes of each Valuation was to the best of its knowledge and belief true and accurate in all material respects as at its date and did not omit any information which might adversely affect the Valuation;

(l) the accounts of the relevant Reference Entity most recently delivered to the Originator and/or the relevant Security Agent have been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation and/or fairly represent the financial condition of the relevant Reference Entity or Obligor, as applicable, as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements;

(m) since the date of its incorporation or establishment, the relevant Reference Entity and/or the relevant Obligor (with the exception of the Junior Den Tir Reference Entity) has not carried on any business except for the ownership and management (and, in certain cases, the acquisition letting, development and/or the financing) of its interests in the relevant Property or Properties; and

(n) the relevant Reference Entity or Obligor, as applicable, has no subsidiaries or employees.

Undertakings

Each Reference Entity has given various undertakings under the relevant Credit Agreement which will take effect so long as any amount is outstanding under the relevant Reference Obligation or any relevant commitment is in place. These undertakings generally include, among other things, the following (subject in each case to the terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

(a) to provide the relevant Holder, the relevant Security Agent and/or the facility agent with its audited or certified accounts for each of its financial years, within a certain specified time of the end of each financial year, and, in some cases, unaudited financial statements for each of

its financial half-years (to the extent produced) within a certain specified time of each financial half-year or (in some instances) quarter;

(b) to supply details of any material litigation, arbitration or administrative proceedings which are current, threatened or pending and which might if adversely determined, have a material adverse effect on the relevant Reference Entity's ability to perform certain obligations under any Finance Document;

(c) to notify the relevant Holder, the relevant Security Agent and/or the facility agent promptly of any Reference Obligation Event of Default;

(d) to supply promptly on request such information in the relevant Reference Entity's possession or control regarding, among other things, its financial condition and operations or any Property as the Holder may reasonably request subject to certain confidentiality restrictions;

(e) to procure that the relevant Reference Entity's payment obligations under the Finance Documents rank at least *pari passu* with all other present and future unsecured, and in respect of certain Reference Obligations unsubordinated, payment obligations and not to create or allow to exist any charge arising over any of its assets or assets secured under the relevant Security Agreement (other than certain customary exceptions);

(f) not to dispose of all or any part of its assets generally or such assets as are secured under the Finance Documents, subject to certain customary exceptions, including (where applicable) where substitution or disposal of Properties is permitted under the terms of the relevant Credit Agreement;

(g) not to enter into any amalgamation, demerger, merger or reconstruction (if applicable);

(h) not to carry on any business other than the ownership and, in most cases, management, refurbishment, letting and development of its interests in the relevant Properties or (subject to certain exceptions) to have any subsidiaries;

(i) not to make any Reference Obligations or provide any form of credit or to give any guarantee or indemnity to any person (other than, on a subordinated basis) except in certain transactions there may be exceptional permitted payments to the shareholder or rent free periods granted under Occupational Leases;

(j) not to incur any indebtedness (subject to certain exceptions which are expressly permitted);

(k) not to enter into any contracts other than the Finance Documents or contracts in connection with the day to day management, operation, letting and development of the relevant Properties or contracts in the ordinary course of business and on arms' length terms and or otherwise as permitted under the Credit Agreement;

(l) not to declare or pay any dividend or make any distribution in respect of its shares or membership interests, not to issue any further shares or alter any rights attaching to its issued shares as at the date of the relevant Credit Agreement nor to repay or redeem any of its share capital other than as expressly permitted in the relevant Credit Agreement;

(m) (other than in respect of certain Reference Obligations) not to be a member of a value added tax group and subject to certain exceptions in some cases, without the prior written consent of the relevant Holder;

(n) not to cause or allow its registered office or "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in or maintain an establishment in any jurisdiction other than its jurisdiction of incorporation;

(o) to comply with certain customary undertakings regarding the administration of Occupational Leases and the appointment of Managing Agents in respect of the relevant Property or Properties;

(p) to maintain insurance or procure the maintenance of insurance on the Property or relevant Properties on a full reinstatement value basis and for not less than three years' (or, in the case of some Reference Obligations, a shorter period as specified in the relevant Occupational Lease or the relevant Credit Agreement) loss of rent on all relevant Occupational Leases together with third party liability insurance and, except in the case of the Senior Monaco Reference Obligation, insurance against acts of terrorism and to procure that the relevant Security Agent or the relevant Holder is noted, named as co-insured, on or its interest otherwise noted in respected of all relevant Insurance Policies or in respect of the German Reference Obligations a certificate of third party insurance is obtained; and

(q) to ensure projected annual net rental income as a percentage of projected annual finance costs, each as estimated from time to time by the relevant Security Agent, the relevant Holder or the facility agent, is at least a specified percentage and to ensure actual quarterly net rental income as a percentage of actual quarterly finance costs is at least a specified percentage, in both cases at each Reference Obligation Interest Payment Date (subject in each case to specific exceptions set out in the relevant Credit Agreement including any reduced percentage levels).

Disposals and substitutions

The relevant Reference Entity may in certain cases be permitted to dispose of and/or substitute Properties in accordance with the terms of the relevant Credit Agreement, or otherwise with the consent of the relevant Holder or the relevant Security Agent, as applicable.

In some cases, the relevant Reference Entity may dispose of a Property if, among other things, the net disposal proceeds are at least equal to a minimum specified amount (the **Required Amount**). On disposal of a Property or Properties in accordance with the terms of the relevant Credit Agreement, the Required Amount must be paid into the Sales Account or, in respect of certain of the Reference Obligations, the Rent Account. If the net disposal proceeds are less than the Required Amount, the relevant Reference Entity must, in certain cases, procure that an amount equal to this shortfall is also deposited into the Sales Account or the Rent Account, as applicable.

In respect of the Reference Obligation amounts standing to the credit of the Sales Account or the Rent Account, as applicable, representing such sale proceeds must be applied either in prepayment of the relevant Reference Obligation in accordance with the relevant Credit Agreement or towards acquiring a substitute property within a specified time period and (in some cases) may be utilised in payment of amounts due under the Finance Documents (where there are insufficient funds standing to the credit of the Rent Account).

If the proceeds are permitted to be applied towards acquiring a new property, such application generally will be conditional upon satisfaction of certain conditions, including in some cases that:

(a) the projected net rental income for the new property and the remaining Properties in respect of the relevant Reference Obligation being sufficient to enable the relevant Reference Entity to repay the relevant Reference Obligation;

(b) the new property satisfying certain minimum value requirements and the aggregate market value of all new properties acquired not exceeding a specified maximum percentage of the aggregate market value of the Properties (determined in accordance with the Valuation);

(c) the additional Property is similar in nature and quality in all material respects to the Property being sold or disposed of;

(d) any substitution will not cause the relevant Interest Cover Ratio level to fall below the amount specified in the relevant Credit Agreement; and

(e) the relevant Holder or the relevant Security Agent as applicable, receiving, in the usual manner, certain documents and other matters as conditions precedent to the acquisition of the new property and as it may reasonably request.

Events of default

The Credit Agreements generally contain the usual events of default entitling the relevant Security Agent (subject, in certain cases, to customary grace periods and materiality thresholds and cure rights) to accelerate the relevant Reference Obligation and enforce the Related Security, including, among other things:

(a) failure to pay on the due date any amount due under the Finance Documents;

(b) breach of other specified obligations under the Finance Documents;

(c) any representation or warranty made or repeated by the relevant Reference Entity and/or Obligor was incorrect in any material respect at the date it was given or when it was deemed to be repeated;

(d) the relevant Reference Entity is or is deemed to be unable to pay its debts or is insolvent or other insolvency acts or events occur (including, among other things, the commencement of insolvency proceedings, the appointment of any liquidator or administrative receiver or the attachment or sequestration of any asset);

(e) the relevant Reference Entity ceases or, threatens to cease, to carry on its permitted business except, in some cases, as a result of any disposal that is permitted under the terms of the relevant Credit Agreement;

(f) it is or becomes unlawful for the relevant Reference Entity and/or Obligor, or shareholders to perform any of its obligations under any Finance Document;

(g) any Finance Document is not effective or (except in some cases) is alleged by the relevant Reference Entity and/or Obligor, the relevant shareholder or member to be ineffective for any reason;

(h) where applicable, the relevant Reference Entity, or certain other specified parties without the prior written consent of the relevant Holder or the relevant Security Agent, is not or ceases to be legally and beneficially owned by the relevant shareholder or by other specified parties (as appropriate); or

(i) where applicable, an event or series of events occurs which (in the case of certain Reference Obligations, in the determination of the relevant Holder (acting reasonably) has or is reasonably likely to have a material adverse effect on the relevant Reference Entity's ability to perform certain of its obligations or payment obligations under any Finance Document.

In most cases the Credit Agreements include customary grace periods in relation to non-payment and breaches of other obligations. These grace periods are generally no longer than 21 Business Days.

If a Reference Obligation Event of Default has not been remedied within the applicable grace period the relevant Security Agent or the relevant Holder, as applicable, may by notice to the relevant Reference Entity to cancel any outstanding commitments under the relevant Credit Agreement, rescind or terminate the relevant Credit Agreement, demand that all or part of the relevant Reference Obligation becomes immediately due and payable and/or demand that all or part of the relevant Reference Obligation becomes payable on demand and/or declare the security constituted by the relevant Security Agreement to be enforceable. After the Closing Date, the Servicer will (as agent of

the relevant Security Agent and for so long as the Swap Counterparty is the holder of the relevant Reference Obligation) carry out any enforcement procedures in respect of the Reference Obligation in accordance with the terms of the Servicing Agreement. Any procedures adopted by the Servicer may involve the deferral of formal enforcement procedures, such as the appointment of a receiver or an administrator or the commencement of formal court procedures and may involve the restructuring of the Reference Obligation by the amendment or waiver of certain of its provisions. Any such restructuring would have to comply with the requirements of the Servicing Agreement.

Indemnity

Under the terms of the Credit Agreement for each of the Reference Obligations, the relevant Reference Entity has agreed to indemnify the Holder against certain losses or liabilities which the Holder may suffer, sustain or incur, including any loss or liability suffered, sustained or incurred as a consequence of the occurrence of a Reference Obligation Event of Default in relation to the relevant Reference Obligation.

7. The Related Security

Each Security Agreement secures, among other things, all of the obligations of the relevant Reference Entity pursuant to the relevant Finance Documents. The security granted under the Security Agreements has been granted to the relevant Security Agent, the Lender or the Finance Parties, represented by the relevant Security Agent. The relevant Security Agent has entered into arrangements with the other Finance Parties, which varies from Reference Obligation to Reference Obligation but under the terms of which the Finance Parties, in each case, will be entitled to the benefit of the relevant Related Security.

The security granted in respect of each Reference Obligation is described in further detail in "*Description of the Reference Obligations and the Related Properties*" on page 222.

8. The Intercreditor Agreements

The Tranched Reference Obligation fall into two categories:

(a) the Tranched Reference Obligations which represent the senior portion of a whole loan, there being a related junior portion; and

(b) the Tranched Reference Obligations which represent both a senior and *pari passu* portion of a whole loan, there being a related junior portion and *pari passu* portion. Only the Keops Portfolio Reference Obligation falls into this category of Tranched Reference Obligations.

The junior and *pari passu* portions of Tranched Reference Obligations will be held by third party lenders, being the Additional Lenders, or the Originator.

Where this is the case, the Holder of the Reference Obligation has or will enter into an Intercreditor Agreement with the relevant Additional Lenders, in order to regulate their respective rights and obligations, and to ensure that the Additional Lenders are subordinated in terms of their rights to receive payment in the event of a default occurring under the relevant Credit Agreement.

In general terms, the Intercreditor Agreements:

(a) provide that upon the occurrence of an event of default, all amounts payable to the Additional Lenders will be paid after all amounts payable to the Holder have been paid;

(b) that enforcement action may only be taken by or on the instructions of the Holder, subject to certain rights of intervention if the Holder is not initiating enforcement action within specified time periods;

(c) that, subject to the satisfaction of certain conditions and subject to certain limitations relating to the frequency of exercise, the Junior Lender shall be entitled to "cure" defaults committed by the Reference Entities, so as to prevent the Holder initiating enforcement action; and

(d) that, again subject to the satisfaction of certain conditions and subject to certain limitations, the Junior Lender shall be entitled to "buy out" the position of the Holder, again so as to prevent the Holder initiating enforcement action.

though the terms of each Intercreditor Agreement may be different and based on negotiations with Additional Lenders. In particular, in relation to the Keops Portfolio Reference Obligation there is an Additional Lender which ranks *pari passu* with (rather than being junior to) the Holder, it will not be in a subordinated position in respect of payment of amounts due and will share certain rights with the Holder on an equal basis, in proportion to their respective interests. There is also a junior lender, with the rights described above.

9. Financial Covenants

The Reference Obligations are generally subject to certain financial covenants prescribed under the relevant Credit Agreement, which are described in greater detail in the context of each Reference Obligation. These financial covenants fall into two categories:

(a) interest or debt service cover covenants, which provide, in broad terms, for the comparison of Rental Proceeds to interest or debt service costs, expressed as a percentage. Such covenants are typically of four types:

(i) **Actual Interest Cover Ratios**, which compare Rental Proceeds generated on a historic basis against interest costs, incurred on a historic basis;

(ii) **Projected Interest Cover Ratios**, which compare Rental Proceeds on a projected against interest costs, to be incurred on a projected basis;

(iii) **Actual Debt Service Cover Ratios**, which compare Rental Proceeds generated on a historic basis against interest and scheduled amortisation costs, incurred on a historic basis; and

(iv) **Projected Debt Service Cover Ratios**, which compare Rental Proceeds on a projected basis against interest and scheduled amortisation costs, to be incurred on a projected basis.

In general terms should an interest or debt service cover covenant fall below a specified threshold, certain consequences arise, ranging from the occurrence of a default to the diversion of surplus cash flow, follow. The nature of the consequences is typically related to a specified threshold.

(b) loan to value covenants, which provide a comparison of the principal amount outstanding in respect of a Reference Obligation to the value of the relevant Property or Properties. Again, should a loan to value covenant fall below a specified threshold, certain consequences, ranging from the occurrence of a default to mandatory prepayment of amounts outstanding in respect of a Reference Obligation may arise.

DESCRIPTION OF THE REFERENCE OBLIGATIONS AND RELATED PROPERTIES

A. THE BELGIAN REFERENCE OBLIGATIONS

1. SENIOR DEN TIR REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€25,000,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	2.9%
Maturity Securitised Principal Balance:	€25,000,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 August 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.14%
Origination Date:	27 April 2006
Maturity Date:	10 May 2016
Reference Entity:	Tir Abdijstraat N.V.
Interest Calculation:	ACT/360
Amortisation:	None - Interest Only
COD Escrow Reserves:	€420,000 (Cash escrow) €276,577 (Mortgage registration)
Cut-Off Date Securitised LTV:	65.2%
Maturity Securitised LTV:	65.2%
Cut-Off Date Securitised ICR:	1.70x
Cut-Off Date Securitised DSCR:	1.70x

Property Information	
Number of Properties:	1
Number of Tenants:	24
Occupancy (% by area):	93.79%
Property Type:	Shopping Centre
Country:	Belgium
Address:	Sint-Bernardsesteenweg, Antwerp
Property Tenure:	Freehold – Bare ownership and Usufruct
Property Management:	Shopping Centre Management Services NV
Net Rent (pa)[1]:	€2,182,520
Net ERV (pa):	€2,315,375
Cost Assumptions:	€133,585
Market Value:	€38,350,000
Vacant Possession Value:	€34,320,000
Valuation Date:	13April 2006
Valuer:	Cushman & Wakefield

[1]Assumed Recoverable Costs.

The Senior Den Tir Reference Obligation

The Senior Den Tir Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 27 April 2006 as amended on 25 October 2006 (the **Senior Den Tir Credit Agreement**).

The Senior Den Tir Reference Obligation is secured upon a single shopping centre property located in Antwerp, Belgium (the **Den Tir Property**). The Den Tir Property was completed and opened in April 2006 and comprises in excess of 13,000 square metres of retail space and 360 car parking spaces. At the current time, the Den Tir Property is 93.8 per cent. (by area) let to 24 different retail tenants or is covered by guarantees. With respect to vacant spaces, the vendor of the shares in the Senior Den Tir

Reference Entity has provided a rental guarantee, limited in aggregate to €2,500,000 and expiring in April 2008.

Under the Senior Den Tir Credit Agreement, the Senior Den Tir Reference Entity represents, on a repeating basis, that it has good and marketable title to the Den Tir Property. The title to the Den Tir Property was investigated at the time of the origination of the Senior Den Tir Reference Obligation.

The Senior Den Tir Reference Entity

The borrower under the Senior Den Tir Reference Obligation is Tir Abdijstraat NV (the **Senior Den Tir Reference Entity**). The Senior Den Tir Reference Entity is a company limited by shares (*naamloze vennootschap*/*société anonyme*) with its registered office in Antwerp. It was incorporated on 28 March 2001.

Under the Senior Den Tir Credit Agreement, the Senior Den Tir Reference Entity has:

(a) represented, subject to specific exceptions set out in the Senior Den Tir Credit Agreement, on a repeating basis, that is has not traded or carried on any business outside the scope of the purpose clause of its constitutional documents (which provides, among other things, that it may engage in operations relating directly or indirectly to the purchase, sale, construction, renovation, modification, maintenance, lease and administration of real estate), that it is not party to any material agreement outside its ordinary scope of business other than the transaction documents and acquisition documents contemplated in the Senior Den Tir Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those arising from activities within the corporate purpose or contemplated in the Senior Den Tir Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Den Tir Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Senior Den Tir Credit Agreement or related agreements. Further, the Senior Den Tir Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the Senior Den Tir Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Den Tir Property, as well as any other contract expressly allowed under the terms of the Senior Den Tir Credit Agreement.

On this basis, the Senior Den Tir Reference Entity is a limited purpose entity.

Property management

The Den Tir Property is managed on behalf of the Senior Den Tir Reference Entity by Shopping Centre Management Services NV (the **Den Tir Property Manager**) pursuant to a management agreement dated 27 April 2006, as amended and supplemented from time to time (the **Den Tir Management Agreement**).

Under the terms of the Senior Den Tir Credit Agreement, the Senior Den Tir Reference Entity may not appoint any property manager without the prior consent of the Lender. In addition, if the Den Tir Property Manager is in default of its obligations under the Senior Den Tir Management Agreement and as a consequence the Senior Den Tir Reference Entity is entitled to terminate the same, Barclays Bank PLC as the relevant Security Agent (acting on the instructions of the Lenders) may require the Senior Den Tir Reference Entity to use all reasonable endeavours to terminate the Den Tir Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Lenders).

Subordinated debt

At the time of entering into the Senior Den Tir Credit Agreement, the Senior Den Tir Reference Entity had no other debt. All future debt granted to the Senior Den Tir Reference Entity by the

sponsors have been contractually subordinated to the rights of the Lenders of the Senior Den Tir Reference Obligation pursuant to a subordination agreement dated 27 April 2006 (the **Den Tir Subordination Agreement**). Under the terms of the Den Tir Subordination Agreement, the sponsors are restricted in relation to what enforcement action they may take in respect of their subordinated receivables prior to the discharge of the Senior Den Tir Reference Obligation.

Security package

The security package for the Senior Den Tir Reference Obligation includes the following elements:

(a) a first ranking mortgage (*hypotheek/hypothèque*) covering 25 per cent. of the principal amount of the Senior Den Tir Reference Obligation, together with interest and costs;

(b) a mortgage-mandate (*hypothecaire mandaat*/*mandate hypothécaire)* covering the remaining 75 per cent. of the principal amount of the Senior Den Tir Reference Obligation, together with interest and costs;

(c) a first ranking pledge over all receivables of the Senior Den Tir Reference Entity, including, without limitation, all Rental Proceeds arising in respect of the Den Tir Property;

(d) a first ranking pledge over certain bank accounts of the Senior Den Tir Reference Entity, including an account designated the Proceeds Collateral Account which is used to collect Rental Proceeds arising in respect of the Den Tir Property less certain deductions, any amounts received upon a disposal of the Den Tir Property and the proceeds of any insurance claim made in respect of the Den Tir Property;

(e) a second ranking pledge over the shares in the Senior Den Tir Reference Entity held by the shareholders (the first ranking pledge having been granted, as described further below, in respect of the Junior Den Tir Reference Obligation);

(f) an English law deed of charge over the interest of the Senior Den Tir Reference Entity in the balances standing to the credit of the cash reserve account referred to in the Senior Den Tir Credit Agreement; and

(g) a first ranking pledge of receivables on all claims owing to the sponsors under the Share Purchase Agreement (as defined in the Junior Den Tir Credit Agreement) and any amendment or addendum thereto from time to time.

The mortgage mandate granted in respect of the Senior Den Tir Reference Obligation may be used to create a registered mortgage upon the occurrence of any of the following events:

(a) the Actual Interest Cover Ratio falling below 135 per cent.;

(b) the Loan to Value exceeding 72 per cent.; or

(c) an event of default occurring under the Senior Den Tir Credit Agreement.

In order to fund the costs of such mortgage registration, the Senior Den Tir Credit Agreement provides for the establishment of a bank account, designated the Cash Reserve Account, which will be funded over time. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account for this purpose was €276,577.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Senior Den Tir Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Senior Den Tir Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Senior Den Tir Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Senior Den Tir Reference Obligation have been granted to and vest in Barclays Bank PLC as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent pursuant to the parallel debt which is owed to it by the Senior Den Tir Reference Entity.

Bank Accounts

The Senior Den Tir Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Proceeds Collateral Account**;

(b) an account designated the **Operating Account**; and

(c) an account designated the **Cash Reserve Account**.

Certain characteristics of each of these bank accounts are described in turn.

Proceeds Collateral Account: this bank account is held in the name of the Senior Den Tir Reference Entity, though signing rights are held by Barclays Bank PLC as the relevant Security Agent. The Proceeds Collateral Account is used to collect the cash-flow generated by the Den Tir Property. Amounts due under the Senior Den Tir Credit Agreement are payable, prior to the occurrence of an event of default, out of Rental Proceeds, subject to certain priorities of payments and in accordance with the terms of the Senior Den Tir Credit Agreement. The Proceeds Collateral Account is held with Fortis Bank.

Operating Account: this bank account is held in the name of the Senior Den Tir Reference Entity, which also has signing rights in respect of it. The Operating Account and amounts credited thereto may be used by the Senior Den Tir Reference Entity without any restriction prior to the occurrence of a default and enforcement of security in respect of the Senior Den Tir Reference Obligation. The Operating Account is also held with Fortis Bank.

Cash Reserve Account: this bank account is held with Barclays Bank in the name of the relevant Security Agent, which also has signing rights in respect of it. An amount of €276,577 credited to the Cash Reserve Account is intended to be used to fund the registration costs if the mortgage mandate is converted into a mortgage, upon the occurrence of any of the events described above. Furthermore, it is used to:

(a) build up a cash reserve of €440,000 to be released if and for so long as Interest Cover Ratio is at least equal to 235 per cent.; and

(b) if and when Interest Cover Ratio falls below 120 per cent. all excess cash is transferred to the Cash Reserve Account.

Financial Covenants

The Senior Den Tir Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be less than 75 per cent. Breach of this requirement constitutes an event of default under the Senior Den Tir Credit Agreement; and

(b) the Interest Cover Ratio is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the Senior Den Tir Credit Agreement.

Description of Tenants

The Den Tir Property is let to 24 tenants. The retail space includes tenants such as H&M Hennes & Mauritz, Berschka, GB Retail Associates NV, New Yorker and Sportsworld, as well as a variety of local or regional tenants. The car parking space is let to City Parking Belgium, a major Belgian car

parking operator. The Tenant under this Lease has been withholding rent since November 2006 and is currently in negotiation with the Reference Entity about the arrears which, as at the Cut-Off Date, totalled approximately €160,000. The Reference Entity served a default notice on the Tenant on 13 February 2007 and is currently pursuing recovery of the arrears. Should the Tenant eventually leave the premises, the ICR, assuming no re-letting, would be 1.50x. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of Belgian law, though each lease will have been individually negotiated.

Top 15 Tenants						
Top 15 Tenants[1]	**Net Rent (pa)(€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
City Parking Belgium / H&M Hennes & Mauritz NV / JBC Mode	567,862	26.0	590,520	2,440	NR	13.10
Berschka / New Yorker / Torfs NV	411,494	18.9	387,068	1,852	NR	2.08
Sportsworld / Schiesser / Blokker België NV	326,136	14.9	356,773	3,295	NR	2.06
GB Retail Associates NV / Vero Moda / Coolcat	272,990	12.5	270,275	1,842	NR	2.04
Masmeijer / Bozzy / Eram	198,471	9.1	167,770	917	NR	2.06
Total (Weighted Average)	**1,776,953**	**81.4**	**1,772,406**	**10,346**		**5.59**

[1] The tenants have been grouped to meet confidentiality requirements.

2. JUNIOR DEN TIR REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€5,900,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Portfolio:	0.7%
Expected Closing Date Securitised Principal Balance:	€5,900,000
Maturity Securitised Principal Balance:	€2,750,000
A/B Structure:	No
Cut-Off Date B Reference Obligation Balance:	N/A
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 August 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	6.44%
Origination Date:	27 April 2006
MaturityDate:	10 May 2016
Reference Entities:	O'Mahony Holding S.P.R.L./ M&N Malta Ltd.
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	€180,000 (Cash escrow)
Cut-Off Date Securitised LTV:	80.6%
Maturity Securitised LTV:	72.4%
Cut-Off Date Securitised ICR:	1.31x[1]
Cut-Off Date Securitised DSCR:	1.13x

[1] Inclusive of contracted cashflows under the City Parking Belgium Lease which is currently in dispute. In the absence of this lease, the equivalent Cut-Off Date ICR is 1.15%.

Amortisation (€)	
10 May 2007	Nil
10 August 2007	90,000
10 November 2007	90,000
10 February 2008	90,000
10 May 2008	90,000
10 August 2008	90,000
10 November 2008	90,000
10 February 2009	90,000
10 May 2009	90,000
10 August 2009	90,000
10 November 2009	90,000
10 February 2010	90,000
10 May 2010	90,000
10 August 2010	90,000
10 November 2010	90,000
10 February 2011	90,000
10 May 2011	90,000
10 August 2011	90,000
10 November 2011	90,000
10 February 2012	90,000
10 May 2012	90,000
10 August 2012	90,000
10 November 2012	90,000
10 February 2013	90,000
10 May 2013	90,000
10 August 2013	90,000
10 November 2013	90,000
10 February 2014	90,000
10 May 2014	90,000
10 August 2014	90,000
10 November 2014	90,000
10 February 2015	90,000
10 May 2015	90,000
10 August 2015	90,000
10 November 2015	90,000
10 February 2016	90,000
10 May 2016	Nil

The Junior Den Tir Reference Obligation

The Junior Den Tir Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated on 25 October 2006 as amended on 31 January 2007 (the **Junior Den Tir Credit Agreement**). The Junior Den Tir Reference Obligation is secured by a pledge of certain receivables of the Junior Den Tir Reference Entities and a first ranking pledge of the shares of the Senior Den Tir Reference Entity.

The Junior Den Tir Reference Entities

The joint borrowers under the Junior Den Tir Reference Obligation are O'Mahony Holding SPRL, a limited liability company incorporated in Belgium and M&N Malta Limited, a limited liability company, incorporated in Malta (together, the **Junior Den Tir Reference Entities** and each a **Junior Den Tir Reference Entity**). O'Mahony Holding SPRL was incorporated on 25 July 2005 and M&N Malta Limited was incorporated on 14 October 2003.

Under the Junior Den Tir Credit Agreement, neither of the Junior Den Tir Reference Entities has made any representations regarding the restricted purpose of its business, activities and obligations and none of the Junior Den Tir Reference Entities has given any undertakings to restrict the scope of

its business, activities and obligations. On this basis, neither of the Junior Den Tir Reference Entities is a limited purpose entity.

Security package

The security package for the Junior Den Tir Reference Obligation includes the following elements:

(a) a second ranking pledge over the receivables of the Junior Den Tir Reference Entities under the Share Purchase Agreement and any amendment or addendum thereto from time to time (a first ranking pledge over those same receivables having been granted in respect of the Senior Den Tir Reference Obligation); and

(b) a first ranking pledge over the shares in the Senior Den Tir Reference Entity held by its shareholders.

In addition, the security package for the Junior Den Tir Reference Obligation also includes an English law deed of charge over the interest of the Junior Den Tir Reference Entities in the cash reserve account relating to the Junior Den Tir Reference Obligation. Amounts standing to the credit of the reserve account are required to be used to make payments towards unpaid fees, costs, accrued interest, principal amount and all other sums due but unpaid under the finance documents as contemplated under the Junior Den Tir Credit Agreement if and when the "Combined Interest Cover Ratio" for the Junior Den Tir Reference Obligation and Senior Den Tir Reference Obligation falls below 150 per cent.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Junior Den Tir Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Junior Den Tir Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Junior Den Tir Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Junior Den Tir Reference Obligation have been granted to and vest in Barclays Bank PLC as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent pursuant to the parallel debt which is owed to it by the Junior Den Tir Reference Entity.

Bank Accounts

The Junior Den Tir Credit Agreement contemplates the establishment of the following bank accounts:

(a) accounts designated the **Borrower Operating Accounts**; and

(b) an account designated the **Cash Reserve Account**.

Certain characteristics of each of these bank accounts are described in turn.

Borrower Operating Accounts: each of these bank accounts are held in the name of one of the Junior Den Tir Reference Entities, which also has signing rights in respect of them. Each of the Borrower Operating Accounts and amounts credited thereto may be used by the relevant Junior Den Tir Reference Entity without any restriction. Amounts due under the Junior Den Tir Credit Agreement are payable jointly and severally, prior to the occurrence of an event of default, by each of the Junior Den Tir Reference Entities from amounts standing to the credit of each of the Borrower Operating Accounts subject to certain priorities of payments and in accordance with the terms of the Junior Den Tir Credit Agreement. The Borrower Operating Account in the name of O'Mahony Holding SPRL. is held with ING Bank NV and the Borrower Operating Account in the name of M&N Malta Limited is held with the Bank of Valletta PLC.

Cash Reserve Account: this bank account is held at Barclays Bank in London in the name of the relevant Security Agent, which also has signing rights in respect of it.

Financial Covenants

The Junior Den Tir Credit Agreement provides for the following financial covenants:

(a) the "Combined Loan to Value" (for the Junior Den Tir Reference Obligation and Senior Den Tir Reference Obligation) is required to be less than 90 per cent. Breach of this requirement constitutes an event of default under the Junior Den Tir Credit Agreement; and

(b) the "Combined Interest Cover Ratio" (for the Junior Den Tir Reference Obligation and Senior Den Tir Reference Obligation) is required to be no less than 110 per cent. as at each interest payment date under the Junior Den Tir Credit Agreement. Breach of this requirement constitutes an event of default under the Junior Den Tir Credit Agreement. If the Combined Interest Cover Ratio falls below 150 per cent. then all surplus from the Borrower Operating Accounts is required to be transferred to the Cash Reserve Account and is required to be used to make payments towards unpaid fees, costs, accrued interest, principal amount and all other sums due but unpaid under the finance documents, as contemplated under the Junior Den Tir Credit Agreement.

Mandatory prepayment

In case of a prepayment or repayment, in whole and not in part, of the Senior Den Tir Credit Agreement, the Junior Den Tir Credit Agreement shall likewise need to be repaid at the immediately following Interest Payment Date.

Description of Tenants

The Tenants are described in "*Description of Tenants*" in respect of Senior Den Tir Reference Obligation on page 225. Should City Parking Belgium eventually leave the premises, the ICR, assuming no re-letting, would be 1.15x.

3. LE CROISSANT REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€20,650,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	2.4%
Expected Closing Date Securitised Principal Balance:	€20,650,000
Maturity Securitised Principal Balance:	€18,925,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 February 2007 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.79%
Origination Date:	25 October 2006
Maturity Date:	10 November 2013[1]
Reference Entity:	Beaulieu Leasehold SA
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	€500,000 (Rent Guarantee and Mortgage Registration)
Cut-Off Date Securitised LTV:	84.1%
Maturity Securitised LTV:	77.1%
Cut-Off Date Securitised ICR:	1.24x
Cut-Off Date Securitised DSCR:	1.24x

[1] The Le Croissant Reference Obligation may be extended for two additional successive 12 month periods by written notice to the Security Agent from the Le Croissant Reference Entity.

Property Information	
Number of Properties:	1
Number of Tenants:	1
Occupancy (% by area):	100.0%
Property Type:	Office
Country:	Belgium
Address:	24-26 Avenue de Beaulieu, Brussels
Property Tenure:	Freehold-Bare ownership/usufruct
Property Management:	Cobelpro NV
Net Rent:	€1,220,677
Net ERV:	€1,136,932
Cost Assumptions (pa):	€64,246
Market Value:	€24,550,000
Vacant Possession Value:	€13,440,000
Valuation Date:	31 July 2006
Valuer:	Cushman & Wakefield

Amortisation (€)	
10 May 2007	Nil
10 August 2007	Nil
10 November 2007	Nil
10 February 2008	Nil
10 May 2008	Nil
10 August 2008	Nil
10 November 2008	Nil
10 February 2009	75,000
10 May 2009	75,000
10 August 2009	75,000
10 November 2009	75,000
10 February 2010	85,000
10 May 2010	85,000
10 August 2010	85,000
10 November 2010	85,000
10 February 2011	92,500
10 May 2011	92,500
10 August 2011	92,500
10 November 2011	92,500
10 February 2012	100,000
10 May 2012	100,000
10 August 2012	100,000
10 November 2012	100,000
10 February 2013	105,000
10 May 2013	105,000
10 August 2013	105,000
10 November 2013	Nil

The Le Croissant Reference Obligation

The Le Croissant Reference Obligation was originated by Barclays Bank PLC pursuant to a credit agreement dated 25 October 2006 (the **Le Croissant Credit Agreement**).

The Le Croissant Reference Obligation is secured by a single office property located in Brussels, Belgium (the **Le Croissant Property**). The Le Croissant Property comprises 5,992 square metres of office space, 177 square metres of archive storage and 133 parking spaces. At the current time, the Le Croissant is let to a single tenant.

Under the Le Croissant Credit Agreement, the Le Croissant Reference Entity represents, on a repeating basis, that it is the owner of the leasehold interest in respect of the Le Croissant Property. The leasehold interest has been granted for a period of 99 years expiring on 24 October 2105. The freehold interest in the Le Croissant Property is owned by the Le Croissant Guarantor. The title to the Le Croissant Property was investigated at the time of the origination of the Le Croissant Reference Obligation.

The Le Croissant Reference Entity

The borrower under the Le Croissant Reference Obligation is Beaulieu Leasehold SA (the **Le Croissant Reference Entity**).

The Le Croissant Reference Entity is a public limited liability company with its registered office in Brussels. It was incorporated on 18 October 2006.

Under the Le Croissant Credit Agreement, the Le Croissant Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business other than the ownership, management, letting and development of its interests in the Le Croissant Property, that it is not party to any material agreement other than the transaction documents contemplated in the Le Croissant Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Le Croissant Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Le Croissant Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Le Croissant Credit Agreement or related agreements. Further, the Le Croissant Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the Le Croissant Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Le Croissant Property, as well as any other contract expressly allowed under the terms of the Le Croissant Credit Agreement.

On this basis, the Le Croissant Reference Entity is a limited purpose entity.

The Le Croissant Guarantor

The guarantor under the Le Croissant Reference Obligation is Beaulieu Freehold SA, a special purpose entity incorporated in Belgium (the **Le Croissant Guarantor**).

Under the Le Croissant Credit Agreement, the Le Croissant Guarantor has:

(a) represented, on a repeating basis, that is has not traded or carried on any business other than the ownership of its interests in the Le Croissant Property, that it is not party to any material agreement other than the transaction documents contemplated in the Le Croissant Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Le Croissant Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership of its interests in the Le Croissant Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Le Croissant Credit Agreement or related agreements. Further, the Le Croissant Guarantor has undertaken not to enter any contracts other than those treated as transaction documents under the Le Croissant Credit Agreement or otherwise contemplated under the terms of the Le Croissant Credit Agreement.

On this basis, the Le Croissant Guarantor is a limited purpose entity.

Property management

The Le Croissant Property is managed on behalf of the Le Croissant Reference Entity by Cobelpro NV (the **Le Croissant Reference Property Manager**) pursuant to a management agreement dated 5 January 2007, as amended and supplemented from time to time (the **Le Croissant Management Agreement**).

Under the terms of the Le Croissant Reference Credit Agreement, if the Le Croissant Property Manager is in default of its obligations under the Le Croissant Management Agreement and as a consequence the Le Croissant Reference Entity is entitled to terminate the same, the Le Croissant Reference Entity must use all reasonable endeavours to terminate the Le Croissant Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the relevant Lender).

Subordinated debt

In connection with the acquisition of the Le Croissant Property, the sponsor has entered into two intercompany loans agreements dated 25 October 2006 with respectively the Le Croissant Reference Entity and the Le Croissant Guarantor (the **Le Croissant Intercompany Subordinated Loan**). The sponsor, the Le Croissant Reference Entity and the Le Croissant Guarantor and the security agent entered into a subordination agreement (the **Le Croissant Subordination Agreement**) pursuant to which the sponsor contractually subordinated all the rights, claims and obligations owing to him from the Le Croissant Reference Entity and the Le Croissant Guarantor under the Le Croissant Intercompany Loan dated 25 October 2005, to the rights of Barclays Bank PLC as the relevant Security Agent (the (the **Le Croissant Subordination Agreement**). Further, under the terms of the Le Croissant Subordination Agreement, the creditors of the Le Croissant Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Le Croissant Subordinated Loan prior to the discharge of the Le Croissant Reference Obligation.

Security package

The security package for the Le Croissant Reference Obligation includes the following elements:

(a) a first ranking mortgage (*hypotheek/hypothèque*) over the leasehold of the Le Croissant Property covering (i) in respect of principal, an amount equal to 10 per cent. of the total amount of the Le Croissant Reference Obligation, and (ii) in respect of accessories, 5 per cent. of the amount referred to under (i), together with interest and costs, granted by the Le Croissant Reference Entity;

(b) a first ranking mortgage (*hypotheek/hypothèques*) over the freehold of the Le Croissant Property covering (i) in respect of principal an amount equal to 10 per cent. of the total amount of the Le Croissant Reference Obligation, and (ii) in respect of accessories 5 per cent. of the amount referred to under (i), together with interest and costs, granted by the Le Croissant Guarantor;

(c) a mortgage mandate (*hypothecair mandaat/mandate hypothécaire*) over the leasehold of the Le Croissant Property covering the remaining 90 per cent. of the principal amount of the Le Croissant Reference Obligation, granted by the Le Croissant Reference Entity;

(d) a mortgage mandate (*hypothecair mandaat/mandate hypothécaire*) over the freehold of the Le Croissant Property covering the remaining 90 per cent. of the principal amount of the Le Croissant Reference Obligation, granted by the Le Croissant Reference Guarantor;

(e) a first ranking pledge over all receivables of the Le Croissant Reference Entity and the Le Croissant Guarantor, including, without limitation, all Rental Proceeds arising in respect of the Le Croissant Property, all insurance policies and all claims under the acquisition documents;

(f) a first ranking pledge over certain bank accounts of the Le Croissant Reference Entity, including an account designated as the Rent Account which is used to collect Rental Proceeds arising in respect of the Le Croissant Property less certain deductions, any amounts received upon a disposal of the Le Croissant Property and the proceeds of any insurance claim made in respect of the Le Croissant Property; and

(g) a first ranking pledge of shares in the Le Croissant Reference Entity and a first ranking pledge of shares in the Le Croissant Guarantor.

The mortgage mandate granted in respect of the Le Croissant Reference Obligation may be used to create a registered mortgage at any time at the discretion of the relevant Security Agent, and without any specific conditions having to be triggered.

In order to fund the costs of such mortgage registration, the Le Croissant Credit Agreement provides that the Le Croissant Reference Entity and the Le Croissant Guarantor should deposit the amount of such costs and registration duties (the **Mortgage Deposits**) in certain bank accounts, designated the Cash Reserve Account. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account was €500,000.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Le Croissant Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Le Croissant Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Le Croissant Credit Agreement is legally binding, valid and enforceable.

All security interests granted in respect of the Le Croissant Reference Obligation have been granted to and vest in Barclays Bank PLC as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent pursuant to the parallel debt which is owed to it by the Le Croissant Reference Entity and the Le Croissant Guarantor.

Bank Account

The Le Croissant Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **General Account**; and

(c) an account designated the **Cash Reserve Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rent Account: this bank account is held in the name of the Le Croissant Reference Entity, though signing rights are held by Barclays Bank PLC as the relevant Security Agent. The Rent Account, as described above, is used to collect the cash-flow generated by the Le Croissant Property. Amounts due under the Le Croissant Credit Agreement are payable from amounts standing to the credit of the Rent Account subject to certain priorities of payments and in accordance with the terms of the Le Croissant Credit Agreement. The Rent Account is held by Fortis Bank, Brussels branch.

General Accounts: these bank accounts are held in the name of the Le Croissant Reference Entity and the Le Croissant Guarantor, who also have signing rights in respect of them. The General Accounts and amounts credited thereto may be used by the Le Croissant Reference Entity and the Le Croissant Guarantor without any restriction prior to the occurrence of a default in respect of the Le Croissant Reference Obligation. The General Accounts are also held with Fortis Bank, Brussels branch.

Cash Reserve Account: this bank account is held in the name of the Le Croissant Reference Entity, though signing rights are held by Barclays Bank PLC as the relevant Security Agent. Amounts credited to the Cash Reserve Account are intended to be used to fund the registration costs if the mortgage mandate is converted into a mortgage, upon the occurrence of any of the events described above and to fund the payment of interest due and unpaid.

Financial Covenants

The Le Croissant Credit Agreement requires that the Interest Cover Ratio is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the Le Croissant Credit Agreement.

Description of Tenants

The Le Croissant Property is let to a single tenant, the European Community Commission. As is described elsewhere in its Prospectus, the tenant of the Le Croissant Property is entitled to require certain works to be carried out in respect of it and have given notice to commence these works.

Tenant						
Tenant	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Break/Expiry (years)**
European Community Commission	1,220,677	100.0	1,136,932	6,169	AAA/Aaa/AAA	13.38
Total (Weighted Average)	**1,220,677**	**100.0**	**1,136,932**	**6,169**		**13.38**

4. OSTEND REFERENCE OBLIGATION LOAN

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€27,748,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	3.2%
Expected Closing Date Securitised Principal Balance:	€27,597,000
Maturity Securitised Principal Balance:	€23,970,750
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 February 2007 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.04%
Origination Date:	12 October 2006
Maturity Date:	10 August 2013
Reference Entity:	Ostend Shopping BVBA
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	€303,239 (bare ownership and usufruct mortgage registration)
Cut-Off Date Securitised LTV:	76.0%
Maturity Securitised LTV:	65.7%
Cut-Off Date Securitised ICR:	1.63x
Cut-Off Date Securitised DSCR:	1.14x

Property Information	
Number of Properties:	1
Number of Tenants:	6
Occupancy (% by area):	100.0%
Property Type:	Shopping Centre
Country:	Belgium
Address:	Northlaan, Ostend
Property Tenure:	Freehold – Bare ownership and Usufruct
Property Management:	Shopping Centre Management Services NV
Net Rent (pa):	€2,273,143
Net ERV (pa):	€2,119,682
Cost Assumptions (pa):	€59,210
Market Value:	€36,500,000
Vacant Possession Value:	€30,010,000
Valuation Date:	01 June 2006
Valuer:	Cushman & Wakefield

Amortisation (€)	
10 May 2007	151,000
10 August 2007	151,000
10 November 2007	151,000
10 February 2008	151,000
10 May 2008	151,000
10 August 2008	151,000
10 November 2008	151,000
10 February 2009	151,000
10 May 2009	151,000
10 August 2009	151,000
10 November 2009	151,000
10 February 2010	151,000
10 May 2010	151,000
10 August 2010	151,000
10 November 2010	151,000
10 February 2011	151,000
10 May 2011	151,000
10 August 2011	151,000
10 November 2011	151,000
10 February 2012	151,000
10 May 2012	151,000
10 August 2012	151,000
10 November 2012	151,750
10 February 2013	151,750
10 May 2013	151,750
10 August 2013	Nil

The Ostend Reference Obligation

The Ostend Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 12 October 2006 (the **Ostend Credit Agreement**).

The Ostend Reference Obligation was made by the Originator to assist the Ostend Reference Entity in purchasing the entire share capital of the Ostend Guarantor and refinancing the existing indebtedness of the Ostend Guarantor. The Ostend Property was purchased by the Ostend Guarantor, which then granted a usufruct right over the buildings in respect of the buildings of the Ostend Property to the Ostend Reference Entity. The period for which the usufruct right has been granted is 18 years.

The Ostend Reference Obligation is secured upon a single shopping centre property located in Ostend, Belgium (the **Ostend Property**). The Ostend Property was completed and opened in September 2006 and comprises in excess of 16,000 square metres of retail space and 500 car parking spaces. At the current time, the Ostend Property is 100.0 per cent. (by area) let to 6 different retail tenants. With respect to vacant spaces, the vendor of the Ostend Property has provided a rental guarantee expiring in September 2008 or if earlier, the date upon which the Ostend Property is completely let.

Under the Ostend Credit Agreement, the Ostend Reference Entity represents, on a repeating basis, that it has good and perfected title to the usufruct interest in the Ostend Property and the Ostend Guarantor represents, also on a repeating basis, that it has good and perfected title to the bare ownership interest in the Ostend Property. The title to the Ostend Property was investigated at the time of the origination of the Ostend Reference Obligation.

The Ostend Reference Entity

The borrower under the Ostend Reference Obligation is Ostend Shopping BVBA (the **Ostend Reference Entity**). The Ostend Reference Entity is a private limited liability company (*besloten Vennootschap met beperkte aansprakelijkheid*) with its registered office in Antwerp. The Ostend Reference Entity was incorporated on 20 September 2006.

Under the Ostend Credit Agreement, the Ostend Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business outside the scope of its purpose clause (*maatschappelijk doel/objet social*), that it is not a party to any material agreement other than the transaction documents and acquisition documents contemplated in the Ostend Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Ostend Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Ostend Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Ostend Credit Agreement or related agreements. Further, the Ostend Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the Ostend Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Ostend Property, as well as any other contract expressly allowed under the terms of the Ostend Credit Agreement.

On this basis, the Ostend Reference Entity is a limited purpose entity.

The Ostend Guarantor

The guarantor under the Ostend Reference Obligation is AMD-GGL Oostende NV, a limited liability company incorporated in Belgium (the **Ostend Guarantor**).

Under the Ostend Credit Agreement, the Ostend Guarantor has:

(a) represented, on a repeating basis, that is has not traded or carried on any business outside the scope of its purpose clause (*maatschappelijk doel/objet social*) which includes the acquisition, transfer, sale of any moveable property, shares, bonds, warrants, public bonds or any other moveable or immoveable goods, including intellectual property rights, and any acquisition, sale or rental, lease or leasehold transactions, that it is not party to any material agreement other than the transaction documents and acquisition documents contemplated in the Ostend Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Ostend Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Ostend Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Ostend Credit Agreement or related agreements. Further, the Ostend Guarantor has undertaken not to enter any contracts other than those treated as transaction documents under the Ostend Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Ostend Property, as well as any other contract expressly allowed under the terms of the Ostend Credit Agreement.

On this basis, the Ostend Guarantor is a limited purpose entity.

Property management

The Ostend Property is managed by Shopping Centre Management Services NV (the **Ostend Property Manager**) on behalf of the Ostend Reference Entity pursuant to a management agreement dated 25 September 2006, as amended and supplemented from time to time (the **Ostend Management Agreement**).

Under the terms of the Ostend Credit Agreement, the Ostend Reference Entity may not appoint any property manager without the prior consent of the relevant Security Agent. In addition, if the Ostend Property Manager is in default of its obligations under the Ostend Management Agreement and as a consequence the Ostend Reference Entity is entitled to terminate the same, Barclays Bank PLC as the relevant Security Agent (acting on the instructions of the Lenders) may require the Ostend Reference Entity to use all reasonable endeavours to terminate the Ostend Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent.

Subordinated debt

In connection with the acquisition of the Ostend Property, the Ostend Guarantor been granted an intercompany loan by the Ostend Reference Entity (the **Intercompany Loan**). The rights of the creditors under the Intercompany Loan, the usufruct deed entered into between the Ostend Reference Entity and the Ostend Guarantor and certain other documents (the **Ostend Subordinated Documents)** are contractually subordinated to the rights of the Lenders of the Ostend Reference Obligation pursuant to a subordination agreement dated 12 October 2006 with among others, the Ostend Guarantor and Barclays Bank PLC (the **Ostend Subordinated Agreement**). Further, under the terms of the Ostend Subordination Agreement, the creditors under the Subordinated Documents are restricted in relation to what enforcement action they may take in respect of such Subordinated Documents prior to the discharge of the Ostend Reference Obligation. The Ostend Reference Entity does not have subordinated debt, other than its obligations under the usufruct deed, but all future debts have been made subordinate pursuant the Ostend Subordinated Agreement.

Security package

The security package for the Ostend Reference Obligation includes the following elements:

(a) a first ranking mortgage (*hypotheek/hypothèque*) over the Ostend Reference Entity's usufruct right in respect of the buildings forming part of the Ostend Property, covering 25 per cent. of the principal amount of the Ostend Reference Obligation, together with interest and costs;

(b) a first ranking mortgage-mandate (*hypothecair mandaat/mandate hypothécaire*) in respect of the Ostend Reference Entity's usufruct right relating to the buildings forming part of the Ostend Property, covering the remaining 75 per cent. of the principal amount of the Ostend Reference Obligation, together with interest and costs;

(c) a first ranking mortgage (*hypotheek/hypothèque*) over the Ostend Guarantor's bare ownership right in respect of the buildings and the full ownership of the land forming part of the Ostend Property, covering 25 per cent. of the principal amount of the Ostend Reference Obligation;

(d) a first ranking mortgage-mandate (*hypothecair mandaat/mandate hypothécaire*) in respect of the Ostend Guarantor's bare ownership right in respect of the buildings and the full ownership of the land forming part of the Ostend Property, covering the remaining 75 per cent. of the principal amount of the Ostend Reference Obligation;

(e) a first ranking pledge over all receivables of the Ostend Reference Entity, including, without limitation, all Rental Proceeds arising in respect of the Ostend Property;

(f) a first ranking pledge over all receivables of the Ostend Guarantor including, among other things, all receivables under lease documents, insurances and acquisition documents;

(g) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts of the Ostend Reference Entity, including an account designated the Proceeds Collateral Account which is used to collect Rental Proceeds arising in respect of the Ostend Property;

(h) a first ranking pledge over certain bank accounts of the Ostend Guarantor, including the Guarantor Cash Reserve Account;

(i) a first ranking pledge over the shares in the Ostend Reference Entity held by the sponsors; and

(j) a first ranking pledge over the shares in the Ostend Guarantor held by the Ostend Reference Entity.

The mortgage mandates granted by both the Ostend Reference Entity and the Ostend Guarantor in respect of the Ostend Reference Obligation may be used to create a registered mortgage upon the occurrence of any of the following events:

(a) the Interest Cover Ratio falling below 120 per cent.;

(b) the Loan to Value being equal to or exceeding 85 per cent.; or

(c) an event of default occurring under the Ostend Credit Agreement.

In order to fund the costs of such mortgage registration, the Ostend Credit Agreement provides that the Ostend Reference Entity and the Ostend Guarantor should deposit the amount of such costs and registration duties (the **Mortgage Deposits**) in certain bank accounts, designated respectively as the Borrower Cash Reserve Account and the Guarantor Cash Reserve Account. As at the Cut-Off Date, the amount standing to the credit of the Borrower Cash Reserve Account and the Guarantor Cash Reserve Account was €151,745.42 and €151,494, respectively, such amounts being sufficient to pay such costs and registration duties.

The secured liabilities are different in respect of the Ostend Reference Entity (the **Borrower Secured Liabilities**) and the Ostend Guarantor (the **Guarantor Secured Liabilities**). The Borrower Secured Liabilities are any and all present and future sums, liabilities and obligations payable or owing by the Ostend Reference Entity to the Finance Parties (whether actual or contingent, jointly or severally or otherwise) under or in connection with the relevant Finance Documents. The Guarantor Secured Liabilities are any and all present and future sums, liabilities and obligations (whether actual or contingent, jointly or severally or otherwise) payable or owing by the Ostend Guarantor to the Finance Parties under or in connection with, and as limited under the Ostend Credit Agreement.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Ostend Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Ostend Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Ostend Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Ostend Reference Obligation have been granted to and vest in Barclays Bank PLC as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent pursuant to the parallel debt which is owed to it by the Ostend Reference Entity.

Bank Account

The Ostend Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Proceeds Collateral Account**;

(b) an account designated the **Borrower Operating Account**;

(c) an account designated the **Guarantor Operating Account**;

(d) an account designated the **Borrower Cash Reserve Account**; and

(e) an account designated the **Guarantor Cash Reserve Account**.

Certain characteristics of each of these bank accounts are described in turn.

Proceeds Collateral Account: this bank account is held in the name of the Ostend Reference Entity, though signing rights are held by Barclays Bank PLC as the relevant Security Agent. The Proceeds Collateral Account, as described above, is used to collect the Rental Proceeds generated by the Ostend Property. Amounts due under the Ostend Credit Agreement are payable, prior to the occurrence of an event of default, out of Rental Proceeds subject to certain priorities of payments and in accordance with the terms of the Ostend Credit Agreement. All sale proceeds from the disposal of a Property are deposited in the Proceeds Collateral Account and used to repay the Ostend Reference Obligation on the next Interest Payment Date. The Proceeds Collateral Account is held by Fortis Bank, Brussels branch.

Borrower Operating Account: this bank account is held in the name of the Ostend Reference Entity, which also has signing rights in respect of it. The surplus Rental Income, after payment of all obligations under the Ostend Reference Obligation, is released to the Borrower Operating Account. The Borrower Operating Account and amounts credited thereto may be used by the Ostend Reference without any restriction prior to the occurrence of a default and enforcement of security in respect of the Ostend Reference Obligation. The Operating Account is also held with Fortis Bank, Brussels branch.

Guarantor Operating Account: this bank account is held in the name of the Ostend Guarantor, which also has signing rights in respect of it. The Guarantor Operating Account and amounts credited thereto may be used by the Ostend Guarantor without any restriction prior to the occurrence of a default and enforcement of security in respect of the Ostend Reference Obligation. The Operating Account is also held with Fortis Bank, Brussels branch.

Borrower Cash Reserve Account: this bank account is held in the name of the relevant Security Agent, which also has signing rights in respect of it. The relevant mortgage deposits are credited to the Borrower Cash Reserve Account and are intended to be used to fund the registration costs if the mortgage mandate granted by the Ostend Reference Entity is converted into a mortgage, upon the occurrence of any of the events described above. The Borrower Cash Reserve Account is also held with Barclays Bank PLC, London branch.

Guarantor Cash Reserve Account: this bank account is held in the name of the relevant Security Agent, which also has signing rights in respect of it. The relevant Mortgage Deposits are credited to the Guarantor Cash Reserve Account and are intended to be used to fund the registration costs if the mortgage mandate granted by the Ostend Guarantor is converted into a mortgage, upon the occurrence of any of the events described above. The Guarantor Cash Reserve Account is also held with Barclays Bank PLC, London branch.

Financial Covenants

The Ostend Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be greater than the Default LTV level. Breach of this requirement constitutes an event of default under the Ostend Credit Agreement; and

(b) the Interest Cover Ratio is required to be greater than 110 per cent. Breach of this requirement constitutes an event of default under the Ostend Credit Agreement.

Default LTV Level means:

(a) if measured on the utilisation date in respect of the Ostend Reference Obligation, a Loan to Value of 90 per cent.;

(b) as from the second anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Loan to Value of 88 per cent.;

(c) as from the fourth anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Loan to Value of 85 per cent.; and

(d) as from the sixth anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Loan to Value of 82 per cent.

In addition, the Ostend Credit Agreement provides for the following two financial covenants:

(a) an additional measure of Loan to Value, described as the "Cash Trap LTV Level". In the event the LTV level falls below the Cash Trap LTV Level, excess cash flow (i.e. cash left after the payments of all fees, costs and unpaid sums under the Ostend Reference Obligation) will be held within the Cash Reserve Account, rather than being released to the relevant Operating Account.

Cash Trap LTV Level means:

(i) if on the utilisation date in respect of the Ostend Reference Obligation, a Cash Trap LTV Level of 86 per cent.;

(ii) as from the second anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Cash Trap LTV Level of 84 per cent.;

(iii) as from the fourth anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Cash Trap LTV Level of 81 per cent.; and

(iv) as from the sixth anniversary date of the utilisation date in respect of the Ostend Reference Obligation, a Cash Trap LTV Level of 78 per cent.

(b) if the Interest Cover Ratio at any Interest Payment Date falls below 140 per cent., excess cash flow will be held within each Cash Reserve Account, rather than being released to the relevant Operating Account.

Description of Tenants

The Ostend Property is let to 6 tenants. The retail space includes tenants such as Media Markt, Delhaize and Active Centre NV, as well as a variety of local or regional tenants. The car parking space is let to City Parking, a major Belgian car parking operator. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of Belgian law, though each lease will have been individually negotiated.

Tenants						
Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
City Parking NV/ Media Markt	908,669	40.0	829,096	4,544	-	2.08
Delhaize / Active Centre NV	479,750	21.1	469,538	5,245	-	2.18
Sportsworld / Quick	236,574	10.4	236,574	1,697	-	2.25
Total (Weighted Average)	**1,624,993**	**71.5**	**1,535,206**	**11,486**	**-**	**2.13**

5. PRINS BOUDEWIJN REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€13,200,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	1.5%
Expected Closing Date Securitised Principal Balance:	€13,133,750
Maturity Securitised Principal Balance:	€11,595,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 February 2007 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.14%
Origination Date:	21 December 2006
Maturity Date:	10 February 2015
Reference Entity:	Kontich Leasehold SPRL
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	€188,673 (Cash escrow) €150,270 (Rent Guarantee) €150,333 (Mortgage Registration)
Cut-Off Date Securitised LTV:	71.9%
Maturity Securitised LTV:	63.2%
Cut-Off Date Securitised ICR:	1.40x
Cut-Off Date Securitised DSCR:	1.01x

Property Information	
Number of Properties:	1
Number of Tenants:	11
Occupancy (% by area):	96.11%
Property Type:	Office
Country:	Belgium
Address:	Prins Boudewijnlaan 24 A, B, C, D, Kontich
Property Tenure:	Leasehold (expires 22/10/2094)
Property Management:	Cobelpro NV
Net Rent (pa):	€951,188
Net ERV (pa):	€1,165,032
Cost Assumptions (pa):	€114,154
Market Value:	€18,350,000
Vacant Possession Value:	€15,080,000
Valuation Date:	02 November 2006
Valuer:	Cushman & Wakefield

Amortisation (€)	
10 May 2007	66,250
10 August 2007	66,250
10 November 2007	66,250
10 February 2008	66,250
10 May 2008	64,250
10 August 2008	64,250
10 November 2008	64,250
10 February 2009	64,250
10 May 2009	56,750
10 August 2009	56,750
10 November 2009	56,750
10 February 2010	56,750
10 May 2010	83,500
10 August 2010	83,500
10 November 2010	83,500
10 February 2011	83,500
10 May 2011	95,000
10 August 2011	95,000
10 November 2011	95,000
10 February 2012	95,000
10 May 2012	35,500
10 August 2012	35,500
10 November 2012	35,500
10 February 2013	35,500
10 May 2013	nil
10 August 2013	nil
10 November 2013	nil
10 February 2014	nil
10 May 2014	nil
10 August 2014	nil
10 November 2014	nil
10 February 2015	nil

The Prins Boudewijn Reference Obligation

The Prins Boudewijn Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 21 December 2006 (the **Prins Boudewijn Credit Agreement**).

The Prins Boudewijn Reference Obligation is secured upon a single property located in Kontich, Belgium (the **Prins Boudewijn Property**). The Prins Boudewijn Property was built in 1991 and refurbished in 2004 and comprises 9,804 square metres of office space and 295 car parking spaces. At the current time, the Prins Boudewijn Property is 96.1 per cent. (by area) let to 11 different tenants. With respect to vacant spaces or occupied areas subject to rent free periods, the vendor of the leasehold interest in the Prins Boudewijn Property has provided a rental guarantee; the amount and term of the rental guarantee varies for each tenant.

Under the Prins Boudewijn Credit Agreement, the Prins Boudewijn Reference Entity represents, on a repeating basis, that it has good and marketable title to the leasehold interest in the Prins Boudewijn Property. The title to the Prins Boudewijn Property was investigated at the time of the origination of the Prins Boudewijn Reference Obligation. The freehold interest in the Prins Boudewijn Property is held by Cofinimmo SA which is a third party in relation to the Prins Boudewijn Reference Entity. The Prins Boudewijn Reference Entity has also represented under the Prins Boudewijn Credit Agreement that the lease agreement is an agreement concluded on arm's length terms. Cofinimmo SA has granted the leasehold interest to the Prins Boudewijn Reference Entity for a term of 99 years starting from 2 December 2006.

The Prins Boudewijn Reference Entity

The borrower under the Prins Boudewijn Reference Obligation is Kontich Leasehold SPRL (the **Prins Boudewijn Reference Entity**). The Prins Boudewijn Reference Entity is a private limited company (*besloten vennootschap met beperkte aansprakelijkheid/Société privée à responsabilité limitée*) with its registered office in Brussels, Belgium. It was incorporated on 13 December 2006.

Under the Prins Boudewijn Credit Agreement, the Prins Boudewijn Reference Entity has:

(a) represented, on a repeating basis, subject to the disclosures under the Prins Boudewijn Credit Agreement, that is has not traded or carried on any business outside the scope of the purpose clause of its constitutional documents (which inter alia includes engaging in all transactions with respect to moveable or immoveable goods including but not limited to the acquisition, upgrading, exchange, improvement, furnished or unfurnished lease, management, transformation, construction and distribution of immoveable goods), that it is not party to any material agreement outside its ordinary scope of business other than the transaction documents and acquisition documents contemplated in the Prins Boudewijn Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Prins Boudewijn Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management and letting of its interests in the Prins Boudewijn Property, not to have any employees and not to have any subsidiaries other than as contemplated in the Prins Boudewijn Credit Agreement or related agreements.

On this basis, the Prins Boudewijn Reference Entity is a limited purpose entity.

Property management

The Prins Boudewijn Property is managed on behalf of the Prins Boudewijn Reference Entity by Cobelpro NV (the **Prins Boudewijn Reference Property Manager**) pursuant to a management agreement dated 20 December 2006, as amended and supplemented from time to time (the **Prins Boudewijn Management Agreement**).

Under the terms of the Prins Boudewijn Credit Agreement, the Prins Boudewijn Reference Entity may not appoint any property manager without the prior consent of the Lenders. In addition, if the Prins Boudewijn Property Manager is in default of its obligations under the Prins Boudewijn Management Agreement and as a consequence the Prins Boudewijn Reference Entity is entitled to terminate the same, Barclays Bank PLC as the relevant Security Agent (acting on the instructions of the Lenders) may require the Prins Boudewijn Reference Entity to use all reasonable endeavours to terminate the Prins Boudewijn Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Lenders).

Subordinated debt

The Prins Boudewijn Reference Entity entered into a subordination agreement dated 21 December 2006 with Barclays Bank PLC (the **Prins Boudewijn Subordination Agreement**) pursuant to which all future debt of the Prins Boudewijn Reference Entity is contractually subordinated to the rights of the relevant Security Agent. Further, under the terms of the Prins Boudewijn Subordination Agreement, the creditors of all future debt are restricted in relation to what enforcement action they may take in respect of the debt prior to the discharge of the Prins Boudewijn Reference Obligation. The Prins Boudewijn Reference Entity currently has no other debt.

Security package

The security package for the Prins Boudewijn Reference Obligation includes the following elements:

(a) a first ranking mortgage (*hypotheek*/*hypothèque*) over the leasehold interests that the Prins Boudewijn Reference Entity has in the Prins Boudewijn Property, covering 25 per cent. of the principal amount of the Prins Boudewijn Reference Obligation, together with interest and costs;

(b) a mortgage mandate (*hypothecair mandaat/mandate hypothécaire)* over the leasehold interests in the Prins Boudewijn Property, covering the remaining 75 per cent. of the principal amount of the Prins Boudewijn Reference Obligation, together with interest and costs;

(c) a first ranking pledge over all receivables of the Prins Boudewijn Reference Entity, including, without limitation, all Rental Proceeds arising in respect of the Prins Boudewijn Property;

(d) a first ranking pledge over certain bank accounts of the Prins Boudewijn Reference Entity, including an account designated the Proceeds Collateral Account which is used to collect Rental Proceeds arising in respect of the Prins Boudewijn Property less certain deductions, any amounts received upon a disposal of the Prins Boudewijn Property and the proceeds of any insurance claim made in respect of the Prins Boudewijn Property; and

(e) a first ranking pledge over the shares in the Prins Boudewijn Reference Entity held by the sponsors.

The mortgage mandate granted in respect of the Prins Boudewijn Reference Obligation may be used to create a registered mortgage by Barclays Bank PLC as the relevant Security Agent, at any time in its absolute discretion and without reference to the occurrence of any pre determined events.

In order to fund the costs of such mortgage registration, the Prins Boudewijn Credit Agreement provides for the establishment of a bank account, designated the Cash Reserve Account, which will be funded over time from cash standing to the credit of the Proceeds Collateral Account after all payments in respect of the Prins Boudewijn Reference Obligation have been made. As at the Cut-Off Date, the amount standing to the credit of the Cash Reserve Account was €488,276.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Prins Boudewijn Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Prins Boudewijn Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Prins Boudewijn Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Prins Boudewijn Reference Obligation have been granted to and vest in Barclays Bank PLC as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent pursuant to the parallel debt which is owed to it by the Prins Boudewijn Reference Entity.

Bank Account

The Prins Boudewijn Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Proceeds Collateral Account**;

(b) an account designated the **Operating Account**; and

(c) an account designated the **Cash Reserve Account**.

Certain characteristics of each of these bank accounts are described in turn.

Proceeds Collateral Account: this bank account is held in the name of the Prins Boudewijn Reference Entity, though signing rights are held by Barclays Bank PLC as the relevant Security Agent. The Proceeds Collateral Account, as described above, is used to collect the cash-flow generated by the Prins Boudewijn Property. Prior to the occurrence of a default and enforcement of security in respect of the Prins Boudewijn Reference Obligation, the Facility Agent of the Prins Boudewijn Reference Obligation is authorised to withdraw amounts from the Proceeds Collateral Account and apply the same towards payments due under the Prins Boudewijn Reference Obligation. The Proceeds Collateral Account is held by KBC Bank, Brussels branch.

Operating Account: this bank account is held in the name of the Prins Boudewijn Reference Entity, which also has signing rights in respect of it. The Operating Account and amounts credited thereto may be used by the Prins Boudewijn Reference without any restriction prior to the occurrence of a default and enforcement of security in respect of the Prins Boudewijn Reference Obligation. The Operating Account is held with KBC Bank, Brussels branch.

Cash Reserve Account: this bank account is held in the name of Barclays Bank PLC as the relevant Security Agent, which also has signing rights in respect of it. Amounts credited to the Cash Reserve Account are intended to be used to fund the registration costs if the mortgage mandate granted in respect of the Prins Boudewijn Reference Obligation is converted into a mortgage at the discretion of the relevant Security Agent. The Cash Reserve Account is held with ING Bank, Brussels branch.

Financial Covenants

The Prins Boudewijn Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be no greater than 85 per cent. from the first anniversary date of the Prins Boudewijn Credit Agreement up to the second anniversary date of the Prins Boudewijn Credit Agreement and no greater than 80 per cent. from the second anniversary date of the Prins Boudewijn Credit Agreement. Breach of this requirement constitutes an event of default under the Prins Boudewijn Credit Agreement; and

(b) the Interest Cover Ratio is required to be greater than 110 per cent. Breach of this requirement constitutes an event of default under the Prins Boudewijn Credit Agreement.

Cash Trap Arrangements

The Prins Boudewijn Credit Agreement provides that between the first Interest Payment Date, being the Interest Payment Date falling on 10 February 2007 and the Interest Payment Date falling on 10 May 2012 (or if KPMG gives notice of its intention to exercise its Occupational Lease break option before 10 May 2012, the Interest Payment Date falling on 10 November 2012, all surplus cashflow will be transferred from the Proceeds Collateral Account to the Cash Reserve Account and allocated in accordance with the terms of the Prins Boudewijn Credit Agreement.

In addition, the Prins Boudewijn Credit Agreement provides for an additional measure of Interest Cover Ratio, described as the "Cash Trap Interest Cover Ratio Level". Starting from the Interest Payment Date falling on 10 May 2012 (or if KPMG gives notice of its intention to exercise its Occupational Lease break option before 10 August 2012, starting from the Interest Payment Date falling on 10 November 2012), in the event that the Interest Cover Ratio Level falls below 140 per cent., surplus cash flow will be transferred from the Proceeds Collateral Account to the Cash Reserve Account and allocated in accordance with the terms of the Prins Boudewijn Credit Agreement.

Description of Tenants

The Prins Boudewijn Property is let to 11 tenants. The office space includes tenants such as ESV*, Syntra AB, Ranstand Professionals NV, Cronos NV and General Motors Belgium NV. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of Belgian law, though each lease will have been individually negotiated.

Tenants					
Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Weighted Average Lease Break/Expiry (years)**
Rent top up (for KPMG Support Services ESV) / KPMG Support Services ESV / Syntra AB VZW	500,714	52.2%	624,744	5,378	2.68 yrs
Randstad Professionals NV / Cronos NV / General Motors Belgium NV	271,163	28.3%	281,016	2,352	2.73 yrs
Onet Belgium NV / Accountantskantoor Op de Beeck & Verelst / Axias NV	122,504	12.8%	129,312	1,104	3.46 yrs
Schafer Shop International NV / De Boer Tenten NV / 3 CTI NV	64,427	6.7%	68,652	589	1.31 yrs
Total (Weighted Average)	**958,808**	**100.0%**	**1,103,724**	**9,423**	**2.70 yrs**

The ESV lease is subject to a 54 month rent free period commencing June 2006. During this period, the vendor has independently contracted to pay the Prins Boudewijn Reference Entity an annual rent of €363,975.

* An affiliate of KPMG.

B. THE GERMAN REFERENCE OBLIGATIONS

1. NORDHAUSEN REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€22,242,995
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	2.6%
Expected Closing Date Securitised Principal Balance:	€22,115,958
Maturity Securitised Principal Balance:	€16,827,943
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.30%
Origination Date:	13 July 2006
Maturity Date:	10 August 2016
Reference Entity:	Hobart 82 Limited
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	76.7%
Maturity Securitised LTV:	58.0%
Cut-Off Date Securitised ICR:	1.70x
Cut-Off Date Securitised DSCR:	1.19x

Property Information	
Number of Properties:	1
Number of Tenants:	2
Occupancy (% by area):	100.0%
Property Type:	Retail – Supermarket
Country:	Germany
Address:	Darrrweg 67, Nordhausen
Property Tenure:	Freehold
Property Management:	London & Capital Properties Limited
Net Rent (pa):	€2,005,067
Net ERV (pa):	€2,026,470
Cost Assumptions (pa):	€150,919
Market Value:	€29,000,000
Vacant Possession Value:	€24,000,000
Valuation Date:	09 May 2006
Valuer:	Colliers CRE

Amortisation (€)	
10 May 2007	127,037
10 August 2007	125,989
10 November 2007	124,956
10 February 2007	126,092
10 May 2008	129,380
10 August 2008	130,544
10 November 2008	129,603
10 February 2009	130,781
10 May 2009	136,149
10 August 2009	135,284
10 November 2009	134,438
10 February 2010	135,661
10 May 2010	140,966
10 August 2010	140,198
10 November 2010	139,451
10 February 2011	140,719
10 May 2011	145,960
10 August 2011	145,292
10 November 2011	144,647
10 February 2012	145,963
10 May 2012	149,213
10 August 2012	150,555
10 November 2012	150,016
10 February 2013	151,380
10 May 2013	156,483
10 August 2013	156,027
10 November 2013	155,598
10 February 2014	157,013
10 May 2014	162,044
10 August 2014	161,700
10 November 2014	161,385
10 February 2015	162,852
10 May 2015	167,808
10 August 2015	167,580
10 November 2015	167,383
10 February 2016	168,905
10 May 2016	160,000
10 August 2016	Nil

The Nordhausen Reference Obligation

The Nordhausen Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 12 July 2006, subject to an amendment agreement dated 8 August 2006 (the **Nordhausen Credit Agreement**).

The Nordhausen Reference Obligation is secured upon a single retail complex comprising the Marktkauf Supermarket and the Marktkauf DIY store located in Nordhausen, Germany (the **Nordhausen Property**). The Nordhausen Property is set on a 4.82 hectare site, providing 19,819 square metres of lettable shopping area and 650 car parking spaces.

Under the Nordhausen Credit Agreement, the Nordhausen Reference Entity represents, on a repeating basis, that it has good and marketable title to the Nordhausen Property. The title to the Nordhausen Property was investigated at the time of the origination of the Nordhausen Reference Obligation.

The Nordhausen Reference Entity

The borrower under the Nordhausen Reference Obligation is Hobart 82 Limited (the **Nordhausen Reference Entity**). The Nordhausen Reference Entity is a limited liability company with its registered office in Guernsey. It was incorporated on 17 February 2006.

Under the Nordhausen Credit Agreement, the Nordhausen Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation except for the ownership, management, letting and development of its interests in the Nordhausen Property, that it is not party to any material agreement other than the transaction documents and acquisition documents contemplated in the Nordhausen Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Nordhausen Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Nordhausen Property, not to have any employees, not to be a member of any value added tax group and not to have any subsidiaries other than as contemplated in the Nordhausen Credit Agreement or related agreements. Further, the Nordhausen Reference Entity has undertaken not to enter any contracts other than the transaction documents under the Nordhausen Credit Agreement, any contract entered into in connection with the day-to-day management, operation, letting and development of the Nordhausen Property, as well as any other contract expressly allowed under the terms of the Nordhausen Credit Agreement.

On this basis, the Nordhausen Reference Entity is a limited purpose entity.

Property Management

The Nordhausen Property is managed by an affiliate of the sponsor of the Nordhausen Reference Entity, London & Capital Properties Limited (the **Nordhausen Property Manager**), pursuant to a management agreement dated 13 July 2006, as amended and supplemented from time to time (the **Nordhausen Management Agreement**).

Under the terms of the Nordhausen Credit Agreement, the Nordhausen Reference Entity may not appoint any property manager without the prior consent of, and on terms approved by, the Lender. In addition, if the Nordhausen Property Manager is in default of its obligations under the Nordhausen Management Agreement, and as a consequence the Nordhausen Reference Entity is entitled to terminate the same, Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Lender) may require the Nordhausen Reference Entity to use all reasonable endeavours to terminate the Nordhausen Management Agreement in accordance with its terms and appoint a new property manager whose identity and terms of appointment are acceptable to Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Lender).

Subordinated debt

In connection with the acquisition of the Nordhausen Property, the Nordhausen Reference Entity entered into a subordinated loan agreement with Hobart Property (GP) Limited (the **Nordhausen Subordinated Loan**). The rights of the creditor of the Nordhausen Subordinated Loan, being Hobart Property (GP) Limited, are contractually subordinated to the rights of the Lender in respect of the Nordhausen Reference Obligation pursuant to a subordination deed dated 13 July 2006 (the **Nordhausen Subordination Agreement**). Further, under the terms of the Nordhausen Subordination Agreement, the creditors of the Nordhausen Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Nordhausen Subordinated Loan prior to the discharge of the Nordhausen Reference Obligation.

Security package

The security package for the Nordhausen Reference Obligation includes the following elements:

(a) an immediately enforceable and certificated land charge covering 100 per cent. of the principal amount of the Nordhausen Reference Obligation, together with interest and costs. As at the Cut-Off Date, the land charge is not first ranking yet as the Nordhausen Reference Entity is not the registered owner. All claims of the priority notice have been transferred to the Nordhausen Reference Entity with registration as owner following in due course;

(b) an assignment of all receivables of the Nordhausen Reference Entity, including, without limitation, all Rental Proceeds arising in respect of the Nordhausen Property;

(c) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts of the Nordhausen Reference Entity Accounts (other than the Rental Deposit Account and the Management Account), including an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the Nordhausen Property;

(d) a first ranking security interest over the shares in the Nordhausen Reference Entity held by the sponsor; and

(e) an assignment of rights and claims of the Nordhausen Reference Entity under certain documents including the insurance policies, the acquisition documents, the Nordhausen Management Agreement and any future sale contracts relating to the Nordhausen Property.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Nordhausen Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Nordhausen Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Nordhausen Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Nordhausen Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent.

Bank Accounts

The Nordhausen Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **Rental Deposit Account**;

(c) an account designated the **General Account**;

(d) an account designated the **Prepayment Account**; and

(e) an account designated the **Management Account**.

Certain characteristics of each of these bank accounts are described in turn below.

Rent Account: this bank account is held in the name of the Nordhausen Reference Entity and the signing rights are held with the relevant Security Agent. The Rent Account, as described above, is used to collect net Rental Proceeds (being the Rental Income less any contribution made by tenants for insurance premium or other operating expenses in respect of the Property) generated by the Nordhausen Property. Interest and principal in respect of the Nordhausen Reference Obligation are

paid from the Rent Account on each Reference Obligation Interest Payment Date under the Nordhausen Credit Agreement. The Nordhausen Reference Entity may only withdraw, transfer or dispose of amounts standing to the credit of the Rent Account with the prior consent of the Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. Payments may be made from the Rent Account for repayment of obligations under the Nordhausen Reference Obligation. The Rent Account is held at Barclays Bank PLC, Frankfurt branch.

Rental Deposit Account: this account is held in the name of the Nordhausen Reference Entity, which also has signing rights in respect of it. The Rental Deposit Account is used to collect amounts payable by any tenant under any lease in relation to the Nordhausen Property, by way of deposit in respect of rent. Subject to the terms of the relevant lease on which the relevant amount is held, on each Reference Obligation Interest Payment Date under the Nordhausen Credit Agreement Barclays Capital Mortgage Servicing Limited as the relevant Security Agent may agree to the transfer of any amount standing to the credit of the Rental Deposit Account which is referable to a tenant into the Rent Account to the extent necessary to make good any failure by that tenant to meet its obligations to pay rent under the relevant lease. Payments may be made from the Rental Deposit Account for repayment of obligations under the Nordhausen Reference Obligation. The Rental Deposit Account is held at Barclays Bank PLC, Frankfurt branch.

General Account: this account is held in the name of the Nordhausen Reference Entity, which also has signing rights in respect of it. Any surplus cash from the Rent Account is paid by the Nordhausen Reference Entity into the General Account. Subject to any restriction in the Nordhausen Subordination Agreement, and so long as no event of default has occurred or is outstanding under the Nordhausen Reference Obligation, the Nordhausen Reference Entity may withdraw any amount from the General Account for any purpose. At any time when an event of default is outstanding in respect of the Nordhausen Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Security Agent may (as irrevocably authorised by the Nordhausen Reference Entity) withdraw and apply amounts standing to the credit of the General Account in accordance with the Nordhausen Credit Agreement. Payments may be made from the General Deposit Account for repayment of obligations under the Nordhausen Reference Obligation. The General Account is held at Barclays Bank PLC, Frankfurt branch.

Prepayment Account: this account is held in the name of the Nordhausen Reference Entity, which also has signing rights in respect of it. Any cash obtained on the disposal of the Nordhausen property is required to be paid into the Prepayment Account and any amount standing to the credit of the Prepayment Account may only be withdrawn, transferred or disposed of by the Nordhausen Reference Entity with the prior consent of Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. Payments may be made from the Prepayment Account for repayment of obligations under the Nordhausen Reference Obligation. The Prepayment Account is held at Barclays Bank PLC, Frankfurt branch.

Management Account: this account is held in the name of the Nordhausen Reference Entity, which also has signing rights in respect of it. Provided that no event of default has occurred or is outstanding under the Nordhausen Reference Obligation, or would be reasonably likely to arise as a result of a withdrawal, the Nordhausen Reference Entity (or the Nordhausen Property Manager on its behalf) is entitled to exercise all rights and powers in respect of the Management Account. The Nordhausen Reference Entity must ensure that any amount paid into the Management Account, in accordance with the Nordhausen Credit Agreement, is used to meet the relevant cost or liability or for the purpose for which a tenant contribution or other deduction has been made. Payments may be made from the Management Account for repayment of obligations under the Nordhausen Reference Obligation. The Management Account is held at Barclays Bank PLC, Frankfurt branch.

Financial Covenants

The Nordhausen Credit Agreement requires that the Debt Service Cover Ratio at each Reference Obligation Interest Payment Date under the Nordhausen Credit Agreement is no less than 100 per cent. Breach of this requirement constitutes an event of default under the Nordhausen Credit Agreement. In addition, in the event that Debt Service Cover Ratio on each Reference Obligation Interest Payment Date under the Nordhausen Credit Agreement is less than 105 per cent. then surplus cash flow will be held within the Rent Account, rather than being released into the General Account.

Description of Tenants

The Nordhausen Property is let to two tenants, AVA Allgemeine Handelsgesellschaft der Verbraucher AG and LBS Beratungsstelle Hessen-Thuringen.

Tenants						
Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Break/Expiry (years)**
AVA Allgemeine Handelsgeschellschaft der Verbraucher AG	1,997,079	99.6	2,018,100	19,671	-	11.29
LBS Beratungsstelle Hessen-Thuringen	7,988	0.4	8,370	148	-	0.25
Total (Weighted Average)	**2,005,067**	**100.0**	**2,026,470**	**19,819**	**-**	**11.25**

2. PYRUS PORTFOLIO REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€36,327,000[1]
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	4.2%
Expected Closing Date Securitised Principal Balance:	€36,254,000
Maturity Securitised Principal Balance:	€34,108,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November starting from 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Refinance and Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.02%
Origination Date:	20 October 2006
Maturity Date:	10 November 2014
Reference Entity:	Gettmore Limited / Vinetree Limited
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	67.3%
Maturity Securitised LTV:	63.2%
Cut-Off Date Securitised ICR:	1.51x
Cut-Off Date Securitised DSCR:	1.33x

[1] As at the Closing Date the Pyrus Portfolio Reference Entity has provisionally agreed the sale of 1 unit in the Düsseldorf Property. Estimate Prepayment less than 0.1% of the Cut Off Date Loan Balance.

Property Information	
Number of Properties:	6
Number of Units:	930
Occupancy (% by area):	95.07%
Property Type:	Residential
Country:	Germany
Address:	Various – Ratingen, Siegen, Hamburg, Wentorf, Dusseldorf, Cologne
Property Tenure:	Freehold
Property Management:	Bau Union GmbH
Net Rent (pa):	€2,756,056
Net ERV (pa):	€2,709,436
Cost Assumptions (pa):	€1,296,968
Market Value:	€53,990,000
Vacant Possession Value:	N/A
Valuation Date:	13 October 2006
Valuer:	Drivers Jonas

Amortisation (€)	
10 May 2007	73,000
10 August 2007	58,000
10 November 2007	59,000
10 February 2008	60,000
10 May 2008	71,000
10 August 2008	62,000
10 November 2008	62,000
10 February 2009	63,000
10 May 2009	79,000
10 August 2009	65,000
10 November 2009	66,000
10 February 2010	67,000
10 May 2010	82,000
10 August 2010	69,000
10 November 2010	69,000
10 February 2011	70,000
10 May 2011	86,000
10 August 2011	72,000
10 November 2011	73,000
10 February 2012	74,000
10 May 2012	85,000
10 August 2012	76,000
10 November 2012	77,000
10 February 2013	78,000
10 May 2013	94,000
10 August 2013	81000
10 November 2013	82,000
10 February 2014	83,000
10 May 2014	98,000
10 August 2014	85,000
10 November 2014	Nil

The Pyrus Portfolio Reference Obligation

The Pyrus Portfolio Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 18 October 2006 (the **Pyrus Portfolio Credit Agreement**).

The Pyrus Portfolio Reference Obligation is secured upon residential property, comprising multi-family houses and high-rise buildings, located in Cologne, Düsseldorf, Rahlstedt, Wentorf, Ratingen and Siegen (the **Pyrus Portfolio Properties**). The Pyrus Portfolio Properties comprises a total of 930 residential units with 65,590 square metres of lettable area.

Under the Pyrus Credit Agreement, each of the Pyrus Portfolio Reference Entities represent, on a repeating basis, that except as set out in the title report and leases in respect of the Pyrus Property, it has an expectancy right (*Anwartschaftsrecht*) to title to the property in Düsseldorf and Cologne (including a registered priority notice (*Auflassungsvormerkung*) in the relevant land register in its favour) and the full and exclusive ownership (*alleiniger Grundstückseigentümer*) in respect to the properties at Ratingen, Siegen, Rahlstedt and Wentorf. The title to the Pyrus Properties was investigated at the time of the origination of the Pyrus Reference Obligation.

The Pyrus Portfolio Reference Entities

The borrowers under the Pyrus Portfolio Reference Obligation are Gettmore Limited and Vinetree Limited (each a **Pyrus Portfolio Reference Entity**, and together the **Pyrus Portfolio Reference Entities**), each of which is a limited liability international business company with its registered office in the British Virgin Islands. Gettmore Limited was incorporated on 11 August 2004 and Vinetree Limited was incorporated on 10 June 2004.

Under the Pyrus Portfolio Credit Agreement, each of the Pyrus Portfolio Reference Entities has:

(a) represented, on a repeating basis, that it has not traded or carried on any business since the date of its incorporation except for the preparation of the acquisition, the acquisition, ownership, management, letting and development of its interests in the Pyrus Portfolio Properties, that it is not party to any material agreement other than the transaction documents, contemplated in the Pyrus Portfolio Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Pyrus Portfolio Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Pyrus Portfolio Properties, not to have any employees, not to be a member of any value added tax group and not to have any subsidiaries other than as contemplated in the Pyrus Portfolio Credit Agreement or related agreements. Further, the Pyrus Portfolio Reference Entities have undertaken not to enter any contracts other than the transaction documents under the Pyrus Portfolio Credit Agreement, any contract entered into in connection with the day-to-day management, operation, letting and development of the Pyrus Portfolio Properties, as well as any other contract expressly allowed under the terms of the Pyrus Portfolio Credit Agreement.

On this basis, each of the Pyrus Portfolio Reference Entities is a limited purpose entity.

Property management

The Pyrus Portfolio Properties are managed on behalf of the Pyrus Portfolio Reference Entities by Bau Union Gesellschaft für Haus- und Grundbesitz mbH (the **Pyrus Portfolio Properties Manager**) pursuant to a management agreement (the **Pyrus Portfolio Management Agreement**).

Under the terms of the Pyrus Portfolio Credit Agreement, the Pyrus Portfolio Reference Entities may not appoint a property manager without the prior consent of, and on terms approved by, Barclays Bank PLC as the Lender. In addition, if the Pyrus Portfolio Properties Manager is in default of its obligations under the Pyrus Portfolio Management Agreement and, as a consequence, the Pyrus Portfolio Reference Entities are entitled to terminate the same, then Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Lender) may require the Pyrus Portfolio Reference Entities to use all reasonable endeavours to terminate the Pyrus Portfolio Management Agreement in accordance with its terms and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Lender).

Subordinated debt

In connection with the refinancing and acquisition of the Pyrus Portfolio Properties, the Pyrus Portfolio Reference Entities have entered into a subordinated loan with Oasimode Limited, Junifler Limited, Post Properties S.à r.l. and Tea Properties S.à r.l. (the **Pyrus Portfolio Subordinated Loan**). The rights of the creditors of the Pyrus Portfolio Subordinated Loan are contractually subordinated to the rights of the Lender of the Pyrus Portfolio Reference Obligation pursuant to a subordination agreement dated 18 October 2006 (the **Pyrus Portfolio Subordination Agreement**). Further, under the terms of the Pyrus Portfolio Subordination Agreement, the creditors of the Pyrus Portfolio Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Pyrus Portfolio Subordinated Loan prior to the discharge of the Pyrus Portfolio Reference Obligation.

Security package

The security package for the Pyrus Portfolio Reference Obligation includes the following elements:

(a) a first ranking land charge covering 100 per cent. of the principal amount of the Pyrus Portfolio Reference Obligation, together with interest and costs;

(b) a first ranking assignment of all receivables of the Pyrus Portfolio Reference Entities, including without limitation all Rental Proceeds arising in respect of the Pyrus Property and all insurance receivables of the Pyrus Portfolio Reference Entities;

(c) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts (other than the Rental Deposit Account) of the Pyrus Portfolio Reference Entities, including an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the Pyrus Portfolio Properties;

(d) a first ranking mortgage over the shares in the Pyrus Portfolio Reference Entities held by the sponsor; and

(e) a first ranking assignment of rights and claims of the Pyrus Portfolio Reference Entities under certain documents including the acquisition documents, the Pyrus Portfolio Management Agreement and any construction contracts in relation to the Pyrus Portfolio Properties.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Pyrus Portfolio Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Pyrus Portfolio Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Pyrus Portfolio Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Pyrus Portfolio Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent.

Bank Accounts

The Pyrus Portfolio Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) accounts designated the **General Account**;

(c) accounts designated the **Rental Deposit Account**;

(d) accounts designated the **Sales Account**;

(e) accounts designated the **Management Account**; and

(e) accounts designated the **Capex Account**.

Certain characteristics of each of these bank accounts are described in turn below:

Rent Account: this bank account is held in the name of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of it. The Rent Account, as described above, is used to collect the cash-flow generated by the Pyrus Portfolio Properties. Prior to an occurrence of a default and enforcement of security in respect of the Pyrus Portfolio Reference Obligation, of the Pyrus Portfolio Reference Obligation, Barclays Capital Mortgage Servicing Limited as the Facility Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the Pyrus Portfolio Reference Obligation. The Rent Account is held by Deutsche Bank.

General Account: there are two such bank accounts, each held in the name of one of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of the relevant account. As long as no event of default is outstanding under the Pyrus Portfolio Credit Agreement, the Pyrus Portfolio Reference Entities may withdraw amounts from the relevant General Account for any purpose. The General Accounts are held at Deutsche Bank.

Rental Deposit Account: there are two such bank accounts, each held in the name of one of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of the relevant account. All tenant deposits in respect of any lease is paid into the relevant Rental Deposit Account. The Pyrus Portfolio Reference Entities may only withdraw, transfer or dispose of amounts standing to the credit of the relevant Rental Deposit Account with the prior consent of Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. The Rental Deposit Accounts are held at Deutsche Bank.

Sales Account: there are two such bank accounts, each held in the name of one of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of the relevant account. All proceeds generated from a disposal of the Pyrus Portfolio Properties are paid into the relevant Sales Account. The Pyrus Portfolio Reference Entity may only withdraw, transfer or dispose of amounts standing to the credit of the relevant Sales Account with the prior written consent of Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. The Sales Accounts are held at Deutsche Bank.

Management Accounts: there are two such bank accounts, each held in the name of one of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of the relevant account. The amount representing the tenant contributions is paid by the Pyrus Portfolio Reference Entities into the relevant Management Account on or prior to the 20th day of every month. The Management Accounts are held at Deutsche Bank.

Capex Account: there are two such bank accounts, each held in the name of one of the Pyrus Portfolio Reference Entities, which also have the signing rights in respect of the relevant account. Quarterly payments of €50,000 and €12,500 are made into the Capex Account relating to Gettmore Limited and Vinetree Limited respectively (each such amount, a **Capex Withheld Amount**), to remain in the relevant Capex Account until released by the Security Agent for application towards the relevant Pear Portfolio Property upon receipt by Barclays Capital Mortgage Servicing Limited, as the relevant Security Agent, of a budget for the capital expenditure from the relevant Managing Agent. The Capex Accounts are held at Deutsche Bank.

Financial Covenants

The Pyrus Portfolio Credit Agreement requires that the Debt Service Coverage Ratio, as at each reference Obligation Interest Payment Date under the Pyrus Portfolio Credit Agreement, is required to be at least 105 per cent.. Breach of this requirement constitutes an event of default under the Pyrus Portfolio Credit Agreement.

In addition, in the event that the Debt Service Cover Ratio falls below 118 per cent., surplus cash flow will be held within the relevant Rent Accounts, rather than being released to the relevant General Accounts as contemplated under the Pyrus Portfolio Credit Agreement.

Description of Tenants

The Pyrus Portfolio Properties is let to a diverse range of tenants. The leases have been based on a common form of residential lease agreements which is subject to the applicable provisions of German law.

Properties						
Property Names	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Market Value (€)**	**Weighted Average Net Initial Yield (%)**
Ratingen	1,062,824	38.6	1,027,949	28,100	19,400,00	5.48
Rahlstedt	668,792	24.3	688,391	13,764	15,000,000	4.46
Dusseldorf	329,184	11.9	317,498	7,097	5,620,000	5.86
Wentorf	283,352	10.3	270,480	8,197	5,500,000	5.15
Siegen	275,245	10.0	268,459	6,498	4,850,000	5.68
Cologne	136,658	5.0	136,658	1,934	3,620,000	3.78
Total (Weighted Average)	**2,756,056**	**100.0**	**2,709,436**	**65,590**	**53,990,000**	**5.18**

3. PETERSBOGEN REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€73,910,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	8.5%
Expected Closing Date Securitised Principal Balance:	€73,662,000
Maturity Securitised Principal Balance:	€69,000,000
A/B Structure:	Yes
Cut-Off Date B Reference Obligation Balance:	€15,000,000
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate (minimum value):	4.91% (4.89%)
Origination Date:	21 September 2006
Maturity Date:	10 November 2013
Reference Entity:	Petersbogen Immobiliengesellschaft mbH & Co KG
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	€154,000 (Rent Guarantee)
Cut-Off Date Securitised LTV:	70.4%
Maturity Securitised LTV:	65.7%
Cut-Off Date Securitised ICR:	1.60x
Cut-Off Date Securitised DSCR:	1.26x

Property Information	
Number of Properties:	1
Number of Tenants:	28
Occupancy (% by area):	98.06%
Property Type:	Shopping Centre
Country:	Germany
Address:	Petersstrasse 36-44 / Scholssgasse 10-24 Leipzig
Property Tenure:	Mixed
Property Management:	Chelsfield Property Asset Management GmbH
Net Rent (pa):	€5,799,024
Net ERV (pa):	€5,563,944
Cost Assumptions (pa):	€436,486
Market Value:	€105,000,000
Vacant Possession Value:	€83,000,000
Valuation Date:	29 May 2006
Valuer:	CB Richard Ellis

Amortisation (€)	
10 May 2007	248,000
10 August 2007	250,000
10 November 2007	252,000
10 February 2008	237,000
10 May 2008	260,000
10 August 2008	255,000
10 November 2008	251,000
10 February 2009	156,000
10 May 2009	185,000
10 August 2009	187,000
10 November 2009	189,000
10 February 2010	173,000
10 May 2010	189,000
10 August 2010	187,000
10 November 2010	154,000
10 February 2011	98,000
10 May 2011	Nil
10 August 2011	Nil
10 November 2011	155,000
10 February 2012	189,000
10 May 2012	251,000
10 August 2012	253,000
10 November 2012	208,000
10 February 2013	216,000
10 May 2013	294,000
10 August 2013	73,000
10 November 2013	Nil

The Petersbogen Reference Obligation

The Petersbogen Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 11 August 2006 and amended on 21 September 2006 (the **Petersbogen Credit Agreement**).

The Petersbogen Reference Obligation is secured upon a modern shopping and entertainment complex located in Germany (the **Petersbogen Property**). The Petersbogen Property was completed in 2001 and comprises in excess of 33,452 square metres of lettable commercial space with 545 car parking spaces.

Under the Petersbogen Credit Agreement, the Petersbogen Reference Entity represents, on a repeating basis, that except as set out in the title report in respect of the Petersbogen Property, it has an expectancy right (*Anwartschaftsrecht*) to title to the Property (including a registered priority notice (*Auflassungsvormerkung*) in the relevant land register in its favour) and the full and exclusive ownership (*alleiniger Grundstückseigentümer*) and possession rights to the heritable building rights to the Petersbogen Property. The title to the Petersbogen Property was investigated at the time of the origination of the Petersbogen Reference Obligation.

The Petersbogen Reference Entity

The borrower under the Petersbogen Reference Obligation is Petersbogen Immobiliengesellschaft mbH & Co. KG (the **Petersbogen Reference Entity**), a limited partnership (*Kommanditgesellschaft*) with its registered office in Leipzig, Germany. It was established on 7 June 2006.

Under the Petersbogen Credit Agreement, the Petersbogen Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation except for the ownership, management, letting and development of

its interests in the Petersbogen Property, that it is not party to any material agreement other than the transaction documents, and the Petersbogen Management Agreement contemplated in the Petersbogen Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Petersbogen Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Petersbogen Property, not to have any employees, and not to have any subsidiaries other than as contemplated in the Petersbogen Credit Agreement. Further, the Petersbogen Reference Entity has undertaken not to enter any contracts other than the transaction documents under the Petersbogen Credit Agreement, any contract entered into in connection with the day-to-day management, operation, letting and development of the Petersbogen Property, as well as any other contract expressly allowed under the terms of the Petersbogen Credit Agreement.

On this basis, the Petersbogen Reference Entity is a limited purpose entity.

Property management

The Petersbogen Property is managed on behalf of the Petersbogen Reference Entity by Chelsfield Property Asset Management GmbH (the **Petersbogen Property Manager**) pursuant to a management agreement dated 31 August 2006, as amended and supplemented from time to time with the consent of the Holder (the **Petersbogen Management Agreement**).

Under the terms of the Petersbogen Credit Agreement, the Petersbogen Reference Entity may not appoint any property manager without the prior consent of, and on terms approved by, the Holder. In addition, if the Petersbogen Property Manager is in default of its obligations under the Petersbogen Management Agreement and, as a consequence, an obligor under the Petersbogen Credit Agreement is entitled to terminate the same, then Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Holder) may require the obligor to use all reasonable endeavours to terminate the Petersbogen Management Agreement in accordance with its terms and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Holder).

Subordinated debt

In connection with the refinancing of the Petersbogen Property, the Petersbogen Reference Entity entered into a subordinated loan agreement with the AMEC Investments Limited and Chorea S.à r.l. (the **Petersbogen Subordinated Loan**). The rights of the creditors of the Petersbogen Subordinated Loan are contractually subordinated to the rights of the Lender of the Petersbogen Reference Obligation pursuant to a subordination agreement dated 17 August 2006 (the **Petersbogen Subordination Agreement**). Further, under the terms of the Petersbogen Subordination Agreement, the creditors of the Petersbogen Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Petersbogen Subordinated Loan prior to the discharge of the Petersbogen Reference Obligation.

Security package

The security package for the Petersbogen Reference Obligation includes the following elements:

(a) a first ranking land charge covering 100 per cent. of the principal amount of the Petersbogen Reference Obligation, together with interest and costs;

(b) an assignment of all receivables of the Petersbogen Reference Entity, including without limitation all Rental Proceeds arising in respect of the Petersbogen Property and all insurance receivables of the Petersbogen Reference Entity;

(c) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts of the Petersbogen Reference Entity Accounts, including an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the Petersbogen Property;

(d) a first ranking pledge over the shares in the general partner of the Petersbogen Reference Entity held by the Sponsors;

(f) a first ranking pledge over all limited partnership interests in the Petersbogen Reference Entity; and

(g) an assignment of rights and claims of the Petersbogen Reference Entity under certain documents including the acquisition documents, the facility management agreement, the Petersbogen Management Agreement and the Petersbogen Subordinated Loan.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Petersbogen Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Petersbogen Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Petersbogen Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Petersbogen Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent.

Bank Accounts

The Petersbogen Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **General Account**;

(c) an account designated the **Rental Deposit Account**;

(d) an account designated the **Escrow Account**; and

(e) an account designated the **Management Account**.

Rent Account: this bank account is held in the name of the Petersbogen Reference Entity, and the Petersbogen Reference Entity and the Security Agent shall have joint co-signing rights in respect of it. The Rent Account, as described above, is used to collect the Rental Proceeds generated by the Petersbogen Property. Prior to an occurrence of a Reference Obligation Event of Default and enforcement of security in respect of the Petersbogen Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the Petersbogen Reference Obligation. The Rent Account is held by Barclays Bank PLC, Frankfurt branch.

General Account: this bank account is held in the name of the Petersbogen Reference Entity, which also has signing rights in respect of it. Subject to any restriction in the Petersbogen Subordination Agreement, and if a Reference Obligation Event of Default is outstanding under the Petersbogen Credit Agreement, the Petersbogen Reference Entity may withdraw amounts from the General Account for any purpose. The General Account is held by Barclays Bank PLC, Frankfurt branch.

Rental Deposit Account: this bank account is held in the name of the Petersbogen Reference Entity, which also has signing rights in respect of it. All tenant deposits in respect of any lease are paid into the Rental Deposit Account. The Petersbogen Reference Entity may only withdraw, transfer or dispose of amounts standing to the credit of the Rental Deposit Account with the prior consent of

Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. The Rental Deposit Account is held at Barclays Bank PLC, Frankfurt branch.

Escrow Account: this bank account is held in the name of the Petersbogen Reference Entity, which also has signing rights in respect of it. The Petersbogen Reference Entity is obliged to fund the Escrow Account with eight separate quarterly instalments of €87,500 per instalment, commencing on 10 February 2009 until the balance of the Escrow Account is €700,000. Amounts standing to the credit of the Escrow Account may be withdrawn prior to the Petersbogen Reference Obligation Final Maturity Date by the Petersbogen Reference Entity when either the projected rental is greater than €5,800,000 per annum, or the Debt Service Cover Ratio test as contemplated in the relevant Credit Agreement is satisfied. The Escrow Account is held at Barclays Bank PLC, Frankfurt branch.

Management Account: this bank account is held in the name of the Petersbogen Reference Entity, which also has signing rights in respect of it, jointly with the Petersbogen Reference Entity. The amount representing the tenant contributions is paid by the Petersbogen Reference Entity into the Management Account on or prior to the 20th day of every month. The Management Account is held at Commerzbank, Leipzig branch.

Financial Covenants

The Petersbogen Credit Agreement provides for the following financial covenants:

(a) the Debt Service Cover Ratio as at each Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement is required to be at least:

  (i) 100 per cent. from 10 February 2007 up to and including 10 August 2007;

  (ii) 101.5 per cent. from 10 November 2007 up to and including to 10 February 2009;

  (iii) 107.5 per cent. from 10 May 2009 up to and including 10 February 2011;

  (iv) 101 percent. on 10 May 2011; and

  (v) 101.5 per cent., from 10 February 2012 up to and including 10 August 2013.

  Breach of this requirement constitutes an event of default under the Petersbogen Credit Agreement.

(b) the Loan to Value as at each Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement is required to be less than 90 per cent. up to and including 10 August 2009 and 87.5 per cent. from 10 November 2009 to the final maturity date under the Petersbogen Credit Agreement. Breach of this requirement constitutes an event of default under the Petersbogen Credit Agreement.

In the event of a breach of the above covenants, amounts standing to the credit of the Escrow Account shall be applied (if permitted under the terms of the Petersbogen Credit Agreement) towards curing such breach.

In addition, the Petersbogen Credit Agreement provides for two additional financial covenants:

(a) the **LTV Cash Trap Trigger** means:

  (i) on any Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement, up to and including 10 August 2009, 87.5 per cent.; and

  (ii) on any Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement, including and after 10 November 2009, 85 per cent.; and

(b) the **DSR Cash Trap Trigger** means:

(i) on any Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement from 10 February 2007 up to and including 10 February 2009, 102.5 per cent.; and

(ii) on any Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement from 10 May 2009 up to and including 10 February 2011, 109 per cent.;

(iii) on 10 May 2011, 102.5 per cent.; and

(iv) on any Reference Obligation Interest Payment Date under the Petersbogen Credit Agreement from 10 February 2012 to the final maturity date under the Petersbogen Credit Agreement, 102.5 per cent.

If the trigger is not met, the surplus cash flow will be held within the relevant Rent Account, rather than being released to the relevant General Account.

Description of Tenants

The Petersbogen Property is let to 28 tenants including Greater Union Filmplast GmbH, Mango Deutschland GmbH and Bonita Modehandels GmbH & Co. KG. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of German law.

Top 5 Tenants						
Top 5 Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Break/Expiry (years)**
Greater Union Filmplast GmbH	1,455,034	25.1	1,139,994	6,810	-	19.88
Johnson Controls Integrated Facility Management GmbH & Co. KG	863,570	14.9	768,009	14,819	-	4.21
Mango Deutschland GmbH	456,481	7.9	575,186	1,613	-	3.88
Roland-Schuhe GmbH & Co. Handels KG	426,454	7.4	411,079	1,389	-	4.04
Bonita Modehandels GmbH & Co. KG	254,425	4.4	205,065	269	-	4.05
Total (Weighted Average)	**3,455,965**	**59.6**	**3,099,333**	**24,900**	-	**10.73**

4. MONHEIM REFERENCE OBLIGATION

Loan Information	
Cut-Off Date Securitised Principal Balance:	€17,638,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	2.0%
Expected Closing Date Securitised Principal Balance:	€17,568,000
Maturity Securitised Principal Balance:	€16,094,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Part floating (Capped), Part fixed
All-in Securitised Interest Rate:[1]	5.49% (blended rate)
Origination Date:	31 October 2006
Maturity Date:	10 August 2012
Reference Entity:	Monheim Investments S.á.r.l
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	81.3%
Maturity Securitised LTV:	74.2%
Cut-Off Date Securitised ICR:[1]	1.65x
Cut-Off Date Securitised DSCR:[1]	1.30x

[1] Such calculations are based on the highest possible interest rate under the Monheim Reference Obligation so any EURIBOR fluctuations will only have a positive effect.

Property Information	
Number of Properties:	1
Number of Tenants:	1
Occupancy (% by area):	100.0%
Property Type:	Office
Country:	Germany
Address:	Rheinpromenade 1, Monheim am Rhein
Property Tenure:	Freehold
Property Management:	Spectrum Immobilien-Management GmbH
Net Rent:	€1,596,274
Net ERV:	€1,596,274
Cost Assumptions (pa):	€84,014
Market Value:	€21,700,000
Vacant Possession Value:	€16,000,000
Valuation Date:	27 October 2006
Valuer:	Drivers Jonas

Amortisation (€)	
10 May 2007	70,000
10 August 2007	63,000
10 November 2007	64,000
10 February 2008	65,000
10 May 2008	71,000
10 August 2008	67,000
10 November 2008	68,000
10 February 2009	69,000
10 May 2009	77,000
10 August 2009	71,000
10 November 2009	72,000
10 February 2010	73,000
10 May 2010	81,000
10 August 2010	75,000
10 November 2010	76,000
10 February 2011	77,000
10 May 2011	85,000
10 August 2011	79,000
10 November 2011	80,000
10 February 2012	79,000
10 May 2012	82,000
10 August 2012	nil

The Monheim Reference Obligation

The Monheim Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 27 October 2006 (the **Monheim Credit Agreement**).

The Monheim Reference Obligation is secured upon a single modern office building located in Monheim am Rhein, Germany (the **Monheim Property**). The Monheim Property was developed in 2004 and comprises in excess of 11,000 square metres of office space, occupying a site within a commercial redevelopment area known as Rhinepark.

Under the Monheim Credit Agreement, the Monheim Reference Entity represents, on a repeating basis, that it has good and marketable title to the Monheim Property. The title to the Monheim Property was investigated at the time of the origination of the Monheim Reference Obligation.

The Monheim Reference Entity

The borrower under the Monheim Reference Obligation is Monheim Investments S.á.r.l (the **Monheim Reference Entity**), a private limited liability company (*société à responsibilité limitée*) incorporated on 17 January 2005 with its registered office in Luxembourg.

Under the Monheim Credit Agreement, the Monheim Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation except for the ownership, management, letting and development of its interests in the Monheim Property, that it is not party to any material agreement other than the transaction documents, the Monheim Management Agreement contemplated in the Monheim Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Monheim Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Monheim Property, not to have any employees, not to be a member of any value added tax group and not to have any subsidiaries other than as contemplated in the Monheim Credit Agreement or related agreements. Further, the Monheim Reference Entity has undertaken not to enter any contracts other than the

transaction documents under the Monheim Credit Agreement, any contract entered into in connection with the day-to-day management, operation, letting and development of the Monheim Property, as well as any other contract expressly allowed under the terms of the Monheim Credit Agreement.

On this basis, the Monheim Reference Entity is a limited purpose entity.

Property management

The Monheim Property is managed on behalf of the Monheim Reference Entity by Spectrum Immobilien-Management GmbH (the **Monheim Property Manager**) pursuant to a management agreement dated 24 May 2005, as amended and supplemented from time to time with the consent of the Holder (the **Monheim Management Agreement**).

Under the terms of the Monheim Credit Agreement, the Monheim Reference Entity may not appoint any property manager without the prior consent of, and on terms approved by, the Holder. In addition, if the Monheim Property Manager is in default of its obligations under the Monheim Management Agreement and, as a consequence, the Monheim Reference Entity is entitled to terminate the same, then Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Holder) may require the Monheim Reference Entity to use all reasonable endeavours to terminate the Monheim Management Agreement in accordance with its terms and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Holder).

Subordinated debt

In connection with the refinancing of the Monheim Property, the Monheim Reference Entity entered into a subordinated loan agreement with the existing shareholders of Monheim (the **Monheim Subordinated Loan**). The rights of the creditors of the Monheim Subordinated Loan are contractually subordinated to the rights of the Holder of the Monheim Reference Obligation pursuant to a subordination agreement dated 27 October 2006 (the **Monheim Subordination Agreement**). Further, under the terms of the Monheim Subordination Agreement, the creditors of the Monheim Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Monheim Subordinated Loan prior to the discharge of the Monheim Reference Obligation.

Security package

The security package for the Monheim Reference Obligation includes the following elements:

(a) a first ranking land charge covering over 100 per cent. of the principal amount of the Monheim Reference Obligation, together with interest and costs;

(b) an assignment of all receivables of the Monheim Reference Entity including without limitation all Rental Proceeds arising in respect of the Monheim Property and all insurance receivables of the Monheim Reference Entity;

(c) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account banks) over certain bank accounts of the Monheim Reference Entity Accounts, including an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the Monheim Property;

(d) a first ranking pledge over the shares in the Monheim Reference Entity held by the founding shareholders (the **Founding Shareholders**);

(e) a first ranking pledge over the shares in the Monheim Reference Entity held by the existing shareholders (the **Monheim Existing Shareholders**);

(f) a first ranking assignment of certain rights of the Monheim Reference Entity under the Monheim Subordinated Loan, the acquisition documents and the management agreement for the Monheim Property.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Monheim Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Monheim Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Monheim Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Monheim Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent.

Bank Accounts

The Monheim Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **Management Account**;

(c) an account designated the **Deposit Account**;

(d) an account designated the **Sales Account**; and

(e) an account designated the **General Account**.

Certain characteristics of each of these bank accounts are described in turn below:

Rent Account: this bank account is held in the name of the Monheim Reference Entity, which also has signing rights in respect of it. The Rent Account, as described above, is used to collect the cash-flow generated by the Monheim Property. Prior to an occurrence of a default and enforcement of security in respect of the Monheim Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Security Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the Monheim Reference Obligation. The Rent Account is held by Barclays Bank PLC, Frankfurt branch.

Management Account: this bank account is held in the name of the Monheim Reference Entity, which also has signing rights in respect of it. The Monheim Reference Entity is required to ensure that any amount paid into the Management Account in accordance with the Monheim Credit Agreement is used to meet the relevant cost of maintaining the Monheim Property or other purposes for which a tenant contribution has been made. The Management Account is held by Barclays Bank PLC, Frankfurt branch.

Deposit Account: this bank account is held in the name of Barclays Bank PLC, which also has signing rights in respect of it. The Deposit Account holds a deposit of €500,000 (such amount does not form part of the Related Security for this Reference Obligation) to cover a guarantee (the **Guarantee**) issued by Barclays Bank PLC in favour of the Founding Shareholders. Any sum standing to the credit of the Deposit Account shall be released directly to the Existing Shareholders upon full discharge of all obligations of the Holder under the Guarantee. The Deposit Account is held by Barclays Bank PLC, Frankfurt branch.

Sales Account: this bank account is held in the name of the Monheim Reference Entity, which also has signing rights in respect of it. All proceeds generated from a disposal of the Monheim Property are paid into the Sales Account. The Monheim Reference Entity may only withdraw, transfer or dispose of amounts standing to the credit of the Sales Account with the prior written consent of Barclays Capital Mortgage Servicing Limited as the relevant Security Agent. At any time when a default is outstanding under the Monheim Reference Obligation, the relevant Security Agent may, and

is irrevocably authorised by the Monheim Reference Entity to operate the Sales Account and apply amounts standing to the credit of the Sales Account in or towards any purpose for which moneys in any Monheim Reference Entity Account may be applied. The Sales Account is held by Barclays Bank PLC, Frankfurt branch.

General Account: this bank account is held in the name of the Monheim Reference Entity, which also has signing rights in respect of it. Any surplus cash from the Rent Account is paid into the General Account. Subject to any restriction in the Monheim Subordination Agreement, and if a Reference Obligation Event of Default is outstanding under the Monheim Credit Agreement, the Monheim Reference Entity may withdraw amounts from the General Account for any purpose. The General Account is held by Barclays Bank PLC, Frankfurt branch.

Financial Covenants

The Monheim Credit Agreement requires that the Debt Service Cover Ratio as at each Reference Obligation Interest Payment Date under the Monheim Credit Agreement is required to be at least 120 per cent. Breach of this requirement constitutes an event of default under the Monheim Credit Agreement.

In addition, in the event that the Debt Service Cover Ratio falls below 125 per cent., surplus cash flow will be held within the Rent Account, rather than being released to the Management Account or being released for other purposes contemplated under the Monheim Credit Agreement.

Description of Tenants

The Monheim Property is let to a single tenant, Cognis Deutschland GmbH & Co. KG.

Tenant						
Tenant	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Cognis Deutschland GmbH & Co. KG	1,596,274	100.0	1,596,274	11,984	- /B2/B	5.88
Total	**1,596,274**	**100.0**	**1,596,274**	**11,984**	-	**5.88**

5. SEAFORD PORTFOLIO REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€12,735,632
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	1.5%
Expected Closing Date Securitised Principal Balance:	€12,685,948
Maturity Securitised Principal Balance:	€11,294,800
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November starting from 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Floating – (Collared)
All-in Securitised Interest Rate:	6.00%
Origination Date:	01 August 2006
Maturity Date:	10 August 2014
Reference Entity:	DRK Hermes GmbH & Co. KG
Interest Calculation:	ACT/360
Amortisation:	Scheduled Amortisation (see below)
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	66.7%
Maturity Securitised LTV:	59.1%
Cut-Off Date Securitised ICR:	1.64x[1]
Cut-Off Date Securitised DSCR:	1.30x

[1] Such calculations are based on the highest possible interest rate under the Seaford Portfolio Reference Obligation as EURIBOR fluctuations may have a positive effect.

Property Information	
Number of Properties:	6
Number of Tenants:	2
Occupancy (% by area):	100.0%
Property Type:	Logistic Centres
Country:	Germany
Address:	Various – Saarbrucken, Hagen, Munich, Cottbus, Koblenz, Berlin
Property Tenure:	Freehold
Property Management:	Rüter und Partner
Net Rent:	€1,255,839
Net ERV:	€1,241,309
Cost Assumptions (pa):	€38,840
Market Value:	€19,100,00
Vacant Possession Value:	€14,500,000
Valuation Date:	17 July 2006
Valuer:	DTZ

Amortisation (€)	
10 May 2007	49,684
10 August 2007	49,684
10 November 2007	49,684
10 February 2008	49,684
10 May 2008	49,684
10 August 2008	49,684
10 November 2008	49,684
10 February 2009	49,684
10 May 2009	49,684
10 August 2009	49,684
10 November 2009	49,684
10 February 2010	49,684
10 May 2010	49,684
10 August 2010	49,684
10 November 2010	49,684
10 February 2011	49,684
10 May 2011	49,684
10 August 2011	49,684
10 November 2011	49,684
10 February 2012	49,684
10 May 2012	49,684
10 August 2012	49,684
10 November 2012	49,684
10 February 2013	49,684
10 May 2013	49,684
10 August 2013	49,683
10 November 2013	49,683
10 February 2014	49,683
10 May 2014	49,683
10 August 2014	nil

The Seaford Portfolio Reference Obligation

The Seaford Portfolio Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 31 July 2006, as amended on 22 August 2006 and 15 March 2007 (the **Seaford Portfolio Credit Agreement**).

The Seaford Portfolio Reference Obligation is secured upon six purpose-built logistics properties located in Hagen, Berlin, Cottbus, Saarbruecken, Koblenz and Munich in Germany (the **Seaford Portfolio Properties**). The Seaford Portfolio Properties are all one-storey buildings with an average size of 2,600 square metres. Two of the Seaford Portfolio Properties were built in the 1990s and the rest were built in 2005.

Under the Seaford Portfolio Credit Agreement, the Seaford Reference Entity represents, on a repeating basis, that other than as disclosed in the due diligence report in relation to the Seaford Portfolio Properties, it has good and marketable title to the Seaford Portfolio Properties. The title to the Seaford Portfolio Properties was investigated at the time of the origination of the Seaford Portfolio Reference Obligation.

The Seaford Reference Entity

The borrower under the Seaford Portfolio Reference Obligation is DRK Hermes GmbH & Co. KG (the **Seaford Reference Entity**). The Seaford Reference Entity is a limited partnership (*Kommanditgesellschaft*) with its registered office in Germany. It was incorporated on 7 March 2006.

The general partner of the Seaford Reference Entity is DRK Hermes Verwaltungs GmbH, a limited liability company with registered office in Munich, Germany (the **Seaford Portfolio General Partner**).

Under the Seaford Portfolio Credit Agreement, the Seaford Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation except for the ownership, management, letting and development of its interests in the Seaford Portfolio Properties, that it is not party to any material agreement other than the transaction documents and management agreements contemplated in the Seaford Portfolio Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Seaford Portfolio Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Seaford Portfolio Properties, not to have any employees not to be a member of any value added tax group and not to have any subsidiaries other than as contemplated in the Seaford Portfolio Credit Agreement or related agreements. Further, the Seaford Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the Seaford Portfolio Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Seaford Portfolio Properties, as well as any other contract expressly allowed under the terms of the Seaford Portfolio Credit Agreement.

On this basis, the Seaford Reference Entity is a limited purpose entity.

Property management

The Seaford Portfolio Properties are managed on behalf of the Seaford Reference Entity by Rüter und Partner (the **Seaford Portfolio Property Manager**) pursuant to a facility management agreement and an asset management agreement, as amended and supplemented from time to time with the consent of the Holder (together, the **Seaford Portfolio Management Agreement**).

Under the terms of the Seaford Portfolio Credit Agreement, neither the Seaford Reference Entity nor the Seaford Portfolio General Partner may appoint any property manager without the prior consent of the Barclays Bank PLC as the relevant Holder. In addition, if the Seaford Portfolio Property Manager is in default of its obligations under the Seaford Portfolio Management Agreement, and as a consequence the Seaford Reference Entity and the Seaford Portfolio General Partner is entitled to terminate the same, then Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Holder) may require the Seaford Reference Entity to use all reasonable endeavours to terminate the Seaford Portfolio Management Agreement and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Holder).

Subordinated debt

In connection with the acquisition of the Seaford Portfolio Properties, the Seaford Reference Entity has entered into a subordinated loan with the Seaford Portfolio General Partner and the sponsor (the **Seaford Portfolio Subordinated Loan**). The rights of the creditors of the Seaford Portfolio Subordinated Loan are contractually subordinated to the rights of the Lenders of the Seaford Portfolio Reference Obligation pursuant to a subordination agreement dated 22 August 2006 (the **Seaford Portfolio Subordinated Agreement**). Further, under the terms of the Seaford Portfolio Subordination Agreement, the creditors of the Seaford Portfolio Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Seaford Portfolio Subordinated Loan prior to the discharge of the Seaford Portfolio Reference Obligation.

Security package

The security package for the Seaford Portfolio Reference Obligation includes the following elements:

(a) a first ranking land charge covering 100 per cent. of the principal amount of the Seaford Portfolio Reference Obligation, together with interest and costs;

(b) an assignment of all receivables of the Seaford Reference Entity, including, without limitation, all Rental Proceeds and insurances in respect of the Seaford Portfolio Properties;

(c) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts of the Seaford Reference Entity Accounts including an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the Seaford Portfolio Properties;

(d) a first ranking pledge over the shares in the Seaford Reference Entity held by the individual sponsor, shareholder;

(e) a first ranking pledge over the interests of the Seaford Portfolio General Partner in the Seaford Reference Entity; and

(f) an assignment of rights and claims of the Seaford Reference Entity under certain documents including the acquisition documents and sales contracts, the Seaford Portfolio Management Agreement and the Seaford Portfolio Subordinated Loan.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Seaford Portfolio Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Seaford Portfolio Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Seaford Portfolio Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Seaford Portfolio Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent.

Bank Account

The Seaford Portfolio Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**; and

(b) an account designated the **Management Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rent Account: this bank account is held in the name of the Seaford Reference Entity and the relevant Security Agent has sole rights in respect of it. The Rent Account, as described above, is used to collect Rental Proceeds generated by the Seaford Portfolio Properties, all proceeds generated from any sale or disposal of the Seaford Portfolio Properties and all insurance proceeds. Prior to the occurrence of a default and enforcement of security in respect of the Seaford Portfolio Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Security Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the Seaford Portfolio Reference Obligation. The Rent Account is held at Barclays Bank PLC, Frankfurt branch.

Management Account: this bank account is held in the name of the Seaford Reference Entity. The Seaford Portfolio Property Manager and Barclays Capital Mortgage Servicing Limited as the relevant Security Agent have the joint co-signing rights in respect of it. Provided that no event of default is has occurred or is outstanding under the Seaford Portfolio Reference Obligation, or would be reasonably likely to arise as a result of a withdrawal, the Seaford Reference Entity (or the Seaford Portfolio Property Manager on its behalf) is entitled to exercise all rights and powers in respect of the Management Account. Any amount paid into the Management Account is required to be used by the Seaford Reference Entity to meet the relevant cost or liability in accordance with the Seaford Portfolio Credit Agreement. The Management Account is required to be held at Barclays Bank PLC, Frankfurt branch.

Financial Covenants

The Seaford Portfolio Credit Agreement requires that the Debt Service Cover Ratio at each Reference Obligation Interest Payment Date under the Seaford Portfolio Credit Agreement is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the Seaford Portfolio Credit Agreement.

In addition, the Seaford Portfolio Credit Agreement provides for two additional financial covenants:

(a) the **LTV Cash Trap Trigger** means on any Reference Obligation Interest Payment Date under the Seaford Portfolio Credit Agreement from and including 10 August 2006, 87.5 per cent.; and

(b) the **DSCR Cash Trap Trigger** means on any Reference Obligation Interest Payment Date under the Seaford Portfolio Credit Agreement from and including 10 August 2006, 120 per cent.

In the event that the LTV Cash Trap Trigger falls below 87.5 per cent. and the DSCR Cash Trap Trigger falls below 120 per cent., surplus cash flow will be held within the Net Rent Account, rather than being released to the General Account as contemplated under the Seaford Portfolio Credit Agreement.

Description of Tenants

The Seaford Portfolio Properties are let to two tenants, Hermes Logistics GmbH & Co. KG and Hermes Versardservice GmbH & Co. KG.

Properties						
Property Names	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Market Value (€)**	**Weighted Average Lease Break / Expiry (years)**
Munich (Geretsried)	307,680	24.5	310,788	2,670	4,800,000	8.46
Berlin (Osdorf)	213,878	17.0	216,795	2,483	3,300,000	5.71
Saarbruecken (Firedrichstal)	189,270	15.1	180,226	2,580	2,900,000	8.29
Hagen (Sprockhövel)	184,531	14.7	181,681	2,401	2,800,000	8.38
Koblenz (Urmitz)	183,240	14.6	179,256	2,800	2,700,000	4.63
Cottbus	177,239	14.1	172,563	2,695	2,600,000	8.13
Total (Weighted Average)	**1,255,839**	**100.0**	**1,241,309**	**15,629**	**19,100,000**	**7.35**

6. NEUMARKT REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€122,312,500
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	14.1%
Maturity Securitised Principal Balance:	€122,312,500
A/B Structure:	Yes
Cut-Off Date B Reference Obligation Balance:	€20,000,000
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.75%
Origination Date:	01 September 2006
Maturity Date:	10 August 2013
Reference Entity:	Neumarkt Galerie Immobiliengesellschaft GmbH & Co. KG
Interest Calculation:	ACT/360
Amortisation:	None – Interest Only
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	69.0%
Maturity Securitised LTV:	69.0%
Cut-Off Date Securitised ICR:	1.51x
Cut-Off Date Securitised DSCR:	1.51x

Property Information	
Number of Properties:	1
Number of Tenants:	54
Occupancy (% by area):	97.64%
Property Type:	Shopping Centre
Country:	Germany
Address:	Neumarkt 2-8, Cologne
Property Tenure:	Freehold
Property Management:	Brune Consulting GmbH
Net Rent (pa):	€8,764,233
Net ERV (pa):	€9,760,641
9,760,641Cost Assumptions (pa):	€973,804
Market Value:	€177,165,390
Vacant Possession Value:	N/A
Valuation Date:	05 July 2006
Valuer:	Kemper's

The Neumarkt Reference Obligation

The Neumarkt Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 31 August 2006 (the **Neumarkt Credit Agreement**).

The Neumarkt Reference Obligation is secured upon an inner city shopping centre located in Cologne, Germany (the **Neumarkt Property**). The Neumarkt Property comprises in excess of 31,919 square metres of commercial space.

Under the Neumarkt Credit Agreement, the Neumarkt Reference Entity represents, on a repeating basis, that it has good and marketable title to the Neumarkt Property. The title to the Neumarkt Property was investigated at the time of the origination of the Neumarkt Reference Obligation.

The Neumarkt Reference Entity

The borrower under the Neumarkt Reference Obligation is Neumarkt Galerie Immobiliengesellschaft GmbH & Co. KG (the **Neumarkt Reference Entity**), a limited liability partnership

(*Kommanditgesellschaft*) established on 7 August 1996 with its principal place of business in Germany.

Under the Neumarkt Credit Agreement, the Neumarkt Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation except for the ownership, management, letting and development of its interests in the Neumarkt Property, that it is not party to any material agreement other than the transaction documents, the Neumarkt Management Agreement contemplated in the Neumarkt Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Neumarkt Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership, management, letting and development of its interests in the Neumarkt Property, not to have any employees, not to be a member of any value added tax group and not to have any subsidiaries other than as contemplated in the Neumarkt Credit Agreement or related agreements. Further, the Neumarkt Reference Entity has undertaken not to enter any contracts other than the transaction documents under the Neumarkt Credit Agreement, any contract entered into in connection with the day-to-day management, operation, letting and development of the Neumarkt Property, as well as any other contract expressly allowed under the terms of the Neumarkt Credit Agreement.

On this basis, the Neumarkt Reference Entity is a limited purpose entity.

Confidentiality Clauses in Occupational Leases

Two of the Occupational Leases entered into in relation to the Neumarkt Property contain confidentiality clauses (*Verschwiegenheitsklausel*) pursuant to which the Neumarkt Reference Entity is not permitted to disclose certain of the terms of the relevant Occupational Lease (in whole or in part) to third parties without the consent of the Tenant. In the event that the Neumarkt Reference Entity materially breaches the terms of the relevant Occupational Lease, the relevant Tenant may terminate that Occupational Lease with immediate effect and the Neumarkt Reference Entity may be sued for damages suffered by the relevant Tenant as a result of this obligation being breached. In the event of termination, there can be no assurance that the Neumarkt Reference Entity will be able to re-let the space in a timely manner so that no loss in respect of its Rental Proceeds is sustained.

Property management

The Neumarkt Property is managed on behalf of the Neumarkt Reference Entity by Brune Consulting Management GmbH (the **Neumarkt Property Manager**) pursuant to a management agreement dated 5 November 1998, as amended and supplemented from time to time with the consent of the Holder (the **Neumarkt Management Agreement**).

Under the terms of the Neumarkt Credit Agreement, the Neumarkt Reference Entity may not appoint any property manager without the prior consent of, and on terms approved by, the Holder. In addition, if the Neumarkt Property Manager is in default of its obligations under the Neumarkt Management Agreement and, as a consequence, the Neumarkt Reference Entity is entitled to terminate the same, then Barclays Capital Mortgage Servicing Limited as the relevant Security Agent may require the Neumarkt Reference Entity to use all reasonable endeavours to terminate the Neumarkt Management Agreement in accordance with its terms and appoint a new property manager whose identity and terms of appointment are acceptable to the relevant Security Agent (acting on the instructions of the Holder).

Subordinated debt

In connection with the refinancing of the Neumarkt Property, the Neumarkt Reference Entity entered into separate subordinated loan agreements with each of HOBAU Bauträger GmbH and NTP 2 GbR

(together, the **Neumarkt Subordinated Loans** and each, a **Neumarkt Subordinated Loan**). The rights of the creditors of the Neumarkt Subordinated Loans are contractually subordinated to the rights of the Holder of the Neumarkt Reference Obligation pursuant to two subordination agreements dated 31 August 2006 (together, the **Neumarkt Subordinated Agreements** and each, a **Neumarkt Subordination Agreement**). Further, under the terms of the Neumarkt Subordination Agreements, the creditors of the Neumarkt Subordinated Loans are restricted in relation to what enforcement action they may take in respect of the Neumarkt Subordinated Loans prior to the discharge of the Neumarkt Reference Obligation.

Security package

The security package for the Neumarkt Reference Obligation includes the following elements:

(a) a first ranking land charge over the Neumarkt Property;

(b) an assignment of all Rental Proceeds arising in respect of the Neumarkt Property;

(c) an assignment of all insurance receivables of the Neumarkt Reference Entity;

(d) a first ranking pledge (subject to pledges granted in respect of the general business conditions of the account bank) over certain bank accounts of the Neumarkt Reference Entity (other than the Rental Deposit Account and the Management Account);

(e) a first ranking pledge over the limited partnership interests in the Neumarkt Reference Entity;

(f) a first ranking pledge over the general partnership interests in the Neumarkt Reference Entity;

(g) a first ranking pledge over the shares of the general partner of the Neumarkt Reference Entity;

(h) a first ranking pledge over the shares of the new limited partner shares of the Neumarkt Reference Entity;

(i) an assignment of certain rights of the Neumarkt Reference Entity under the acquisition documents and any sale contracts; and

(j) an assignment of certain rights of the Neumarkt Reference Entity under the Neumarkt Management Agreement.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Neumarkt Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Neumarkt Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Neumarkt Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Neumarkt Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent.

Bank Accounts

The Neumarkt Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **General Account**;

(c) an account designated the **Insurance Proceeds Account**;

(d) an account designated the **Reserve Account**;

(e) an account designated the **Rental Deposit Account**; and

(f) an account designated the **Management Account**.

Certain characteristics of each of these bank accounts are described in turn below:

Rent Account: this bank account is held in the name of the Neumarkt Reference Entity and the relevant Security Agent shall have sole signing rights in respect of the Rent Account. The Rent Account is used to collect Rental Proceeds generated by the Neumarkt Property. Prior to the occurrence of a default and enforcement of security in respect of the Neumarkt Reference Obligation, amounts standing to the credit of the Rent Account will be used to make payments under the Neumarkt Reference Obligation. The Rent Account is held by Barclays Bank PLC, Frankfurt branch.

General Account: this bank account is held in the name of the Neumarkt Reference Entity. Provided no event of default is outstanding or would be reasonably likely to arise as a result of the withdrawal, the Neumarkt Reference Entity may exercise all rights and powers in respect of the General Account. Payments are made from the Rent Account into the General Account are used to repay unpaid amounts to the Security Agent and Lenders and then to make payments for any service charge shortfalls or other liabilities (if such amounts are not recoverable under any lease) and for the costs of improvements to the Neumarkt Property which the Security Agent agrees (acting reasonably) should be incurred to maintain the Neumarkt Property in good repair and decorative condition. Any surplus cash from the Rent Account is paid, subject to the terms of the Neumarkt Credit Agreement, into the General Account. The General Account is held at Barclays Bank PLC, Frankfurt branch.

Insurance Proceeds Account: this bank account is held in the name of the Neumarkt Reference Entity and the Security Agent shall have sole signing rights in respect of the Insurance Proceeds Account. The Neumarkt Reference Entity must ensure and shall procure that all monies paid out under and in respect of insurances are paid into the Insurance Proceeds Account. The Insurance Proceeds Account is held by Barclays Bank PLC, Frankfurt branch.

Reserve Account: this bank account is held in the name of the Neumarkt Reference Entity and each of QP Neumarkt Galerie GmbH (the general partner) and HOBAU Bauträger GmbH (the minority partner) shall have co-signing rights over the Reserve Account. The Neumarkt Reference Entity, pursuant to the terms of the acquisition agreement dated 7 July 2006, deposited an amount equal to €7,356,000 in the Reserve Account. No other amounts may be credited to the Reserve Account. The Neumarkt Reference Entity may withdraw funds from the Reserve Account only to pay liabilities as contemplated in the acquisition agreement as and when these fall due and not the Credit Agreement. The Reserve Account is held by Barclays Bank PLC, Frankfurt branch.

Rental Deposit Account: this bank account is held in the name of the Neumarkt Reference Entity and subject to the provisions below, the Neumarkt Reference Entity shall have sole signing rights in respect of the Rental Deposit Account. All amounts paid by tenants under any lease by way of cash deposits are paid into the Rental Deposit Account.

Management Account: this bank account is held in the name of the Neumarkt Reference Entity and the Neumarkt Property Manager has signing rights over the Management Account. An amount from the Rental Proceeds shall be paid from the Rent Account into the Management Account in accordance with an approved budget.

Financial Covenants

The Neumarkt Credit Agreement provides for the following financial covenants:

(a) The Neumarkt Reference Entity must ensure that the Loan to Value, as at each Reference Obligation Interest Payment Date, is less than 85 per cent. (Breach of this requirement constitutes an event of default under the Neumarkt Credit Agreement); and

(b) The Neumarkt Reference Entity must ensure that Interest Cover Ratio, as at each Reference Obligation Interest Payment Date, is at least 110 per cent. (Breach of this requirement constitutes an event of default under the Neumarkt Credit Agreement).

In addition, the Neumarkt Credit Agreement provides for an additional measure of Interest Cover Ratio, described as the "Interest Cover Ratio Cash Trap Trigger". In the event that the Interest Cover Ratio Cash Trap Trigger falls below 115 per cent., surplus cash flow will be held in the Rent Account instead of being released into the General Account and being used as contemplated under the Neumarkt Credit Agreement.

Description of Tenants

The Neumarkt Property is let to 54 tenants. The retail space includes tenants such as Karstadt Aktiengesellschaft and J.A. Mayersche Buchhandlung GmbH & Co KG as well as a variety of local or regional tenants. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of German law.

Top 5 Tenants						
Top 5 Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Tenant 1[1]	1,550,513	17.7%	1,539,347	5,391	-	22.16
Karstadt Aktiengesellschaft	1,054,314	12.0%	1,046,689	5,179	-	6.50
J.A. Mayersche Buchhandlung GmbH & Co KG	998,598	11.4%	1,177,625	3,814	-	11.38
Tenant 4[1]	861,387	9.8%	899,301	5,589	-	2.29
Regus Business Centre GmbH	314,728	3.6%	232,224	1,443	-	1.88
Total (Weighted Average)	**4,779,540**	**54.5%**	**4,895,187**	**21,415**	**-**	**11.54**

[1] Lease subject to confidentiality clause.

C. THE FRENCH REFERENCE OBLIGATIONS

1. CEPL LEVALLOIS REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€23,980,188
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	2.8%
Maturity Securitised Principal Balance:	€23,980,188
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November and commencing 10 November 2006
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.79%
Origination Date:	26 July 2006
Maturity Date:	10 November 2011
Reference Entity:	Curzon Capital Levallois
Interest Calculation:	ACT/ACT
Amortisation:	None – Interest Only
COD Escrow Reserves:	€47,688 (Mortgage Registration)
Cut-Off Date Securitised LTV:	72.9%
Maturity Securitised LTV:	72.9%
Cut-Off Date Securitised ICR:	1.53x
Cut-Off Date Securitised DSCR:	1.53x

Property Information	
Number of Properties:	1
Number of Tenants:	7
Occupancy (% by area):	78.44%
Property Type:	Office
Country:	France
Address:	53 rue Baudin, Levallois Perret
Property Tenure:	Freehold
Property Management:	Corporate Property Management Services
Net Rent:	€1,760,615
Net ERV:	€2,036,496
Cost Assumptions (pa):	€54,452
Market Value:	€32,900,000
Vacant Possession Value:	€29,100,000
Valuation Date:	01 April 2006
Valuer:	Jones Lang LaSalle

The CEPL Levallois Reference Obligation

The CEPL Levallois Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 19 July 2006 (the **CEPL Levallois Credit Agreement**).

The CEPL Levallois Reference Obligation was made by the Originator to assist C&L Levallois (France) in purchasing the entire share capital of the CEPL Levallois Reference Entity and for repayment of the existing indebtedness of the CEPL Levallois Reference Entity. The CEPL Levallois Property is owned by the CEPL Levallois Reference Entity.

The CEPL Levallois Reference Obligation is secured upon a single property comprising two office buildings that form part of a larger complex located in Levallois Perret, France (the **CEPL Levallois Property**). The buildings were completed in the early 1990s and comprise 6,155 square meters of lettable space. As at the Cut-Off Date, the CEPL Levallois Property is let to 7 different tenants and there is 21.6% per cent (by area). of vacant space.

Under the CEPL Levallois Credit Agreement, the CEPL Levallois Reference Entity represents, on a repeating basis, that it has good and marketable title to the CEPL Levallois Property. The title to the CEPL Levallois Property was investigated at the time of the origination of the CEPL Levallois Reference Obligation.

The CEPL Levallois Reference Entity

The borrower under the CEPL Levallois Reference Obligation is Curzon Capital Levallois (the **CEPL Levallois Reference Entity**). The CEPL Levallois Reference Entity is a private company limited by shares (*Société à responsabilité limitée*) with its registered office in France. It was incorporated on 20 September 2002.

Under the CEPL Levallois Credit Agreement, the CEPL Levallois Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation, that it is not party to any material agreement other than the transaction documents contemplated in the CEPL Levallois Credit Agreement and that it does not have any subsidiaries or employees; and

(b) undertaken not to carry on any business other than the ownership and management of the CEPL Levallois Property, not to have any subsidiaries other than as contemplated in the CEPL Levallois Credit Agreement or related agreements. Further, the CEPL Levallois Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the CEPL Levallois Credit Agreement or any other contract expressly allowed under the terms of the CEPL Levallois Credit Agreement.

On this basis, the CEPL Levallois Reference Entity is a limited purpose entity.

The CEPL Levallois Guarantor

The guarantor under the CEPL Levallois Reference Obligation is C&L Levallois (France) SARL (the **CEPL Levallois Guarantor**). The CEPL Levallois Guarantor is a private company limited by shares (*Société à responsabilité limitée*) with its registered office in France.

Under the CEPL Levallois Credit Agreement, the CEPL Levallois Guarantor has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation, that it is not party to any material agreement other than the transaction documents and acquisition documents contemplated in the CEPL Levallois Credit Agreement, that it does not have any subsidiaries or employees; and

(b) undertaken not to carry on any business other than the ownership of its interests in the CEPL Levallois Property. Further, the CEPL Levallois Guarantor has undertaken not to enter any contracts other than those treated as transaction documents under the CEPL Levallois Credit Agreement or any other contract expressly allowed under the terms of the CEPL Levallois Credit Agreement.

On this basis, the CEPL Levallois Guarantor is a limited purpose entity.

Property management

The CEPL Levallois Property is managed on behalf of the CEPL Levallois Reference Entity by Corporate Property Management Services (together, the **CEPL Levallois Property Managers**) pursuant to a management agreement dated 26 April 2006 (the **CEPL Levallois Management Agreement**).

Under the terms of the CEPL Levallois Credit Agreement, the CEPL Levallois Reference Entity may not appoint any property manager without the prior consent of the Holder. In addition, if the CEPL

Levallois Property Managers are in default of their obligations under the CEPL Levallois Management Agreement, the CEPL Levallois Reference Entity is required to terminate the CEPL Levallois Management Agreement if Barclays Capital Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Lenders) so requires.

Subordinated debt

In connection with the acquisition of the CEPL Levallois Property, the CEPL Levallois Reference Entity has entered into subordinated loans with CStone 6 (Lux) Sàrl, as the mezzanine creditor and CStone 6 (Lux) Sàrl and C&L Levallois (France) SARL, as the intercompany creditors (the **CEPL Levallois Subordinated Loan**). The rights of the creditors of the CEPL Levallois Subordinated Loan are contractually subordinated to the rights of the Lenders of the CEPL Levallois Reference Obligation pursuant to an intercreditor agreement dated 19 July 2006 (the **CEPL Levallois Subordinated Agreement**). Further, under the terms of the CEPL Levallois Subordination Agreement, the creditors of the CEPL Levallois Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the CEPL Levallois Subordinated Loan prior to the discharge of the CEPL Levallois Reference Obligation.

Security package

The security package for the CEPL Levallois Reference Obligation includes the following elements:

(a) a first ranking legal mortgage (*privilège de prêteur de deniers*) covering all amounts owed by the CEPL Levallois Reference Entity under the CEPL Levallois Reference Obligation (the mortgage has been registered to secure 50 per cent. of the principal amount of the CEPL Levallois Reference Obligation and the remaining portion of the CEPL Levallois Reference Obligation may be secured by Barclays Capital Mortgage Servicing Limited as the relevant Security Agent upon the occurrence of certain trigger events as set out below);

(b) a first ranking assignment of certain receivables of the CEPL Levallois Reference Entity, including without limitation, all Rental Proceeds arising in respect of the CEPL Levallois Property;

(c) a cash collateral (*gage-espèces*) over certain bank accounts of the CEPL Levallois Reference Entity, namely, an account designated the Rent Account which is used to collect Rental Proceeds arising in respect of the CEPL Levallois Property and any retention amounts under the CEPL Levallois Credit Agreement, the Tenant Deposit Account and the Sales Account;

(d) a first ranking pledge of the General Account and Expense Account of the CEPL Levallois Reference Entity;

(e) an assignment of rights of the CEPL Levallois Guarantor under certain agreements;

(f) a first ranking pledge over the shares in the CEPL Levallois Reference Entity; and

(g) a first ranking pledge over the shares in CEPL Levallois Guarantor.

The remaining 50 per cent. of the CEPL Levallois Reference Obligation may be secured by Barclays Capital Mortgage Servicing Limited as the relevant Security Agent by registering the mortgage, in its sole discretion, upon the occurrence of any of the following events:

(a) the Interest Cover Ratio being equal to or less than 117.5 per cent.; or

(b) an event of default occurring under the CEPL Levallois Credit Agreement.

In order to fund the costs of such mortgage registration, the CEPL Levallois Credit Agreement provides for the deposit of an amount of €47,688 into an escrow account with the Mâitre Etienne Pichat, Notaire in Paris.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the CEPL Levallois Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the CEPL Levallois Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations as stated in the CEPL Levallois Credit Agreement, each security interest contemplated in the CEPL Levallois Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the CEPL Levallois Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent.

Bank Account

The CEPL Levallois Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **Sales Account**;

(c) an account designated the **Tenant Deposit Account**;

(d) an account designated the **Expense Account**; and

(e) an account designated the **General Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rent Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Rent Account, as described above, is used to collect the cash-flow generated by the CEPL Levallois Property. Prior to the occurrence of a default and enforcement of security in respect of the CEPL Levallois Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the CEPL Levallois Reference Obligation. The Rent Account is held by Société Générale, Paris Etoile Enterprises branch.

Sales Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Sales Account is used to collect the proceeds of disposal of the Property and amounts credited thereto are required to be used by the relevant Facility Agent to make payments of any fees, expenses and unpaid amounts under the CEPL Levallois Reference Obligation prior to the occurrence of a default and enforcement of security in respect of the CEPL Levallois Reference Obligation. All surplus sums are required to be transferred to the Rent Account. The Sales Account is held by Société Générale, Paris Etoile Enterprises branch.

Tenant Deposit Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Tenant Deposit Account is used to collect the deposits made by Tenants in relation to any Occupational Lease and the amounts credited thereto are required be used by the relevant Facility Agent at the request of the CEPL Levallois Managing Agent to repay any such Tenant deposits in accordance with the terms of the relevant Occupational Lease or to discharge the obligations of a Tenant under the relevant Occupational Lease. The Tenant Deposit Account is held by Société Générale, Paris Etoile Enterprises branch.

Expense Account: this bank account is held in the name of the CEPL Levallois Reference Entity, which also has signing rights in respect of it. The Expense Account is for the purposes of transferring

monies from other accounts into it, in accordance with the provisions of the CEPL Levallois Subordinated Agreement. The Expense Account is held by ABN AMRO N.V.

General Account: this bank account is held in the name of the CEPL Levallois Reference Entity, which also has signing rights in respect of it. The General Account receives all monies received by the CEPL Levallois Reference Entity and any other obligor under the CEPL Levallois Credit Agreement, which is not required for any purpose under the CEPL Levallois Credit Agreement. The General Account is held by ABN AMRO N.V.

Financial Covenants

The CEPL Levallois Credit Agreement provides for the following financial covenants:

(a) the biannual Loan to Value is required to be no more than 80 per cent. Breach of this requirement constitutes an event of default under the CEPL Levallois Credit Agreement; and

(b) the Interest Cover Ratio is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the CEPL Levallois Credit Agreement.

In addition, the CEPL Levallois Credit Agreement provides for an additional measure of Interest Cover Ratio, described as the "Cash Trap Interest Cover Ratio". In the event that the Cash Trap Interest Cover Ratio falls below 125 per cent., surplus cash flow will be held within the Rent Account, rather than being released to the General Account.

Description of Tenants

The CEPL Levallois Property is let to 7 tenants. The office space includes tenants such as Areva T&D, Wrigley France S.A., Nvidia Co and Pericles. The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of French law, though each Occupational Lease will have been individually negotiated.

The major tenant of the CEPL Levallois Property, Areva T&D, served notice that it wishes to terminate its tenancy with effect from 30 September 2007, though the sponsor is currently in negotiations with the tenant regarding the terms of an extension. In the interim, the sponsor has agreed to cash collateralise the tenants obligations for a two and a half year period. The cash collateral will be held in an account in the name of the relevant Security Agent.

Tenants						
Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Areva T&D	561,441	31.9	482,420	1,483	-	0.63
Wrigley France SNC	461,178	26.2	423,659	1,332	- /A1/A+	3.16
Nvidia	278,774	15.8	219,142	671	- / - / BB-	1.63
Pericles	234,278	13.3	226,359	673	-	1.00
CIFEA DMK	93,156	5.3	93,586	264	-	4.79
Total (Weighted Average)	**1,628,828**	**92.5**	**1,454,166**	**4,423**		**1.81**

2. CLICHY REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€112,712,020
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	13.0%
Maturity Securitised Principal Balance:	€112,712,020
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November starting from 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.87%
Origination Date:	30 June 2006
Maturity Date:	10 November 2011
Reference Entity:	Société Civile Immobilière Clichy-Leclerc
Interest Calculation:	ACT/ACT
Amortisation:	None – Interest Only
COD Escrow Reserves:	€474,238 (Mortgage registration)
Cut-Off Date Securitised LTV:	76.5%
Maturity Securitised LTV:	76.5%
Cut-Off Date Securitised ICR:	1.65x
Cut-Off Date Securitised DSCR:	1.65x

Property Information	
Number of Properties:	1
Number of Tenants:	5
Occupancy (% by area):	100.0%
Property Type:	Office
Country:	France
Address:	69, bld du General Leclerc, Paris
Property Tenure:	Freehold
Property Management:	Corporate Property Management Services Limited
Net Rent (pa):	€9,054,210
Net ERV (pa):	€8,784,797
Cost Assumptions (pa):	€283,822
Market Value:	€147,400,000
Vacant Possession Value:	€138,700,000
Valuation Date:	1 May 2006
Valuer:	Jones Lang LaSalle

The SCI Clichy Reference Obligation

The SCI Clichy Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 27 June 2006 (the **Clichy Credit Agreement**).

The SCI Clichy Reference Obligation was made by the Originator to assist C&L Clichy France in purchasing the entire share capital of Curzon Capital Clichy S.a.r.l (which holds 50 per cent. of the shares in the Clichy Reference Entity), to assist C&L Clichy France in purchasing 50 per cent. of the share capital of the Clichy Reference Entity and for repayment of the existing indebtedness of the Clichy Reference Entity and Curzon Capital Clichy S.a.r.l.. The Clichy Property is owned by the Clichy Reference Entity.

The Clichy Reference Obligation Reference Obligation is secured upon a single property comprising 3 interconnected office buildings and 531 underground car parking spaces located in Clichy-la-Garenne, France (the **Clichy Property**). The Clichy Property comprises in excess of 32,661 square meters of office space. As at the Cut-Off Date, the Clichy Property is let to 5 different tenants.

Under the Clichy Reference Obligation Credit Agreement, the Clichy Reference Obligation Reference Entity represents, on a repeating basis, that it has good and marketable title to the Clichy Property. The title to the Clichy Property was investigated at the time of the origination of the Clichy Reference Obligation.

The SCI Clichy Reference Entity

The borrower under the Clichy Reference Obligation is Société Civile Immobilière Clichy-Leclerc (the **Clichy Reference Entity**). The Clichy Reference Entity is a private company limited by shares (Société à responsabilité limitée) with its registered office in France. It was incorporated on 13 December 2001.

Under the Clichy Credit Agreement, the Clichy Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation, that it is not party to any material agreement other than the transaction documents contemplated in the Clichy Credit Agreement and that it does not have any subsidiaries or employees; and

(b) undertaken not to carry on any business other than the ownership and management of the Clichy Property. Further, the Clichy Reference Entity has undertaken not to enter any contracts other than those treated as transaction documents under the Clichy Credit Agreement or any other contract expressly allowed under the terms of the Clichy Credit Agreement.

On this basis, the Clichy Reference Entity is a limited purpose entity.

The Clichy Guarantors

The guarantors under the Clichy Reference Obligation are C&L Clichy (France) SARL and Curzon Capital Clichy SARL (each a **Clichy Guarantor** and collectively the **Clichy Guarantors**). The Clichy Guarantors are a private companies limited by shares (*Société à responsabilité limitée*) with their registered office in France.

Under the Clichy Credit Agreement, each of the Clichy Guarantor has:

(a) represented, on a repeating basis, that is has not traded or carried on any business since the date of its incorporation, that it is not party to any material agreement other than the transaction documents contemplated in the Clichy Credit Agreement and that it does not have any subsidiaries or employees; and

(b) undertaken not to carry on any business other than the ownership of its interests in the Clichy Property, not to have any subsidiaries other than as contemplated in the Clichy Credit Agreement or related agreements. Further, the Clichy Guarantor has undertaken not to enter any contracts other than those treated as transaction documents under the Clichy Credit Agreement or any other contract expressly allowed under the terms of the Clichy Credit Agreement.

On this basis, each of the Clichy Guarantor is a limited purpose entity.

Property management

The Clichy Property is managed on behalf of the Clichy Reference Entity by Corporate Property Management Services Limited (together, the **Clichy Property Managers**) pursuant to a management agreement dated 26 April 2006 (the **Clichy Management Agreement**).

Under the terms of the Clichy Credit Agreement, the Clichy Reference Entity may not appoint any property manager without the prior consent of the Holder. In addition, if the Clichy Property

Managers are in default of their obligations under the Clichy Management Agreement, the Clichy Reference Entity is required to terminate the Clichy Management Agreement if Barclays Mortgage Servicing Limited as the relevant Security Agent (acting on the instructions of the Lenders) so requires.

Subordinated debt

In connection with the acquisition of the Clichy Property, the Clichy Reference Entity has entered into subordinated loans with CStone 6 (Lux) Sàrl, as the mezzanine creditor and as the intercompany creditor (the **Clichy Subordinated Loan**). The rights of the creditors of the Clichy Subordinated Loan are contractually subordinated to the rights of the Lenders of the Clichy Reference Obligation pursuant to an intercreditor agreement dated 27 June 2006 (the **Clichy Subordinated Agreement**). Further, under the terms of the Clichy Subordination Agreement, the creditors of the Clichy Subordinated Loan are restricted in relation to what enforcement action they may take in respect of the Clichy Subordinated Loan prior to the discharge of the Clichy Reference Obligation.

Security package

The security package in respect of the Clichy Reference Obligation includes the following elements:

(a) a first ranking legal mortgage (*privilège de prêteur de deniers*) covering all amounts owed by the Clichy Reference Entity under the Clichy Reference Obligation (the mortgage has been registered to secure 50 per cent. of the principal amount of the Clichy Reference Obligation and the remaining portion of the Clichy Reference Obligation may be secured by Barclays Capital Mortgage Servicing Limited as the relevant Security Agent, upon the occurrence of certain trigger events as set out below);

(b) a first ranking assignment over certain receivables of the Clichy Reference Entity, including without limitation, all Rental Proceeds arising in respect of the Clichy Property;

(c) a cash collateral (*gage-espèces*) over certain bank accounts of the Clichy Reference Entity, namely, the Rent Account which is used to collect Rental Proceeds arising in respect of the Clichy Property and any retention amounts under the Clichy Credit Agreement, the Tenant Deposit Account and the Sales Account;

(d) a first ranking pledge of the General Account and Expense Account of the Clichy Reference Entity;

(e) an assignment of rights of the Clichy Guarantor under certain agreements;

(f) first ranking pledge over the shares in the Clichy Reference Entity;

(g) a first ranking pledge over the shares in the Clichy Guarantor; and

(h) a first ranking pledge over the shares in Curzon Capital Clichy, held by the Clichy Guarantor.

The remaining 50 per cent. of the Clichy Reference Obligation may be secured by Barclays Capital Mortgage Servicing Limited as the relevant Security Agent by registering the mortgage, in its sole discretion, upon the occurrence of any of the following events:

(a) the Interest Cover Ratio being equal to or less than 117.5 per cent; or

(b) an event of default occurring under the Clichy Credit Agreement; or

(c) any debt exceeding €200,000 of any third party creditor of the obligors under the Clichy Credit Agreement remaining unpaid for more than 3 months, unless contested in good faith.

In order to fund the costs of such mortgage registration, the Clichy Credit Agreement provides for the deposit of an amount of €474,238 into an escrow account with the Mâitre Etienne Pichat, Notaire in Paris.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Clichy Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Clichy Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations as stated in the Clichy Credit Agreement, each security interest contemplated in the Clichy Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Clichy Reference Obligation have been granted to and vest in Barclays Capital Mortgage Servicing Limited as the relevant Security Agent, and are intended to be enforced directly by the relevant Security Agent.

Bank Account

The Clichy Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **Sales Account**;

(c) an account designated the **Tenant Deposit Account**;

(d) an account designated the **Expense Account**; and

(e) an account designated the **General Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rent Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Rent Account, as described above, is used to collect the Rental Proceeds generated by the Clichy Property. Prior to the occurrence of a default and enforcement of security in respect of the Clichy Reference Obligation, Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent is authorised to withdraw amounts from the Rent Account and apply the same towards payments under the Clichy Reference Obligation. The Rent Account is held by Société Générale, Paris Etoile Enterprises branch.

Sales Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Sales Account is used to collect the proceeds of disposal of the Property and amounts credited thereto is required to be used by the relevant Facility Agent to make payments of any fees, expenses and unpaid amounts under the Clichy Reference Obligation in the manner set out in the Clichy Subordinated Agreement, prior to the occurrence of a default and enforcement of security in respect of the Clichy Reference Obligation. All surplus sums are required to be transferred to the Rent Account. The Sales Account is held by Société Générale, Paris Etoile Enterprises branch.

Tenant Deposit Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Facility Agent, which also has the signing right in respect of it. The Tenant Deposit Account is used to collect the deposits made by Tenants in relation to any Occupational Lease and the amounts credited thereto are required be used by the relevant Facility Agent at the request of the Clichy Managing Agent to repay any such Tenant deposits or in accordance with the terms of the relevant Occupational Lease or to discharge the obligations of a Tenant under the relevant Occupational Lease. The Tenant Deposit Account is held by Société Générale, Paris Etoile Enterprises branch.

Expense Account: this bank account is held in the name of the Clichy Reference Entity, which also has signing rights in respect of it. The Expense Account is for the purposes of transferring monies from other accounts into it in accordance with the provisions of the Clichy Subordinated Agreement. The Expense Account is held by ABN AMRO N.V..

General Account: this bank account is held in the name of the Clichy Reference Entity, which also has signing rights in respect of it. The General Account receives all monies received by the Clichy Reference Entity and any other obligor under the Clichy Credit Agreement, which is not required for any purpose under the Clichy Credit Agreement. The Expense Account is held by ABN AMRO N.V.

Financial Covenants

The Clichy Credit Agreement provides for the following financial covenants:

(a) the biannual Loan to Value is required to be no greater than 80 per cent. Breach of this requirement constitutes an event of default under the Clichy Credit Agreement; and

(b) the Interest Cover Ratio is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the Clichy Credit Agreement.

In addition, the Clichy Credit Agreement provides for an additional measure of Interest Cover Ratio, described as the "Cash Trap Interest Cover Ratio". In the event that the Cash Trap Interest Cover Ratio falls below 125 per cent., surplus cash flow will be held within the Rent Account, rather than being released to the General Account.

Description of Tenants

The Clichy Property is let to 5 tenants including FNAC S.A., McCann Erickson Paris, Materis Peintures, 4D S.A. and Association Fonciere Urbaine Libre "Courteline-Palloy" (AFUL). The relevant Occupational Leases have been based on a common form of lease agreement which is subject to the applicable provisions of French law, though each relevant Occupational Lease will have been individually negotiated.

Tenants						
Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
FNAC S.A.	4,617,625	51.0	3,920,164	13,074	-/-/BBB-	3.84
McCann Erickson Paris	2,861,787	31.6	2,969,997	11,817	-	5.54
Materis Peintures	837,741	9.3	960,892	3,973	-	1.13
4D S.A.	587,004	6.5	616,114	2,472	-	3.13
Association Fonciere Urbaine Libre "Courteline-Palloy" (AFUL)	150,053	1.7	317,629	1,325	-	4.88
Total (Weighted Average)	**9,054,210**	**100.0**	**8,784,797**	**32,661**		**4.10**

D. THE ITALIAN REFERENCE OBLIGATION

1. OBELISCO REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€89,000,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	10.2%
Maturity Securitised Principal Balance:	€89,000,000
A/B Structure:	No
Cut-Off Date B Reference Obligation Balance:	N/A
Reference Obligation Interest Payment Dates:	The 31st day of December, 31st day of March, 30th day of June and 30th day of September commencing 31 March 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.02%
Origination Date:	11 January 2006
Maturity Date:	31 December 2015[1]
Reference Entity:	Investire Immobiliare Societa di Gestione del Risparmio S.p.A.
Interest Calculation:	ACT/360
Amortisation:	None – Interest Only
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	38.8%
Maturity Securitised LTV:	38.8%
Cut-Off Date Securitised ICR:	2.30x
Cut-Off Date Securitised DSCR:	2.30x

[1] Subject to a right given to the Obelisco Reference Entity to extend up to 3 years.

Property Information	
Number of Properties:	12
Number of Tenants:	98
Occupancy (% by area):	76.13%
Property Type:	Office and Logistics
Country:	Italy
Address:	Various – Rome, Milan, Bari
Property Tenure:	10 Freehold, 1 Mixed, 1 Leasehold
Property Management:	Pirelli & C. Real Estate Property Management S.p.A.
Net Rent (pa):	€8,241,875
Net ERV (pa):	€16,996,679
Cost Assumptions (pa):	€3,867,977
Market Value:	€229,100,000
Vacant Possession Value:	N/A
Valuation Date:	30 June 2005
Valuer:	Real Estate Advisory Group

The Obelisco Portfolio Reference Obligation

The Obelisco Portfolio Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 20 December 2005 (the **Obelisco Portfolio Credit Agreement**).

The Obelisco Portfolio Reference Obligation is secured upon 12 properties comprising of buildings with office and logistic spaces located in Milan, Rome and Bari (each an **Obelisco Portfolio Property** and together, the **Obelisco Portfolio Properties**). The Obelisco Portfolio Property comprises in excess of 163,955 square meters of space. As at the Cut-Off Date, the Obelisco Portfolio Property is let to 98 tenants.

Under the Obelisco Portfolio Credit Agreement, the Obelisco Portfolio Reference Entity represents, on a repeating basis, that it has full, legitimate and assignable title to the Obelisco Portfolio Property.

The title to the Obelisco Portfolio Property was investigated at the time of the origination of the Obelisco Portfolio Reference Obligation.

The Obelisco Portfolio Reference Entity

The borrower under the Obelisco Portfolio Reference Obligation is Fondo Obelisco Portfolio (the **Obelisco Portfolio Reference Entity**) acting thorough its fund manager Investire Immobiliare Società di Gestione del Risparmio S.p.A. (**SGR**) which is incorporated in Italy. The Obelisco Portfolio Reference Entity is an Italian close ended real estate investment fund (*fondo di investimento immobiliare di tipo chiuso*) with its registered office in Italy. It was incorporated on 28 April 2005. SGR is an Italian joint stock company (*S.p.A*). It was incorporated on 4 February 2002.

Under the Obelisco Portfolio Credit Agreement, the Obelisco Portfolio Reference Entity has:

(a) represented, on a repeating basis, that is has not incurred any liabilities or undertaken any obligations other than under the Finance Documents or the Initial Properties Transfer Agreement (each as contemplated in the Obelisco Portfolio Credit Agreement), or in connection with the placement of the Fund's units or in the ordinary course of its business or in connection with the placement of its units or in the ordinary course of its business the ownership and management of the Obelisco Portfolio Properties; and

(b) undertaken not to change its business and not to all not enter into any agreement which is not in the ordinary course of business.

Property management

The Obelisco Portfolio Properties are managed on behalf of the Obelisco Portfolio Reference Entity by Pirelli & C. Real Estate Property Manager S.p.A. (the Obelisco Portfolio Property Manager) pursuant to a management agreement (the **Obelisco Portfolio Management Agreement**).

Security package

The security package for the Obelisco Portfolio Reference Obligation includes the following elements:

(a) a substantive first ranking legal mortgage (*ipoteca di primo grado sostanziale*) covering all amounts owed by the Obelisco Portfolio Reference Entity under the Obelisco Portfolio Reference Obligation;

(b) an assignment by way of security of certain receivables of the Obelisco Portfolio Reference Entity including Rental Proceeds in respect of the Obelisco Portfolio Property;

(c) a first ranking pledge of certain bank accounts of the Obelisco Portfolio Reference Entity including an account designated as the Lease Payments Account which is used to collect Rental Income arising in respect of the Obelisco Portfolio Property;

(d) an assignment by way of security of certain indemnities payable to the Obelisco Portfolio Reference Entity in respect of certain Obelisco Portfolio Properties; and

(e) an *Appendice di Vincolo* in respect of the insurance policy issued by Assurazioni Generali S.p.A.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Obelisco Portfolio Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Obelisco Portfolio Credit Agreement contains a representation, which is periodically repeated, which provides that each security interest contemplated in the Obelisco Portfolio Credit Agreement is validly created.

All security interests granted in respect of the Obelisco Portfolio Reference Obligation have been granted to and vest in the Holder, and are intended to be enforced directly by the Holder.

Bank Account

The Obelisco Portfolio Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Sales Proceeds Account**;

(b) an account designated the **Lease Payments Account**; and

(c) an account designated the **Indemnities and Insurance Payment Account**.

Certain characteristics of each of these bank accounts are described in turn.

Sales Proceeds Account: this bank account is held in the name of the Obelisco Portfolio Reference Entity, though the signing rights are held by SGR on behalf of the Obelisco Portfolio Reference Entity. The Sales Proceeds Account is used to collect the cash generated by the disposal of the any of the Obelisco Portfolio Property. The Sales Proceeds Account is held by Banca Intesa S.p.A, Financial Institution (Parma) branch.

Lease Payments Account: this bank account is held in the name of the Obelisco Portfolio Reference Entity, though the signing rights are held by SGR on behalf of the Obelisco Portfolio Reference Entity. The Lease Payments Account is used to collect the cash-flow generated by the Obelisco Portfolio Property. The Lease Payments Account is held by Banca Intesa S.p.A, Financial Institution (Parma) branch.

Indemnities and Insurance Payment Account: this bank account is held in the name of the Obelisco Portfolio Reference Entity, though the signing rights are held by SGR on behalf of the Obelisco Portfolio Reference Entity. The Indemnities and Insurance Payment Account is used to hold the proceeds of all insurances and indemnities payable to the Obelisco Portfolio Reference Entity as contemplated under the Obelisco Portfolio Credit Agreement. The Indemnities and Insurance Payment Account is held by Banca Intesa S.p.A, Financial Institution (Parma) branch.

Financial Covenants

The Obelisco Portfolio Credit Agreement provides for the following financial covenants:

(a) the Loan to Value must be less than or equal to 60 per cent. If the Loan to Value exceeds 60 per cent. but is less than 65 per cent., the Obelisco Portfolio Reference Entity may not use any funds standing to the credit of any of its accounts until the Loan to Value is reduced to at least 60 per cent. If the Loan to Value is equal to or greater than 65 per cent. then the Holder has the right to terminate the Obelisco Portfolio Credit Agreement.

(b) the Interest Cover Ratio must be at least 125 per cent. In the event that the Interest Cover Ratio falls below 125 per cent. but is greater than 110 per cent., the Obelisco Portfolio Reference Entity may not use any funds standing to the credit of any of its accounts until the Interest Cover Ratio is at least 125 per cent.. If the Interest Cover Ratio is equal to or less than 110 per cent. then the Holder has the right to terminate the Obelisco Portfolio Credit Agreement.

Description of Tenants

The Obelisco Portfolio Properties are let to 98 tenants. The office space includes tenants such as TNT Logistics Italia S.p.A., Republic of Italy, Automobile Club d'Italia, and Nestlé Italiana S.p.A. The relevant Occupational Leases have been based on a common form of lease agreement which is subject

to the applicable provisions of Italian law, though each relevant Occupational Lease will have been individually negotiated.

Top 5 Tenant Table

Top 5 Tenants						
Top 5 Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Automobile Club d'Italia	1,338,895	16.2	1,129,112	8,981	-	6.21
TNT Logistics Italia S.p.A.	1,223,888	14.8	2,163,195	40,762	-	0.50
Nestlé Italiana S.p.A.	1,164,947	14.1	2,185,106	15,444	-	1,17
Republic of Italy	1,156,878	14.0	1,608,649	10,863	AA-/Aa2/A+	0.38
Softlab laboratori per la produzione industriale del software S.p.A.	176,252	2.1	322,690	2,144	-	0.50
Total (Weighted Average)	**5,060,860**	**61.4**	**7,408,752**	**78,193**	-	**2.14**

E. THE MONACO REFERENCE OBLIGATIONS

1. SENIOR MONACO REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€14,000,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	1.6%
Maturity Securitised Principal Balance:	€14,000,000
A/B Structure:	No
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	4.77%
Origination Date:	29 August 2006
Maturity Date:	10 August 2011 (Subject to extension to 10 August 2013)
Reference Entities:	Hoperidge Properties Inc and Midlake Properties Inc
Interest Calculation:	ACT/365
Amortisation:	None – Interest Only
COD Escrow Reserves:	€100,000 (Rent Guarantee)
Cut-Off Date Securitised LTV:	66.0%
Maturity Securitised LTV:	66.0%
Cut-Off Date Securitised ICR:	1.18x
Cut-Off Date Securitised DSCR:	1.18x

Property Information	
Number of Properties:	1
Number of Tenants:	1
Occupancy (% by area):	100.0%
Property Type:	Prime CBD Office
Country:	Monaco
Address:	3-5 Avenue des Citronniers, Monte-Carlo
Property Tenure:	Freehold
Property Management:	Attol Agency
Net Rent (pa):	€785,560 (includes cash reserve)
Net ERV (pa):	€718,770
Cost Assumptions (pa):	€22,230
Market Value:	€21,200,000
Vacant Possession Value:	€15,892,000
Valuation Date:	04 August 2006
Valuer:	AFIM Camoletto & Cie

The Senior Monaco Reference Obligation

The Senior Monaco Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 31 August 2006 (the **Senior Monaco Credit Agreement**).

The Senior Monaco Reference Obligation is secured upon two floors of an office building located in Monte Carlo held under two discrete titles (together the **Senior Monaco Properties** and each a **Senior Monaco Property**). The Senior Monaco Property comprises 872 square meters of office space and 12 car parking spaces. At the Cut-Off Date, the Senior Monaco Properties are let to a single tenant.

Under the Senior Monaco Credit Agreement, each of the Senior Monaco Reference Entities represents, on a repeating basis, that it has good and marketable title to the Senior Monaco Property. The title to the Monaco Properties was investigated at the time of the origination of the Monaco Reference Obligation.

The Senior Monaco Reference Entities

The borrowers under the Senior Monaco Reference Obligation are Midlake Properties Inc. and Hoperidge Properties Inc., (together, the **Senior Monaco Reference Entities** and each a **Senior Monaco Reference Entity**). Each of the Senior Monaco Reference Entities is a company limited by shares with registered office in the British Virgin Islands. Midlake Properties Inc was incorporated on May 4 2006 and Hoperidge Properties Inc. was incorporated on January 3 2006.

Under the Senior Monaco Credit Agreement, each of the Senior Monaco Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business other than the ownership and management of the Senior Monaco Properties, that it is not party to any material agreement other than the transaction documents and acquisition documents contemplated in the Senior Monaco Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Senior Monaco Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership and management of the Senior Monaco Property, not to have any subsidiaries. Further, the Senior Monaco Reference Entity has undertaken not to enter any contracts other than those treated as material contracts or transaction documents under the Senior Monaco Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Senior Monaco Property, as well as any other contract expressly allowed under the terms of the Senior Monaco Credit Agreement.

On this basis, each of the Senior Monaco Reference Entities is a limited purpose entity.

Property management

The Senior Monaco Property is managed on behalf of the Senior Monaco Reference Entities by Attol Agency (the **Senior Monaco Property Manager**) pursuant to a management agreement dated 29 August 2006 (the **Senior Monaco Management Agreement**).

Under the terms of the Senior Monaco Credit Agreement, the Senior Monaco Management Agreement may not be materially varied or changed without the prior consent of the Holder.

Subordinated debt

In connection with the acquisition of the Senior Monaco Properties, the Senior Monaco Reference Entities have entered into a subordinated loan with the sponsor (the **Monaco Subordinated Loan**). The rights of the creditors of the Monaco Subordinated Loan are contractually subordinated to the rights of the Lenders of the Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation pursuant to a subordination agreement dated 31 August 2006 (the **Monaco Subordinated Agreement**). Further, under the terms of the Monaco Subordination Agreement, the creditor of the Monaco Subordinated Loan is restricted in relation to what enforcement action the creditor may take in respect of the Monaco Subordinated Loan prior to the discharge of the Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation.

Security package

The security package for the Senior Monaco Reference Obligation includes the following elements:

(a) a first ranking priority lender special legal privileges encumbering each of the Senior Monaco Properties belonging to the relevant Senior Monaco Reference Entity and covering all amounts owed by each of the Senior Monaco Reference Entities under the Senior Monaco Reference Obligation;

(b) a delegation of Rental Proceeds by each of the Senior Monaco Reference Entities arising in respect of the Senior Monaco Properties;

(c) a pledge of the Rental Proceeds accounts of the each of the Senior Monaco Reference Entities;

(d) a cash pledge in the amount of €50,000 by each of the Senior Monaco Reference Entities; and

(e) a first ranking pledge of 100 shares, in each of the Senior Monaco Reference Entities held by the sponsor.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Senior Monaco Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Senior Monaco Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Senior Monaco Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Senior Monaco Reference Obligation have been granted to and vest in the Holder, and are intended to be enforced directly by the Holder.

Bank Account

The Senior Monaco Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account for each of Senior Monaco Reference Entities designated the **Rent Income Account**;

(b) an account for each of Senior Monaco Reference Entities designated the **Cash Reserve Account**;

(c) an account for each of Senior Monaco Reference Entities designated the **Credit Account**; and

(d) an account designated the **Cash Pledge Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rental Proceeds Accounts: this bank account is held in the name of each of the Senior Monaco Reference Entities, which also have the signing right in respect of each of the accounts. The Rental Proceeds Account, as described above, is used to collect the Rental Proceeds generated by the Monaco Properties. Sums may be drawn from the Rental Proceeds Account by the Senior Monaco Reference Entities to make payments due under the Senior Monaco Reference Obligation. The Rent Account is held by Barclays Bank PLC, Monaco branch. There is a pledge in favour of the Lenders over the Rental Proceeds Accounts.

The Cash Reserve Accounts: this bank account is held in the name of each of the Senior Monaco Reference Entities, which also have signing rights in respect of each of the accounts. The Cash Reserve Account is used to collect any amounts available after making payment of sums due under any agreement related to the Senior Monaco Reference Obligation. The Cash Reserve Account is held by Barclays Bank PLC, Monaco branch.

Cash Pledge Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Agent, which also has the signing right in respect of each of the accounts. The Cash Pledge Account is used to hold a deposit of €50,000 by each of the Monaco Reference Obligation Entities to secure the Senior Monaco Reference Obligation. The Cash Pledge Account is held by Société Générale.

Credit Accounts: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Agent, which also has the signing right in respect of each of the accounts. The Credit Account receives all the sums due by the Senior Monaco Reference Entities under any prepayment, payments due under the Senior Monaco Reference Obligation 5 business days prior to the Reference Obligation Interest Payment Date, any sums generated by the enforcement of the securities, and any payment due by the Borrowers to the relevant Agent and the lenders as a result of the financing agreements. The Credit Account is held by Société Générale.

Financial Covenants

The Senior Monaco Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be no greater than 85 per cent. Breach of this requirement constitutes an event of default under the Senior Monaco Credit Agreement; and

(b) the annual and quarterly Interest Cover Ratio is required to be no less than 100 per cent. up to the fourth year, 103 per cent. from the fourth year to and including the fifth year, 107 per cent. from the fifth year to and including the sixth year if required and 107 per cent. from the sixth year to and including the seventh year if required. Breach of this requirement constitutes an event of default under the Senior Monaco Credit Agreement.

Description of Tenants

The Monaco Properties are let to a single tenant, Merrill Lynch S.A.M..

Tenant						
Tenant	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Merrill Lynch S.A.M.	718,770	91.5	718,770	872	A+/A1/A+	9.54
Rent Top up (Cash Collateralised)	66,790	8.5	-	-	-	N/A
Total	**785,560**	**100.0**	**718,770**	**872**		**9.54**

2. JUNIOR MONACO REFERENCE OBLIGATION

Reference Obligation Information	
Cut-Off Date Securitised Principal Balance:	€2,300,000
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	0.3%
Maturity Securitised Principal Balance:	€2,300,000
A/B Structure:	No
Cut-Off Date B Reference Obligation Balance:	N/A
Reference Obligation Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2006 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Fixed
All-in Securitised Interest Rate:	5.12%
Origination Date:	29 August 2006
Maturity Date:	10 August 2011 (Subject to extension to 10 August 2013)
Reference Entities:	Hoperidge Properties Inc & Midlake Properties Inc
Interest Calculation:	ACT/365
Amortisation:	None – Interest Only
COD Escrow Reserves:	€400,000
Cut-Off Date Securitised LTV:	76.9%
Maturity Securitised LTV:	76.9%
Cut-Off Date Securitised ICR:	1.00x
Cut-Off Date Securitised DSCR:	1.00x

Property Information	
Number of Properties:	1
Number of Tenants:	1
Occupancy (% by area):	100%
Property Type:	Prime CBD Office
Country:	Monaco
Address:	3-5 Avenue des Citronniers, Monte-Carlo
Property Tenure:	Freehold – Co-ownership
Property Management:	Attol Agency
Net Rent:	€785,560 (includes cash reserve)
Net ERV:	€718,770
Cost Assumptions (pa):	€22,230
Market Value:	€21,200,000
Vacant Possession Value:	€15,892,000
Valuation Date:	04 August 2006
Valuer:	AFIM Camoletto & Cie

The Junior Monaco Reference Obligation

The Junior Monaco Reference Obligation was originated by Barclays Bank PLC pursuant to a Credit Agreement dated 31 August 2006 (the **Junior Monaco Credit Agreement**).

The Junior Monaco Reference Obligation is secured upon by a second ranking mortgage in respect of the Monaco Properties, as described under the Senior Monaco Reference Obligation, set out above.

Under the Junior Monaco Credit Agreement, each of the Junior Monaco Reference Entities (as defined below) represents, on a repeating basis, that it has good and marketable title to the Monaco Property. The title to the Monaco Properties was investigated at the time of the origination of the Monaco Reference Obligation.

The borrowers under the Junior Monaco Reference Obligation are Midlake Properties Inc. and Hoperidge Properties Inc., (together, the **Junior Monaco Reference Entities** and each a **Junior Monaco Reference Entity**). Each of the Junior Monaco Reference Entities is a company limited by shares with registered office in the British Virgin Islands. Midlake Properties Inc was incorporated on

4 May 2006 and Hoperidge Properties Inc. was incorporated on 3 January 2006. The Junior Monaco Reference Entities and the Senior Monaco Reference Entities are the same entities.

Under the Junior Monaco Credit Agreement, each of the Junior Monaco Reference Entity has:

(a) represented, on a repeating basis, that is has not traded or carried on any business other than the ownership and management of the Monaco Properties, that it is not party to any material agreement other than the transaction documents and acquisition documents contemplated in the Junior Monaco Credit Agreement, that it does not have any subsidiaries or employees and that it has not incurred any liabilities or undertaken any obligations other than those contemplated in the Junior Monaco Credit Agreement; and

(b) undertaken not to carry on any business other than the ownership and management of the Monaco Property, not to have any subsidiaries. Further, the Junior Monaco Reference Entity has undertaken not to enter any contracts other than those treated as material contracts or transaction documents under the Junior Monaco Credit Agreement, any contract entered into in connection with the day to day management, operation, letting and development of the Monaco Property, as well as any other contract expressly allowed under the terms of the Junior Monaco Credit Agreement.

On this basis, each of the Junior Monaco Reference Entities is a limited purpose entity.

Subordinated debt

In connection with the acquisition of the Senior Monaco Properties, the Junior Monaco Reference Entities have entered into a subordinated loan with the sponsor (the **Monaco Subordinated Loan**). The rights of the creditors of the Monaco Subordinated Loan are contractually subordinated to the rights of the Lenders of the Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation pursuant to a subordination agreement dated 31 August 2006 (the **Monaco Subordinated Agreement**). Further, under the terms of the Monaco Subordination Agreement, the creditor of the Monaco Subordinated Loan is restricted in relation to what enforcement action the creditor may take in respect of the Monaco Subordinated Loan prior to the discharge of the Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation.

The creditors of the Senior Monaco Reference Obligation and the Junior Monaco Reference Obligation have entered into an intercreditor agreement dated 31 August 2006 (the **Monaco Intercreditor Agreement**). Under the terms of Monaco Intercreditor Agreement, the creditor of the Junior Monaco Reference Obligation Entity is restricted in relation to what enforcement action it may take in respect of the Junior Monaco Reference Obligation prior to the discharge of the Senior Monaco Reference Obligation.

Security package

The security package for the Junior Monaco Reference Obligation includes the following elements:

(a) a second ranking mortgage encumbering each of the Monaco Properties;

(b) a delegation of Rental Proceeds by each of the Junior Monaco Reference Entities arising in respect of the Monaco Properties;

(c) a pledge of the Rental Proceeds accounts of the each of the Junior Monaco Reference Entities; and

(d) a cash pledge in the amount of €200,000 by each of the Junior Monaco Reference Entities.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Junior Monaco Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Junior Monaco Credit

Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in the applicable legal opinions, each security interest contemplated in the Junior Monaco Credit Agreement is legal, valid, binding and enforceable.

All security interests granted in respect of the Junior Monaco Reference Obligation have been granted to and vest in the Holder, and are intended to be enforced directly by the Holder.

Bank Account

The Junior Monaco Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account for each of Junior Monaco Reference Entities designated the **Rent Income Account**;

(b) an account for each of Junior Monaco Reference Entities designated the **Cash Reserve Account**;

(c) an account for each of Junior Monaco Reference Entities designated the **Credit Account**; and

(d) an account designated the **Cash Pledge Account**.

Certain characteristics of each of these bank accounts are described in turn.

Rental Proceeds Accounts: this bank account is held in the name of each of the Junior Monaco Reference Entities, which also have the signing right in respect of each of the accounts. The Rental Proceeds Account, as described above, is used to collect the Rental Proceeds generated by the Monaco Properties. Sums may be drawn from the Rental Proceeds Account by the Junior Monaco Reference Entities to make payments subject to the terms of the Senior Monaco Subordinated Loan Agreement due under the Junior Monaco Reference Obligation. The Rent Account is held by Barclays Bank PLC, Monaco branch. There is a pledge in favour of the Lenders over the Rental Proceeds Accounts.

Cash Reserve Accounts: this bank account is held in the name of each of the Junior Monaco Reference Entities, which also have the signing right in respect of each of the accounts. The Cash Reserve Account is used to collect any amounts available after making payment of sums due under any agreement related to the Junior Monaco Reference Obligation. The Cash Reserve Account is held by Barclays Bank PLC, Monaco branch.

Cash Pledge Account: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Agent, which also has the signing right in respect of each of the accounts. The Cash Pledge Account is used to hold a deposit of €200,000 by each of the Monaco Reference Obligation Entities to secure the Junior Monaco Reference Obligation. The Cash Pledge Account is held by Société Générale.

Credit Accounts: this bank account is held in the name of Barclays Capital Mortgage Servicing Limited as the relevant Agent, which also has the signing right in respect of each of the accounts. The Credit Account receives all the sums due by the Junior Monaco Reference Entities under any prepayment, payments due under the Junior Monaco Reference Obligation 5 business days prior to the Reference Obligation Interest Payment Date, any sums generated by the enforcement of the relevant Security, and any payment due by the Borrowers to the relevant Agent and the lenders as a result of the financing agreements. The Cash Pledge Account is held by Société Générale.

Financial Covenants

The Junior Monaco Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be no greater than 85 per cent. Breach of this requirement constitutes an event of default under the Junior Monaco Credit Agreement; and

(b) the annual and quarterly Interest Cover Ratio is required to be no less than 100 per cent. from the fourth year, 103 per cent. from the fourth year to and including the fifth year, 107 per cent. from the fifth year to and including the sixth year if required and 107 per cent. from the sixth year to and including the seventh year if required. Breach of this requirement constitutes an event of default under the Junior Monaco Credit Agreement.

Description of Tenants

The Monaco Properties are let to a single tenant, Merrill Lynch S.A.M.

Tenant						
Tenant	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Merrill Lynch S.A.M	718,770	91.5	718,770	872	A+/A1/A+	9.54
Top up (Cash Collateralised)	66,790	8.5	-	-	-	N/A
Total (Weighted Average)	**785,560**	**100.0**	**718,770**	**872**		**9.54**

F. THE SWEDISH PORTFOLIO REFERENCE OBLIGATION

1. KEOPS PORTFOLIO REFERENCE OBLIGATION

Reference Obligation Information[1]	
Cut-Off Date Securitised Principal Balance:	SEK 2,296,374,486 (€249,822,580)
Cut-Off Date Securitised Principal Balance as percentage of Reference Obligation Pool:	28.7%
Expected Closing Date Securitised Principal Balance:	SEK 2,283,776,815 (€248,452,080)
Maturity Securitised Principal Balance:	SEK 2,129,992,472 (€231,721,881)
A/B Structure:	Yes. The whole loan is divided into the Keops Reference Obligation, a *pari passu* senior interest (of equal amount to the Keops Reference Obligation) and a junior loan.
Cut-Off Date B Reference Obligation Balance:	SEK 372,469,514 (€40,520,598)
Reference Obligation Interest Payment Dates:	The 15th day of each January, April, July and October commencing 15 January 2007 (subject to a business day convention)
Reference Obligation Purpose:	Acquisition
Interest Rate Type:	Floating
All-in Securitised Interest Rate (minimum rate):	4.62% (4.55%)
Origination Date:	01 November 2006
Maturity Date:	15 October 2011
Reference Entity:	Keops Ejendomsobligationer IX AB
Interest Calculation:	ACT/360
Amortisation	Scheduled Amortisation (see below)
COD Escrow Reserves:	None
Cut-Off Date Securitised LTV:	76.5%
Maturity Securitised LTV:	71.0%
Cut-Off Date Securitised ICR:	2.99x/1.99x (Gross Rent/Net Rent)
Cut-Off Date Securitised DSCR:	2.24x/1.49x (Gross Rent/Net Rent)

[1] Certain of the figures contained herein are liable to change following the setting of the FX Rate on the Closing Date.

Property Information (adjusted for the vertical split)	
Number of Properties:	171
Number of Tenants::	1,683
Occupancy (% by area):	88.67%
Property Type:	Mixed Portfolio
Country:	Sweden
Address:	Various
Property Tenure:	154 Freehold, 8 Leasehold, 9 Mixed
Property Management:	ISS Facility Services AB
Gross Rent (pa):	SEK 316,737,682 (€34,457,892)
Net Rent (pa):	SEK 211,125,682 (€22,968,363)
Gross ERV (pa):	SEK 327,869,050 (€35,668,874)
Net ERV (pa):	SEK 222,257,050 (€24,179,344)
Cost Assumptions (pa):	SEK 105,612,000 (€11,489,529)
Market Value:	SEK 3,000,620,000 (€326,437,450)
Vacant Possession Value:	SEK 2,290,305,000 (€249,162,281)
Valuation Date:	1 October 2006
Valuer:	DTZ Sweden AB

Amortisation (€)	
15 April 2007	1,370,501
15 July 2007	1,144,908
15 October 2007	851,075
15 January 2008	463,495
15 April 2008	561,736
15 July 2008	655,811
15 October 2008	564,778
15 January 2009	741,461
15 April 2009	784,848
15 July 2009	616,870
15 October 2009	667,933
15 January 2010	1,367,271
15 April 2010	1,523,361
15 July 2010	1,755,740
15 October 2010	1,466,214
15 January 2011	1,078,540
15 April 2011	1,253,585
15 July 2011	1,232,571
15 October 2011	nil

The Keops Portfolio Reference Obligation

The Keops Portfolio Reference Obligation was originated by Barclays Bank PLC pursuant to the Credit Agreement dated 27 October 2006 (the **Keops Credit Agreement**).

The Keops Portfolio Reference Obligation was made by the Originator to assist in the financing of the acquisition of a portfolio of 171 properties of various kinds, located throughout Sweden (the **Keops Portfolio**). The acquisition of the Keops Portfolio was structured as a purchase of interests in certain limited partnerships, which between them owned the Keops Portfolio at the time of the acquisition. Save for 18 properties which require additional environmental investigation (the **Keops Environmental Properties**), the Keops Portfolio is, at the current time, and as a result of a process of corporate reorganisation, owned by 22 Swedish limited liability companies (the **Keops Property Companies**), each of which was also newly formed for the purposes of the acquisition of the Keops Portfolio, 18 of the properties which require further environmental investigation (the **Keops Environmental Properties**) are each owned by a separate Swedish limited liability company (the **Keops Environmental Companies**). The roles played by the Keops Property Companies and the Keops Environmental Companies in relation to the Keops Portfolio Reference Obligation are described further below.

The Keops Credit Agreement provides that an amount drawable thereunder (being SEK300,000,000) may be borrowed, repaid and reborrowed on a revolving basis (the **Revolving Facility**). This amount reduces over time.

The Keops Portfolio Reference Entity

The borrower under the Keops Credit Agreement is Keops EjendomsObligationer IX AB (the **Keops Portfolio Reference Entity**). The Keops Portfolio Reference Entity is a limited liability company with its registered office in Stockholm. It was incorporated on 31 October 2005.

In addition to the Keops Portfolio Reference Entity, each of the Keops Property Companies and each of the Keops Environmental Companies have acceded to the Keops Credit Agreement as a chargor thereunder (together, the **Keops Chargors**). The Keops Chargors and the Keops Portfolio Reference Entity are referred to in the Keops Credit Agreement as obligors (the **Keops Obligors**).

Under the Keops Credit Agreement, each of the Keops Obligors has:

(a) represented, on a repeating basis, that is has not carried on any business or investment activities, that it has not incurred any liabilities or obligations since its incorporation other than acquiring, owning and managing the Keops Portfolio, that is has no employees and save as specifically contemplated in the Keops Credit Agreement, it has no subsidiaries; and

(b) undertaken not to carry on any business other than, in the case of the Keops Portfolio Reference Entity, acquiring the other Keops Obligors and, in the case of the other Keops Obligors, acquiring, owning and managing the Keops Portfolio and undertaking related activities. Further, the Keops Obligors have undertaken not to enter into any contracts other than those treated as transaction documents under the Keops Credit Agreement, any contract entered into in connection with the day-to-day management of the Keops Portfolio, as well as any contracts expressly allowed under the terms of the Keops Credit Agreement and related documents.

On this basis, the Keops Obligors are each limited purpose entities.

Property Management

The Keops Portfolio is managed on behalf of the Keops Property Companies by ISS Facility Services AB (the **Keops Property Manager**) pursuant to a management agreement (the **Keops Management Agreement**).

Under the terms of the Keops Credit Agreement, the Keops Portfolio Reference Entity may not appoint any new, additional or substitute managing agent without the consent of Barclays Capital Mortgage Servicing Limited as agent under the Keops Credit Agreement (the **Keops Agent**). In addition, if the Keops Property Manager is in default, in any material respects, of its obligations under the Keops Management Agreement or the duty of care agreement it has entered into in connection with the Keops Management Agreement, the Keops Agent may require the appointment of a new managing agent on term approved by it, acting reasonably.

Subordinated debt

The Keops Obligors have various other financial creditors in addition to the Originator in respect of the Keops Portfolio Reference Obligation. These include:

(a) Kungsleden AB (Publ), as the provider of certain amounts of debt connected with the acquisition of the Keops Portfolio (the **Vendor Debt**);

(b) Keops EjendomsObligationer IX AB, as the provider of certain amounts of debt connected with the acquisition of the Keops Portfolio (the **Bond Proceeds Debt**);

(c) the Keops Obligors as between themselves (the **Intragroup Debt**); and

(d) certain bondholders, as the providers of certain amounts of debt connected with the acquisition of the Keops Portfolio (the **Bond Debt**).

Intercreditor arrangements

In order to regulate the rights to payment of each group of creditors, the holders of the various debts described above have entered into an intercreditor agreement (the **Keops Intercreditor Agreement**). Under the terms of the Keops Intercreditor Agreement, each of the Vendor Debt, the Bond Proceeds Debt, the Bond Debt and the Intragroup Debt are subordinated to "Senior Debt", which includes the Hedging Debt and the Keops Portfolio Reference Obligation, upon the occurrence of an insolvency event in relation to a Keops Obligor. The Keops Intercreditor Agreement thus ensures the seniority of the Keops Portfolio Reference Obligation, together with the Hedging Debt.

Security Package

The Keops Obligors have entered into a variety of security arrangements in connection with the Keops Portfolio Reference Obligation. These include:

(a) a master pledge agreement (the **Keops Master Pledge Agreement**). Under the terms of the Keops Master Pledge Agreement, each of the pledgors thereunder pledge to the finance parties as represented by Barclays Capital Mortgage Servicing Limited in its capacity as security trustee:

(i) all mortgage deeds relating to the Keops Portfolio;

(ii) all its rights to receive payments under occupational leases with major tenants relating to the Keops Portfolio and any subsequent occupational leases; and

(iii) all its rights to receive payments under various contracts entered into in connection with the acquisition of the Keops Portfolio,

The security granted under the Keops Master Pledge Agreement is intended to secure all amounts owing to the finance parties (which includes the Originator and the provider of the Keops Hedging);

(b) a pledge agreement regarding certain Swedish bank accounts (the **Keops Bank Account Pledge Agreement**). Under the terms of the Keops Bank Account Pledge Agreement, the pledgor thereunder pledges their rights to and interest in various bank accounts, including the accounts designated the Rent Account and Disposal Proceeds Account, as described further below. The Security granted under the Keops Bank Account Pledge Agreement is intended to secure all amounts owed to the finance parties;

(c) a share pledge agreement in relation to the share capital of the Keops Portfolio Reference Entity;

(d) a share pledge agreement in relation to the share capital of the Keops Property Companies; and

(e) various other pledge agreements relating to other assets of the Keops Obligors such as rights under policies of insurance and under the Keops Management Agreement.

The enforceability of each element of the security interests listed above has been confirmed in legal opinions delivered at or around the time of origination of the Keops Portfolio Reference Obligation, subject to the qualifications or reservations contained therein. In addition, the Keops Credit Agreement contains a representation, which is periodically repeated, which provides that subject to any limitations contained in applicable legal opinions, each security interest contemplated in the Keops Credit Agreement is legal, valid, binding and enforceable.

Under the Keops Credit Agreement, each Keops Obligor guarantees to each finance party the performance by each Keops Obligor of its obligation under the finance document. Thus, the Keops Portfolio Reference Obligation is intended to have the benefit of cross-collateralisation across the Keops Portfolio, through the guarantee from each Keops Chargor and the security interests granted by it. See "*Relevant Aspects of Swedish Law – Upstream and cross-stream security and corporate benefit*" on page 189.

Bank Account

The Keops Credit Agreement contemplates the establishment of the following bank accounts:

(a) an account designated the **Rent Account**;

(b) an account designated the **Disposal Proceeds Account**;

(c) an account designated the **Rent Deposit Account**;

(d) an account designated the **Pre Emption Account**; and

(e) an account designated the **General Account**.

Each of these bank accounts are held with Danske Bank A/S, Stockholm branch. Certain characteristics of each of these bank accounts are described in turn below.

Rent Account: this bank account is held in the name of the Keops Portfolio Reference Entity, though signing rights are held by the Keops Agent. The Rent Account is used to collect all rental payment generated in respect of the Keops portfolio and amounts payable to the Keops Portfolio Reference Entity in respect of the Keops Hedging.

Disposal Proceeds Account: this bank account is held in the name of the Keops Portfolio Reference Entity, though signing rights are held by the Keops Agent. The Disposal Proceeds Account is used to collect net disposal proceeds arising in relation to any property within the Keops Portfolio which is disposed of.

Rent Deposit Account: this bank account is held in the name of the Keops Portfolio Reference Entity, though signing rights are held by the Keops Agent. The Rent Deposit Account is used to collect rental deposits payable by tenants of properties within the Keops Portfolio.

Pre Emption Account: this bank account was held in the name of the Keops Portfolio Reference Entity though signing rights were held by the Keops Agent. The Pre Emption Account was used at the time the Keops Portfolio Reference Obligation was drawn and was credited with the allocated loan amount relating to certain properties within the Keops Portfolio which were affected by pre emption rights. Amounts credited to the Pre Emption Account were released to the Keops Portfolio Reference Entity when the pre emption right relating to these properties were waived by the relevant holders. Accordingly, the Pre Emption Account is closed and is of historic interest only.

General Account: this bank account is held in the name of the Keops Portfolio Reference Entity and is also under its signing control, unlike the other bank accounts described above. Amounts credited to this account may be used by the Keops Portfolio Reference Entity without any restriction prior to the occurrence of a default of security in respect of the Keops Portfolio Reference Obligation.

Substitution

Under the Keops Credit Agreement, the Keops Obligors may, on any Reference Obligation Interest Payment Date and provided no default has occurred in respect of the Keops Portfolio Reference Obligation, require the lenders to allow a substitution of one or more properties within the Keops Portfolio with other properties. The consent of the lenders is given to any substitution (subject to the satisfaction of certain conditions) where the aggregate market value of the property in respect of which substitution is sought is less than 15 per cent. of the market value of the Keops Portfolio. Substitution will only be permitted where among other conditions the Interest Cover Ratio would be 140 per cent. following such substitution and that the property being released and the new property are substantially similar in terms of property type, rental income profile and lease term profile.

Financial Covenants

The Keops Credit Agreement provides for the following financial covenants:

(a) the Loan to Value is required to be no more than 92.5 per cent. on or prior to the third anniversary of the first utilisation date under the Keops Credit Agreement and thereafter 88 per cent. Breach of this requirement constitutes an event of default under the Keops Credit Agreement; and

(b) the Interest Cover Ratio (calculated on the basis of Gross Rent) is required to be no less than 110 per cent. Breach of this requirement constitutes an event of default under the Keops Credit Agreement.

In addition, the Keops Credit Agreement provides that if the Interest Cover Ratio is less than 125 per cent. the balance standing to the credit of the Rent Account shall not be released to the General Account but rather shall be used to prepay the amounts outstanding under the Revolving Facility or shall be retained in the Rent Account.

Tenants

The Keops Portfolio, as described above, is comprised of 171 different properties, occupied by an aggregate of 1,683 tenants. The five most significant tenants are:

Top 5 Tenants						
Top 5 Tenants	**Net Rent (pa) (€)**	**Net Rent (%)**	**Net ERV (pa) (€)**	**Area (sqm)**	**Rating (F/M/S)**	**Weighted Average Lease Term Break/Expiry (years)**
Telefon AB LM Ericsson	2,958,632	6.4%	4,038,759	36,475	BBB+/Baa2/BB B-	3.56
Kungsleden AB[1]	2,472,134	5.4%	2,243,570	39,238	-	4.71
Swedbank AB	1,556,168	3.4%	1,390,300	21,290	A+/Aa1/A+	1.70
SKF Sverige AB	1,525,369	3.3%	1,333,515	26,363	Parent (-/A3/A-)	2.43
Volvo Personbilar Sverige AB	1,409,638	3.1%	1,161,089	24,028	Parent: (A-/A3/-)	2.13
Total (Weighted Average)	**9,921,941**	**21.6%**	**10,167,234**	**147,394**		**3.18**

[1] Kungsleden is a vendor and a guarantor for the pre-identified vacant units.

Keops Environmental Properties

The 18 Keops Environmental Properties will be subject to further environmental investigations during the course of 2007, to be jointly instructed by the Keops Portfolio Reference Entity and the seller of the Keops Properties. These environmental investigations are intended to establish the existence or extent of any contamination of soil and groundwater, and any remediation steps required. The Keops Portfolio Reference Entity has the benefit of a put option pursuant to which the Keops Environmental Properties may, following such environmental investigations and under certain circumstances, be sold back to the seller of the relevant Keops Property.

THE CREDIT DEFAULT SWAPS

The following is a summary of certain provisions of the Credit Default Swaps and is qualified in its entirety by reference to the detailed provisions of the Credit Default Swaps. The following summary does not purport to be complete and prospective investors must refer to the Credit Default Swaps for detailed information regarding the Credit Default Swaps.

Credit Default Swap Documentation

On the Closing Date, the Issuer will enter into 17 credit default swap transactions (each a **Credit Default Swap Transaction** and together, the **Credit Default Swap Transactions**) with Barclays Bank PLC (in such capacity, the **Swap Counterparty**) pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of the Reference Obligations. Each Credit Default Swap Transaction will be documented under a confirmation (a **Credit Default Swap Confirmation** and together, the **Credit Default Swap Confirmations**) which will supplement and form part of a 1992 ISDA Master Agreement dated as at the Closing Date between the Issuer and the Swap Counterparty (the **Credit Default Swap Agreement**). Barclays Capital Mortgage Servicing Limited will be the calculation agent (the **Calculation Agent**) under each Credit Default Swap Transaction and will execute each Credit Default Swap Confirmation agreeing to perform its obligations thereunder.

Each Credit Default Swap Transaction will incorporate the 2003 ISDA Credit Derivatives Definitions (the **2003 Definitions**). In the event of any inconsistency between the 2003 Definitions and the other terms of a Credit Default Swap Confirmation, such other terms of the Credit Default Swap Confirmation will prevail.

Reference Obligations and Reference Entities

Each Credit Default Swap Transaction will be referenced against a particular loan obligation (a **Reference Obligation** and together, the **Reference Obligations** or the **Reference Portfolio**) (and in the case of the Tranched Reference Obligations, the senior and, in relation to the Keops Portfolio Reference Obligation, a *pari passu* portion of a whole loan whose rights have been apportioned pursuant to an intercreditor agreement) of one or more borrowers (each such entity, a **Reference Entity** and together, the **Reference Entities**). On the Closing Date, the Swap Counterparty will be the Holder of each Reference Obligation. However, notwithstanding the position on the Closing Date, the Swap Counterparty is under no obligation to continue as the Holder of the Reference Obligations or any of them, and so, for the avoidance of doubt, the obligation of the Swap Counterparty to make any payment under the Credit Default Swap Agreement is not, in any way, contingent upon it receiving any funds in respect of the Reference Obligations but rather is an independent contractual obligation of the Swap Counterparty, such obligation being binding on the Swap Counterparty irrespective of the identity of the Holder of the Reference Obligations or any of them are but ceasing under the circumstances described below.

The term **Holder** means, on any day, any entity (or entities collectively) holding a principal amount (and in the case of the Keops Portfolio Reference Obligation a commitment equal to the available commitment under the revolving facility that is part of that Reference Obligation) in respect of the Reference Obligation equal to the Swap Notional Amount for the relevant Credit Default Swap Transaction on that day (and in the case of the Keops Portfolio Reference Obligation converted into SEK at the FX Rate.

Swap Notional Amount

Pursuant to the terms of each Credit Default Swap Transaction, the Calculation Agent shall determine a notional amount denominated in euro (the **Swap Notional Amount**) by reference to which the amount of credit protection payable shall be calculated. On the Closing Date, the Swap Notional Amount for each Credit Default Swap Transaction (other than the Credit Default Swap Transaction relating to the Keops Portfolio Reference Obligation) shall be equal to the principal balance of the related Reference Obligation on such date. The Swap Notional Amount under the Credit Default

Swap Transaction in respect of the Keops Portfolio Reference Obligation shall be equal to the aggregate of the principal balance of such Reference Obligation and 50 per cent. of the amount of the commitment under the revolving facility thereunder as at the Cut-Off Date being described elsewhere in the Prospectus as the Keops Revolving Element converted into EUR at the FX Rate. At any time, the sum of the Swap Notional Amounts of all the Reference Obligations will not exceed the Principal Amount Outstanding of the Notes.

The Swap Notional Amount in respect of each Credit Default Swap Transaction will be adjusted from time to time by the Calculation Agent as follows:

(a) by a reduction to reflect any repayment, prepayment, amortisation or cancellation after the Closing Date in respect of a principal amount of the relevant Reference Obligation (other than in respect of the Keops Revolving Event, as described further below); and

(b) by a reduction to reflect each payment of a Restructuring Loss Amount paid by the Issuer under the terms of such Credit Default Swap.

The Swap Notional Amount in relation to the Keops Portfolio Reference Obligation will not change to reflect repayments or redrawings of funds in respect of the Keops Revolving Element but shall be reduced upon any cancellation of the Keops Revolving Element or any reduction in the commitment to advance funds in respect of the Keops Revolving Element but, in each case, only to the extent that the amount drawn under the Keops Revolving Element is less than the commitment thereunder at the relevant time.

Upon the occurrence of the Cash Settlement Date following the payment of any Credit Protection Payment Amount relating to a Bankruptcy Credit Event or a Failure to Pay Credit Event, to the Swap Counterparty the Swap Notional Amount shall be reduced to zero and the applicable Credit Default Swap Transaction will terminate. At the same time, any Cash Deposit Release Amounts or Repurchase Release Amounts will be applied by the Issuer in redemption of the Notes in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*).

In the event that the Swap Notional Amount is reduced in whole or in part, no subsequent increase of the Swap Notional Amount is permitted.

Credit Events

The following Credit Events apply in respect of each Credit Default Swap Transaction. Each Credit Event definition is based upon the corresponding definition set forth in the 2003 Definitions:

(i) *Bankruptcy*: "**Bankruptcy**" means, in respect of a Reference Entity, the Reference Entity:

(a) is dissolved (other than pursuant to a consolidation, amalgamation or merger);

(b) becomes insolvent or is unable to pay its debts or fails or admits in writing in a judicial, regulatory or administrative proceeding or filing its inability generally to pay its debts as they become due;

(c) makes a general assignment, arrangement or composition with or for a judgment of its creditors;

(d) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding-up or liquidation, and, in the case of any such proceeding or petition instituted or presented against it, such proceeding or petition:

(i) results in a judgment of insolvency or bankruptcy or the entry of an order for relief or the making of an order for its winding-up or liquidation; or

(ii) is not dismissed, discharged, stayed or restrained in each case within 30 calendar days of the institution or presentation thereof;

(e) has a resolution passed for its winding-up, official management or liquidation (other than pursuant to a consolidation, amalgamation or merger);

(f) seeks or becomes subject to the appointment of an administrator, provisional liquidator, conservator, receiver, trustee, custodian or other similar official for it or for all or substantially all its assets;

(g) has a secured party take possession of all or substantially all its assets or has a distress, execution, attachment, sequestration or other legal process levied, enforced or sued on or against all or substantially all its assets and such secured party maintains possession, or any such process is not dismissed, discharged, stayed or restrained, in each case within 30 calendar days thereafter; or

(h) causes or is subject to any event with respect to it which, under the applicable laws of any jurisdiction, has an analogous effect to any of the events specified in clauses (a) to (g) (inclusive);

(ii) *Failure to Pay*: "**Failure to Pay**" means, in respect of a Reference Entity, after the expiration of any applicable Grace Period (after the satisfaction of any conditions precedent to the commencement of such Grace Period), the failure by such a Reference Entity in respect of the Reference Obligation and, if there is a guarantee of the relevant Reference Obligation, a failure by the relevant guarantor to make, when and where due, any payments in an aggregate amount of not less than the Payment Requirement in respect of the Reference Obligation, in accordance with the terms of the Reference Obligation at the time of such failure.

"**Grace Period**" means the applicable grace period with respect to the payments in respect of the Reference Obligation under the terms of the Reference Obligation in effect as at the Cut Off Date provided that such applicable grace period shall be deemed to expire no later than the Calculation Date falling immediately prior to the earlier of:

(a) the Scheduled Termination Date; and

(b) an Early Termination Date.

"**Payment Requirement**" means at any time, the lower of:

(a) €1,000 or, in the case of the Keops Portfolio Reference Obligation the Swedish Kroner equivalent of €1,000 at the FX Rate; and

(b) the Swap Notional Amount at such time or, in the case of the Keops Portfolio Reference Obligation, the Swedish equivalent thereof at the FX Rate.

(iii) *Restructuring*: "**Restructuring**" means, in respect of a Reference Obligation, that, on or after the Closing Date, in respect of such Reference Obligation, any one or more of the following events occurs in a form that binds the Holders of the Reference Obligation, is agreed between the Reference Entity and the Holders of the Reference Obligation or is announced by the Reference Entity in a form that binds the Holders of the Reference Obligation and such event is not expressly provided for under the terms of the Reference Obligation in effect as at the Closing Date:

(a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals;

(b) a reduction in the amount of principal payable at maturity or at the scheduled redemption date;

(c) a postponement or deferral of a date or dates for either:

(i) the payment or accrual of interest; or

(ii) the repayment of principal;

(d) a change in the ranking in priority of payment of any obligation causing the Subordination (as defined in the 2003 Definitions) of the Reference Obligation to any other obligation; or

(e) any change in the currency or composition of any payment of interest or principal from Euro or, in the case of the Keops Portfolio Reference Obligation, Swedish Kroner to any other currency,

in each case that results in a value adjustment or other similar debit to the profit and loss account of the Holder(s) of the Reference Obligation.

Notwithstanding the above provisions, none of the following shall constitute a Restructuring:

(a) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) (inclusive) above due to an administrative adjustment, accounting adjustment or tax adjustment or other technical adjustment occurring in the ordinary course of business;

(b) the occurrence of, agreement to or announcement of any of the events described in (a) to (e) (inclusive) above in circumstances where such event does not directly or indirectly result from a deterioration in the creditworthiness or financial condition of the Reference Entity; and

(c) in respect of the Credit Default Swap Transaction relating to the Keops Portfolio Reference Obligation only, the payment in euro of interest or principal in relation to that Reference Obligation if Sweden adopts or has adopted the single currency in accordance with the Treaty establishing the European Community, as amended by the Treaty on European Union.

None of (a) a reduction in the rate or amount of interest payable or the amount of scheduled interest accruals; (b) a reduction in the amount of principal repayable at maturity or repayable at scheduled repayment dates; and (c) a postponement of a date or dates for either (i) the payment or accrual of interest or (ii) the payment or repayment of principal shall result, in and of itself, in (A) the occurrence of a Credit Event or (B) if a Credit Event has occurred, such Credit Event being cured.

When determining the existence or occurrence of a Credit Event, the determination shall be made by the Calculation Agent without regard to whether such Credit Event was caused in whole or in part by:

(a) any lack or alleged lack of authority or capacity of the Reference Entity to enter into or perform the Reference Obligation;

(b) any actual or alleged unenforceability, illegality, impossibility or invalidity with respect to the Reference Obligation;

(c) any applicable law, order, regulation, decree or notice, however described, or the promulgation of, or any change in, the interpretation by any court, tribunal, regulatory authority or similar administrative or judicial body with competent or apparent jurisdiction of any applicable law, order, regulation, decree or notice, however described; or

(d) the imposition of or any change in any exchange controls, capital restrictions, or any other similar restrictions imposed by any monetary or other authority.

Conditions to Settlement

In order for the Issuer to be liable to make a Credit Protection Payment under a Credit Default Swap, the Conditions to Settlement must first be satisfied.

The Conditions to Settlement in respect of a Credit Default Swap consist of the delivery by the Calculation Agent to each of the Issuer, the Swap Counterparty, the Cash Manager and the Trustee of:

(a) a notice confirming that a Credit Event that has occurred in respect of the relevant Reference Obligation or Reference Entity (a **Credit Event Notice**); and

(b) a notice (an **Eligibility Criteria Satisfaction Notice**) in which the Calculation Agent shall confirm that, so far as it is aware, the relevant Reference Obligation complied in all material respects with the Reference Obligation Eligibility Criteria on the Closing Date.

The Calculation Agent must deliver a Credit Event Notice under a Credit Default Swap as soon as practicable after it first becomes aware of the occurrence of a Credit Event in respect of the relevant Reference Obligation or Reference Entity.

An Eligibility Criteria Satisfaction Notice must be delivered no later than 90 days after the date of a Credit Event Notice.

The Conditions to Settlement may be satisfied only once with respect to a Reference Obligation or a Reference Entity other than:

(a) a Reference Obligation in respect of which a Restructuring Credit Event occurs in which case the Conditions to Settlement may be satisfied more than once until the relevant Swap Notional Amount has been reduced to zero; or

(b) a Reference Obligation in respect of which a Failure to Pay Credit Event occurs if all monetary defaults under the applicable Reference Obligation are cured on or before the Liquidation Date or the Estimated Loss Valuation Date including as a result of Restructuring or by the exercise of cure rights by another lender under an Intercreditor Agreement in the case of a Tranched Reference Obligation (a **Cure Event**) subsequent to the Conditions to Settlement being satisfied. Upon delivery of a cure notice (the **Cure Notice**) by the Calculation Agent to each of the Issuer, the Swap Counterparty and the Cash Manager specifying that the relevant Failure to Pay Credit Event has been cured, the relevant Failure to Pay Credit Event will be deemed not to have occurred and the Conditions to Settlement in respect of such Failure to Pay Credit Event will be deemed not to have been satisfied.

To the extent that the Conditions to Settlement are not satisfied, the Swap Counterparty shall not be entitled to make any claim against the Issuer for a Credit Protection Payment in respect of the relevant Credit Default Swap Transaction.

Notice Delivery Period means the period commencing on (and including) the Closing Date and ending on (and including) the date on which the Credit Default Swap Transaction terminates.

Reference Obligation Eligibility Criteria

It shall be a condition to the obligation of the Issuer to make any Credit Protection Payment under a Credit Default Swap that the Calculation Agent has certified that it is not aware of any failure by the relevant Reference Obligation to satisfy in any material respect the Reference Obligation Eligibility Criteria on the Closing Date (but not thereafter). The Reference Obligation Eligibility Criteria will include the following:

(a) The obligations of the relevant Obligors under the Finance Documents constitute the legal, valid and binding obligations of and are enforceable against the relevant Obligors (subject to any qualifications contained in the legal opinions relating thereto issued at the time of origination).

(b) Each Property is situated in Belgium, France, Germany, Italy, Monaco or Sweden.

(c) Each Property constitutes an investment property let or intended to be let predominantly for commercial purposes.

(d) Each Reference Entity is obliged, under the relevant Credit Agreement, to repay the relevant Reference Obligation on the relevant Reference Obligation Maturity Date, subject to any right of extension of the term of the relevant Reference Obligation that a Reference Entity may have.

(e) Each Reference Obligation carries a right to repayment of principal in an amount not less than the outstanding principal balance of the Reference Obligation.

(f) The mortgages granted by the Obligors in respect of the Properties (where relevant) constitute legal, valid, binding, subsisting and enforceable first priority mortgages in respect of the relevant Properties (subject to any qualifications contained in the legal opinions issued at the time of origination and Reports on Title relating thereto).

(g) The relevant Security Agent has since each Reference Obligation was originated kept, or caused to be kept, full and proper accounts, books and records in respect of the Reference Obligation, which are complete and accurate in all material respects.

(h) The relevant Obligors are the owners of the relevant Properties, with good and marketable title, subject to all matters disclosed in the relevant Reports on Title.

(i) Each Property is held by the relevant Obligor free from:

  (i) any financial encumbrances ranking prior to the mortgage granted in favour of the relevant Security Agent; and

  (ii) any encumbrances which individually or in aggregate would adversely affect the value of that Property for mortgage purposes.

(j) All Related Security has been granted to the relevant Security Agent and is held for the benefit of the Holder.

(k) Prior to each Reference Obligation Closing Date and the grant of the relevant Related Security, the nature of and amount secured by each Reference Obligation, its Related Security and the circumstances of the relevant Obligor or Obligors satisfied in all material respects the Originator's lending criteria (so far as applicable) subject to such variations or waivers as would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property.

(l) None of the provisions of any Reference Obligation or any Related Security have been waived, altered or modified in any material respect since it was entered into except as set out in the relevant Finance Documents.

(m) Prior to the origination of the relevant Reference Obligation:

(i) the Originator commissioned due diligence procedures which initially or after further investigation disclosed nothing which would have caused a reasonably prudent lender of money secured on commercial property to decline to proceed with the origination;

(ii) the Originator (having made all enquiries that would be made by a reasonably prudent lender of money secured on commercial property) was not aware of any matter affecting the title of relevant Property which would have caused a reasonably prudent lender of money secured on commercial property to decline to proceed with the origination; and

(iii) the Originator obtained a Report on Title in respect of the relevant Property or Properties which did not reveal any matter which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the origination.

(n) Prior to the origination of each Reference Obligation, the relevant Property or Properties were valued by a qualified surveyor or valuer.

(o) (i) To the best of the knowledge and belief of the Originator no valuation was negligently or fraudulently undertaken by the relevant valuer; and

(ii) the valuations did not disclose any fact or circumstance which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the origination.

(p) The Originator is not aware (from any information received by it in the course of administering the Reference Obligations and without further enquiry) of any circumstances giving rise to any reduction in value of the relevant Property or Properties since the origination of the Reference Obligations (other than market forces affecting the value of properties comparable to the relevant Property or Properties in the area where they are located).

(q) to the best of the knowledge and belief of the Originator no Report on Title was negligently or fraudulently prepared.

(r) To the best of the knowledge and belief of the Originator each Property was insured in accordance with the requirements of the relevant Credit Agreement.

(s) Neither the Originator nor the relevant Security Agent received written notice that any policy of insurance in respect of any Property was about to lapse on account of failure to pay the relevant premiums.

(t) Neither the Originator nor the relevant Security Agent received notice of any material outstanding claim in respect of any policy of insurance relating to any Property.

(u) The Originator and relevant Security Agent have performed in all material respects all of its obligations under the relevant Credit Agreement (save in respect of the Keops Revolving Element) and has not received written notice that any Obligor has taken or has threatened to take any action against the Originator or the relevant Security Agent for any such material failure.

(v) Since the utilisation date in relation to each Reference Obligation, no amount of principal or interest due from any Reference Entity has, at any time, been overdue.

(w) There has been no monetary default, breach or violation in respect of any Reference Obligation and the Originator had not received written notice of:

(i) any other default, breach or violation that materially and adversely affects the value of any Reference Obligation or its Related Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on commercial property would grant such a waiver);

(ii) any outstanding default, breach or violation by any Obligor in respect of the relevant Reference Obligation or its Related Security that materially and adversely affects the value of that Reference Obligation or its Related Security; or

(iii) any outstanding event which with the giving of notice or lapse of any applicable grace period, would constitute such a default, breach or violation that materially and adversely affects the value of that Reference Obligation or its Related Security.

(x) Neither the Originator nor the relevant Security Agent (so far as the Originator is aware from information which it had received in the course of administering or acquiring an interest in the Reference Obligations but without having made any specific or other enquiry) has received written notice of any default or forfeiture of any Occupational Lease or of the insolvency of any Tenant of any Property which would, in any case, in the reasonable opinion of the Originator, have rendered any Property unacceptable as security for the relevant Reference Obligation.

If the Calculation Agent has actual knowledge that any of the above criteria is not satisfied in any material respect, the Calculation Agent will not be able to deliver an Eligibility Criteria Satisfaction Notice to the Issuer and thereby satisfy the Conditions to Settlement provided that the failure to satisfy any of the above criteria shall not prevent the satisfaction of the Conditions to Settlement if:

(a) such failure arises out any matter disclosed in this Prospectus; or

(b) such failure, if capable of remedy, is remedied by the Swap Counterparty in order to satisfy the Conditions to Settlement, within the time specified in the Credit Default Swap Agreement.

Eligibility Criteria Verification

Promptly following the determination of a Liquidation Loss Amount, Estimated Loss Amount or Restructuring Loss Amount in respect of a Reference Obligation, the Calculation Agent shall appoint a rated loan servicing company or other institution that the Rating Agencies have confirmed will not result in the downgrade of the then current rating of the Notes or, if no such company accepts such appointment (as evidenced by the Calculation Agent to the Trustee and the Rating Agencies), the Sub Special Servicer in relation to that Reference Obligation (as appointed by the Controlling Creditor in accordance with the Conditions), as the **Eligibility Criteria Verification Agent**. The Eligibility Criteria Verification Agent will be required to review the relevant loan documentation and servicing files and give notice to the Calculation Agent, the Cash Manager and the Rating Agencies if it determines that the relevant Reference Obligation did not satisfy any of the Reference Obligation Eligibility Criteria in a material respect as at the Closing Date and that such failure had a material bearing on the Liquidation Loss Amount, Estimated Loss Amount or Restructuring Loss Amount, as applicable. If the Eligibility Criteria Verification Agent does not deliver such a notice within 90 days after its appointment (the **Verification Period**), the Reference Obligation will be conclusively deemed to have complied with the Reference Obligation Eligibility Criteria as at the Closing Date.

Calculation Verification

If the Swap Counterparty is not the Holder of the relevant Reference Obligation as at the Liquidation Date or in any circumstances in which the Calculation Agent determines an Estimated Loss Amount, the Calculation Agent shall appoint an international firm of accountants, an international loan servicing company or a bank which is regularly engaged in making commercial mortgage loans in the jurisdiction or jurisdictions in which the Property or Properties are located (a **Calculation Verification Agent**) to verify in a written notice (an **Independent Calculation Verification Notice**):

(a) if the Swap Counterparty was not the Holder of the relevant Reference Obligation as at the Liquidation Date or the date on which an Estimated Loss Amount is determined:

(i) the calculation of the Liquidation Loss Amount or Estimated Loss Amount (as the case may be); and

(ii) that the applicable Reference Obligation was serviced since the date the Swap Counterparty ceased to be the Holder in a manner consistent with the Servicing Standard; and

(b) if the Swap Counterparty was the Holder on the date of determination of an Estimated Loss Amount, the calculation by the Calculation Agent of the Estimated Enforcement Costs.

Calculation and Payment of Cash Settlement Amount

Following the delivery of a Credit Event Notice in respect of a Credit Default Swap Transaction in the case of a Failure to Pay Credit Event or Bankruptcy Credit Event, the Calculation Agent will determine the Liquidation Loss Amount as soon as reasonably practicable after the Liquidation Date. If, however, the Liquidation Date has not occurred at least 150 days prior to the Final Maturity Date or by the Early Termination Date, as applicable, then the Calculation Agent shall determine the Estimated Loss Amount. In such circumstances the Calculation Agent shall (at the expense of the Issuer) appoint two valuers of international repute (each, an **Independent Valuer** and together, the **Independent Valuers**) each to determine an Independent Valuation and notify the same to the Calculation Agent within 30 days after the date of its appointment. The Cash Settlement Amount payable on the Cash Settlement Date in respect of the applicable Failure to Pay Credit Event or Bankruptcy Credit Event will be equal to the lesser of (a) the applicable Swap Notional Amount and (b) the Liquidation Loss Amount or, if the Liquidation Date has not occurred by the date falling 10 days prior to the Final Maturity Date or by the Early Termination Date, as applicable, the Estimated Loss Amount. Upon payment of the Cash Settlement Amount in these circumstances the relevant Credit Default Swap Transaction shall terminate. At the same time, any Cash Deposit Release Amounts or Repurchase Release Amounts will be applied by the Issuer in redemption of the Notes.

Following the delivery of a Credit Event Notice in respect of a Restructuring Credit Event, the Calculation Agent shall determine the Restructuring Loss Amount on the Restructuring Calculation Date. The Credit Protection Payment Amount payable on the Cash Settlement Date in respect of each such Restructuring Credit Event will be equal to the lesser of:

(a) the Swap Notional Amount; and

(b) the Restructuring Loss Amount.

Upon payment by the Issuer of a Credit Protection Payment Amount in these circumstances, the Swap Notional Amount will be reduced by such amount but the relevant Credit Default Swap will not terminate unless the amount of the Credit Protection Payment Amount is equal to the Swap Notional Amount.

Pursuant to the terms of the relevant Credit Default Swap Confirmation, the Calculation Agent shall promptly, following the determination of the Liquidation Loss Amount, Restructuring Loss Amount or Estimated Loss Amount (as the case may be) notify the Issuer, the Swap Counterparty, the Cash

Manager and the Trustee in writing of the amount of such Liquidation Loss Amount, Restructuring Loss Amount or Estimated Loss Amount, as applicable.

For the purposes of the foregoing the following definitions apply:

Accrued Interest Amount means the amount of all interest accrued, due and payable but unpaid in respect of a principal amount of the Reference Obligation as at the Liquidation Date.

Calculation Date means the Business Day falling three Business Days prior to a Note Interest Payment Date.

Calculation Period means, in respect to any Calculation Date, the period from (and including) the immediately preceding Calculation Date (or, in the case of the first Calculation Period from and including the Closing Date) to (but excluding) such Calculation Date.

Cash Settlement Date means, provided that no notice of failure of the Eligibility Criteria has been delivered by the Eligibility Criteria Verification Agent which has not been withdrawn, the next Note Interest Payment Date after the expiry of the Verification Period, or if the Calculation Agent is required to appoint a Calculation Verification Agent the Note Interest Payment Date falling after the later of the expiry of the Verification Period and the date of the Independent Calculation Verification Notice.

Discount Rate means the interest rate (without regard to any penalty or default rate of interest) applicable to the relevant Reference Obligation during the Reference Obligation Interest Period during which the Restructuring Calculation Date occurred.

Early Termination Date means the date so designated by either the Issuer or the Swap Counterparty following the occurrence of an event of default or other termination event under the Credit Default Swap Agreement. For the avoidance of doubt, none of a Swap Call Date, Information Failure Date or Eligibility Criteria Failure Date shall constitute an Early Termination Date.

Enforcement Costs means, in respect of a Reference Obligation, the costs and disbursements of a Holder from the date on which the Credit Event occurred incurred in obtaining or receiving any Recovery Amounts, including costs in connection with valuations, loan protection payments in connection with (amongst other things) insurance and ground rent, legal, loan servicing and other costs.

Enforcement Valuation means the average of the Independent Valuations or, if only one Independent Valuation is delivered to the Calculation Agent, that Independent Valuation.

Estimated Accrued Interest means an amount determined by the Calculation Agent equal to all interest accrued, due but unpaid as at the Estimated Liquidation Date and all amounts of interest expected to accrue in respect of a principal amount of the Reference Obligation to (and including) such date.

Estimated Enforcement Costs means an amount determined by the Calculation Agent equal to all reasonable costs, fees and expenses incurred or estimated to be incurred by the Holder in connection with the enforcement of such Reference Obligation and its Related Security.

Estimated Liquidation Date means the date on which the Calculation Agent estimates that the last Property included in the Related Security will be disposed of.

The **Estimated Loss Amount** will be an amount equal to:

(a) the sum of (i) the Swap Notional Amount as at the date on which the Estimated Loss Amount is calculated (ii) the Estimated Accrued Interest and (iii) the Estimated Other Amounts Payable, less

(b) the Estimated Net Recovery Amount in respect of the Reference Obligation as at the Estimated Liquidation Date,

at all times, without double counting between (a) and (b) above.

Estimated Net Recovery Amount means an amount equal to that portion of the recoveries in respect of the Related Security (assuming such recoveries were equal to the Enforcement Valuation) as would be payable to a Holder less the Estimated Enforcement Costs.

Estimated Other Amounts Payable means an amount determined by the Calculation Agent equal to all amounts (other than in respect of principal or interest) of whatever nature due but unpaid as at the Estimated Loss Valuation Date and all amounts in respect of the same that are expected to accrue or otherwise become due and payable to a Holder as at the Estimated Liquidation Date.

Independent Valuation means a valuation by the relevant Independent Valuer of the Property or Properties included in the Related Security.

Liquidation Date means the date on which the Servicer determines that either (i) completion of enforcement of the Related Security in respect of the applicable Reference Obligation has occurred in respect of a Reference Obligation or (ii) no further recoveries are likely to be made in respect thereof.

The **Liquidation Loss Amount** will be an amount equal to:

(a) the sum of (i) the Swap Notional Amount as at the Liquidation Date (ii) the Accrued Interest Amount and (iii) the Other Amounts Payable; less

(b) the Net Recovery Amount in respect of the Reference Obligation as at the Liquidation Date,

at all times, without double counting between (a) and (b) above.

Net Recovery Amount means (a) any Recovery Amounts minus (b) the Enforcement Costs.

Other Amounts Payable means the aggregate of all amounts (other than in respect of principal or interest) of whatever nature due but unpaid in respect of the relevant Reference Obligation as at the Liquidation Date.

Recovery Amounts means such amounts as may be received by the Holder (whether received from the Reference Entity, any third party (including any guarantor of the relevant Reference Obligation) or by enforcement or foreclosure in respect of the Related Security) in or towards discharge of the obligations represented by that Reference Obligation, after deducting any amounts which rank higher than or (to the extent necessary) *pari passu* with that Reference Obligation.

Restructuring Calculation Date means the date on which the Conditions to Settlement in respect of the relevant Restructuring were satisfied.

The **Restructuring Loss Amount** will be an amount determined by the Calculation Agent equal to:

(a) the present value of the remaining cashflows on the Reference Obligation prior to the Restructuring (with each payment of principal and interest discounted from their respective payment dates (had the Restructuring not occurred) to the Restructuring Calculation Date at the Discount Rate); less

(b) the present value of the remaining cashflows on the Reference Obligation following the Restructuring (with each payment of principal and interest discounted from their respective payment dates (had the Restructuring not occurred) to the Restructuring Calculation Date at the Discount Rate),

Verification Agent means an Eligibility Criteria Verification Agent or a Calculation Verification Agent, as the case may be.

Swap Counterparty Payments

Under the terms of the Credit Default Swap Agreement, the obligation of the Swap Counterparty to pay the Swap Counterparty Payments (and Advanced Swap Counterparty Payments) in respect of any Credit Default Swap will cease if the Calculation Agent delivers a Credit Event Notice confirming that a Failure to Pay Credit Event has occurred in relation to an Obligor under a Reference Obligation or Bankruptcy Credit Event has occurred in relation to a Reference Entity. Under such circumstances, the Swap Counterparty will still be required to pay to the Issuer the Alternative Swap Counterparty Payments and the Issuer will, further, be entitled to make drawings under the Liquidity Facility Agreement, in accordance with its terms, in relation to such shortfall.

The Swap Counterparty will be required to pay Swap Counterparty Payments and Advanced Swap Counterparty Payments if, following the delivery of a Credit Event Notice in respect of a Failure to Pay Credit Event, such Credit Event is cured and a Cure Notice is delivered by the Calculation Agent to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee.

Swap Counterparty Payments - Margin Formula Reference Obligations

For each Reference Obligation which is not a Fixed Formula Reference Obligation (the **Margin Formula Reference Obligations**) on each Swap Counterparty Payment Date (subject to the Swap Counterparty having the Swap Counterparty Required Ratings (unless the Swap Counterparty Downgrade Event occurred less than 10 Business Days prior to such Swap Counterparty Payment Date) and no Credit Event Notice in respect of a Failure to Pay Credit Event or a Bankruptcy Credit Event having been delivered) the Swap Counterparty will pay in arrear to the Issuer a payment **(**a **Swap Counterparty Payment)** that will be determined on each Calculation Date by the Calculation Agent as an amount equal to:

(a) an amount equal to the amount of interest paid by the Reference Entity in the immediately preceding Reference Obligation Interest Period (or in respect of the first Swap Counterparty payment, the period from (and including) the Closing Date to (but excluding) the last day of that Reference Obligation Interest Period); **less**

(b) an amount equal to the Funding Costs applicable to the relevant Reference Obligation during such period,

provided that any Swap Counterparty Payment shall not be less than zero.

For the purposes of this calculation, **Funding Costs** means the costs of funds applicable to the relevant Reference Obligation.

Swap Counterparty Payments – Fixed Formula Reference Obligations

For each of the Reference Obligations listed below (the **Fixed Formula Reference Obligations**) on each Swap Counterparty Payment Date (subject to the Swap Counterparty having the Swap Counterparty Required Ratings (unless the Swap Counterparty Downgrade Event occurred less than 10 Business Days prior to such Swap Counterparty Payment Date) and no Credit Event Notice in respect of a Failure to Pay Credit Event or a Bankruptcy Credit Event having been delivered) the Swap Counterparty will pay in arrear to the Issuer a payment determined on each Calculation Date by the Calculation Agent by reference to a formula, being:

AxBxC

Where:

A = for the relevant Fixed Formula Reference Obligation specified in column 1 of the table below, the rate per annum specified for such Reference Obligation in column 2 below.

1	2
Reference Obligation	**Relevant Percentage**
Obelisco Portfolio Reference Obligation	0.65%
Ostend Reference Obligation	1.10%
Senior Den Tir Reference Obligation	0.95%
Junior Den Tir Reference Obligation	2.25%
Le Croissant Reference Obligation	0.725%
Prins Boudewijn Reference Obligation	1.05%

B = the Swap Notional Amount as at the start of the relevant Reference Obligation Interest Period ending during the Calculation Period ending on (but excluding) such Calculation Date in respect of the relevant Reference Obligation.

C = the day count fraction applicable to the Reference Obligation (as adjusted in respect of the first Swap Counterparty Payment to relate to the period from (and including) the Closing Date to (but excluding) the last day of the Reference Obligation Interest Period referred to in B above).

Increase of Swap Counterparty Payments

If on any Swap Counterparty Payment Date as a result of prepayments of one or more Reference Obligations under any of the Credit Default Swap Transactions entered into by the Issuer and the Swap Counterparty on the Closing Date the sum of:

(a) the aggregate of the Swap Counterparty Payments payable by the Swap Counterparty under all the Credit Default Swap Transactions outstanding on such Swap Counterparty Payment Date;

(b) the amount of income due to be paid to the Issuer in respect of the Collateral on such date; and

(c) the aggregate of all Swap Counterparty Payment Deficiency Drawings under the Liquidity Facility Agreement,

is less than the sum of:

(x) the aggregate amount of interest payable under the Notes (other than the Class X Notes) on the next following Note Payment Date; and

(y) the aggregate amounts payable on such Note Payment Date in priority to the Noteholders on such date,

then the Swap Counterparty Payment payable on such Swap Counterparty Payment Date in respect of each Credit Default Swap in respect of which no Credit Event Notice confirming the occurrence of a Failure to pay Credit Event (which has not been cured) or Bankruptcy Credit Event has been delivered, will be increased by an amount equal to the shortfall multiplied by a fraction, the numerator of which is the Swap Notional Amount of the relevant Credit Default Swap and the denominator of which is the aggregate of the Swap Notional Amounts of all outstanding Credit Default Swap Transactions in respect of which no Credit Event Notice confirming the occurrence of a Failure to Pay

Credit Event (which has not been cured) or Bankruptcy Credit Event has been delivered provided that no such increase of Swap Counterparty Payments shall be payable as a result of any shortfall that is attributable to a Credit Event (or other event of default) in respect of any Reference Obligation.

Advanced Swap Counterparty Payments

If the Swap Counterparty ceases to have the Swap Counterparty Required Ratings, the Swap Counterparty will be required to make payments to the Issuer (**Advanced Swap Counterparty Payments**) one quarter in advance, the amount of the advance payment covering the Swap Counterparty Payment in respect of the relevant quarter plus an amount in relation to the first 30 days of the next quarter. The amounts of such Advanced Swap Counterparty Payments will nonetheless be determined by the Calculation Agent in a manner similar to the Swap Counterparty Payments described above, both in respect of the Margin Formula Reference Obligation and the Fixed Formula Reference Obligations. In the event that any Advanced Swap Counterparty Payments paid by the Swap Counterparty to the Issuer exceed the amount that would have been payable by the Swap Counterparty to the Issuer in respect at the end of the relevant quarter if the Swap Counterparty had the Swap Counterparty Required Relating, then the Issuer will pay to the Swap Counterparty the amount of the difference. The Calculation Agent shall, on the Business Day prior to each Note Interest Payment Date, determine whether any over-payment of a Swap Counterparty Payment has been made, and such amount shall be repaid prior to the application of funds by the Issuer in accordance with the applicable Priority of Payments.

Prepayment Fee Amount

On each Swap Counterparty Payment Date, the Swap Counterparty shall pay to the Issuer an amount equal to the prepayment fees paid to the Holder of the relevant Reference Obligation during the preceding Reference Obligation Interest Period ending immediately prior to such Swap Counterparty Payment Date. The Issuer shall pay an amount equal to such prepayment fee amount to the Class X Noteholders as a Class X Additional Amount.

Alternative Swap Counterparty Payments

The obligation of the Swap Counterparty to pay the Swap Counterparty Payments and Advanced Swap Counterparty Payments in respect of any Credit Default Swap Transaction will, under the terms of the relevant Credit Default Swap Confirmation, cease if a Credit Event Notice confirming the occurrence of a Failure to Pay or Bankruptcy Credit Event has been delivered in relation to the related Reference Obligation. Instead, the Swap Counterparty will be required to pay an alternative swap counterparty payment (the **Alternative Swap Counterparty Payment**) but only if payments or recoveries in respect of the relevant Reference Obligation have been received by the Holder in the relevant Reference Obligation Interest Period or, if an Estimated Loss Amount is payable.

The amount of the Alternative Swap Counterparty Payment will be equal to the aggregate amount paid by the relevant Reference Entity or Reference Entities to the Holder of the Reference Obligation or any recoveries made by the Holder in respect of the relevant Reference Obligation attributed to interest since the date of the relevant Credit Event Notice less the sum of all Funding Costs due and payable to the Holder at that time under the relevant Reference Obligation or, in circumstances in which an Estimated Loss Amount is payable, an amount equal to the Estimated Accrued Interest determined by the Calculation Agent in respect of such Reference Obligation less the amount calculated by the Calculation Agent as being equal to estimated Funding Costs, in each case less the amount of all Alternative Swap Counterparty Payments previously paid.

Alternative Swap Counterparty Payments will be payable: (a) if the Swap Counterparty has the Swap Counterparty Required Ratings, on the Swap Counterparty Payment Date following receipt of any payments to or recoveries by the Holder referred to above or, if an Estimated Loss Amount is payable, on the Swap Counterparty Payment Date immediately prior to the relevant Floating Rate Payer Payment Date; or (b) if the Swap Counterparty does not have the Swap Counterparty Required Ratings, on the next Business Day following receipt of any payments to or recoveries by the Holder

referred to above or, if an Estimated Loss Amount is payable, the next Business Day after the later of the expiry of the Verification Period and the date of the Independent Calculation Verification Notice.

Aggregate Swap Counterparty Payments shall mean the aggregate of the Swap Counterparty Payments, the Alternative Swap Counterparty Payments and Issuer Liquidity Payments payable on any Swap Counterparty Payment Date.

For the avoidance of doubt, no Alternative Swap Counterparty Payment shall be made in advance.

Issuer Liquidity Payments

For so long as the Sub Master Servicer is the servicer of a Reference Obligation under the terms of the Servicing Agreement and the Issuer requests a drawing under the Liquidity Facility Agreement to fund a property protection advance in respect of that Reference Obligation, it shall notify the Swap Counterparty who, following receipt of such notice agrees that it shall pay an amount equal to such liquidity drawing plus interest at a rate applicable thereto under the Liquidity Facility Agreement, on the next Swap Counterparty Payment Date after, and to the extent that, the relevant Reference Entity makes any payment to a Holder that is attributable to indemnity or other payments claimed in respect of such property protection advances by or on behalf of such Holder under the relevant Reference Obligation. Such payments will be due and payable by the Swap Counterparty in addition to any Alternative Swap Counterparty Payments then due and payable from it.

Swap Call

The Swap Counterparty has the right to terminate any Credit Default Swap Transaction on any Swap Counterparty Payment Date following the Closing Date (the **Swap Call**) subject to the payment of a prepayment payment or termination payment and the Swap Counterparty Payment payable on such date by giving the Issuer and the Calculation Agent at least 15 calendar days written notice designating the Swap Counterparty Payment Date on which the Swap Call is to be effective (the **Swap Call Date**).

On the Swap Counterparty Payment Date on which a Swap Call occurs (a **Swap Call Date**) the Swap Counterparty will be required to make a termination payment to the Issuer in addition to any other amounts due and payable by the Swap Counterparty to the Issuer on that Swap Counterparty Payment Date. The amount of the termination payment varies depending on the circumstances:

(a) if a Swap Call is exercised in respect of a Credit Default Swap and no Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to the prepayment fees that would have been payable to the Holder if there had been a voluntary prepayment of the relevant Reference Obligation at the end of the previous Reference Obligation Interest Period (such amount being the **Swap Call Prepayment Amount**). An amount equal to such Swap Call Prepayment Amount shall be paid directly by the Issuer to the Class X Noteholder as a Class X Additional Amount and will not, therefore, be available to the Issuer to meet its other obligations;

(b) if a Swap Call is exercised in respect of a Credit Default Swap and a Credit Event Notice has been delivered under that Credit Default Swap, the Swap Counterparty will be required to make a termination payment equal to (i) the aggregate of the Swap Counterparty Payments that, but for the delivery of such Credit Event Notice, would have been payable by the Swap Counterparty to the Issuer less (ii) the aggregate of all Alternative Swap Counterparty Payment that have been paid by the Swap Counterparty since the delivery of such Credit Event Notice (such amount being the **Swap Call Termination Amount**). Such Swap Call Termination Amount will form part of the income available to the Issuer to meet its obligations generally; and

(c) if a Swap Call is exercised in respect of all the Credit Default Swaps in the context of a Swap Clean-Up Call, then the Swap Counterparty will pay to the Issuer the Swap Call Termination Amount only if a Credit Event Notice has been delivered. Such Swap Call Termination

Amount will form part of the income available to the Issuer to meet its obligations generally. The Swap Counterparty shall not be required to pay a Swap Call Prepayment Amount in these circumstances.

Any early termination of a Credit Default Swap as a result of a Swap Call will result in a redemption of the Notes, or certain classes of them, in accordance with **Condition 6.5** (*Mandatory redemption following termination of Credit Default Swap*).

Servicing

The Swap Counterparty will agree that on the Closing Date it will appoint the Issuer as the Master Servicer and Special Servicer of each Reference Obligation pursuant to the terms of the Servicing Agreement with full power to delegate all its rights, duties and obligations thereunder and agrees that it shall promptly inform the Issuer if it enters into negotiations with a third party to dispose of the Reference Obligation, it being acknowledged that the appointment of the Issuer as Master Servicer and Special Servicer of the Reference Obligation will automatically cease if the Swap Counterparty ceased to be the Holder of the Reference Obligation and it being further acknowledged that the appointment of any Sub Master Servicer or Sub Special Servicer would also automatically cease if the Issuer ceased to be the Master Servicer and Special Servicer.

If the Swap Counterparty is not the Holder of a Reference Obligation in respect of which a Credit Event has occurred, it shall be a condition to the payment of a Credit Protection Payment Amount in respect of such Reference Obligation that the Reference Obligation was since the date the Swap Counterparty ceased to be the Holder onwards, serviced substantially, in accordance with the Servicing Standard.

Calculation Agent Notification Requirements

(a) The Calculation Agent shall promptly give notice (an **Information Failure Notice**) to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee in writing if at any time after the Closing Date it is not provided by the Swap Counterparty, the Issuer, the Holder, the Servicer or any other person with the information regarding each Reference Obligation necessary to enable it to carry out its obligations under each Credit Default Swap Transaction.

(b) An **Information Failure Termination Date** shall occur on the next following Swap Counterparty Payment Date after the date of any Information Failure Notice given by the Calculation Agent.

(c) If at any time after the delivery of an Eligibility Criteria Satisfaction Notice the Calculation Agent becomes aware of the failure by the applicable Reference Obligation to comply in any material respect with the Reference Obligation Eligibility Criteria on the Closing Date and which, if capable of remedy, has not been remedied within ninety (90) days of the Calculation Agent first became aware of the failure, the Calculation Agent shall promptly give notice (an **Eligibility Criteria Failure Notice**) to the Issuer, the Swap Counterparty, the Cash Manager and the Trustee of the same.

(d) An **Eligibility Criteria Failure Termination Date** shall occur on the next following Swap Counterparty Payment Date after:

(i) the date falling 90 days after the date of a Credit Event Notice, if the Calculation Agent has not delivered an Eligibility Criteria Satisfaction Notice on or prior to such date; or

(ii) the date of any Eligibility Criteria Failure Notice given by the Calculation Agent.

Termination Payments on an Information Failure Termination Date or an Eligibility Criteria Failure Termination Date

On an Information Failure Termination Date or an Eligibility Criteria Failure Termination Date, the Swap Counterparty shall pay to the Issuer:

(a) if no Credit Event Notice has been delivered (or, if a Credit Event Notice has been delivered in respect of a Failure to Pay Credit Event, such Credit Event has been cured) prior to such date, an amount equal to the sum of (i) the Swap Counterparty Payment due on such date (unless the Swap Counterparty has paid a Swap Counterparty Payment in advance in respect of the Calculation Period ending prior to such date) and (ii) the Prepayment Fee Amount (if any) due on such date; and

(b) if a Credit Event Notice has been delivered prior to such date, an amount equal to the sum of (i) the sum of (A) all Swap Counterparty Payments that the Swap Counterparty would, but for the delivery of the relevant Credit Event Notice, have paid to the Issuer prior to such date less (B) the sum of all Alternative Swap Counterparty Payments paid by the Swap Counterparty to the Issuer since the delivery of the relevant Credit Event Notice and (ii) the Prepayment Fee Amount (if any) due on such date.

Reporting

The Calculation Agent shall prepare a report (a **Calculation Agent Report**) in respect of each Reference Obligation Interest Period as soon as reasonably practicable after the last Reference Obligation Interest Payment Date prior to each Swap Calculation Date. Each Calculation Agent Report shall set out:

(a) information concerning the performance of the Reference Obligations during the relevant Reference Obligation Interest Periods. Each report shall set forth all the information regarding the Reference Obligations as is required to be contained in each Servicer Report required to be delivered by the Sub Master Servicer pursuant to the Servicing Agreement;

(b) all calculations and determinations made by the Calculation Agent in respect of each Credit Default Swap in respect of the relevant Calculation Period;

(c) the balance of the Cash Deposit and the amount of interest payable thereon on the next payment date; and/or

(d) the average Purchase Price of the outstanding Repurchase Transaction (if any), the Price Differential and the Repurchase Price applicable to such Repurchase Transaction.

The Calculation Agent shall use reasonable endeavours to obtain the information necessary to complete each Calculation Agent Report from the Servicer, the Cash Deposit Bank and/or the Repurchase Counterparty.

The Calculation Agent shall deliver each Calculation Agent Report to the Cash Manager as soon as reasonably practicable after the last Reference Obligation Payment Date in the relevant Collection Period.

Early Termination of the Credit Default Swaps

Each Credit Default Swap Transaction is scheduled to terminate on the Final Maturity Date and is subject to early termination in certain specified circumstances:

(a) payment default by the Issuer or the Swap Counterparty;

(b) bankruptcy events related to the Issuer and the Swap Counterparty;

(c) tax events related to the Issuer or the Swap Counterparty;

(d) illegality;

(e) merger of the Swap Counterparty with another entity without assumption in whole of all of the obligations under the Credit Default Swaps;

(f) termination of the arrangements in respect of the Collateral (being the Cash Deposit and the Repurchase Securities (and the Repurchase Agreement in respect thereof)), as the case may be (without replacements thereof) or the imposition of any tax or any payment made in respect of collateral which is not mitigated through an appropriate restructuring;

(g) early redemption of the Notes in full;

(h) the occurrence of the Swap Call Date in respect of the relevant Credit Default Swap;

(i) the occurrence of an Eligibility Criteria Failure Termination Date;

(j) the occurrence of an Information Failure Termination Date; or

(k) the date on which the Swap Notional Amount is reduced to zero.

Following the occurrence of any of the events specified in items (a) to (g) above a party may be entitled to deliver a notice designating an **Early Termination Date** in respect of the Credit Default Swap Agreement as a whole.

If any payment due to be made by the Swap Counterparty under the Credit Default Swap Agreement is subject by law to deduction or withholding for tax, the Issuer shall not be under any obligation to gross-up the Credit Protection Payment Amount, but will be required to use reasonable endeavours to change its residence or find a replacement principal obligor under the Notes and/or the Credit Default Swap Agreement in order to avoid the relevant circumstances giving rise to such deduction or withholding. If the Issuer is unable to do so, the Swap Counterparty may elect either: (a) to receive the Credit Protection Payment Amount net of such withholding or deduction for tax; or (b) to terminate the Credit Default Swap Agreement, through an optional early redemption of the Notes in accordance with **Condition 6.2** (*Redemption for taxation or other reasons*).

If any payment to be made by the Swaps Counterparty to the Issuer under the Credit Default Swap Agreement is subject by law to deduction or withholding for tax, the Swap Counterparty may elect to gross-up such Swap Counterparty Payment or to arrange for a transfer of its rights and obligations under the Credit Default Swap Transactions to its affiliate or another office so that no such deduction or withholding is required. If the Swap Counterparty does not so elect the Issuer will have the right to terminate the Credit Default Swap Agreement.

A **Swap Counterparty Default Event** means an event of default under the Credit Default Swap Agreement in circumstances in which the Swap Counterparty is the defaulting party.

Any early termination of all the Credit Default Swap Transactions as a result of a Swap Counterparty Default Event, will result in a Note Event of Default as provided for in **Condition 10.1(b)(vi)** (*Events of Default*).

Following the occurrence of an Early Termination Date in respect of the Credit Default Swap Agreement (other than as a result of a Swap Counterparty Default Event) no amount shall be payable by either party to the other party in respect of a Credit Default Swap, other than:

(a) in respect of Credit Default Swaps in respect of which no Credit Event Notice has been delivered:

(i) the Swap Counterparty Payments which would have been (but for the designation of such Early Termination Date) payable by the Swap Counterparty to the Issuer on the next Swap Counterparty Payment Date following the Early Termination Date; and

(ii) if Advanced Swap Counterparty Payments had been paid by the Swap Counterparty to the Issuer on the Swap Counterparty Payment Date preceding the Early Termination Date, the Issuer shall pay to the Swap Countparty the amount, if any, by which the aggregate of such Advanced Swap Counterparty Payments exceed the aggregate of the Swap Counterparty Payments that would have been payable on the next Swap Counterparty Payment Date following the Early Termination Date if the Swap Countperparty had the Swap Counterparty Required Ratings on that date and such amount will be due and payable on the next Note Interest Payment Date;

(b) in respect of each Credit Default Swap in respect of which a Credit Event Notice has been delivered prior to the relevant Early Termination Date:

(i) the Alternative Swap Counterparty Payments (if any) payable by the Swap Counterparty to the Issuer in respect of each such Credit Default Swap until the Principal Amount of the Notes has been reduced to zero; and

(ii) the Credit Protection Payment Amounts (if any) payable by the Issuer to the Swap Counterparty in respect of each such Credit Default Swap (provided that the Credit Protection Payment Amount does not exceed the relevant Swap Notional Amount at the relevant time); and

(c) any amounts which are due but unpaid including any interest thereon.

Following the occurrence or designation of an Early Termination Date as a result of a Swap Counterparty Default Event no amount shall be payable by either party to the other party in respect of the Credit Default Swaps by way of a termination payment.

If the Swap Counterparty fails to make any payment when due under the Credit Default Swap Agreement, the Issuer and, following the delivery of a Acceleration Notice by the Trustee, the Trustee, will exercise such set-off rights in connection with any Cash Settlement Amount that may be due at that time as are available under applicable law. No additional termination or breakage fees will be payable by either the Issuer or the Swap Counterparty.

Early termination of a Credit Default Swap Agreement will, in the circumstances described above, trigger redemption in whole or in part of the Notes.

Governing Law

The Credit Default Swap Agreement will be governed by, and shall be construed in accordance with, the laws of England. Each of the Issuer and the Swap Counterparty will submit to the non-exclusive jurisdiction of the English courts in connection with the Credit Default Swaps.

THE COLLATERAL ARRANGEMENTS

The following is a summary of certain provisions of the Cash Deposit Agreement and the Repurchase Agreement and is qualified in its entirety by reference to the detailed provisions of the Cash Deposit Agreement and the Repurchase Agreement.

The Issuer's rights relating to the Cash Deposit, the rights under the Cash Deposit Agreement relating thereto and, as the case may be, under the Repurchase Agreement and the rights relating to the Repurchase Securities acquired thereunder from time to time are together referred to as the "**Collateral**".

The Collateral amounts held in the form of the Cash Deposit (pursuant to the terms of the Cash Deposit Agreement) or, as the case may be, in the form of Repurchase Securities (purchased by the Issuer pursuant to the terms of the Repurchase Agreement) will, in aggregate, be at least equal to the then Principal Amount Outstanding of the Notes (other than the Class X Notes) from time to time and will be denominated in euro.

The Cash Deposit Arrangements

On the Closing Date, provided that the Cash Deposit Bank has at such time the Cash Deposit Bank Required Ratings or suitable guarantee arrangements in respect thereof, the Issuer will utilise the proceeds of the Notes to make the Cash Deposit with the Cash Deposit Bank pursuant to the Cash Deposit Agreement. The **Cash Deposit** will consist of a deposit denominated in euro, being equal to the aggregate Principal Amount Outstanding of the Notes (other than the Class X Notes).

Cash Deposit Agreement

The Issuer, the Cash Deposit Bank, the Cash Manager and the Trustee will enter into an agreement (the **Cash Deposit Agreement**) on or about the Closing Date under which the Issuer and the Trustee will appoint Barclays Bank PLC, as the Cash Deposit Bank.

The Cash Deposit will be held with the Cash Deposit Bank and the Cash Deposit Agreement will govern any Cash Deposit and provide for periodic income payments to be made to or to the order of the Issuer on the Business Day prior to each Note Interest Payment Date at a rate of EURIBOR for three month euro deposits (save that, in the case of the first Note Interest Period, the rate will be obtained from a linear interpolation of EURIBOR for two month and three month euro deposits) (and calculated on the basis of a 360 day year) (the **Cash Deposit Rate**).

Payments of interest on the Cash Deposit will comprise a portion of the Available Issuer Income to be utilised in accordance with the applicable Priority of Payments on each Note Interest Payment Date.

At any time that the Cash Deposit comprises part of the Collateral, if the Swap Counterparty so elects, the Issuer shall within 30 days of such direction, release all amounts (or part thereof, as specified by the Swap Counterparty) on a Note Interest Payment Date from the Cash Deposit Account and apply such amounts to purchase Repurchase Securities pursuant to the terms of the Repurchase Agreement (a **Cash Deposit Collateral Transfer**).

In the event that the Cash Deposit Bank ceases to have the Cash Deposit Bank Required Ratings or a guarantee by a guarantor with the Cash Deposit Bank Required Ratings, the Issuer will be required within thirty (30) days of such event to either:

(a) transfer the Cash Deposit Account to another bank that has, amongst other things, the Cash Deposit Bank Required Ratings (subject to entering into arrangements on similar terms to those contained in the Cash Deposit Agreement); or

(b) effect a Cash Deposit Collateral Transfer and enter into a Repurchase Transaction under the Repurchase Agreement.

In accordance with the terms of the Cash Deposit Agreement, the Issuer may terminate the appointment of the Cash Deposit Bank if there is any imposition of tax which would adversely affect the after tax return to the Issuer in respect of the Cash Deposit and/or cause the Cash Deposit Bank to be required to withhold or deduct at source for or on account of Irish or United Kingdom taxation in respect of interest payable thereunder provided that prior to the Issuer doing so, the Cash Deposit Bank may, in its sole discretion, restructure the arrangements relating to the Cash Deposit or propose amendments to the terms of the Cash Deposit Agreement so as to mitigate the effects of the imposition of such tax.

If the Cash Deposit Bank's appointment is terminated, the Issuer may (with the prior written approval of the Trustee) appoint a successor Cash Deposit Bank in accordance with the provisions of the Cash Deposit Agreement. If at any time when the appointment of a successor Cash Deposit Bank would have to be made, a successor Cash Deposit Bank has not been appointed, the Issuer shall, following such consultation with the Cash Manager as is practicable in the circumstances and with the prior written approval of the Trustee, effect a Cash Deposit Collateral Transfer.

The Issuer shall inform the Rating Agencies of any transfer of the Cash Deposit Account to any other bank for whatever reason.

Unless previously terminated in accordance with the terms of the Cash Deposit Agreement, the Cash Deposit Agreement will terminate on the date falling 90 days after all of the Secured Liabilities have been irrevocably discharged in full.

The Repurchase Arrangements

The Issuer will enter into an agreement (the **Repurchase Agreement**) on or after the Closing Date with Barclays Bank PLC, acting through its office at 1 Churchill Place, London E14 5HP as the Repurchase Counterparty.

The Repurchase Agreement will be substantially in the form of a TBMA/ISMA Global Master Repurchase Agreement 2000 Version (as amended, supplemented or otherwise modified from time to time).

The Repurchase Agreement

Pursuant to the terms of the Repurchase Agreement, the Issuer and the Repurchase Counterparty may, from time to time, enter into a series of Repurchase Transactions in respect of Repurchase Securities denominated in euro pursuant to which the Issuer will, using amounts released from the Cash Deposit, purchase the Repurchase Securities from the Repurchase Counterparty.

The Repurchase Date in respect of any such Repurchase Transaction will fall on the Swap Counterparty Payment Date immediately following the Purchase Date (as defined in the Repurchase Agreement) in respect of such Repurchase Transaction. On each Repurchase Date (except the Repurchase Date which is immediately prior to an Early Redemption Date or the Final Maturity Redemption Date), the Issuer and the Repurchase Counterparty will enter into a new Repurchase Transaction in respect of which the aggregate Purchase Price (together with the remaining amount (if any) of the Cash Deposit on such date) is equal to the Principal Amount Outstanding of the Notes, as adjusted on such date.

The securities eligible to be purchased from time to time by the Issuer from the Repurchase Counterparty under the Repurchase Agreement shall be denominated in euro and shall be securities which meet certain eligibility criteria (the **Repurchase Securities Eligibility Criteria**).

The Repurchase Securities Eligibility Criteria are:

(a) securities issued or guaranteed by any OECD country (other than Japan, Russia or Switzerland) or sovereign agency thereof (each, an **OECD Issuer**) with the following attributes:

(i) securities with a minimum long term rating of AA- from S&P, Aa3 from Moody's and AA- from Fitch (or, if such OECD Issuer is not publicly rated, then such minimum rating shall not be required subject to confirmation from the Rating Agencies (which must include Moody's, S&P and Fitch) that the acquisition of such OECD Issuer's securities would not affect the then current ratings of the Notes);

(ii) securities with a remaining maturity of seven (7) years or less at the time of purchase by the Issuer;

(iii) listed on a recognised stock exchange; and

(iv) such securities accrue interest at a floating or fixed rate,

provided that, there shall at any time not be more than fifteen (15) OECD Issuers in respect of the Repurchase Securities;

(b) commercial paper and treasury bills and short-term money market instruments issued or guaranteed by an OECD Issuer:

(i) with a short term rating of A-1 from S&P, P-1 from Moody's and F1+ from Fitch respectively (or if such OECD Issuer is not publicly rated, then such minimum rating shall not be required subject to confirmation from the Rating Agencies (which must include Moody's, S&P and Fitch) that the acquisition of such securities will not affect the then current ratings of the Notes); and

(ii) if such securities comprise commercial paper, be scheduled to mature no later than the next Repayment Date, provided that, all such securities will be required to have a scheduled maturity date between five (5) and two (2) Business Days (as defined in the Repurchase Agreement) prior to the next Repayment Date (as defined in the Repurchase Agreement);

(c) asset-backed securities with the following attributes:

(i) the aggregate market value of such securities as a proportion (expressed as a percentage) of the Collateral on the date of the relevant Cash Deposit Collateral Transfer is not greater than 30 per cent. (excluding any further securities provided pursuant to any adjustment of the Repurchase Transactions following downgrade of the Repurchase Counterparty below the Repurchase Counterparty Required Ratings);

(ii) such securities have (and had at the time of issue of such securities) a rating of AAA from S&P, Aaa from Moody's and AAA from Fitch;

(iii) such securities accrue interest at a floating rate on either a monthly or quarterly basis;

(iv) such securities are (and were at the time of issue of such securities) the most senior ranking class of that particular asset-backed securities or residential mortgage-backed securities transaction of which such securities form part;

(v) the originator of the assets that collateralise the securities had, at the time of issuance of the relevant securities, an investment grade rating (or such other rating as the Rating Agencies (which must include any Moody's, S&P and Fitch) confirm will not affect the then current ratings of the Notes);

(vi) in relation to any class of securities issued, the face value of the relevant securities constitutes an amount no greater than 20 per cent. of the face value of such class of such securities outstanding at the time of purchase by the Issuer; and

(vii) such securities do not constitute collateralised debt obligations.

In addition, no payment on any of the Repurchase Securities should be subject to withholding or deduction for tax and each Repurchase Security will be a "**qualifying asset**" for the purposes of Section 110 of the Taxes Consolidation Act 1997, as amended, of Ireland and no Repurchase Securities should be acquired which could give rise to Irish stamp duty for the Issuer on acquisition.

On the date of a Cash Deposit Collateral Transfer, Repurchase Securities will be purchased by the Issuer at an aggregate purchase price equal to the amount of proceeds of the Cash Deposit released on such date, which, together with the remaining amount (if any, (other than the Class X Notes)) of the Cash Deposit on such date, will be equal to the Principal Amount Outstanding of the Notes.

Pursuant to and in accordance with the daily margining arrangements set out in the Repurchase Agreement, the Repurchase Counterparty or the Issuer may be obliged to deliver, from time to time, cash or, as the case may be, Repurchase Securities.

If at any time, the Repurchase Counterparty does not have the Repurchase Counterparty Required Ratings, the Repurchase Counterparty will be required, in accordance with and pursuant to the terms of the Repurchase Agreement:

(a) to cash collateralise in part its obligation to pay the Repurchase Price on the Repurchase Date by paying to the Issuer an amount equal to the EURIBOR element of the aggregate amount of interest payable under the Notes in respect of the next following Note Interest Period (or, in the case of the first Repurchase Date, the Note Interest Period in which such Repurchase Date falls). The Issuer shall be required to pay to the Repurchase Counterparty on the next Repurchase Date an amount equal to the cash collateral amount paid by the Repurchase Counterparty and such payment shall be netted against the Repurchase Price payable by the Repurchase Counterparty; and

(b) to overcollateralise its obligations by way of:

    (i) the provision of cash; or

    (ii) the provision of additional Repurchase Securities (pursuant to the adjustment provisions set out in the Repurchase Agreement).

Such overcollateralisation is governed by the Margin Ratio (as defined in the Repurchase Agreement) and at any time at which the Repurchase Counterparty does not have the Repurchase Counterparty Required Ratings, the Margin Ratio required in respect of Repurchase Securities shall be such value as may be agreed by the Rating Agencies to maintain the then current ratings of the Notes.

Repurchase Agreement and Cash Deposit

In the event that:

(a) the Swap Counterparty elects on any Business Day that the Cash Deposit be released (in whole or in part), the proceeds of such release, to the extent of amounts not required for the payment of a Credit Protection Payment or repayment of the Notes on such day, will be applied to purchase further Repurchase Securities pursuant to the terms of the Repurchase Agreement (a **Cash Deposit Collateral Transfer**); or

(b) the Cash Deposit Bank then has the Cash Deposit Bank Required Ratings or the obligations of the Cash Deposit Bank are guaranteed by an entity with the Cash Deposit Bank Required Ratings, the Swap Counterparty elects, on any Business Day, that the then subsisting relevant Repurchase Transaction under the Repurchase Agreement be unwound (in whole or in part), to the extent of amounts not required for the payment of the Credit Protection Payment or repayment of the Notes on such day, on any Business Day in accordance with the terms thereof, the Repurchase Counterparty will repurchase all or the relevant proportion (as applicable) of Repurchase Securities under the Repurchase Agreement from the Issuer and the

proceeds thereof shall be applied to acquire all rights and interests in a Cash Deposit with the Cash Deposit Bank (a **Repurchase Collateral Transfer**),

in either case, on at least five (5) Business Days notice to the Issuer, the Cash Deposit Bank or, as the case may be, the Repurchase Counterparty, the Trustee and the Cash Manager (the Cash Deposit Collateral Transfer and the Repurchase Collateral Transfer, together, being the **Collateral Transfers**).

In each case, the Security will be released as necessary in relation to such Collateral Transfer (such that the overall Security will continue to apply to all of the Collateral but will be partially released as necessary to allow for the relevant Collateral Transfer).

Income under the Repurchase Agreement: Issuer Income

An amount equal to income which is received by the Issuer (or the Custodian on its behalf) in respect of any Repurchase Securities during any Note Interest Period will be payable by the Issuer to the Repurchase Counterparty on the day of any receipt thereof.

The income to be realised by the Issuer under the Repurchase Agreement is the Price Differential under the Repurchase Agreement. Pursuant to the terms of the Repurchase Agreement, the Repurchase Counterparty will be required to pay on each Repurchase Date, in respect of the relevant Repurchase Transaction, an amount which represents (in part) the application of the Pricing Rate to the prevailing Purchase Price (the **Price Differential**) that is equal to the product of: (a) the daily average Purchase Price; (b) the Pricing Rate; and (c) a fraction, the numerator of which is the actual number of days in the period commencing on (and including) the Purchase Date of the relevant Repurchase Transaction and ending on (but excluding) the Repurchase Date and the denominator of which is 360.

Pricing Rate means EURIBOR for the relevant period.

The Repurchase Agreement provides that the amount payable on any Repurchase Date by the Issuer to the Repurchase Counterparty in respect of income arising from and paid on the Repurchase Securities (held by the Custodian on behalf of the Issuer), together with any interest accrued and paid thereon may be netted against the obligation of the Repurchase Counterparty to pay to the Issuer the sum equal to the Price Differential on such date (to the extent that such sums are expressed to be payable in the same currency and in respect of the same Repurchase Transaction), such that the party with the obligation to pay the greater amount prior to netting pays to the other party the difference between such greater amount and the amount that would otherwise be payable by the other party.

Custodian of the Repurchase Securities

The Repurchase Securities and any income and/or proceeds thereof will be received and, as the case may be, held, by the Custodian in segregated client custody accounts established and maintained by the Custodian at Clearstream, Luxembourg and/or, as the case may be, Euroclear (or any other necessary clearing system) for the benefit of, amongst others, the Issuer, and will be held subject to the terms of the Custody Agreement. The Repurchase Securities will also be subject to the security interests granted pursuant to the terms of the Security Documents.

Substitution of Repurchase Securities

The Repurchase Counterparty may, at any time and from time to time and with the consent of the Issuer, deliver to the account of the Issuer, in substitution for any Repurchase Securities, securities having a Market Value (as defined in the Repurchase Agreement) equal to the Market Value of such existing Repurchase Securities, subject to the terms of the Repurchase Agreement. If at any time the Repurchase Counterparty does not have the Repurchase Counterparty Required Ratings, then the Repurchase Counterparty shall within five (5) business days following any such downgrade substitute any existing Repurchase Securities which do not have a rating of AAA from S&P, Aaa from Moody's and AAA from Fitch (or such other securities as may be agreed with two or more Rating Agencies (which must include Moody's, S&P and Fitch) as will maintain the then current ratings of the Notes)

with securities which have such rating and in relation to which two or more Rating Agencies (which must include Moody's, S&P and Fitch) agree would maintain the then current ratings of the Notes. The Issuer will not bear the costs associated with such substitutions of Repurchase Securities.

If any of the Repurchase Securities that are the subject of any Repurchase Transaction fail to comply with the applicable Repurchase Securities Eligibility Criteria at any time, the Repurchase Counterparty shall be required to, within thirty (30) days (in the event that the Repurchase Counterparty satisfies the Repurchase Counterparty Required Ratings) or within five (5) Business Days (in the event that the Repurchase Counterparty does not satisfy the Repurchase Counterparty Required Rating) and in accordance with the terms of the Repurchase Agreement, replace any such non-complying securities with securities that comply with the applicable Repurchase Securities Eligibility Criteria.

Events of Default under the Repurchase Agreement

The Repurchase Agreement includes events of default such as the insolvency of the Issuer, failure to make payments or deliveries thereunder (including margining requirements), early termination of the Credit Default Swaps due to the occurrence of an Event of Default (as defined in the Credit Default Swap Agreement), suspension of either the Issuer or the Repurchase Counterparty from dealing in securities and failure by the Repurchase Counterparty to substitute within the specified period Repurchase Securities or provide additional Repurchase Securities as described in the preceding paragraphs following: (a) downgrade of the Repurchase Counterparty below the Repurchase Counterparty Required Ratings; or (b) any of the Repurchase Securities falling out of compliance with the applicable Repurchase Securities Eligibility Criteria.

Upon the occurrence of any such event of default (following service of a default notice, except in respect of certain acts of insolvency and an Event of Default), the date for repurchase (the **Repurchase Date**) for all of the Repurchase Securities will be deemed to occur immediately and an account will be taken of all sums due from one party to the other under the Repurchase Agreement (including the value of the obligations to deliver securities equivalent to the Repurchase Securities as established under the Repurchase Agreement). The sums due from one party to the other shall be set-off and only the balance of the account shall be payable between the parties on the following Business Day.

Acceleration Events under the Repurchase Agreement

The Repurchase Agreement may, in addition, be accelerated if:

(a) by reason of any action taken by a tax authority or brought in a court of competent jurisdiction on or after the date on which a Repurchase Transaction is (entered into or any change in or amendment to any tax or similar law (or in the application or general interpretation of any law) that occurs on or after the Repurchase Transaction is entered into, or a change in the fiscal or regulatory regime of any relevant jurisdiction, there is in the reasonable opinion of the Repurchase Counterparty a material adverse effect on the Repurchase Counterparty;

(b) the Repurchase Counterparty is required to receive any payment from the Issuer net of tax or to gross up;

(c) any income received on the Repurchase Securities is to be received net of tax;

(d) an early termination occurs in relation to the Credit Default Swap Agreement (other than due to the occurrence of an Event of Default); or

(e) the Notes are subject to early redemption in full on a Note Interest Payment Date.

However, no acceleration shall arise by reason of the occurrence of paragraphs (a) or (b) above if the Repurchase Counterparty, in its sole discretion, restructures the Repurchase Transaction or amends the terms of the Repurchase Agreement so as to mitigate the effects of the imposition of tax.

Upon the occurrence of any such event, the Issuer or the Repurchase Counterparty may, by giving written notice to the other, accelerate the repurchase obligations under the Repurchase Agreement and specify a date in such notice as the Repurchase Date.

Redemption of the Notes and Payment of the Credit Protection Payment Amount

Upon:

(a) a Cash Settlement Date; and/or

(b) the Notes becoming redeemable in whole or in part in accordance with the Conditions,

the Issuer (or the Cash Manager on behalf of the Issuer) will release the Cash Deposit, in whole or in part.

The aggregate amount of the Cash Deposit to be released or, as the case may be, maturing Repurchase Securities will be equivalent to the Principal Amount Outstanding of the Notes to be written-down or in respect of which a redemption is to be effected, as provided for in **Condition 6** (*Redemption*).

The Swap Counterparty shall determine the amounts of the Cash Deposit to be released or, as the case may be, maturing Repurchase Securities that will not be rolled into new Repurchase Transactions and shall notify, as applicable, the Cash Deposit Bank, the Repurchase Counterparty, the Cash Manager and the Custodian in respect of the relevant amounts. Neither the Cash Manager nor the Trustee will be responsible for any calculations relating to the amount of Collateral to be released under the Security Documents from time to time and both shall act on the basis of the advice received from, amongst others, the Swap Counterparty and the Repurchase Counterparty.

The Cash Manager will notify the Trustee, the Cash Deposit Bank or, as the case may be, the Repurchase Counterparty, of any release of the Cash Deposit or, as the case may be, repurchase of the Repurchase Securities on the Calculation Date prior to the relevant Note Interest Payment Date.

The Repurchase Counterparty will agree to adjust the terms of any Repurchase Transaction under the Repurchase Agreement such that it repurchases Repurchase Securities at the repurchase price (being the sum of the Purchase Price (as defined in the Repurchase Agreement) and the accrued Price Differential (the **Repurchase Price**)) from the Issuer for a repayment of cash from time to time. Subject to receiving notice from the Calculation Agent not later than the Calculation Date immediately preceding the date on which payment of the Credit Protection Payment Amount is due or any date upon which the Notes are to be redeemed, of the amount of Repurchase Securities to be repurchased by the Repurchase Counterparty on such date and the Repurchase Price, the Repurchase Counterparty shall repurchase Repurchase Securities and the Repurchase Transaction shall be adjusted in accordance with the terms of the Repurchase Agreement.

On any date fixed for redemption or cancellation in whole of the Notes, the Repurchase Counterparty shall repurchase from the Issuer at the Repurchase Price all remaining Repurchase Securities which have not been repurchased previously pursuant to the terms of the Repurchase Agreement.

TRANSACTION DOCUMENTS

1. Liquidity Facility Agreement

General

On or before the Closing Date, the Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with the Liquidity Facility Provider, the Cash Manager, the Calculation Agent and the Trustee pursuant to which the Liquidity Facility Provider will provide a renewable 364-day committed liquidity facility (the **Liquidity Facility**) to the Issuer. The Liquidity Facility will, subject to certain conditions, be available to be drawn by or on behalf of the Issuer if:

(a) as a result of the occurrence of a Failure to Pay Credit Event or Bankruptcy Credit Event in respect of a Reference Obligation, the Swap Counterparty has ceased to make the Swap Counterparty Payments in respect of the relevant Credit Default Swap, in accordance with the terms of the Credit Default Swap Agreement; or

(b) the Issuer is required to make a payment to a third party creditor or an Issuer Secured Creditor (other than the Noteholders) and, at the time such payment is due, requires funds in order to do so; or

(c) the Issuer is required to fund a Reference Obligation Protection Advance in relation to such Reference Obligation,

each as described further below.

The Liquidity Facility committed amount will be for an initial amount of €20,000,000 and will with respect to each Interest Period decrease as the aggregate notional amount of the Credit Default Swaps decrease in accordance with the terms of the Liquidity Facility Agreement, but at all times will be an amount equal to the lower of €20,000,000 and 3 per cent. of the aggregate notional amount of the Credit Default Swaps, or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes.

Swap Counterparty Payment Deficiency Drawings

In consideration for providing credit protection to the Swap Counterparty in respect of the Reference Obligations, the Issuer will receive from the Swap Counterparty periodic payments, described in this Prospectus as Swap Counterparty Payments, in respect of each Credit Default Swap. The obligation of the Swap Counterparty to pay the Swap Counterparty Payments in respect of any Credit Default Swap will, under the terms of the Credit Default Swap Agreement, cease if a Credit Event Notice is delivered in respect of a Failure to Pay Credit Event or Bankruptcy Credit Event which occurs in relation to the relevant Reference Obligation. For the avoidance of doubt, the obligation of the Swap Counterparty to pay Swap Counterparty Payments will not cease in the event of a Restructuring.

In the event that a Failure to Pay Credit Event or Bankruptcy Credit Event occurs in respect of a Reference Obligation and the Swap Counterparty ceases to make a Swap Counterparty Payment in respect of such Reference Obligation, the Issuer will suffer a shortfall in the amounts that would otherwise have been available to it. In such event, the Cash Manager must, prior to a Liquidity Facility Event of Default, make a drawing (each such drawing, a **Swap Counterparty Payment Deficiency Drawing**) under the Liquidity Facility Agreement on behalf of the Issuer in an amount equal to the relevant Swap Counterparty Payment that is not paid by the Swap Counterparty, after deducting any Alternative Swap Counterparty Payments due to cover such funding shortfall. The proceeds of any Swap Counterparty Payment Deficiency Drawing will be credited to the Transaction Account and will form part of the Adjusted Available Issuer Income.

Administrative Costs Shortfall Drawings

If on any Business Day prior to delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager on behalf of the Issuer determines that there is a shortfall:

(a) in the Available Issuer Income that can be applied on behalf of the Issuer to pay certain expenses due to third party creditors (other than Issuer Secured Creditors) incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation (the **Revenue Priority Amounts)**; or

(b) (after taking into account the other drawings then able or required to be made by the Issuer under the Liquidity Facility Agreement and the other obligations of the Issuer (including to the Noteholders)) in the amount available to the Issuer on any Calculation Date to pay amounts due to the Issuer Secured Creditors (other than Noteholders) in respect of items (a) to (e) (inclusive) of the Pre-Acceleration Revenue Priority of Payments and Post-Enforcement/Pre-Acceleration Property of Payments on the next following Note Interest Payment Date,

the Cash Manager shall make a request on behalf of the Issuer for an administrative costs shortfall drawing (each such drawing, an **Administrative Costs Shortfall Drawing**) under the Liquidity Facility Agreement in an amount equal to such shortfall. The proceeds of any Administrative Costs Shortfall Drawing will be credited to the Transaction Account and applied by the Cash Manager on behalf of the Issuer in making payment of such Revenue Priority Amounts or included in Adjusted Available Issuer Income and applied in accordance with the Pre-Acceleration Revenue Priority of Payments and in respect of the Post-Enforcement/Pre-Acceleration Priority of Payments.

The amount of Administrative Costs payable with respect to any Note Interest Payment Date may vary from the estimate of such costs as determined on the related Interest Determination Date for the purposes of calculating the Expected Class X Interest Amounts. In the event of such underestimation, and subject to the utilisation of funds from the Administrative Costs Reserve Account, the Issuer may seek Administrative Costs Shortfall Drawings to cover any shortfall.

Reference Obligation Protection Drawing

If, at any time when the Holder is the Swap Counterparty:

(a) the Credit Agreement permits or does not restrict the Holder or the relevant Security Agent to make or from making any third party payments on behalf of the Reference Entity in relation to the relevant Property and requires the Reference Entity to reimburse the Holder or, as the case may be, the relevant Security Agent for any payments so made or agreement for such reimbursement is otherwise reached with the relevant Obligors; and

(b) the Master Servicer, the Special Servicer, the Sub Master Servicer or the Sub Special Servicer as the case may be, determines, in accordance with the Servicing Standard, that it would be in the interest of the Holder to make the payments,

the Sub Master Servicer or the Sub Special Servicer, as the case may be, may arrange for the payment, directly to be made to the third party, for the amount due.

In the event that the Sub Master Servicer or Sub Special Servicer determines that a third party payment should be made, it will to the extent it is permitted to do so under the relevant Credit Agreement, first use any amounts standing to the credit of the relevant Reference Entity Accounts, in accordance with the terms of the relevant Credit Agreement. If insufficient funds are available in the Reference Entity Accounts to make the third party payment, the relevant Servicer or Sub Servicer may require the Issuer to make a drawing under the Liquidity Facility Agreement in order to fund such amount.

In the event that such drawing is required the Holder or the Master Servicer or the Sub Master Servicer or the Sub Special Servicer shall notify the Cash Manager and the Cash Manager will, prior to a Liquidity Facility Event of Default, request on behalf of the Issuer a drawing under the Liquidity Facility in an amount equal to the Reference Obligation Protection Advance (each such drawing, a **Reference Obligation Protection Drawing**), which will be used to make the relevant third party payment.

Liquidity Stand-by Drawings

The Liquidity Facility Agreement will provide that, if at any time:

(a) the rating of the Liquidity Facility Provider falls below the Liquidity Requisite Ratings; or

(b) the Liquidity Facility Provider refuses to renew the Liquidity Facility,

then the Issuer may find an alternative liquidity facility provider or may require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a **Liquidity Stand-by Drawing**) into an account solely for that purpose maintained with the Account Bank (such account, the **Liquidity Stand-by Account**). If the Liquidity Facility Provider is required to advance a Liquidity Stand-by Drawing to the Issuer, if it is so requested by or on behalf of the Issuer or if it so chooses, the Liquidity Facility Provider shall, at its own expense, transfer the facility to, or replace it with, a new liquidity facility provider. In the event that the Cash Manager, on behalf of the Issuer, makes a Liquidity Stand-by Drawing, the Cash Manager will be required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full for the purposes of making Swap Counterparty Payment Deficiency Drawings, Reference Obligation Protection Drawings and Administrative Costs Shortfall Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following:

(a) the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full;

(b) the rating of the Liquidity Facility Provider ceasing to be below the Liquidity Requisite Ratings; or

(c) certain events of default under the Liquidity Facility Agreement,

principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing will be returned to the Liquidity Facility Provider and will not be applied in accordance with any of the Priority of Payments. If and to the extent that there is a reduction in the Liquidity Facility committed amount, there will be a *pro rata* repayment of amounts standing to the credit of the Liquidity Stand-by Account.

For these purposes:

Liquidity Requisite Ratings means a rating for a bank of at least "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1" (or better) by S&P for that bank's short-term unsecured, unsubordinated and unguaranteed debt obligations; and

Eligible Investments means (a) euro denominated government securities or (b) euro demand or time deposits, certificates of deposit, money market funds and short term debt obligations (including commercial paper); provided that in all cases such investments will mature at least one Business Day prior to the next Note Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated at least "P-1" (short term) by Moody's, "F1+" by Fitch and "A-1" by S&P (or in the case of longer dated securities "Aaa" (long term) by Moody's, "AAA" by Fitch and "AAA" by S&P) or are otherwise

acceptable to the Rating Agencies and where the proceeds receivable in accordance with the terms of such an Eligible Investment upon its maturity is no less than the sum so invested or deposited.

Repayment of drawings

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts) will rank in priority to payments of interest and where applicable principal on the Notes, in accordance with the applicable Priority of Payments. **Liquidity Subordinated Amounts** are any amounts in respect of (a) increased costs, indemnities, mandatory costs and tax gross up amounts payable to the Liquidity Facility Provider to the extent that such amounts exceed 0.125 per cent. per annum of the commitment provided under the Liquidity Facility Agreement and (b) if there is any Liquidity Stand-by Drawing then outstanding, the excess of the interest then payable in respect thereof over the aggregate of (i) an amount equal to the commitment fee which would otherwise then be payable (but for the Liquidity Stand-by Drawing) under the Liquidity Facility Agreement and (ii) an amount equal to the amount of interest earned in the relevant period in respect of the Liquidity Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

The Issuer will, subject to the following paragraph, repay any Swap Counterparty Payment Deficiency Drawing, Reference Obligation Protection Drawing and Administrative Costs Shortfall Drawing (together, **Liquidity Drawings**) under the Liquidity Facility on the Note Interest Payment Date immediately following the date on which such drawing was made, or if earlier on the Final Maturity Date provided that the Issuer may, on that Note Interest Payment Date, re-draw the amount so repaid or make a drawing expressly for the purpose of repaying amounts due to be repaid.

In relation to a Swap Counterparty Payment Deficiency Drawing, the amount drawn is required to be repaid on the earlier of the Final Maturity Date and the Note Interest Payment Date next following the date on which the Issuer receives Alternative Swap Counterparty Payments or amounts representing overdue scheduled Swap Counterparty Payments after first having accounted for any scheduled Swap Counterparty Payments due on that date under the relevant Credit Default Swap Agreement.

The Issuer will pay interest on Liquidity Drawings at a rate equal to EURIBOR (as determined in accordance with the Liquidity Facility Agreement) plus a specified margin. The Issuer will pay interest on any Liquidity Stand-by Drawings at an amount equal to the commitment fee under the Liquidity Facility Agreement that would be paid had the Liquidity Stand-by Drawing not been made (and assuming that the Liquidity Facility had been extended) plus an amount equal to any interest earned on amounts standing to the credit of the Liquidity Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account. Interest payable on Liquidity Drawings will be paid by the Issuer on each Note Interest Payment Date.

Governing law

The Liquidity Facility Agreement will be governed by English law.

2. Trust Deed

On or before the Closing Date, the Issuer and the Trustee will enter into a trust deed (the **Trust Deed**) pursuant to which the Notes will be constituted. The Trust Deed will include the form of the Notes and contain a covenant from the Issuer to the Trustee to pay all amounts due under the Notes. The Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class X Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders equally (except where expressly provided otherwise), but where there is, in the Trustee's opinion, a conflict between the interests of (a) the Class

A Noteholders and (b) any other Class of Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class A Noteholders only, provided there are Class A Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (a) the Class B Noteholders and (b) the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class B Noteholders only, provided there are Class B Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (a) the Class C Noteholders and (b) the Class X Noteholders, the Class D Noteholders and the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class C Noteholders only, provided there are Class C Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (a) the Class D Noteholders and (b) the Class X Noteholders, the Class E Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class D Noteholders only, provided there are Class D Notes outstanding. Only the holders of the Most Senior Class of Notes outstanding may request or direct the Trustee to take any action under the Trust Deed.

If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class E Noteholders and (ii) the Class X Noteholders, the Trust Deed will require the Trustees to have regard to the interest of the Class E Noteholders only, provided there are Class E Notes outstanding. The Trustee is not required at any time to have regard to the interests of the Class X Noteholders or to act upon or comply with any direction or request of any Class X Noteholder (the Class X Notes can never be the Most Senior Class of Notes) other than in respect of a Class X Consent Notice.

Governing law

The Trust Deed will be governed by English law.

3. Issuer Deed of Charge

General

On or before the Closing Date, the Issuer will enter into a deed of charge (the **Issuer Deed of Charge**) with each of the Trustee (acting for itself and on behalf of the Issuer Secured Creditors) and the other Issuer Secured Creditors other than the Noteholders pursuant to which the Issuer will grant security in respect of its obligations, including its obligations under the Notes. The Issuer expects that the appointment of an administrative receiver by the Trustee under the Issuer Deed of Charge would not be prohibited by Section 72A of the Insolvency Act 1986 as the appointment will fall within the exception set out under Section 72B of the Insolvency Act 1986 (First exception: capital market).

Security

(a) Under the Issuer Deed of Charge, the Issuer will grant the following security in favour of the Trustee who will hold such security on trust for the benefit of itself and the other Issuer Secured Creditors in accordance with their respective interests:

(i) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under:

(1) the Issuer Deed of charge;

(2) the Cash Management Agreement;

(3) the Subscription Agreement;

(4) the Liquidity Facility Agreement;

(5) the Credit Default Swap Agreement;

(6) the Trust Deed;

(7) the Agency Agreement;

(8) the Corporate Services Agreement;

(9) the Cash Deposit Agreement;

(10) the Repurchase Agreement;

(11) the Master Definitions Schedule;

(12) the Servicing Agreement; and

(13) the Custody Agreement.

(ii) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to the amounts from time to time standing to the credit of each Issuer Accounts (other than the Issuer Share Capital Account and the Class X Principal Account);

(iii) security over all of its rights and interests in and to the Custody Accounts and the Cash Deposit Account and all monies standing to the credit thereof (including any authorised investments) and any book or other accounts in which the Issuer may at any time have or acquire any rights and interest;

(iv) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all investments including Eligible Investments and Repurchase Securities; and

(v) a first floating charge over all of the property, assets and undertaking of the Issuer not already subject to fixed security (other than the Issuer Share Capital Account);

(b) Under the Issuer Deed of Charge, the Issuer will grant in favour of the Trustee by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all monies from time to time standing to the credit of the Class X Principal Account who will hold such security on trust for the benefit of the Class X Noteholders only,

(together, the **Issuer Security**), all as more particularly set out in the Issuer Deed of Charge.

The Trustee shall not be bound to enforce the security constituted by the Issuer Deed of Charge or take proceedings against the Issuer or any other person to enforce the provisions of the Issuer Deed of Charge or any of the other Transaction Documents or any other action thereunder unless:

(a) it shall have been directed or requested to do so either by an Extraordinary Resolution of the holders of the Most Senior Class of Notes or in writing by the holders of at least 25 per cent. in aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; and

(b) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

The Notes will be full recourse obligations of the Issuer. On enforcement of the Issuer Security, recourse in respect of all other obligations (that is, other than the obligation to pay principal and interest on the Notes) of the Issuer will be limited to the proceeds of realisation of the Issuer Security.

Non-petition

Each of the Issuer Secured Creditors which is a party to the Issuer Deed of Charge (other than the Trustee) will agree in the Issuer Deed of Charge that, unless an Acceleration Notice has been served, or the Trustee, having become bound to serve an Acceleration Notice, fails to do so within a reasonable period and such failure is continuing, it will not take any steps for the purpose of recovering any debts due or owing to it by the Issuer or to petition or procure the petitioning for the winding-up or administration of the Issuer or for the appointment of an examiner or to file documents with the court or serve a notice of intention to appoint an administrator in relation to the Issuer.

Enforcement

The Issuer Security will become enforceable on the occurrence of a Note Event of Default pursuant to **Condition 10** (*Events Of Default*) (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). In respect of a Note Event of Default, if the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (i) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes or (ii) the Trustee has been advised by such professional advisers as are selected by the Trustee, upon whom the Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or (iii) the Trustee determines that not to effect such disposal would or would be likely to place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Governing law

The Issuer Deed of Charge will be governed by English law.

4. Bank Account Agreement

The Issuer, the Cash Manager, the Account Bank and the Trustee will each enter into an agreement (the **Bank Account Agreement**) on or before the Closing Date pursuant to which the Issuer will establish the following bank accounts:

(a) an account (the **Transaction Account**) into which all Aggregate Swap Counterparty Payments, all drawings under the Liquidity Facility Agreement (other than a Liquidity Stand-by Drawing) and all other amounts received by the Issuer under the Transaction Documents are required to be paid;

(b) an account (the **Issuer Share Capital Account**) into which the subscription monies in respect of the shares in the Issuer are required to be paid and an Issuer fee of €1,000 per annum (the **Issuer Fee**);

(c) an account (the **Liquidity Stand-by Account** and, together with the Transaction Account, the Issuer Share Capital Account, the Custody Securities Account and any other accounts maintained by the Issuer in accordance with the terms of the Transaction Documents from time to time (together, the **Issuer Accounts**) which will be opened by the Issuer with the Account Bank when a Liquidity Stand-by Drawing is made and into which the Liquidity Stand-by Drawing will be deposited; and

(d) an account (the **Administrative Costs Reserve Account**) which will be opened by the Issuer with the Account Bank and which will have a nil balance on the Closing Date. The Issuer will deposit into the Administrative Costs Reserve Account an amount required to replenish such account up to the Administrative Costs Reserve Amount on the Interest Payment Date falling in August 2007 and on each Interest Payment Date thereafter in accordance with the Pre-Acceleration Revenue Priority of Payments. The Cash Manager will make drawings from the Administrative Costs Reserve Account in and towards payment of any Administrative Costs Reserve Account prior to making an Administrative Costs Shortfall Drawing in accordance with the Cash Management Agreement; and

(e) an account (the **Class X Principal Account**) into which the Issuer will deposit €600,000 which amount will be available to pay principal only on the Class X Notes when such principal is due in accordance with **Condition 6.3(d) (***Class X Note Redemption*).

Payments out of the Transaction Account will be made in accordance with the provisions of the Cash Management Agreement and the relevant Priority of Payments contained therein as described under "*Cashflows*" on page 347.

If the Account Bank ceases to be an **Eligible Bank** (being a UK bank or a UK branch of a bank the short-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "F1" by Fitch, "P-1" by Moody's and "A-1" by S&P and the long-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "A" by Fitch, "A1" by Moody's and "AA-" by S&P, or is otherwise acceptable to the Rating Agencies), the Issuer will be required to arrange for the transfer (within 30 days) of the Issuer Accounts to an Eligible Bank on terms acceptable to the Trustee.

Governing law

The Bank Account Agreement will be governed by English law.

5. Corporate Services Agreement

Corporate Services Agreement

The Issuer, the Corporate Services Provider and the Share Trustee will each enter into a services agreement (the **Corporate Services Agreement**) on or before the Closing Date pursuant to which the Corporate Services Provider will agree to provide certain administrative services to the Issuer. Pursuant to the Corporate Services Agreement and the terms of a corporate services fee letter (the **Corporate Services Fee Letter**), to be entered into between, among others, the Issuer and the Corporate Services Provider, the Corporate Services Provider will be entitled to receive a fee for the provision of those administrative and certain other corporate services. The Corporate Services Agreement may be terminated by either the Issuer or the Corporate Services Provider pursuant to its terms, but such termination shall only take effect when a substitute corporate services provider has been appointed (on substantially the same terms as the Corporate Services Provider) in accordance with the Corporate Services Agreement.

The Corporate Services Agreement will be governed by Irish law.

6. Agency Agreement

Pursuant to an agency agreement to be entered into on or prior to the Closing Date (the **Agency Agreement**) between the Issuer, the Trustee, the Principal Paying Agent, the Irish Paying Agent and the Agent Bank, provision will be made for, among other things, payment of principal and interest in respect of the Notes of each Class.

Governing law

The Agency Agreement will be governed by English law.

7. Master Definitions Schedule

On or prior to the Closing Date, each of the Issuer, the Trustee, the Cash Manager, the Account Bank, the Liquidity Facility Provider, the Master Servicer, the Special Servicer, the Agent Bank, the Paying Agents and the Corporate Services Provider (among others) will sign, for the purposes of identification only, a definitions schedule (the **Master Definitions Schedule**) incorporating the definitions applicable to each of the Transaction Documents where not otherwise defined in the Master Definitions Schedule.

CASHFLOWS

The payment priorities in respect of the Transaction Account will be set out in the Cash Management Agreement. Prior to the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will be responsible for making any payments of principal on the Notes from amounts credited to the Principal Ledger on the Transaction Account (in accordance with the Pre-Acceleration Principal Priority of Payments) and for making payments of, among other things, interest on the Notes from the Revenue Ledger on the Transaction Account (in accordance with the Pre-Acceleration Revenue Priority of Payments). From and including the time at which the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Acceleration Priority of Payments.

Payments from amounts credited to the Revenue Ledger – Revenue Priority Amounts

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager (on behalf of the Issuer) will, on any Business Day (including a Note Interest Payment Date) pay out of the Adjusted Available Issuer Income standing to the credit of the Transaction Account and credited to the Revenue Ledger (prior to the Trustee taking any steps to enforce the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation (together, the **Revenue Priority Amounts**), provided that on any Note Interest Payment Date, such payment shall be made in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

Prepayment Fees

On each Note Interest Payment Date, an amount equal to the element of the relevant Swap Counterparty Payment representing prepayment fees payable in relation to the relevant Reference Obligations shall be debited from the Class X Additional Amounts Ledger and paid to the Class X Noteholders as an element of Class X Additional Amounts. Such Class X Additional Amounts will not therefore be available to make any payments in respect of the Notes, other than the Class X Notes, or any other obligation of the Issuer and shall be paid to the holders of the Class X Notes directly and not pursuant to the applicable Priority of Payments.

Swap Call Termination Payment

On each Note Interest Payment Date, an amount equal to the element of the Swap Counterparty Payment representing the Swap Call Termination Payment shall be debited from the Class X Additional Amounts Ledger and paid to the Class X Noteholders as an element of Class X Additional Amounts. Such Class X Additional Amounts will not therefore be available to make payments in respect of the Notes, other than the Class X Notes, or any other obligation of the Issuer and shall be paid to the holders of the Class X Notes directly and not pursuant to the applicable Priority of Payments.

Pre-Acceleration Revenue Priority of Payments

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and the Trustee taking any steps to enforce the Issuer Security, the Cash Manager (on behalf of the Issuer) will, on each Note Interest Payment Date apply Adjusted Available Issuer Income credited to the Revenue Ledger in the following order of priority (the **Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

(a) in or towards satisfaction of any costs, expenses, fees (including the Issuer Fee), remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and *pro rata*, the Trustee and any person appointed by it under the Trust Deed, the Issuer Deed of Charge or any other Transaction Document to which it is a party;

(b) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to, *pari passu* and *pro rata*, the Paying Agents and the Agent Bank under the Agency Agreement and the Account Bank under the Bank Account Agreement;

(c) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to, *pari passu* and *pro rata*, the Sub Master Servicer, the Sub Special Servicer, the Calculation Agent, the Cash Manager, the Calculation Agent, the Independent Valuer, the Custodian, any break costs or termination costs to the Cash Deposit Bank or the Repurchase Counterparty (other than break costs or termination costs so payable as a result of a default by the Cash Deposit Bank or the Repurchase Counterparty of their obligations under the Cash Deposit Agreement or Repurchase Agreement, as applicable);

(d) in or towards satisfaction, *pari passu* and *pro rata* according to amounts then due, of any amounts due and payable by the Issuer on such Note Interest Payment Date to:

(i) the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter; and

(ii) any payment of Revenue Priority Amounts to third parties (other than the Issuer Secured Creditors) incurred by the Issuer in the ordinary course of its business;

(e) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(f) in or towards payment of the amount (if any) required to ensure that the balance of the Administrative Costs Reserve Account is not less than the Administrative Costs Reserve Amount, such amount to be deposited into the Administrative Costs Reserve Account;

(g) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class A Notes;

(h) in or towards payment of the Class X Interest Amount due on the Class X Notes;

(i) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;

(j) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;

(k) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;

(l) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;

(m) in or towards payment *pari passu* and *pro rata* according to amounts owed by the Issuer, the Cash Deposit Bank or the Repurchase Counterparty in respect of break costs or termination costs arising as a result of a default by the Cash Deposit Bank or the Repurchase Counterparty of their obligations under the Cash Deposit Agreement or the Repurchase Agreement, as applicable;

(n) in or towards payment *pari passu* and *pro rata* according to amounts owed by the Issuer to the Swap Counterparty pursuant to the Credit Default Swaps other than any Credit Protection Payment Amount;

(o) in or towards payment of any Liquidity Subordinated Amounts payable by the Issuer on such Note Interest Payment Date to the Liquidity Facility Provider;

(p) any surplus while the Class X Notes are outstanding to the Class X Noteholders as Class X Additional Amounts;

(q) to retain in a separate ledger in the Transaction Account (the **Tax Reserve Ledger**) an amount equal to 0.01 per cent. of Available Issuer Income in respect of such Note Interest Payment Date; and

(r) any surplus to the Issuer.

Adjusted Available Issuer Income on any date means Available Issuer Income plus the following drawings under the Liquidity Facility Agreement, in each case standing to the credit of the Transaction Account:

(a) Swap Counterparty Payments Deficiency Drawings;

(b) Administrative Costs Shortfall Drawings; and

(c) Reference Obligation Protection Drawings.

Administrative Costs Reserve Amount means €50,000.

Available Issuer Income on any day means the aggregate of all Swap Counterparty Payments (other than those elements which will be used to pay Class X Additional Amounts), all Alternative Swap Counterparty Payments, Issuer Liquidity Payments, Cash Deposit Income Payments and Repurchase Income Payments which have been paid and are available to the Issuer on such date, together with any other revenue amounts available to the Issuer (including payments of interest on the Issuer Accounts) but excluding any amounts of Advance Swap Counterparty Payments which the Issuer is required to repay to the Swap Counterparty because of an overpayment.

Pre-Acceleration Principal Priority of Payments

Prior to (a) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or (b) the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will, on each Note Interest Payment Date, apply Available Issuer Principal credited to the Principal Ledger in the order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full) set out in the relevant paragraph of **Condition 6** (*Redemption*).

Post-Enforcement/Pre-Acceleration Priority of Payments

From and including the time at which the Trustee takes any step to enforce the Issuer Security, but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it shall apply:

(i) Adjusted Available Issuer Income credited to the Revenue Ledger and available for distribution, in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Revenue Priority of Payments, other than items (d) (ii) and (r); and

(ii) Available Issuer Principal credited to the Principal Ledger and available for distribution in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Principal Priority of Payments, disregarding the items set out at **Condition 6.3(b)(vii)** (*Application of Available Sequential Principal*) and **6.3(c)(iii)** (*Application of Available Pro Rata Principal*) for this purpose,

such priorities of payments, together, (the **Post-Enforcement/Pre-Acceleration Priority of Payments**). Thereafter any surplus shall be paid into a designated account to be established for this purpose by the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it.

Post-Acceleration Priority of Payments

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be required to apply all funds received or recovered by it (other than any amount in respect of any Class X Additional Amounts, representing Prepayment Fees or Swap Termination Payments, which shall be paid to the Class X Noteholders, and any principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing) in accordance with the following order of priority (the **Post-Acceleration Priority of Payments** and together with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, the **Priority of Payments**) (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Cash Management Agreement:

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to, *pari passu* and *pro rata*, the Trustee and any receiver or other person appointed by any of them under the Trust Deed, the Issuer Deed of Charge (or any other Transaction Document to which it is a party);

(b) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*, the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders without corresponding payment of funds by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents or the Agent Bank pursuant to the Agency Agreement and the Account Bank under the Bank Account Agreement;

(c) in or towards satisfaction, *pari passu* and *pro rata* according to the amounts then due, or any amounts due and payable by the Issuer to the Sub Master Servicer, the Sub Special Servicer, the Calculation Agent, the Cash Manager, the Calculation Agent, the Independent Valuer, as applicable, and the Custodian;

(d) in or towards satisfaction, *pari passu* and *pro rata* according to the amounts then due, of any amounts due and payable by the Issuer to the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter;

(e) in or towards satisfaction of any Credit Protection Payment Amounts to the Swap Counterparty;

(f) in or towards satisfaction of any amounts due and payable by the Issuer to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(g) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class A Notes;

(h) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class X Notes;

(i) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;

(j) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;

(k) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;

(l) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;

(m) to pay *pari passu* and *pro rata* any break costs and/or, as the case may be, termination costs due and payable to, respectively, the Cash Deposit Bank and/or, as the case may be, the Repurchase Counterparty;

(n) if any, to pay to the Swap Counterparty all amounts due to the Swap Counterparty pursuant to the Credit Default Swap, other than any Credit Protection Payment Amount;

(o) in or towards payment of any Liquidity Subordinated Amounts payable to the Liquidity Facility Provider;

(p) any surplus while the Class X Notes are outstanding to the Class X Noteholders as Class X Additional Amounts.

(q) any surplus to the Issuer.

SERVICING

The Servicers and the Servicing Agreement

On the Closing Date, the Swap Counterparty will be the Holder of each Reference Obligation. The Swap Counterparty, in its capacity as Holder of each Reference Obligation, the Security Agents and the Issuer will, on the Closing Date, enter into a servicing agreement (the **Servicing Agreement**) pursuant to which the Swap Counterparty and the Security Agents will appoint the Issuer as the master servicer (in such capacity, the **Master Servicer**) and the special servicer (in such capacity, the **Special Servicer** and, together with the Master Servicer, the **Servicers** and each a relevant **Servicer**) of the Reference Obligations. The Issuer will, in turn, delegate the performance of its various functions under the Servicing Agreement to Barclays Capital Mortgage Servicing Limited (**BCMS** and in such capacity, the **Sub Master Servicer** and the **Sub Special Servicer** and, together with the Sub Master Servicer, the **Sub Servicers** and each a relevant **Sub Servicer**). Such delegation will also be undertaken pursuant to the Servicing Agreement. For the avoidance of doubt and in instances where the same is not expressly provided for, if in this Prospectus it is contemplated that any action will be taken by the Master Servicer or the Special Servicer, such action will be taken by the relevant Sub Servicer on their behalf (the **Relevant Servicer**).

The Sub Master Servicer will perform the day-to-day servicing of the Reference Obligations and exercise the rights of the Swap Counterparty as and for so long as it is the Holder of the Reference Obligations, subject to the terms of the Servicing Agreement. Following the occurrence of a Special Servicing Event, the Sub Special Servicer will commence servicing the relevant Specially Serviced Reference Obligation, to the preclusion of the Sub Master Servicer, save as expressly provided to the contrary. BCMS will, notwithstanding its appointment as Sub Servicer, continue to service other commercial mortgage loans in addition to the Reference Obligations.

For the avoidance of doubt, the Sub Master Servicer and the Sub Special Servicer will be responsible for the servicing, collection and enforcement of each Reference Obligation and its Related Security for so long as the Swap Counterparty remains the Holder of the Reference Obligations, subject to the terms of the Servicing Agreement. Any reference to "Holder" in this section of the Prospectus should be construed as a reference to the Swap Counterparty, subject to the following paragraph, and unless otherwise indicated or the context otherwise requires. References in this section of the Prospectus to the "Master Servicer", "Special Servicer", "Sub Master Servicer" and "Sub Special Servicer" assumes that the Swap Counterparty is the Holder.

For the further avoidance of doubt, if the Swap Counterparty ceases to be the Holder of a Reference Obligation, the Master Servicer and Special Servicer appointed pursuant to the Servicing Agreement shall cease to service that Reference Obligation unless appointed to do so by the new Holder. There is no obligation on the new Holder to make any such appointment. The appointments of the Sub Master Servicer and the Sub Special Servicer shall terminate contemporaneously with the termination of the appointment of the Master Servicer and the Special Servicer.

The Sub Master Servicer and the Sub Special Servicer will owe duties to the Master Servicer and the Special Servicer in relation to the discharge of their respective functions under and in accordance with the terms of the Servicing Agreement and will be obliged to discharge its functions to the same standards as are imposed on the Master Servicer and the Special Servicer under the Servicing Agreement including the obligation to service in accordance with the Servicing Standard. Further, under the terms of the Servicing Agreement, the Swap Counterparty will be precluded from taking any action against the Issuer in its capacity as Master Servicer and Special Servicer in respect of the performance of the relevant services by the Sub Servicers. However, such action may be taken by both the Swap Counterparty and the relevant Servicers against the relevant Sub Servicers.

Servicing of the Reference Obligations

The Servicing Agreement will include monitoring compliance with and administering the obligations of each Reference Entity under the terms and conditions of the relevant Credit Agreements. The Master Servicer and the Special Servicer, as applicable, shall take all measures it deems necessary or

appropriate in its professional discretion to administer and collect all payments due under or in connection with the Reference Obligations and in exercising its obligations and discretions under the Servicing Agreement. Under the Servicing Agreement, each of the Sub Master Servicer and Sub Special Servicer must act in accordance with the following requirements and, in the event that the Sub Master Servicer or Sub Special Servicer considers there to be a conflict between them, in the following priority:

(a) all applicable legal and regulatory requirements;

(b) the terms of the applicable Finance Documents in respect of the Reference Obligations (subject, in the case of the Tranched Reference Obligations, to the terms of the relevant Intercreditor Agreement);

(c) the terms of the Credit Default Swaps in respect of the servicing of the Reference Obligations;

(d) any covenants or restrictions contained in the Servicing Agreement;

(e) the directions of the Trustee (if any) which can only be given after the Issuer Security has become enforceable; and

(f) the **Servicing Standard**, being the maximisation of recovery of funds taking into account:

(i) the likelihood of recovery of amounts due in respect of that Reference Obligation;

(ii) the timing of recovery;

(iii) the costs of recovery, and

(iv) the interests of the Holder (subject, in the case of the Tranched Reference Obligations, to the terms of the relevant Intercreditor Agreement),

giving due and careful consideration to customary and usual standards of practice of a reasonably prudent commercial mortgage lender servicing loans similar to the Reference Obligations in accordance with, as applicable, the jurisdiction of origination and without regard to the ownership by it or any of its affiliates of an interest in the Notes, any subordinated or other party in respect of a Tranched Reference Obligation or any relationship the Sub Master Servicer or the Sub Special Servicer or any of their respective affiliates or any other person may have with any Reference Entity or any other party to the Transaction Documents.

Appointment of the Special Servicer

The Sub Master Servicer or the Sub Special Servicer, as applicable, will promptly give notice to the Issuer, the Trustee, the Cash Manager, the Operating Adviser, the Swap Counterparty, the Holder, the Rating Agencies, and the Sub Special Servicer, as applicable, of it becoming aware of the occurrence of any Special Servicing Event in respect of a Reference Obligation. Upon the delivery of such notice, that Reference Obligation will become a **Specially Serviced Reference Obligation**.

A **Special Servicing Event** in respect of a Reference Obligation will be the occurrence of any of the following:

(a) a payment default occurring with regards to any payment due in respect of the relevant Reference Obligation Maturity Date (taking into account any permitted extensions to its maturity);

(b) a scheduled payment due and payable in respect of the relevant Reference Obligation being delinquent for more than 60 days past its due date;

(c) insolvency or bankruptcy proceedings being commenced in respect of the relevant Reference Entity or other Obligor;

(d) in the Sub Master Servicer's opinion, a breach of a material covenant under the relevant Credit Agreement occurring or, to the knowledge of the Sub Master Servicer, being likely to occur, and in the Sub Master Servicer's opinion, such breach is not likely to be cured within 30 days of its occurrence;

(e) any relevant Obligor notifying the Sub Master Servicer, Sub Special Servicer, the relevant Security Agent or the Holder in writing of its inability to pay its debts generally as they become due, its entering into an assignment for the benefit of its creditors or its voluntary suspension of payment of its obligations; or

(f) any other Reference Obligation Event of Default occurring in relation to the relevant Reference Obligation that, in the good faith and reasonable judgment of the Master Servicer or the Sub Master Servicer, materially impairs or could materially impair or jeopardise the Related Security for the relevant Reference Obligation or the value thereof as Related Security for that Reference Obligation and the ability of a Reference Entity to satisfy its obligations in respect of the relevant Reference Obligation.

Upon a Reference Obligation becoming a Specially Serviced Reference Obligation, actions in respect of the relevant Reference Obligation will be undertaken by the Special Servicer or the Sub Special Servicer except where otherwise provided in the Servicing Agreement. In particular, the Master Servicer (or the Sub Master Servicer on its behalf) will remain responsible for the collection of amounts from the Reference Entity Accounts and will (in its capacity as agent of each Security Agent) maintain signing authority on the Reference Entity Accounts.

Collection and Enforcement procedures

The Sub Master Servicer will as permitted by and in accordance with the relevant Credit Agreements (as delegate of the agent for the Holder and the relevant Security Agent) to collect all payments due under or in connection with the Reference Obligations.

The Sub Master Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Reference Obligations. On the occurrence of a Reference Obligation Event of Default in respect of a Reference Obligation, the Sub Master Servicer or, if the Reference Obligation is a Specially Serviced Reference Obligation, the Sub Special Servicer (each as agent for the Holder and the relevant Security Agent) will implement enforcement procedures which meet the requirements of the Servicing Agreement. These procedures may involve the deferral of formal enforcement procedures such as the appointment of an insolvency representative in accordance with the laws of the applicable jurisdiction and may involve the restructuring of a Reference Obligation by the amendment or waiver of certain of the provisions. Any such restructuring will have to comply with the provisions of the Servicing Agreement and, where applicable, the Intercreditor Agreements.

Amendments to the Finance Documents

The Sub Master Servicer or the Sub Special Servicer, as applicable, may (but will not be obliged to) in accordance with the Servicing Standard agree to any request by an Obligor to vary, waive or amend the terms and conditions of any Finance Documents, the Intercreditor Agreements, and any related documents (together the **Reference Obligation Documentation**) or grant any consent to exercise on its behalf any and all of its rights, powers and discretions or take similar actions or to make any determination, express any opinion or take any other action) in respect thereof if each of the following conditions are satisfied:

(a) no Acceleration Notice has been given by the Trustee which remains in effect and the Issuer Security has not otherwise become enforceable at the date on which the relevant waiver, amendment or variation is agreed;

(b) the Holder will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation, waiver or amendment other than to the extent permitted by the terms of the relevant Credit Agreement;

(c) the effect of such variation, amendment or waiver would be to extend the final maturity date of the relevant Reference Obligation to a date falling less than three years (or in the case of the Obelisco Portfolio Reference Obligation four years from the Final Maturity Date;

(d) each Related Security will, to the extent this is the case on the Closing Date, continue to include a full first ranking legal mortgage or charge over the legal and beneficial interest in all of the relevant Properties or other security satisfactory to the Sub Master Servicer or the Sub Special Servicer has been obtained; and

(e) if the Issuer is not the Sub Special Servicer, prior notice of any such amendment, wavier or variation is given to the Sub Special Servicer,

unless prior written notice has been received from the Holder that the Rating Agencies (where applicable) confirm that any such amendment, variation or waiver will not result in the then current ratings of any Notes being adversely affected or, if the Holder gives notice that the Rating Agencies confirm that such amendment, variation or waiver will have an adverse effect, or fail or refuse to given any such confirmation, on the then current ratings of the Notes or the Notes of any class, the Trustee has consented to the amendment, variation or waiver.

Reference Obligation Protection Advances

The terms of the Credit Agreements require the Reference Entities to comply with their obligation to make certain payments to third parties such as insurers, landlords and other third parties in connection with operating expenses. Failure by a Reference Entity to make such payments when due could result in the arrangements with the third party being terminated, which could jeopardise the interests of the Holder.

If:

(a) the Credit Agreement permits or does not restrict the Holder and/or the relevant Security Agent to make or from making any such third party payments on the relevant Reference Entity's behalf and requires the Reference Entity to reimburse the Holder or, as the case may be, the relevant Security Agent for any payments so made or agreement in respect of such repayment can be reached with the relevant Reference Entity; and

(b) the Sub Master Servicer or the Sub Special Servicer determines, in accordance with the Servicing Standard that it would be in the interests of the Holder to make the payment,

the Sub Master Servicer or the Sub Special Servicer may arrange for the payment, directly to the third party, of the amount due.

In order to make such a payment (a **Reference Obligation Protection Advance**), the Sub Master Servicer or Sub Special Servicer will procure that the Issuer makes a drawing under the Liquidity Facility Agreement.

To the extent that any Reference Obligation Protection Advance cannot be funded in the required time period, the relevant Sub Servicer may (in its sole discretion and without obligation to do so), make all or part of the payment to the third party using its own funds, in which case such amounts will be repaid by the Holder on the Reference Obligation Interest Payment Date immediately following the date on which such Reference Obligation Protection Advance is made, together with interest thereon at a rate of one per cent. per annum over the base lending rate, from time to time, of Barclays Bank PLC or such UK clearing bank as the relevant Sub Servicer and the Trustee may agree. To the extent that any Reference Obligation Protection Advance cannot be funded in the relevant time period and

the relevant Sub Servicer does not fund all or part of such advance using its own funds, such amount will not be paid.

In determining whether or not the relevant Sub Servicer should make a Reference Obligation Protection Advance, the relevant Sub Servicer will be required to take into account whether the Reference Obligation will generate sufficient income and/or have a sufficiently high value to repay all amounts due under the Reference Obligation and any amounts in respect of the Reference Obligation Protection Advance (a **Recoverability Determination**). In making a Recoverability Determination, the relevant Sub Servicer must have regard to, among other things, the value of the relevant Property or Properties, the amount of any proposed Reference Obligation Protection Advance, the amount of any costs if the Reference Obligation Protection Advance were not made and the cost and timing of any refinancing or potential refinancing. The Recoverability Determination will not necessarily be the determining factor in whether a Reference Obligation Protection Advance is to be made. The relevant Sub Servicer shall (in accordance with the Servicing Standard, but subject to the relevant Sub Servicer determining in its sole discretion if its own funds are to be used) exercise its discretion in respect of whether to make a Reference Obligation Protection Advance having weighed up the Recoverability Determination against the potential cost or loss to the Holder of not making such an advance.

Servicer report, financial report and Quarterly Investor Report

In accordance with the terms of the Servicing Agreement the Sub Master Servicer will, as soon as reasonably practically possible after the last Reference Obligation Payment Date immediately preceeding each Note Interest Payment Date, deliver a report (the "**Servicer Report**") to the Calculation Agent setting out details of the performance of the Reference Obligations during their respective Reference Obligation Interest Periods prior to such Reference Obligation Interest Payment Date.

Upon receipt of the Servicer Report, the Calculation Agent shall contribute information to it regarding the performance of the Credit Default Swaps, the Cash Deposit Account and the Repurchase Agreement for the period ending on the next following Calculation Date. The Servicer Report, as so amended, is described as the Calculation Agent Report and shall be provided by the Calculation Agent to the Cash Manager as soon as reasonably practical thereafter.

Upon receipt of the Calculation Agent Report, the Cash Manager shall produce a statement to Noteholders in accordance with the Cash Management Agreement. The statement to Noteholders will be provided to or made available through the website of the Cash Manager (which is located at https://frs.bankofny.com/SFR/Login.jsp)[*] to the Trustee, for the benefit of, among others, each Noteholder, the Cash Manager, the Rating Agencies, the Paying Agents and the Liquidity Facility Provider at least 3 business days before the next following Note Interest Payment Date.

Within 50 calendar days of the Note Interest Payment Date, the Calculation Agent will deliver to the Trustee, for the benefit of, among others, each Noteholder, a report (the "**Quarterly Investor Report**").

In the event that the Trustee has taken steps to enforce the Issuer Security, the Trustee can request, as soon as reasonably practicable after receipt of a written request, a Servicer Report from the Sub Master Servicer.

All reporting obligations of the Sub Master Servicer will be undertaken by the Calculation Agent if, at any time, the Swap Counterparty is no longer the Holder of the Reference Obligations.

[*] The https://sfr.bankofny.com/SFR/Login.jsp website and the contents thereof do not form any part of the Prospectus.

Insurance

The relevant Servicer will, as agent for the Holder or the relevant Security Agent, as the case may be, monitor the arrangements for insurance (the **Insurance Policies**) which relate to the Reference Obligations and the Related Security and will establish and maintain procedures to ensure that all Insurance Policies in respect of the Properties are renewed on a timely basis.

To the extent that the Holder and/or the relevant Security Agent has power to do so under a policy of buildings insurance, the relevant Sub Servicer will, as soon as practicable after becoming aware of the occurrence of any event giving rise to a claim under such Insurance Policy, prepare and submit as agent of the Holder or the relevant Security Agent, as the case may be, such claim on behalf of the Holder and/or the relevant Security Agent in accordance with the terms and conditions of such Insurance Policy and with any requirements of the relevant insurer.

The relevant Sub Servicer will, as agent of the Holder and the relevant Security Agent, use reasonable endeavours to procure that each Reference Entity complies with its obligations in respect of insurance in accordance with the terms of the relevant Credit Agreement. If the relevant Sub Servicer becomes aware that a Reference Entity has failed to pay premiums due under any policy of buildings insurance, the relevant Sub Servicer may, provided that the conditions specified under "*Reference Obligation Protection Advances*" above are satisfied, make a Reference Obligation Protection Advance and pay premiums due and payable under any policy of buildings insurance in order that the cover provided by such Insurance Policy does not lapse.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any of the Properties is otherwise not insured in accordance with the terms of the relevant Credit Agreement, the relevant Sub Servicer, as agent of the Holder and the relevant Security Agent, is entitled to arrange such insurance in accordance with the terms of that Credit Agreement. Under the terms of the Credit Agreements, the relevant Reference Entity is required to reimburse the Holder for such costs of insurance which will include reimbursing a Reference Obligation Protection Advance.

For further information about insurance in respect of the Reference Obligations, see also "*Risk Factors - Insurance*" on page 84.

Fees

On each Note Interest Payment Date, the Sub Master Servicer will be entitled to receive from the Master Servicer a fee for servicing the Reference Obligations calculated on the basis of 0.10 per cent. per annum, plus value added tax, if applicable, of the principal balance outstanding of the Reference Obligations (other than any Specially Serviced Reference Obligations) (the **Servicing Fee**). The Servicing Agreement will also provide for the Sub Master Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Sub Master Servicer in the performance of its services under the Servicing Agreement.

Pursuant to the Servicing Agreement, if the Sub Special Servicer is appointed in respect of any Reference Obligation, the Special Servicer will be required to pay to the Sub Special Servicer a fee (the **Special Servicing Fee**) calculated on the basis of 0.25 per cent. per annum plus value added tax, if applicable, of the then principal balance outstanding of any Specially Serviced Reference Obligation, for a period commencing on the date the relevant Reference Obligation became a Specially Serviced Reference Obligation and ending on the date on which enforcement action in respect of the Specially Serviced Reference Obligation has been completed by the Sub Special Servicer and the relevant Credit Default Swap terminated or, if earlier, the date on which that Reference Obligation is deemed to be corrected. The Servicing Agreement will also provide for the Sub Special Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Sub Special Servicer in performance of its services under the Servicing Agreement.

A Reference Obligation will be deemed to be **corrected** and the servicing in respect of such Reference Obligation will pass back to the Sub Master Servicer and it will cease to be a Specially Serviced Reference Obligation if any of the following occurs with respect to the circumstances

identified (and provided that no other Special Servicing Event then exists with respect to that Reference Obligation):

(a) with respect to the circumstances described in items (b) in the definition of Special Servicing Event, the relevant Reference Entity has made one timely quarterly payment in full;

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

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

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

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

The Special Servicing Fee will accrue on a daily basis over the period when the Special Servicing Event exists and will be payable on each Note Interest Payment Date commencing with the Note Interest Payment Date following the date on which such period begins and ending on the Note Interest Payment Date following the end of such period.

In addition to the Special Servicing Fee, the Sub Special Servicer will be entitled to a fee (the **Liquidation Fee**) from the Swap Counterparty as Holder in respect of the Reference Obligations equal to an amount of up to a maximum of 1.00 per cent. (exclusive of value added tax) of the aggregate of the enforcement proceeds (net of all costs and expenses incurred as a result of the default of a Reference Obligation, enforcement and sale) relating to such Reference Obligation. The Sub Special Servicer may seek to recover the amount of the Liquidation Fee directly from the relevant Obligors under the terms of the relevant Credit Agreement but otherwise the Sub Special Servicer will be entitled to be paid all such amounts by the Swap Counterparty as Holder.

In addition to the Liquidation Fee (if any) in respect of the Reference Obligations, the Sub Special Servicer will be entitled to receive a fee (the **Restructuring Fee**) from the Holder in consideration of providing services in relation to any Reference Obligation to be payable at such time as the Reference Obligation is deemed to be corrected but only if and to the extent that the amounts of the Restructuring Fees are recovered from the relevant Reference Entity. When a Reference Obligation is deemed to be corrected, the Restructuring Fee will be equal to an amount up to a maximum of 1.00 per cent. (exclusive of value added tax) of each collection of principal and interest received on the relevant Reference Obligation (but only, in relation to collections of principal, if and to the extent that such principal received reduces the amount of principal outstanding under the relevant Reference Obligation to below the amount of principal outstanding under the relevant Reference Obligation at the date it was first deemed to be corrected) for so long as it continues to be deemed corrected. The Restructuring Fee with respect to the relevant Reference Obligation will cease to be payable if the relevant Reference Obligation is no longer deemed to be corrected, but will again become payable if and when the relevant Reference Obligation is again deemed to be corrected to the Sub Special Servicer appointed in respect of that Reference Obligation at the date on which it is deemed to be corrected again, subject in all cases to the amount of the Restructuring Fees being expressly recovered from the relevant Reference Entity. Non-payment of the Restructuring Fee will not entitle the Special Servicer to terminate the arrangements under the Servicing Agreement and in the absence of recovery of such amounts from the relevant Reference Entity, there will be no liability on the part of any party to pay the Restructuring Fee.

Removal or resignation of the Master Servicer or a Special Servicer

The appointment of the Sub Master Servicer or the Sub Special Servicer as agent for the Holder and the relevant Security Agent may be terminated by the Holder (with the consent of the Trustee) upon written notice to the Sub Master Servicer or the Sub Special Servicer on the occurrence of certain events (each a **Servicer Termination Event**), including if:

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

(b) subject as provided further in the Transaction Documents, the Sub Master Servicer or the Sub Special Servicer, as applicable, fails to comply with any of its covenants and obligations under the Servicing Agreement which in the opinion of the Trustee is materially prejudicial to the interests of the Holder and such failure either is not remediable or is not remedied for a period of 30 Business Days after the earlier of the Sub Master Servicer or the Sub Special Servicer, as applicable, becoming aware of such default and delivery of a written notice of such default being served on the Sub Master Servicer or the Sub Special Servicer, as applicable, by the Holder or the Trustee;

(c) at any time the Sub Master Servicer or the Sub Special Servicer, as applicable, fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue servicing any Reference Obligation or to put in place appropriate delegation arrangements; or

(d) the occurrence of an Insolvency Event in relation to the Sub Master Servicer or the Sub Special Servicer.

The appointment of the Master Servicer or the Special Servicer in relation to a particular Reference Obligation will automatically terminate on the occurrence of certain events (each an **Additional Termination Event**):

(i) upon the Swap Counterparty ceasing to have any interest in that Reference Obligation;

(ii) upon the repayment of that Reference Obligation or the completion of enforcement action in respect of that Reference Obligation; and

(iii) upon the termination of the Credit Default Swap relating to that Reference Obligation.

Any termination of the appointment of the Master Servicer or Special Servicer following an Additional Termination Event shall lead automatically to the termination of the appointment of the Sub Master Servicer or Sub Special Servicer. Alternatively, the Holder and the relevant Security Agent may require the Master Servicer or the Special Servicer to terminate the appointment of the Sub Master Servicer or the Sub Special Servicer, as applicable, rather than terminating the appointment of the Master Servicer or the Special Servicer.

Prior to or contemporaneously with any termination of the appointment of the Master Servicer or the Special Servicer, as the case may be, it will first be necessary for the Holder and the Trustee to appoint a substitute master servicer or substitute special servicer, as the case may be, approved by the Trustee or, as applicable, a Master Servicer or a Master Special Servicer.

Subject to the fulfilment of certain conditions including, without limitation, that a substitute sub master servicer or substitute sub special servicer, as the case may be, has been appointed, the Sub Master Servicer or Sub Special Servicer, as the case may be, may voluntarily resign from their appointments by giving not less than three months' notice of termination to the Holder, the relevant Security Agent and the Trustee as well as to the Master Servicer and the Special Servicer. The Master

Servicer and the Special Servicer, for as long as the Swap Counterparty is the Holder, will not be entitled to resign.

Any such substitute sub master servicer or substitute sub special servicer howsoever appointed will be required to have experience of servicing loans secured on commercial and multi-family properties in Belgium, France, Germany, Italy, Sweden and Monaco, as applicable, and will enter into an agreement on substantially the same terms in all material aspects as the Servicing Agreement, taking into account also what is market standard for such agreements in similar sub transactions at the time. Under the terms of the Servicing Agreement, the appointment of a substitute sub master servicer or substitute sub special servicer, as the case may be, will be subject to the Rating Agencies confirming that the appointment will not adversely affect the then current ratings (if any) of any Class of Notes unless otherwise agreed by Extraordinary Resolutions of each Class of Noteholders. Any costs incurred by the Holder as a result of appointing any such substitute sub master servicer or substitute sub special servicer shall, save as specified above, be paid by the Sub Servicer whose appointment is being terminated. The fee payable to any such substitute sub master servicer or substitute sub special servicer in each case acting as agent for the Holder and the relevant Security Agent should not, without the prior written consent of the Trustee, exceed the amount payable to the Sub Master Servicer or Sub Special Servicer, as applicable, pursuant to the Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services, though the payment of a higher fee may be required if a circumstances so warrant.

Forthwith upon termination of the appointment of, or the resignation of, the Sub Master Servicer or Sub Special Servicer, the Sub Master Servicer or Sub Special Servicer (as the case may be) must deliver any documents and all books of account and other records maintained by the Sub Master Servicer or Sub Special Servicer relating to the Reference Obligations and/or the Related Security to, or at the direction of, the substitute sub master servicer or substitute sub special servicer and shall take such further action as the substitute sub master servicer or substitute sub special servicer, as the case may be, shall reasonably request to enable the substitute sub master servicer or the substitute sub special servicer, as the case may be, to perform the services due to be performed by the Sub Master Servicer or the Sub Special Servicer under the Servicing Agreement.

Appointment of the Operating Adviser and Change to the Sub Special Servicer

For so long as the Swap Counterparty is the Holder of a Reference Obligation, the Controlling Creditor may elect to require the Issuer to appoint a representative (the **Operating Adviser**) to represent its interests in relation to the servicing of that Reference Obligation.

If the Controlling Creditor makes such an election it shall notify the Issuer and the Trustee, and the Issuer and Trustee shall, in this event, notify the Holder. The Special Servicer must notify or procure that the Sub Special Servicer notifies the Operating Adviser prior to doing any of the following in relation to a Specially Serviced Reference Obligation:

(a) the appointment of a receiver or administrator or similar action to be taken in relation to any Reference Obligation;

(b) the amendment, waiver or modification of any term of any Finance Documents which, in the opinion of the Special Servicer or the Sub Special Servicer, affects the amount payable by the relevant Reference Entity or the time at which any amounts are payable, or any other material term of the relevant Finance Documents; and

(c) the release of any part of any Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the relevant Credit Agreement.

Before taking any action in connection with the matters referred to in **paragraphs (a)** to **(c)** above, the Special Servicer must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to fulfil its other obligations under the Servicing Agreement, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If any Operating Adviser

objects in writing to the proposed actions to be taken within ten Business Days after being notified of such proposed action and after being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Creditor (but again, without prejudice to the Special Servicer's obligation to act in accordance with the other provisions of the Servicing Agreement, including the Servicing Standard). The Special Servicer will not be obliged to take account of the advice of the Operating Adviser if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the Reference Obligation and, for 30 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Agreement. In respect of the Tranched Reference Obligations, the action that may be taken by the Master Servicer or the Special Servicer (as agent of the Holder and the relevant Security Agent) will be subject to the rights of the Junior Holder under the Intercreditor Agreements.

In addition to their right to require the Issuer to appoint the Operating Advisor, for so long as the Swap Counterparty is the Holder of a Reference Obligation and the Issuer is appointed as Special Servicer thereof, the Controlling Creditor may also require the Issuer to terminate the appointment of the Sub Special Servicer in respect of that Reference Obligation and appoint an entity of its choosing in place of the Sub Special Servicer, subject to approval by S&P and Fitch and with notification to Moody's, provided that the fees payable to that entity shall be no greater than the fees payable to the Sub Special Servicer.

The **Controlling Creditor** means, at any time, either:

(a) the holder of the most junior Class of Notes then having a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or

(b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

provided that in relation to a Tranched Reference Obligation, if the junior lender has a right under the relevant Intercreditor Agreement to appoint a Special Servicer, the Controlling Creditor in relation to that Tranched Reference Obligation and for these purposes only will be deemed to be that junior lender.

Delegation by the Sub Master Servicer and Sub Special Servicer

The Sub Master Servicer or the Sub Special Servicer, as applicable, may, after giving written notice to the Master Servicer, the Special Servicer, the Trustee and the Rating Agencies, delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. No such notice shall be required in connection with the engagement on a case-by-case basis by the Sub Master Servicer or Sub Special Servicer, as applicable, of any solicitor or other legal adviser, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Sub Master Servicer or the Sub Special Servicer, as applicable, of any of their respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Sub Master Servicer or the Sub Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those sub-delegated duties to the Master Servicer or the Special Servicer, as applicable.

Governing Law

The Servicing Agreement will be governed by English law.

ORIGINATOR/SWAP COUNTERPARTY

Barclays Bank PLC is the Originator and will enter into 17 Credit Default Swaps with the Issuer on or around the Closing Date in its capacity as the Swap Counterparty, pursuant to which the Issuer will sell credit protection to the Swap Counterparty in respect of the Reference Obligations.

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC". Barclays Bank PLC is admitted to trading and listed on the London Stock Exchange.

Barclays Bank PLC and its subsidiary undertakings (together, the **Barclays Group**) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated "A1+" by S&P, "P-1" by Moody's and "F1+" by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated "AA" by S&P, "Aa1" by Moody's and "AA+" by Fitch Ratings Limited.

Based on the Barclays Group's unaudited financial information for the period ended 31 December 2006, the Barclays Group had total assets of £996,503 million (2005: £924,170 million), total net loans and advances[*] of £313,226 million (2005: £300,001 million), total deposits[†] of £336,316 million (2005: £313,811 million), and total shareholders' equity of £27,106 million (2005: £24,243 million) (including minority interests of £1,685 million (2005: £1,578 million)). The profit before tax of the Barclays Group for the period ended 31 December 2006 was £7,197 million (2005: £5,311 million) after impairment charges on loans and advances and other credit provisions of £2,154 million (2005: £1,571 million). The financial information in this paragraph is extracted from the unaudited consolidated accounts of the Barclays Group for the half-year ended 31 December 2006.

The annual report on Form 20-F for the year ended 31 December 2005 of Barclays PLC and Barclays Bank PLC is on file with the Securities and Exchange Commission. The Barclays Group will provide, without charge to each person to whom this base prospectus is delivered, on the request of that person, a copy of the Form 20-F referred to in the previous sentence. Written requests should be directed to: Barclays Bank PLC, 1 Churchill Place, London E14 5HP, England, Attention: Barclays Group Corporate Secretariat.

None of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes will be obligations of the Barclays Group or any of its affiliates.

[*] Total net loans and advances include balances relating to both banks and customer accounts.
[†] Total deposits include deposits from banks and customer accounts.

LIQUIDITY FACILITY PROVIDER

Danske Bank A/S (**Danske Bank**) is a public limited company organised under the laws of the Kingdom of Denmark under number 61126228. It was founded in 1871 and has merged with a number of financial institutions over the years. Danske Bank is a commercial bank with limited liability and carries on a business under the Danish Financial Business Act, Consolidation Act No. 286 of 4 April 2006, as amended.

The registered office of Danske Bank is at Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; the telephone number is +45 33 44 00 00; CVR-nr. 61 12 62 28 – København.

The Danske Bank Group (**Danske Group**) provides a wide range of banking, mortgage and insurance products as well as other financial services and is the largest financial institution in Denmark – and is one of the largest financial institutions in the Nordic region — measured by total assets.

The total assets of the consolidated Danske Group were DKK 2,739 billion (USD 483.9 billion) at the end of 2006.

The shareholders' equity in the Danske Group was DKK 2,739 (USD 483.9 billion) at the end of 2006. The shareholders' equity was DKK 95 billion (USD 16.8 billion) at the end of 2006.

The current credit ratings of Danske Bank are as follows: Moody's: "P-1" (short-term) and "Aa1" (long-term), S&P: "A1+" (short-term) and "AA-" (long-term), Fitch: "F1+" (short-term) and "AA-" (long-term).

ACCOUNT BANK

THE BANK OF NEW YORK

The Bank of New York (the **Bank**) was incorporated, with limited liability by charter, under the Laws of the State of New York by special act of the New York State Legislature, Chapter 616 of the Laws of 1871, with its head office situate at One Wall Street, New York, NY 10286, USA and having a branch registered in England & Wales with FC No 005522 and BR No 000818. Its principal office in the United Kingdom is at One Canada Square, London E14 5AL.

The Bank is a leading provider of corporate trust and agency services. The Bank and its subsidiaries and affiliates administer a portfolio of more than 90,000 trustee and agency appointments, representing $3 trillion in outstanding securities for more than 30,000 clients around the world. The Bank is a recognised leader for trust services in several debt products, including corporate and municipal debt, mortgage-backed and asset-backed securities, derivative securities services and international debt offerings.

As at the date of the Prospectus, the short term unsecured and unsubordinated debt obligations of the Bank are rated "F-1+" by Fitch, "A1+" by S&P and "P-1" by Moody's and the long-term unsecured and unsubordinated debt obligations of the Bank are rated "AA-/A+" by Fitch, "AA-" by S&P and "Aa2" by Moody's.

The Bank of New York Company, Inc. (the **Company**) (NYSE: BK) is a global leader in providing a comprehensive array of services that enable institutions and individuals to move and manage their financial assets in more than 100 markets worldwide. The Company has a long tradition of collaborating with clients to deliver innovative solutions through its core competencies: securities servicing, treasury management, asset management, and private banking services. The Company's extensive global client base includes a broad range of leading financial institutions, corporations, government entities, endowments and foundations. Its principal subsidiary, The Bank of New York, founded in 1784, is the oldest bank in the United States and has consistently played a prominent role in the evolution of financial markets worldwide. Additional information is available at www.bankofny.com.

TRUSTEE DESCRIPTION

BNY Corporate Trustee Services Limited will be appointed pursuant to the Trust Deed as Trustee for the Noteholders.

The Trustee will not be responsible for:

(a) supervising the performance by the Issuer or any other party to the Transaction Documents of their respective obligations under the Transaction Documents and the Trustee will be entitled to assume, until it has written notice to the contrary, that all such persons are properly performing their duties; or

(b) considering the basis on which approvals or consents are granted by the Issuer or any other party to the Transaction Documents under the Transaction Documents. The Trustee will not be liable to any Noteholder or other Issuer Secured Creditor for any failure to make or to cause to be made on its behalf the searches, investigations and enquiries which would normally be made by a prudent chargee in relation to the Property and has no responsibility in relation to the legality, validity, sufficiency and enforceability of the Security and the Transaction Documents.

CASH MANAGEMENT

Cash Manager

On or before the Closing Date the Issuer will enter into a cash management agreement between the Issuer, the Master Servicer, the Special Servicer, the Trustee, the Account Bank, the Cash Manager and the Originator (the **Cash Management Agreement**), pursuant to which each of the Issuer and the Trustee will appoint The Bank of New York (in its capacity as the **Cash Manager**) to be its agent to provide certain cash management services in respect of the Issuer Accounts (the **Cash Management Services**). The Cash Manager will undertake with the Issuer and the Trustee that, in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will be required to perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will be obliged to comply with any directions, orders and instructions which the Issuer or the Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement, the Trust Deed and the Issuer Deed of Charge.

Calculation of Amounts and Payments

Under the terms of the Cash Management Agreement, the Cash Manager has two main functions. These are:

(a) recording amounts received by the Issuer by way of Swap Counterparty Payments and Alternative Swap Counterparty Payments, Cash Deposit Income Payments and Repurchase Income Payments; and

(b) applying the amounts received by the Issuer in making the payments contemplated in the Priorities of Payments and, where applicable, making payment of amounts due to the Swap Counterparty in respect of the Credit Protection Payments and keeping records of such payments.

In addition, the Cash Manager will be required to determine whether a drawing is required under the Liquidity Facility Agreement, in accordance with its terms. If so, the Cash Manager will procure that a drawing is made and shall record the amount of the drawing.

In order to discharge its obligations to record accounts received, the Cash Manager will be entitled to receive the relevant information from the Swap Counterparty, the Deposit Bank, the Repurchase Counterparty and the Liquidity Facility Provider and in order to discharge its obligation to discharge and record payments made the Cash Manager will be entitled to receive the relevant information from the relevant pages.

The Cash Manager will be authorised to invest any available funds standing to the credit of the Transaction Account and the Liquidity Stand-by Account (if applicable) in Eligible Investments in accordance with the provisions of the Cash Management Agreement. All amounts earned on such investments of amounts held in the Transaction Account and the Liquidity Stand-by Account will be included in Available Issuer Income.

On each Calculation Date, the Cash Manager is required to determine, from information provided by the Calculation Agent, the Deposit Bank, the Repurchase Counterparty and the Liquidity Facility Provider in respect of the collections from the immediately preceding Collection Period, the various amounts available and required to pay interest and principal due on the Notes on the forthcoming Note Interest Payment Date and all other amounts then payable by the Issuer and the amounts available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding for each Class of Notes for the Interest Period commencing on the next following Note Interest Payment Date and the amount of each principal payment (if any) due on each Class of Notes on the next following Note Interest Payment Date.

The Cash Manager will from time to time, pay, on behalf of the Issuer, all periodic and non-recurring expenses of the Issuer.

The Cash Manager will make all payments to the Paying Agents as required to carry out an optional redemption of Notes pursuant to **Condition 6.2** (*Redemption for taxation or other reasons*) or **Condition 6.4** (*Mandatory redemption in part from Redemption Funds*), in each case according to the provisions of the relevant Condition. See further "*Terms and Conditions of the Notes*" on page 382.

The Cash Manager will make requests for drawings under the Liquidity Facility on behalf of the Issuer in accordance with the terms of the Liquidity Facility Agreement, including Swap Counterparty Payment Deficiency Drawings, Administrative Costs Shortfall Drawings and Reference Obligation Protection Drawings and the Cash Manager will procure the transfer of such drawings to the Transaction Account. See further "*Transaction Documents – Liquidity Facility Agreement*" on page 338.

If a relevant Event (as defined in the Liquidity Facility Agreement) occurs and is outstanding in relation to the Liquidity Facility Provider and the Issuer has not entered into a replacement liquidity facility with a Qualifying Lender with the Liquidity Requisite Ratings, the Cash Manager shall within five Business Days of the occurrence of the relevant Event request on behalf of the Issuer a Liquidity Stand-by Drawing in an amount equal to the undrawn portion of the Liquidity Facility Commitment at that time. In the event that the Cash Manager makes a Liquidity Stand-by Drawing on behalf of the Issuer, the Cash Manager shall procure that the Liquidity Stand-by Drawing is credited to the Liquidity Stand-by Account opened with the Account Bank.

If the Cash Manager fails to make a drawing under the Liquidity Facility when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

Qualifying Lender means a Liquidity Facility Provider, beneficially entitled to any interest payable to that Liquidity Facility Provider in respect of any amounts borrowed under the Liquidity Facility Agreement and:

(a) which is a bank carrying on a *bona fide* banking business in Ireland; or

(b) which is a person resident for taxation purposes in a country with which Ireland has a double taxation treaty or in a member state of the European Communities (other than Ireland) and the loan is not connected with a trade or business carried on by the Liquidity Facility Provider through an Irish branch or agency.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) a ledger in respect of revenue (the **Revenue Ledger**);

(b) a ledger in respect of principal (the **Principal Ledger**);

(c) a ledger in respect of drawings under the Liquidity Facility (other than the Liquidity Stand-by Drawings) (the **Liquidity Ledger**);

(d) a ledger in respect of Administrative Cost Shortfalls (the **Administrative Costs Shortfall Ledger**);

(e) a ledger in respect of Swap Counterparty Payments and Alternative Swap Counterparty Payments (the **Swap Counterparty Payments Ledger**);

(f) a ledger in respect of Cash Deposit Income Payments (the **Cash Deposit Income Payments Ledger**);

(g) a ledger in respect of the Repurchase Income Payments (the **Repurchase Income Payments Ledger**);

(h) a ledger in respect of Class X Additional Amounts (the **Class X Additional Amounts Ledger**); and

(i) a ledger in respect of 0.01 per cent. of the Available Issuer Income (the **Tax Reserve Ledger**).

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Trustee, the Master Servicer or the Special Servicer may from time to time request.

The Cash Manager will, from time to time, in accordance with the payments made:

(a) credit the Revenue Ledger with all Available Issuer Income, Swap Counterparty Payment Deficiency Drawings, Administrative Costs Shortfall Drawings and Reference Obligation Protection Drawings transferred and credited to the Transaction Account save, in respect of any Administrative Costs Shortfall Drawings, to the extent such drawings are paid directly to the relevant third party recipient to which amounts are owed by the relevant Obligor and in respect of which such an Administrative Costs Shortfall Drawings was made and debit the Revenue Ledger with all payments by or on behalf of the Issuer out of Available Issuer Income, Adjusted Available Issuer Income or amounts applied in accordance with the Post-Acceleration Priority of Payments (other than available amounts to be applied under the Post-Acceleration Priority of Payments);

(b) credit the Principal Ledger with all Available Issuer Principal transferred and credited to the Transaction Account and debit the Principal Ledger with all payments made out of Available Issuer Principal or amounts applied in accordance with the Post-Acceleration Priority of Payments (including, Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds) (other than available amounts to be applied under the Post-Acceleration Priority of Payments);

(c) credit the Liquidity Ledger with any amounts paid to the Liquidity Facility Provider on a Note Interest Payment Date and debit the Liquidity Ledger with all drawings of any nature under the Liquidity Facility Agreement;

(d) credit the Swap Counterparty Payments Ledger with Swap Counterparty Payments and Alternative Swap Counterparty Payments transferred and credited to the Transaction Account and debit the Swap Counterparty Payments Ledger with Swap Counterparty Payments and Alternative Swap Counterparty Payments and Alternative Swap Counterparty Payments included in Available Issuer Income;

(e) credit the Advanced Swap Counterparty Payments Ledger with Advanced Swap Counterparty Payments transferred and credited to the Transaction Account and debit the Advanced Swap Counterparty Payments Ledger with Advanced Swap Counterparty Payments included in Available Issuer Income;

(f) credit the Cash Deposit Income Payments Ledger with all Cash Deposit Income Payments transferred and credited to the Transaction Account and debit the Cash Deposit Income Payments Ledger with Cash Deposit Income Payments included in Available Issuer Income;

(g) credit the Repurchase Transaction Payments Ledger with all Repurchase Transaction payments transferred and credited to the Transaction Account and debit the Repurchase Income Payments Ledger with all Repurchase Transaction payments included in Available Issuer Income;

(h) credit the Class X Additional Amounts Ledger with all Class X Additional Amounts transferred and credited to the Transaction Account and debit the Class X Additional

Amounts Ledger with all Class X Additional Amounts included in Available Issuer Income; and

(i) credit the Tax Reserve Ledger with all amounts retained by the Issuer in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments.

Cash Management Fee

The Issuer will pay to the Cash Manager on each Note Interest Payment Date a cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all out-of-pocket costs and expenses properly incurred by the Cash Manager in the performance of its services. Any successor cash manager will receive remuneration on substantially the same basis.

Termination of Appointment of the Cash Manager

The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things:

(a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer;

(b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days; or

(c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official.

On the termination of the appointment of the Cash Manager by the Issuer or the Trustee, the Issuer or the Trustee may, subject to certain conditions, appoint a successor cash manager.

In addition, the Cash Manager may resign as Cash Manager upon not less than three months' written notice of resignation to each of the Issuer, the Master Servicer, the Special Servicer, the Originator, the Account Bank and the Trustee provided that a suitably qualified successor Cash Manager shall have been appointed.

Governing law

The Cash Management Agreement will be governed by English law.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Reference Obligations may, in certain circumstances, be prepaid and a number of other relevant factors are unknown (see also "*Forward-Looking Statements*" on page 4).

Calculations of possible average lives of the Notes can be made based on certain assumptions. Such assumptions include, without limitation, the following assumptions:

(a) the Reference Obligations do not default, nor are they enforced and no loss arises;

(b) the Closing Date is 30 May 2007;

(c) the Issuer exercises its option to redeem the Notes following the exercise by the Master Servicer of the 10 per cent. clean-up call as soon as it is exercisable;

(d) Note Interest Payment Dates are on 20 February, 20 May, 20 August and 20 November in each year, with the first Note Interest Payment Date being August 2007;

(e) the Reference Obligations prepay at the rate specific to each scenario set out in the tables below;

(f) the average lives of the Notes are calculated on an Actual/360 day count basis;

(g) the Swap Clean-Up Call is exercised by the Swap Counterparty; and

(h) there are no extensions of the Reference Obligation Maturity Date of the Le Croissant Reference Obligation, the Monaco Reference Obligations and the Obelisco Portfolio Reference Obligations.

The assumptions (other than those set out in paragraphs (b), (d), and (f) above) relate to circumstances which are not predictable.

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

Reference Portfolio Repayment Profile: The following table shows the Reference Obligation repayment profile of the portfolio assuming no prepayments.

Period	Keops Portfolio	Neumarkt	SCI Clichy	Obelisco Portfolio	Petersbogen	Pyrus Portfolio	Den Tir (Senior + Junior)	Ostend	CEPL Levallois
Cut-Off	249,822,580	122,312,500	112,712,020	89,000,000	73,910,000	36,327,000	30,900,000	27,748,000	23,980,188
1	248,452,080	122,312,500	112,712,020	89,000,000	73,662,000	36,254,000	30,900,000	27,597,000	23,980,188
2	247,307,172	122,312,500	112,712,020	89,000,000	73,412,000	36,196,000	30,810,000	27,446,000	23,980,188
3	246,456,097	122,312,500	112,712,020	89,000,000	73,160,000	36,137,000	30,720,000	27,295,000	23,980,188
4	245,992,602	122,312,500	112,712,020	89,000,000	72,923,000	36,077,000	30,630,000	27,144,000	23,980,188
5	245,430,866	122,312,500	112,712,020	89,000,000	72,663,000	36,006,000	30,540,000	26,993,000	23,980,188
6	244,775,055	122,312,500	112,712,020	89,000,000	72,408,000	35,944,000	30,450,000	26,842,000	23,980,188
7	244,210,277	122,312,500	112,712,020	89,000,000	72,157,000	35,882,000	30,360,000	26,691,000	23,980,188
8	243,468,815	122,312,500	112,712,020	89,000,000	72,001,000	35,819,000	30,270,000	26,540,000	23,980,188
9	242,683,967	122,312,500	112,712,020	89,000,000	71,816,000	35,740,000	30,180,000	26,389,000	23,980,188
10	242,067,097	122,312,500	112,712,020	89,000,000	71,629,000	35,675,000	30,090,000	26,238,000	23,980,188
11	241,399,164	122,312,500	112,712,020	89,000,000	71,440,000	35,609,000	30,000,000	26,087,000	23,980,188
12	240,031,893	122,312,500	112,712,020	89,000,000	71,267,000	35,542,000	29,910,000	25,936,000	23,980,188
13	238,508,532	122,312,500	112,712,020	89,000,000	71,078,000	35,460,000	29,820,000	25,785,000	23,980,188
14	236,752,791	122,312,500	112,712,020	89,000,000	70,891,000	35,391,000	29,730,000	25,634,000	23,980,188
15	235,286,577	122,312,500	112,712,020	89,000,000	70,737,000	35,322,000	29,640,000	25,483,000	23,980,188
16	234,208,037	122,312,500	112,712,020	89,000,000	70,639,000	35,252,000	29,550,000	25,332,000	23,980,188
17	232,954,452	122,312,500	112,712,020	89,000,000	70,639,000	35,166,000	29,460,000	25,181,000	23,980,188
18	231,721,881	122,312,500	112,712,020	89,000,000	70,639,000	35,094,000	29,370,000	25,030,000	23,980,188
19	-	122,312,500	-	89,000,000	70,484,000	35,021,000	29,280,000	24,879,000	-
20	-	122,312,500	-	89,000,000	70,295,000	34,947,000	29,190,000	24,728,000	-
21	-	122,312,500	-	89,000,000	70,044,000	34,862,000	29,100,000	24,577,000	-
22	-	122,312,500	-	89,000,000	69,791,000	34,786,000	29,010,000	24,426,000	-
23	-	122,312,500	-	89,000,000	69,583,000	34,709,000	28,920,000	24,274,250	-
24	-	122,312,500	-	89,000,000	69,367,000	34,631,000	28,830,000	24,122,500	-
25	-	122,312,500	-	89,000,000	69,073,000	34,537,000	28,740,000	23,970,750	-
26	-	-	-	89,000,000	69,000,000	34,456,000	28,650,000	-	-
27	-	-	-	89,000,000	-	34,374,000	28,560,000	-	-
28	-	-	-	89,000,000	-	34,291,000	28,470,000	-	-
29	-	-	-	89,000,000	-	34,193,000	28,380,000	-	-
30	-	-	-	89,000,000	-	34,108,000	28,290,000	-	-
31	-	-	-	89,000,000	-	-	28,200,000	-	-
32	-	-	-	89,000,000	-	-	28,110,000	-	-
33	-	-	-	89,000,000	-	-	28,020,000	-	-
34	-	-	-	89,000,000	-	-	27,930,000	-	-
35	-	-	-	89,000,000	-	-	27,840,000	-	-
36	-	-	-	-	-	-	27,750,000	-	-
37	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-

Period	Nordhausen	Le Croissant	Monheim	Monaco (Senior + Junior)	Prins Boudewij	Seaford Portfolio	Scheduled Amortisation (excluding Balloons) (€)	Scheduled Amortisation (Including Balloons) (€)
Cut-Off	22,242,995	20,650,000	17,638,000	16,300,000	13,200,000	12,735,632		
1	22,115,958	20,650,000	17,568,000	16,300,000	13,133,750	12,685,948	2,155,472	2,155,472
2	21,989,969	20,650,000	17,505,000	16,300,000	13,067,500	12,636,264	1,998,831	1,998,831
3	21,865,013	20,650,000	17,441,000	16,300,000	13,001,250	12,586,580	1,707,965	1,707,965
4	21,738,921	20,650,000	17,376,000	16,300,000	12,935,000	12,536,896	1,308,521	1,308,521
5	21,609,541	20,650,000	17,305,000	16,300,000	12,870,750	12,487,212	1,448,050	1,448,050
6	21,478,997	20,650,000	17,238,000	16,300,000	12,806,500	12,437,528	1,525,289	1,525,289
7	21,349,394	20,650,000	17,170,000	16,300,000	12,742,250	12,387,844	1,430,315	1,430,315
8	21,218,613	20,575,000	17,101,000	16,300,000	12,678,000	12,338,160	1,590,176	1,590,176
9	21,082,464	20,500,000	17,024,000	16,300,000	12,621,250	12,288,476	1,684,431	1,684,431
10	20,947,180	20,425,000	16,953,000	16,300,000	12,564,500	12,238,792	1,497,588	1,497,588
11	20,812,742	20,350,000	16,881,000	16,300,000	12,507,750	12,189,108	1,551,805	1,551,805
12	20,677,081	20,265,000	16,808,000	16,300,000	12,451,000	12,139,424	2,248,366	2,248,366
13	20,536,115	20,180,000	16,727,000	16,300,000	12,367,500	12,089,740	2,475,511	2,475,511
14	20,395,917	20,095,000	16,652,000	16,300,000	12,284,000	12,040,056	2,686,122	2,686,122
15	20,256,466	20,010,000	16,576,000	16,300,000	12,200,500	11,990,372	2,363,849	2,363,849
16	20,115,747	19,917,500	16,499,000	16,300,000	12,117,000	11,940,688	1,930,943	1,930,943
17	19,969,787	19,825,000	16,414,000	16,300,000	12,022,000	11,891,004	2,048,729	2,048,729
18	19,824,495	19,732,500	16,335,000	-	11,927,000	11,841,320	2,007,047	18,307,047
19	19,679,848	19,640,000	16,255,000	-	11,832,000	11,791,636	930,831	369,344,920
20	19,533,885	19,540,000	16,176,000	-	11,737,000	11,741,952	973,647	973,647
21	19,384,672	19,440,000	16,094,000	-	11,701,500	11,692,268	993,397	993,397
22	19,234,117	19,340,000	-	-	11,666,000	11,642,584	905,739	16,999,739
23	19,084,101	19,240,000	-	-	11,630,500	11,592,900	861,950	861,950
24	18,932,721	19,135,000	-	-	11,595,000	11,543,216	877,314	877,314
25	18,776,238	19,030,000	-	-	11,595,000	11,493,532	940,917	940,917
26	18,620,211	18,925,000	-	-	11,595,000	11,443,849	554,710	146,837,960
27	18,464,613	-	-	-	11,595,000	11,394,166	377,281	88,302,281
28	18,307,600	-	-	-	11,595,000	11,344,483	379,696	379,696
29	18,145,556	-	-	-	11,595,000	11,294,800	399,727	399,727
30	17,983,856	-	-	-	11,595,000	-	336,700	11,631,500
31	17,822,471	-	-	-	11,595,000	-	251,385	34,359,385
32	17,659,619	-	-	-	-	-	252,852	11,847,852
33	17,491,811	-	-	-	-	-	257,808	257,808
34	17,324,231	-	-	-	-	-	257,580	257,580
35	17,156,848	-	-	-	-	-	257,383	257,383
36	16,987,943	-	-	-	-	-	258,905	89,258,905
37	16,827,943	-	-	-	-	-	160,000	27,910,000
38	-	-	-	-	-	-	-	16,827,943
39	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-

Scenario 1: 0% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 0% annual Constant Prepayment Rate (**CPR**).

	Loan	Note Balance (End of Period)						Subordination				
Period	Balance	Class A	Class B	Class C	Class D	Class E	Total	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	21.9%	13.9%	5.4%	0.7%	-
1	99.8%	99.7%	100.0%	100.0%	100.0%	100.0%	99.8%	22.0%	14.0%	5.4%	0.7%	-
2	99.6%	99.4%	100.0%	100.0%	100.0%	100.0%	99.6%	22.0%	14.0%	5.4%	0.7%	-
3	99.4%	99.3%	100.0%	100.0%	100.0%	100.0%	99.4%	22.0%	14.0%	5.4%	0.7%	-
4	99.3%	99.0%	100.0%	100.0%	100.0%	100.0%	99.3%	22.1%	14.0%	5.4%	0.7%	-
5	99.1%	98.8%	100.0%	100.0%	100.0%	100.0%	99.1%	22.1%	14.1%	5.4%	0.7%	-
6	98.9%	98.6%	100.0%	100.0%	100.0%	100.0%	98.9%	22.2%	14.1%	5.4%	0.7%	-
7	98.7%	98.4%	100.0%	100.0%	100.0%	100.0%	98.7%	22.2%	14.1%	5.4%	0.7%	-
8	98.5%	98.1%	100.0%	100.0%	100.0%	100.0%	98.5%	22.2%	14.2%	5.5%	0.7%	-
9	98.4%	97.9%	100.0%	100.0%	100.0%	100.0%	98.4%	22.3%	14.2%	5.5%	0.7%	-
10	98.2%	97.7%	100.0%	100.0%	100.0%	100.0%	98.2%	22.3%	14.2%	5.5%	0.7%	-
11	97.9%	97.3%	100.0%	100.0%	100.0%	100.0%	97.9%	22.4%	14.2%	5.5%	0.7%	-
12	97.6%	97.0%	100.0%	100.0%	100.0%	100.0%	97.6%	22.4%	14.3%	5.5%	0.7%	-
13	97.3%	96.6%	100.0%	100.0%	100.0%	100.0%	97.3%	22.5%	14.3%	5.5%	0.7%	-
14	97.1%	96.2%	100.0%	100.0%	100.0%	100.0%	97.1%	22.6%	14.4%	5.5%	0.7%	-
15	96.8%	95.9%	100.0%	100.0%	100.0%	100.0%	96.8%	22.6%	14.4%	5.6%	0.7%	-
16	96.6%	95.6%	100.0%	100.0%	100.0%	100.0%	96.6%	22.7%	14.4%	5.6%	0.7%	-
17	94.5%	93.5%	98.0%	98.0%	98.0%	100.0%	94.5%	22.8%	14.5%	5.6%	0.7%	-
18	51.9%	51.0%	53.6%	53.6%	53.6%	100.0%	51.9%	23.2%	15.0%	6.1%	1.3%	-
19	51.8%	50.9%	53.6%	53.6%	53.6%	100.0%	51.8%	23.3%	15.0%	6.2%	1.3%	-
20	51.7%	50.7%	53.6%	53.6%	53.6%	100.0%	51.7%	23.3%	15.1%	6.2%	1.3%	-
21	49.7%	48.8%	51.7%	51.7%	51.7%	96.4%	49.7%	23.4%	15.1%	6.2%	1.3%	-
22	49.6%	48.7%	51.7%	51.7%	51.7%	96.4%	49.6%	23.4%	15.1%	6.2%	1.3%	-
23	49.5%	48.5%	51.7%	51.7%	51.7%	96.4%	49.5%	23.5%	15.2%	6.2%	1.3%	-
24	49.4%	48.4%	51.7%	51.7%	51.7%	96.4%	49.4%	23.5%	15.2%	6.2%	1.3%	-
25	32.5%	30.2%	39.7%	39.7%	39.7%	74.0%	32.5%	27.5%	17.7%	7.3%	1.5%	-
26	22.3%	19.2%	32.3%	32.3%	32.3%	60.3%	22.3%	32.6%	21.1%	8.6%	1.8%	-
27	22.3%	19.2%	32.3%	32.3%	32.3%	60.3%	22.3%	32.7%	21.1%	8.6%	1.8%	-
28	22.2%	19.1%	32.3%	32.3%	32.3%	60.3%	22.2%	32.7%	21.1%	8.7%	1.8%	-
29	20.9%	17.7%	31.4%	31.4%	31.4%	58.5%	20.9%	33.8%	21.8%	8.9%	1.9%	-
30	16.9%	13.6%	28.1%	28.1%	28.1%	52.4%	16.9%	37.4%	24.1%	9.9%	2.1%	-
31	15.5%	11.8%	28.1%	28.1%	28.1%	52.4%	15.5%	40.7%	26.2%	10.8%	2.2%	-
32	15.5%	11.8%	28.1%	28.1%	28.1%	52.4%	15.5%	40.7%	26.3%	10.8%	2.2%	-
33	15.5%	11.7%	28.1%	28.1%	28.1%	52.4%	15.5%	40.8%	26.3%	10.8%	2.2%	-
34	15.4%	11.7%	28.1%	28.1%	28.1%	52.4%	15.4%	40.9%	26.4%	10.8%	2.2%	-
35	5.2%	-	-	-	-	-	-	-	-	-	-	-
36	1.9%	-	-	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-	-	-	-
Average Life	5.9	5.7	6.3	6.3	6.3	7.7	5.9					

Scenario 2: 2.5% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 2.5% annual CPR.

	Loan	Note Balance (End of Period)						Subordination				
Period	Balance	Class A	Class B	Class C	Class D	Class E	Total	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	21.9%	13.9%	5.4%	0.7%	-
1	99.1%	99.0%	99.5%	99.5%	99.5%	100.0%	99.1%	22.0%	14.0%	5.4%	0.7%	-
2	98.3%	98.1%	99.1%	99.1%	99.1%	99.9%	98.3%	22.1%	14.1%	5.4%	0.7%	-
3	97.6%	97.2%	98.6%	98.6%	98.6%	99.9%	97.5%	22.2%	14.1%	5.4%	0.7%	-
4	96.8%	96.4%	98.2%	98.2%	98.2%	99.9%	96.8%	22.2%	14.2%	5.5%	0.7%	-
5	96.0%	95.5%	97.7%	97.7%	97.7%	99.8%	96.0%	22.3%	14.2%	5.5%	0.7%	-
6	95.2%	94.6%	97.3%	97.3%	97.3%	99.8%	95.2%	22.4%	14.3%	5.5%	0.7%	-
7	94.5%	93.8%	96.8%	96.8%	96.8%	99.8%	94.4%	22.5%	14.3%	5.5%	0.7%	-
8	93.7%	92.9%	96.4%	96.4%	96.4%	99.7%	93.7%	22.6%	14.4%	5.6%	0.7%	-
9	92.9%	92.0%	95.9%	95.9%	95.9%	99.7%	92.9%	22.7%	14.4%	5.6%	0.7%	-
10	92.2%	91.2%	95.5%	95.5%	95.5%	99.7%	92.2%	22.7%	14.5%	5.6%	0.7%	-
11	91.3%	90.3%	95.1%	95.1%	95.1%	99.6%	91.3%	22.8%	14.5%	5.6%	0.7%	-
12	90.5%	89.3%	94.6%	94.6%	94.6%	99.6%	90.5%	23.0%	14.6%	5.7%	0.7%	-
13	89.6%	88.3%	94.2%	94.2%	94.2%	99.6%	89.6%	23.1%	14.7%	5.7%	0.7%	-
14	88.8%	87.4%	93.8%	93.8%	93.8%	99.5%	88.8%	23.2%	14.8%	5.7%	0.7%	-
15	88.1%	86.5%	93.3%	93.3%	93.3%	99.5%	88.1%	23.3%	14.8%	5.7%	0.7%	-
16	87.3%	85.7%	92.9%	92.9%	92.9%	99.5%	87.3%	23.4%	14.9%	5.8%	0.8%	-
17	84.8%	83.1%	90.7%	90.7%	90.7%	99.5%	84.8%	23.5%	15.0%	5.8%	0.8%	-
18	46.3%	45.0%	49.3%	49.3%	49.3%	99.4%	46.3%	24.1%	15.6%	6.4%	1.4%	-
19	45.9%	44.6%	49.2%	49.2%	49.2%	99.3%	45.9%	24.2%	15.7%	6.5%	1.4%	-
20	45.5%	44.1%	49.0%	49.0%	49.0%	99.3%	45.5%	24.3%	15.7%	6.5%	1.4%	-
21	43.5%	42.1%	47.1%	47.1%	47.1%	95.6%	43.5%	24.5%	15.8%	6.6%	1.5%	-
22	43.2%	41.7%	47.0%	47.0%	47.0%	95.4%	43.2%	24.6%	15.9%	6.6%	1.5%	-
23	42.8%	41.3%	46.8%	46.8%	46.8%	95.3%	42.8%	24.7%	16.0%	6.6%	1.5%	-
24	42.4%	40.8%	46.7%	46.7%	46.7%	95.2%	42.4%	24.9%	16.1%	6.7%	1.5%	-
25	27.7%	25.2%	35.7%	35.7%	35.7%	72.9%	27.7%	29.1%	18.9%	7.8%	1.7%	-
26	18.9%	15.8%	29.0%	29.0%	29.0%	59.2%	18.9%	34.7%	22.5%	9.3%	2.1%	-
27	18.8%	15.6%	29.0%	29.0%	29.0%	59.1%	18.8%	34.9%	22.6%	9.4%	2.1%	-
28	18.6%	15.5%	28.9%	28.9%	28.9%	58.9%	18.6%	35.1%	22.7%	9.4%	2.1%	-
29	17.4%	14.1%	28.0%	28.0%	28.0%	57.0%	17.4%	36.4%	23.6%	9.8%	2.2%	-
30	14.0%	10.7%	25.0%	25.0%	25.0%	51.0%	14.0%	40.4%	26.2%	10.8%	2.4%	-
31	12.8%	9.1%	25.0%	25.0%	25.0%	51.0%	12.8%	44.2%	28.6%	11.9%	2.6%	-
32	12.7%	9.0%	25.0%	25.0%	25.0%	51.0%	12.7%	44.6%	28.9%	12.0%	2.7%	-
33	12.6%	8.9%	25.0%	25.0%	25.0%	51.0%	12.6%	45.0%	29.1%	12.1%	2.7%	-
34	12.5%	8.7%	25.0%	25.0%	25.0%	51.0%	12.5%	45.4%	29.4%	12.2%	2.7%	-
35	4.1%	-	-	-	-	-	-	-	-	-	-	-
36	1.5%	-	-	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-	-	-	-
Average Life	5.5	5.3	5.9	5.9	5.9	7.7	5.4					

Scenario 3: 5.0% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 5.0% annual CPR.

	Loan	Note Balance (End of Period)						Subordination				
Period	Balance	Class A	Class B	Class C	Class D	Class E	Total	Class A	Class B	Class C	Class D	Class E
Closing	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	21.9%	13.9%	5.4%	0.7%	-
1	98.5%	98.3%	99.1%	99.1%	99.1%	99.9%	98.5%	22.1%	14.0%	5.4%	0.7%	-
2	97.1%	96.7%	98.1%	98.1%	98.1%	99.9%	97.0%	22.2%	14.1%	5.5%	0.7%	-
3	95.7%	95.2%	97.2%	97.2%	97.2%	99.8%	95.7%	22.3%	14.2%	5.5%	0.7%	-
4	94.3%	93.7%	96.3%	96.3%	96.3%	99.7%	94.3%	22.4%	14.3%	5.5%	0.7%	-
5	92.9%	92.2%	95.4%	95.4%	95.4%	99.7%	92.9%	22.5%	14.4%	5.6%	0.7%	-
6	91.6%	90.7%	94.5%	94.5%	94.5%	99.6%	91.6%	22.7%	14.4%	5.6%	0.7%	-
7	90.3%	89.2%	93.7%	93.7%	93.7%	99.5%	90.3%	22.8%	14.5%	5.6%	0.7%	-
8	88.9%	87.8%	92.8%	92.8%	92.8%	99.5%	88.9%	22.9%	14.6%	5.7%	0.7%	-
9	87.6%	86.4%	91.9%	91.9%	91.9%	99.4%	87.6%	23.0%	14.7%	5.7%	0.8%	-
10	86.4%	85.0%	91.1%	91.1%	91.1%	99.3%	86.4%	23.2%	14.8%	5.7%	0.8%	-
11	85.0%	83.5%	90.2%	90.2%	90.2%	99.3%	85.0%	23.3%	14.9%	5.8%	0.8%	-
12	83.7%	82.0%	89.4%	89.4%	89.4%	99.2%	83.7%	23.5%	15.0%	5.8%	0.8%	-
13	82.4%	80.6%	88.6%	88.6%	88.6%	99.1%	82.4%	23.6%	15.1%	5.9%	0.8%	-
14	81.1%	79.1%	87.7%	87.7%	87.7%	99.1%	81.1%	23.8%	15.2%	5.9%	0.8%	-
15	79.9%	77.8%	86.9%	86.9%	86.9%	99.0%	79.9%	23.9%	15.3%	6.0%	0.8%	-
16	78.7%	76.5%	86.1%	86.1%	86.1%	99.0%	78.7%	24.1%	15.4%	6.0%	0.8%	-
17	76.0%	73.7%	83.6%	83.6%	83.6%	98.9%	76.0%	24.3%	15.5%	6.1%	0.9%	-
18	41.2%	39.6%	45.2%	45.2%	45.2%	98.8%	41.2%	24.9%	16.2%	6.8%	1.6%	-
19	40.6%	38.9%	45.0%	45.0%	45.0%	98.7%	40.6%	25.2%	16.3%	6.8%	1.6%	-
20	40.0%	38.2%	44.7%	44.7%	44.7%	98.5%	40.0%	25.4%	16.5%	6.9%	1.6%	-
21	38.0%	36.2%	42.8%	42.8%	42.8%	94.7%	38.0%	25.6%	16.6%	7.0%	1.7%	-
22	37.4%	35.5%	42.6%	42.6%	42.6%	94.5%	37.4%	25.8%	16.8%	7.0%	1.7%	-
23	36.9%	34.9%	42.3%	42.3%	42.3%	94.2%	36.9%	26.1%	16.9%	7.1%	1.7%	-
24	36.3%	34.3%	42.1%	42.1%	42.1%	94.0%	36.3%	26.3%	17.1%	7.2%	1.7%	-
25	23.6%	20.8%	32.1%	32.1%	32.1%	71.7%	23.6%	30.9%	20.1%	8.4%	2.0%	-
26	16.0%	12.9%	26.0%	26.0%	26.0%	58.0%	16.0%	37.0%	24.0%	10.1%	2.4%	-
27	15.7%	12.6%	25.9%	25.9%	25.9%	57.8%	15.7%	37.4%	24.3%	10.2%	2.4%	-
28	15.5%	12.4%	25.7%	25.7%	25.7%	57.5%	15.5%	37.7%	24.5%	10.3%	2.5%	-
29	14.4%	11.2%	24.9%	24.9%	24.9%	55.5%	14.4%	39.3%	25.5%	10.7%	2.6%	-
30	11.5%	8.3%	22.2%	22.2%	22.2%	49.5%	11.5%	43.8%	28.4%	11.9%	2.9%	-
31	10.4%	6.9%	22.2%	22.2%	22.2%	49.5%	10.4%	48.3%	31.3%	13.2%	3.1%	-
32	10.3%	6.7%	22.2%	22.2%	22.2%	49.5%	10.3%	49.0%	31.8%	13.3%	3.2%	-
33	10.1%	6.5%	22.2%	22.2%	22.2%	49.5%	10.1%	49.7%	32.3%	13.5%	3.2%	-
34	10.0%	-	-	-	-	-	-	-	-	-	-	-
35	3.3%	-	-	-	-	-	-	-	-	-	-	-
36	1.2%	-	-	-	-	-	-	-	-	-	-	-
37	-	-	-	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-	-
39	-	-	-	-	-	-	-	-	-	-	-	-
40	-	-	-	-	-	-	-	-	-	-	-	-
Average Life	5.1	4.9	5.5	5.5	5.5	7.5	5.0					

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be €867,950,000. An amount of €867,350,000 will be invested by the Issuer in the Cash Deposit Account held with Barclays Bank PLC. The Issuer will deposit €600,000 from the proceeds of the Notes into the Class X Principal Account. Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Barclays Bank PLC.

DESCRIPTION OF THE NOTES

The information set out below has been obtained from sources that the Issuer believes to be reliable and the Issuer accepts responsibility for correctly reproducing this information, but prospective investors are advised to make their own enquiries as to such procedures. In particular, such information is subject to any change in or reinterpretation of the rules, regulations and procedures of the Clearing Systems currently in effect, and investors wishing to use the facilities of any of the Clearing Systems are therefore advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Registrar, the Exchange Agent, the Trustee, the Arranger, the Lead Manager or any party to the Agency Agreement (or any affiliate of any of the above, or any person by whom any of the above is controlled for the purposes of the Securities Act) will have any responsibility for the performance by the Clearing Systems or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations or for the sufficiency for any purpose of the arrangements described below.

General

Each Class of Notes will be represented on issue by one or more Regulation S Global Notes and one or more Rule 144A Global Notes in fully registered form without interest coupons (all such Global Notes being herein referred to as the **Global Notes**).

Each Regulation S Global Note will be deposited on the Closing Date with, and registered in the name of The Bank of New York (in such capacity, the **Common Depositary**), on behalf of Euroclear and Clearstream, Luxembourg.

Each Rule 144A Global Note will be deposited with and registered in the name of, or a nominee of, the Common Depositary, for the account of Euroclear and Clearstream, Luxembourg on the Closing Date.

Global Notes will be issued in minimum denominations of €50,000 and integral multiples of €1,000.

Holding of Beneficial Interests in Global Notes

Ownership of beneficial interests in respect of Global Notes will be limited to persons that have accounts with Euroclear or Clearstream, Luxembourg (**direct participants**) or persons that hold beneficial interests in the Global Notes through participants (**indirect participants** and, together with direct participants, **participants**), including, as applicable, banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with Euroclear or Clearstream, Luxembourg either directly or indirectly. Indirect participants will also include persons that hold beneficial interests through such indirect participants. Beneficial interests in Global Notes will not be held in definitive form. Instead, Euroclear and Clearstream, Luxembourg, as applicable, will credit the participants' accounts with the respective interests beneficially owned by such participants on each of their respective book-entry registration and transfer systems. Ownership of beneficial interests in Global Notes will be shown on, and transfers of beneficial interests therein will be effected only through, records maintained by Euroclear or Clearstream, Luxembourg (with respect to the interests of their participants) and on the records of participants or indirect participants (with respect to the interests of their participants) and a register (the **Register**) maintained by The Bank of New York in its capacity as registrar (the **Registrar**). The laws of some jurisdictions or other applicable rules may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may therefore impair the ability of persons within such jurisdictions or otherwise subject to the laws thereof to own, transfer or pledge beneficial interests in the Global Notes.

Except as set forth below under "*Issuance of Definitive Notes*" on page 380, participants or indirect participants will not be entitled to have Notes registered in their names, will not receive or be entitled to receive physical delivery of Notes in definitive registered form and will not be considered the holders thereof under the Trust Deed. Accordingly, each person holding a beneficial interest in a

Global Note must rely on the rules and procedures of Euroclear or Clearstream, Luxembourg, as the case may be, and indirect participants must rely on the procedures of the participant or indirect participants through which such person owns its beneficial interest in the relevant Global Note to exercise any rights and obligations of a holder of Notes under the Trust Deed.

Unlike legal owners or holders of the Notes, holders of beneficial interests in the Global Notes will not have the right under the Trust Deed to act upon solicitations by the Issuer of consents or requests by the Issuer for waivers or other actions from Noteholders. Instead, a holder of a beneficial interest in a Global Note will be permitted to act only to the extent it has received appropriate proxies to do so from Euroclear or Clearstream, Luxembourg and, if applicable, their participants. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable holders of beneficial interests in Global Notes to vote on any requested actions on a timely basis. Similarly, upon the occurrence of a Note Event of Default under the Notes, holders of beneficial interests in the Global Notes will be restricted to acting through Euroclear and Clearstream, Luxembourg unless and until Definitive Notes are issued in accordance with the Conditions. There can be no assurance that the procedures to be implemented by Euroclear, and Clearstream, Luxembourg under such circumstances will be adequate to ensure the timely exercise of remedies under the Trust Deed.

Purchasers of beneficial interests in a Global Note issued pursuant to Rule 144A will hold such beneficial interests in the Rule 144A Global Note relating thereto. Investors may hold their beneficial interests in respect of a Rule 144A Global Note directly through Euroclear and Clearstream, Luxembourg if they are account holders in such systems, or indirectly if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. All beneficial interests in the Rule 144A Global Notes held by the Common Depositary or its nominee will be subject to the procedures and requirements of Euroclear and Clearstream, Luxembourg.

For further information regarding the purchase of beneficial interests in Global Notes issued pursuant to Rule 144A, see "*Transfer Restrictions*" on page 442.

Purchasers of beneficial interests in a Global Note issued pursuant to Regulation S will hold such beneficial interests in the Regulation S Global Note relating thereto. Investors may hold their beneficial interests in respect of a Regulation S Global Note directly through Euroclear or Clearstream, Luxembourg, if they are account holders in such systems, or indirectly through organisations which are account holders in such systems. Euroclear and Clearstream, Luxembourg will hold beneficial interests in each Regulation S Global Note on behalf of their account holders through securities accounts in the respective account holders' names on Euroclear's and Clearstream, Luxembourg's respective book-entry registration and transfer systems.

For further information regarding the purchase of beneficial interests in Global Notes issued pursuant to Regulation S, see "*Transfer Restrictions*" on page 442.

Although Euroclear and Clearstream, Luxembourg have agreed to certain procedures to facilitate transfer of beneficial interests in the Global Notes among account holders of Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Trustee, the Registrar, the Agents or any of their respective agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants or account holders of their respective obligations under the rules and procedures governing their operations.

Payments on Global Notes

Each payment of interest on and repayment of principal of the Notes shall be made in accordance with the Agency Agreement.

Payments of any amounts owing in respect of the Global Notes will be made by the Issuer, in euros as follows.

Payments of such amounts in respect of the Regulation S Global Notes and the Rule 144A Global Notes shall be made to the Common Depositary for Euroclear or Clearstream, Luxembourg, or its nominee which will distribute such payments to participants who hold beneficial interests in the Regulation S Global Notes or the Rule 144A Global Notes shall, as the case may be, in accordance with the procedures of Euroclear or Clearstream, Luxembourg.

Under the terms of the Trust Deed, the Issuer and the Trustee will treat the registered holders of Global Notes as the owners thereof for the purposes of receiving payments and for all other purposes. Consequently, none of the Issuer, the Trustee or any agent of the Issuer or the Trustee has or will have any responsibility or liability for:

(a) any aspect of the records of Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest in a Global Note or for maintaining, supervising or reviewing any of the records of Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant relating to or payments made on account of a beneficial interest in a Global Note; or

(b) Euroclear and/or Clearstream, Luxembourg or any participant or indirect participant.

The Trustee is entitled to rely on any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg for determining the identity of the several persons who are for the time being the beneficial holders of any beneficial interest in a Global Note.

All such payments will be distributed without deduction or withholding for any taxes, duties, assessments or other governmental charges of whatever nature except as may be required by law. If any such deduction or withholding is required to be made, then neither the Issuer nor any other person will be obliged to pay additional amounts in respect thereof.

In accordance with the rules and procedures for the time being of Euroclear or, as the case may be, Clearstream, Luxembourg, after receipt of any payment by the Common Depositary or its nominee, the respective systems will promptly credit their participants' accounts with payments in amounts proportionate to their respective ownership of beneficial interests in the Global Notes as shown in the records of Euroclear or of Clearstream, Luxembourg. The Issuer expects that payments by participants to owners of beneficial interests in Global Notes held through such participants or indirect participants will be governed by standing customer instructions and customary practices, as is now the case with the securities held for the accounts of customers registered in "street name" or in the names of nominees for such customers. Such payments will be the responsibility of such participants or indirect participants. None of the Issuer, the Trustee, the Registrar, the Agents or any other agent of the Issuer, the Trustee or the Registrar will have any responsibility or liability for any aspect of the records of Euroclear or Clearstream, Luxembourg relating to or payments made by Euroclear or Clearstream, Luxembourg on account of a participant's ownership of beneficial interests in Global Notes or for maintaining, supervising or reviewing any records relating to a participant's ownership of beneficial interests in the Global Notes.

Book-Entry Ownership

Each Regulation S Global Note and Rule 144A Global Note will have an ISIN and a Common Code and will be deposited with the Common Depositary or its nominee, on behalf of Euroclear and Clearstream, Luxembourg.

Information Regarding Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have informed the Issuer as follows:

Custodial and depository links have been established between Euroclear and Clearstream, Luxembourg to facilitate the initial issue of the Regulation S Global Notes and the Rule 144A Global Notes and secondary market trading of beneficial interests in the Regulation S Global Notes and the Rule 144A Global Notes.

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depository and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are world-wide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

As Euroclear and Clearstream, Luxembourg act on behalf of their respective accountholders only, who in turn may act on behalf of their respective clients, the ability of beneficial owners who are not accountholders with Euroclear or Clearstream, Luxembourg to pledge interests in the Regulation S Global Notes or the Rule 144A Global Notes, as the case may be, to persons or entities that are not accountholders with Euroclear or Clearstream, Luxembourg, or otherwise take action in respect of interests in the Regulation S Global Notes or the Rule 144A Global Notes, as the case may be, may be limited.

The Issuer understands that under existing industry practices, if either the Issuer or the Trustee requests any action of owners of beneficial interests in Global Notes or if an owner of a beneficial interests in a Global Note desires to give instructions or take any action that a holder is entitled to give or take under the Trust Deed, Euroclear or Clearstream, Luxembourg, as the case may be, would authorise the direct participants owning the relevant beneficial interests to give instructions or take such action, and such direct participants would authorise indirect participants to give or take such action or would otherwise act upon the instructions of such indirect participants.

Transfer and Transfer Restrictions

All transfers of beneficial interests in Global Notes will be recorded in accordance with the book-entry systems maintained by Euroclear or Clearstream, Luxembourg, as applicable, pursuant to customary procedures established by each respective system and its participants.

Each Rule 144A Global Note will bear a legend substantially identical to that appearing in paragraph (d) under "*Transfer Restrictions*" on page 442, and no Rule 144A Global Note nor any beneficial interest in such Rule 144A Global Note may be transferred except in compliance with the transfer restrictions set forth in such legend. A beneficial interest in a Rule 144A Global Note of one class may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note of the same class, whether before or after the expiration of the Note Distribution Compliance Period, only upon receipt by the Registrar of a written certification from the transferor (in the form provided in the Agency Agreement) to the effect that such transfer is being made to a non-U.S. person and in accordance with Rule 903 or Rule 904 of Regulation S or Rule 144A under the Securities Act (if available) and that, if such transfer occurs prior to the expiration of the Note Distribution Compliance Period, the interest transferred will be held immediately thereafter through Euroclear or Clearstream, Luxembourg.

A person acquiring a beneficial interest in a Rule 144A Global Note shall be deemed to have agreed to be bound by the transfer restrictions applicable to such Global Note and may be requested to agree in writing to be so bound.

Each Regulation S Global Note will bear a legend substantially identical to that appearing in paragraph (f) under "*Transfer Restrictions*" on page 442. Until and including the 40th day after the later of the commencement of the offering of the Notes and the closing date for the offering of the Notes (the **Note Distribution Compliance Period**), beneficial interests in a Regulation S Global Note may be held only through Euroclear or Clearstream, Luxembourg. Prior to the expiration of the Note

Distribution Compliance Period a beneficial interest in a Regulation S Global Note of one class may be transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note of the same class only upon receipt by the Registrar of written certification from the transferor (in the form provided in the Agency Agreement) to the effect that such transfer is being made to a person whom the transferor reasonably believes is purchasing for its own account or for an account or accounts as to which it exercises sole investment discretion and that such person and such account or accounts is a qualified institutional buyer within the meaning of Rule 144A and a qualified purchaser within the meaning of section 2(a)(51) of the Investment Company Act, and the rules and regulations thereunder, in each case, in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any state of the United States or any other jurisdiction.

Any beneficial interest in a Regulation S Global Note of one class that is transferred to a person who takes delivery in the form of a beneficial interest in a Rule 144A Global Note of the same class will, upon transfer, cease to be represented by a beneficial interest in such Regulation S Global Note and will become represented by a beneficial interest in such Rule 144A Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Rule 144A Global Note for as long as it remains such a beneficial interest. Any beneficial interest in a Rule 144A Global Note of one class that is transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note of the same class will, upon transfer, cease to be represented by a beneficial interest in such Rule 144A Global Note and will become represented by a beneficial interest in such Regulation S Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to beneficial interests in a Regulation S Global Note as long as it remains such a beneficial interest.

In order to comply with rules of ERISA, the Notes may not be transferred to any retirement plan or other employee benefit plan or arrangement, regardless of whether such plan or arrangement is subject to ERISA or corresponding sections of the U.S. Internal Revenue Code, except under the conditions described herein under "*U.S. ERISA Considerations*" on page 433. Each owner of a beneficial interest in the Notes will be deemed to represent that it complies with such transfer restrictions and any transfer in violation of such restrictions will be void *ab initio*.

For further information about ERISA restrictions in respect to the Notes, see "*U.S. ERISA Considerations*" on page 433.

Transfer of Global Notes

The Regulation S Global Notes and the Rule 144A Global Notes may be transferred by the Common Depositary only to a successor Common Depositary.

Issuance of Definitive Notes

Holders of beneficial interests in a Global Note will be entitled to receive Definitive Notes representing Notes of the relevant class in registered form in exchange for their respective holdings of beneficial interests only if:

(a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of Ireland or any other jurisdiction (or of any political sub-division thereof or of any authority therein or thereof having power to tax) or in the interpretation or administration of such laws or regulations which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive registered form.

Any Definitive Notes issued in exchange for beneficial interests in a Global Note will be registered by the Registrar in such name or names as instructed by Euroclear or Clearstream, Luxembourg (held by or on behalf of the Common Depositary). It is expected that such instructions will be based upon directions received by Euroclear or Clearstream, Luxembourg from their participants with respect to ownership of the relevant beneficial interests. In no event will Definitive Notes be issued in bearer form.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes in the form in which (subject to modification) they will be set out in the Trust Deed. The Conditions set out below will apply to the Notes in global form.

The issue of the €677,250,000 Class A Floating Rate Notes due November 2022 (the **Class A Notes**), the €600,000 Class X Floating Rate Notes due November 2022 (the **Class X Notes**), the €69,150,000 Class B Floating Rate Notes due November 2022 (the **Class B Notes**), the €74,300,000 Class C Floating Rate Notes due November 2022 (the **Class C Notes**), the €40,900,000 Class D Floating Rate Notes due November 2022 (the **Class D Notes**) and the €5,750,000 Class E Floating Rate Notes due November 2022 (the **Class E Notes** and, together with the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes, the **Notes**) by JUNO (ECLIPSE 2007-2) LTD (the **Issuer**) was authorised by a resolution of the board of directors of the Issuer passed on or about 23 May 2007.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated on or about 30 May 2007 (the **Closing Date**) made between the Issuer and BNY Corporate Trustee Services Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustees under the Trust Deed as trustees for the holders of the Notes (the **Noteholders**)).

On the Closing Date, the proceeds of the issue of the Notes will be invested by the Issuer in a cash deposit account (the **Cash Deposit Account**) held by Barclays Bank PLC (in such capacity, the **Cash Deposit Bank**), in accordance with the cash deposit account agreement (the **Cash Deposit Account Agreement**). Such amounts held in the Cash Deposit Account will be used to make payments under the Notes.

References in these terms and conditions (the **Conditions**) to the Notes shall include reference to:

(a) whilst the Notes are represented by a Global Note, units of €50,000 (as reduced by any redemption in part of a Note pursuant to **Condition 6** (*Redemption*));

(b) any Global Note; and

(c) any Definitive Notes issued in exchange for a Global Note.

References herein to interest include references to any interest deferred in accordance with **Condition 16.1** (*Interest*) and interest on such deferred interest, unless the context otherwise requires.

The Noteholders are subject to and have the benefit of an agency agreement (the **Agency Agreement,** as amended and/or supplemented from time to time) dated the Closing Date between the Issuer, The Bank of New York as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in respect of the Notes) and as agent bank (in such capacity, the **Agent Bank**, which expression includes any successor agent bank appointed from time to time in connection with the Notes) and AIB/BNY Fund Management Ireland Limited as Irish paying agent (the **Irish Paying Agent**, which expression includes any successor Irish paying agent appointed from time to time in connection with the Notes and together with the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Notes, the **Paying Agents**) and the Trustee.

The security for the Notes is granted or created pursuant to a deed of charge governed under English law (the **Issuer Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions of such Issuer Deed of Charge and any deed or other document expressed to be supplemental thereto as from time to time so modified) dated the Closing Date and made between, among others, the Issuer and the Trustee.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Issuer Deed of Charge applicable to them and all the provisions of the other Transaction Documents (including the Cash Management Agreement, the Bank Account Agreement, the Corporate Services Agreement, the Liquidity Facility Agreement, the Credit Default Swap Agreement, the Cash Deposit Agreement, the Repurchase Agreement, the Custody Agreement, the Servicing Agreement, the Subscription Agreement and the Master Definitions Schedule (each a **Transaction Document** and together, the **Transaction Documents**), each as defined in the master definitions schedule signed for identification by, among others, the Issuer and the Trustee on or about the Closing Date (the **Master Definitions Schedule**)).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Issuer Deed of Charge and the other Transaction Documents. Capitalised terms used in these Conditions but not otherwise defined shall have the meanings set out in the Master Definitions Schedule. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule.

As used in these Conditions:

(a) a reference to a **Class of Notes** or to a **Class of Noteholders** shall be a reference to the Class A Notes or the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes or, as the case may be, the respective holders thereof and **Classes**, in a similar context, shall be construed accordingly; and

(b) **Most Senior Class of Notes** means:

(i) the Class A Notes; or

(ii) if no Class A Notes are then outstanding, the Class B Notes (if, at any time, any Class B Notes are then outstanding); or

(iii) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (if, at any time, any Class C Notes are then outstanding); or

(iv) if no Class A Notes, Class B Notes or Class C Notes are then outstanding, the Class D Notes (if, at any time, any Class D Notes are then outstanding); or

(v) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are then outstanding, the Class E Notes (if, at any time, any Class E Notes are then outstanding).

The Class X Notes can never be the Most Senior Class of Notes.

Copies of each of the Transaction Documents are available to Noteholders for inspection at the specified office of each of the Trustee and the Irish Paying Agent.

1. GLOBAL NOTES

1.1 Rule 144A Global Notes

The Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes initially offered and sold in the United States of America (the **United States**) to qualified institutional buyers (as defined in Rule 144A (**Rule 144A**) under the United States Securities Act of 1933, as amended (the **Securities Act**)) that are also "qualified purchasers" within the meaning of Section (2)(a)(51) of the Investment Company Act (the **Qualified Purchasers**) and the rules and regulations thereunder, in reliance on Rule 144A will initially each be represented by a permanent global note in fully registered form without any coupons attached (the **Class A Rule 144A Global Note**, the **Class X Rule 144A Global Note**, the **Class B Rule 144A Global Note**, the **Class C Rule 144A Global Note**, the

Class D Rule 144A Global Note and the **Class E Rule 144A Global Note** respectively, together, the **Rule 144A Global Notes** and each a **Rule 144A Global Note**). The Rule 144A Global Notes will be deposited with, and registered in the name of The Bank of New York (the **Common Depositary**) on behalf of Euroclear and Clearstream, Luxembourg .

1.2 Regulation S Global Notes

The Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes initially offered and sold outside the United States to non-U.S. persons in reliance on Regulation S (**Regulation S**) under the Securities Act will initially be represented by one or more permanent global notes in fully registered form for each class of Notes without any coupons attached (the **Class A Regulation S Global Note**, the **Class X Regulation S Global Note**, the **Class B Regulation S Global Note**, the **Class C Regulation S Global Note**, the **Class D Regulation S Global Note** and the **Class E Regulation S Global Note** respectively, together the **Regulation S Global Notes** and each a **Regulation S Global Note** and, together with the Rule 144A Global Notes, the **Global Notes**). The Regulation S Global Notes will each be deposited with, and registered in the name of the Common Depositary on behalf of Euroclear and Clearstream, Luxembourg.

1.3 Form and Title

Each Global Note shall be issued in fully registered form without any coupons attached.

Title to the Notes will pass upon registration of transfers in the register (the **Register**) which the Issuer will cause to be kept by The Bank of New York as registrar (the **Registrar**) at its specified office. The person in whose name a Note is registered at that time in the Register will, to the fullest extent permitted by applicable law, be deemed and be treated as the absolute owner of such Note by all persons and for all purposes regardless of any notice to the contrary, any notice of ownership, theft or loss, or of any trust or other interest in that Note or of any writing on that Note (other than the endorsed form of transfer).

No transfer of a Note will be valid unless and until entered on the Register. Transfers and exchanges of beneficial interests in the Global Notes and entries on the Register relating to the Notes will be made subject to any restrictions on transfers set forth on such Notes and the detailed regulations concerning transfers of such Notes contained in the Agency Agreement, the Trust Deed and the relevant legends appearing on the face of the Notes (such regulations and legends being the **Transfer Regulations**). Each transfer or purported transfer of a beneficial interest in a Global Note or a Definitive Note made in violation of the Transfer Regulations shall be void *ab initio* and will not be honoured by the Issuer or the Trustee. The Transfer Regulations may be changed by the Issuer with the prior written approval of the Trustee, acting in accordance with the provisions of **Condition 12** (*Meetings of Noteholders, Modification, Waiver, Substitution and Discretion*). A copy of the current Transfer Regulations will be sent by the Registrar to any holder of a Note who so requests and by the Principal Paying Agent to any holder of a Note who so requests, at the cost of the relevant Noteholder making such request.

Ownership of interests in respect of the Rule 144A Global Notes (**Restricted Book-Entry Interests**) will be limited to persons who have accounts with Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants and who are qualified institutional buyers (as defined in Rule 144A) and qualified purchasers (within the meaning of section 2(a)(51) of the Investment Company Act and the rules and regulations thereunder) and have purchased such interest in reliance on Rule 144A or have purchased such interest in accordance with the restrictions legended on the Rule 144A Global Notes. Ownership of interests in respect of the Regulation S Global Notes (the **Unrestricted Book-Entry Interests** and, together with the Restricted Book-Entry Interests, the **Book-Entry Interests**) will be limited to persons who have accounts with Euroclear and/or Clearstream, Luxembourg or persons who hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by

Euroclear Bank S.A./N.V. (as operator of the Euroclear System) (**Euroclear**, which term shall include any successive operator of the Euroclear System) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**, which term shall include any successor of Clearstream, Luxembourg) and their participants. Beneficial interests in a Regulation S Global Note may not be held by a U.S. Person (as defined in Regulation S under the Securities Act) at any time.

2. DEFINITIVE NOTES

2.1 Issue of Definitive Notes

A Global Note will be exchanged for definitive Notes of the relevant class in registered form (the **Definitive Notes**) in an aggregate principal amount equal to the Principal Amount Outstanding of the relevant Global Note only if, 40 days or more after the Closing Date, any of the following circumstances apply:

(a) either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is in existence; or

(b) as a result of any amendment to, or change in, the laws or regulations of Ireland or any other jurisdiction or any political sub-division thereof or of any authority therein or thereof having the power to tax, or in the interpretation or administration of such laws or regulations, which becomes effective on or after the Closing Date, the Issuer or any Paying Agent is or will be required to make any deduction or withholding from any payment in respect of the Notes which would not be required if the Notes were in definitive registered form.

If Definitive Notes are issued in accordance with the Trust Deed:

(a) the Book-Entry Interests represented by the Regulation S Global Note of each class shall be exchanged by the Issuer for Definitive Notes (each a **Regulation S Definitive Note** and together, the **Regulation S Definitive Notes**) of that class; and/or

(b) the Book-Entry Interests represented by the Rule 144A Global Note of each class shall be exchanged by the Issuer for Definitive Notes (each a **Rule 144A Definitive Note** and together, the **Rule 144A Definitive Notes**) of that class.

The aggregate principal amount of the Regulation S Definitive Notes and the Rule 144A Definitive Notes of each class to be issued will be equal to the aggregate Principal Amount Outstanding of the Regulation S Global Note or Rule 144A Global Note, as the case may be, at the date on which notice of such issue of Definitive Notes is given to the Noteholders for such class, subject to and in accordance with these Conditions, the Agency Agreement, the Trust Deed and such Global Note. The Definitive Notes will be issued in registered form only, in the initial denomination of €50,000 and integral multiples of €1,000 in excess thereof.

2.2 Title to and Transfer of Definitive Notes

Title to a Definitive Note will pass upon registration in the Register. Each Definitive Note will have a minimum original principal amount of €50,000 and will be serially numbered. A Definitive Note may be transferred in whole or in part provided that any partial transfer relates to an original principal amount of €50,000 upon surrender of such Definitive Note, at the specified office of the Registrar. In the case of a transfer of part only of a Definitive Note, a new Definitive Note in respect of the balance not transferred will be issued to the transferor. All transfers of Definitive Notes are subject to any restrictions on transfer set forth in such Definitive Notes and the Transfer Regulations.

Each new Definitive Note to be issued upon the transfer, in whole or in part, of a Definitive Note will, within five Business Days of receipt of the Definitive Note to be transferred, in whole or in part, (duly endorsed for transfer) at the specified office of the Registrar, be available for delivery at the specified office of the Registrar or be posted at the risk of the holder entitled to such new Definitive Note to such address as may be specified in the form of transfer.

Registration of a Definitive Note on transfer will be effected without charge by or on behalf of the Issuer or the Registrar, but upon payment of (or the giving of such indemnity as the Registrar may require in respect of) any tax or other government charges which may be imposed in relation to it and, only if the relevant Definitive Note is presented or surrendered for transfer and endorsed or accompanied by a written instrument of transfer in form satisfactory to the Registrar duly executed by the transferor Noteholder (or his attorney duly authorised in writing) and upon receipt of such certificates and other documents as shall be necessary to evidence compliance with the restrictions on transfer contained in the relevant Definitive Note, the Trust Deed and the Agency Agreement.

No transfer of a Definitive Note will be registered in the period beginning 15 Business Days before, or ending on the fifth Business Day after, each Note Interest Payment Date.

For the purposes of these Conditions:

(a) the **Noteholder** means (a) in respect of each Global Note, the person in whose name such Note is registered at that time in the Register, and (b) in respect of any Definitive Note issued under **Condition 2.1** (*Issue of Definitive Notes*) above, the person in whose name such Definitive Note is registered, subject as provided in **Condition 7.2** (*Payments*), and related expressions shall be construed accordingly; and

(b) references herein to **Notes** shall include the Global Notes and the Definitive Notes.

Class A Noteholders means Noteholders in respect of the Class A Notes;

Class X Noteholders means Noteholders in respect of the Class X Notes;

Class B Noteholders means Noteholders in respect of the Class B Notes;

Class C Noteholders means Noteholders in respect of the Class C Notes;

Class D Noteholders means Noteholders in respect of the Class D Notes; and

Class E Noteholders means Noteholders in respect of the Class E Notes.

3. STATUS, SECURITY AND PRIORITY OF PAYMENTS

3.1 Status and relationship between Classes of Notes

(a) The Class A Notes constitute direct, secured and unconditional obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves as provided in these Conditions and the Transaction Documents.

(b) The Class X Notes constitute direct, secured and unconditional obligations of the Issuer. The Class X Notes rank *pari passu* without preference or priority amongst themselves and junior (with respect to interest only) with the Class A Notes. The Class X Notes will be redeemed solely from amounts standing to the credit of the Class X Principal Account. Both before and after enforcement of the Issuer Security, the Class X Notes, with respect to payments of Class X Additional Amounts, do not rank against any other Notes with respect to such amounts.

(c) The Class B Notes constitute direct, secured and, subject as provided in **Condition 16** (*Subordination By Deferral*), unconditional obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and (with respect to interest only) the Class X Notes, as provided in these Conditions and the Transaction Documents.

(d) The Class C Notes constitute direct, secured and, subject as provided in **Condition 16** (*Subordination By Deferral*), unconditional obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, (with respect to interest only) the Class X Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents.

(e) The Class D Notes constitute direct, secured and, subject as provided in **Condition 16** (*Subordination By Deferral*), unconditional obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, (with respect to interest only) the Class X Notes, the Class B Notes and the Class C Notes, as provided in these Conditions and the Transaction Documents.

(f) The Class E Notes constitute direct, secured and, subject as provided in **Condition 16** (*Subordination By Deferral*), unconditional obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, (with respect to interest only) the Class X Notes, the Class B Notes, the Class C Notes and the Class D Notes, as provided in these Conditions and the Transaction Documents.

(g) The Trust Deed and the Issuer Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders equally as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to:

(i) the interests of the Class A Noteholders for so long as the Class A Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class A Noteholders; and

(B) the Class X Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Class E Noteholders; or

(ii) subject to paragraph (i) above, the interests of the Class B Noteholders for so long as the Class B Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class B Noteholders; and

(B) the Class X Noteholders, the Class C Noteholders, the Class D Noteholders and/or the Class E Noteholders; or

(iii) subject to paragraphs (i) and (ii) above, the interests of the Class C Noteholders for so long as the Class C Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class C Noteholders; and

(B) the Class X Noteholders, the Class D Noteholders and/or the Class E Noteholders; or

(iv) subject to paragraphs (i) to (iii) above, the interests of the Class D Noteholders for so long as the Class D Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class D Noteholders; and

(B) the Class X Noteholders and/or the Class E Noteholders; or

(v) subject to paragraphs (i) to (iv) above, the interests of the Class E Noteholders for so long as the Class E Noteholders are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class E Noteholders; and

(B) the Class X Noteholders; or

(vi) if in the opinion of the Trustee there is a conflict between the interests of the Class A Noteholders and any other Class of Noteholder:

(A) if a Sequential Trigger Event is not outstanding and if the conflict relates to the Category A Reference Obligation, the interests of the Class A Noteholders for so long as the Class A Notes are outstanding; and

(B) for the avoidance of doubt, if a Sequential Trigger Event is outstanding, the Class A Notes for so long as the Class A Notes are outstanding.

The Trustee is not required at any time to have regard to the interests of the Class X Noteholders or to act upon or comply with any direction or request of any Class X Noteholder (other than in respect of a Class X Consent Notice).

So long as any of the Notes remain outstanding, the Trustee is not required to have regard to the interests of any Issuer Secured Creditors (other than the Noteholders) or, at any time, any other person or to act upon or comply with any direction or request of any Issuer Secured Creditor or, at any time, any other person.

(h) The Trust Deed and the Issuer Deed of Charge contain provisions that the Trustee may be directed to act only by the holders of the Most Senior Class of Notes outstanding and subject to being indemnified and/or secured to its full satisfaction.

As used in these Conditions, **Issuer Secured Creditors** means the Noteholders, the Trustee, any receiver or other appointee of the Trustee, the Corporate Services Provider, the Calculation Agent, the Account Bank, the Cash Manager, the Liquidity Facility Provider, the Calculation Agent, the Swap Counterparty, the Repurchase Counterparty, the Custodian, the Cash Deposit Bank, the Agent Bank, the Principal Paying Agent, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement.

3.2 Issuer Security and Priority of Payments

The Issuer Security in respect of the Notes and the other payment obligations of the Issuer under the Transaction Documents is set out in the Issuer Deed of Charge and the Cash Management Agreement. The Cash Management Agreement contains the Priorities of Payments which regulate the priority of application of the Issuer Charged Property (and the

proceeds thereof) among the persons entitled thereto by the Cash Manager (acting on behalf of (a) the Issuer, prior to the Trustee having taken any steps to enforce the Issuer Security and (b) the Trustee, and with its consent, after the Trustee has taken any such steps to enforce the Issuer Security).

The Issuer Security will become enforceable on the occurrence of a Note Event of Default (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless:

(a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes; or

(b) the Trustee has been advised by such professional advisers as are selected by the Trustee upon whom the Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property; or

(c) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Issuer Charged Property means all of the property, assets, rights and undertakings of the Issuer whatsoever and wheresoever situated, present and future, for the time being held as security (whether fixed or floating) for the Issuer Security under or pursuant to the Issuer Deed of Charge and references to the Issuer Charged Property shall be construed as including (where appropriate) references to any part of it.

4. COVENANTS

4.1 Restrictions

Save with the prior written consent of the Trustee or as provided in these Conditions or as permitted by the Transaction Documents, the Issuer shall, so long as any of the Notes remains outstanding:

(a) *Negative pledge*

not (save for the Issuer Security) create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, assignment, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings, present and future, (including the Issuer Charged Property) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertakings present or future;

(b) *Restrictions on activities*

(i) not engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) not open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of the Trustee so as to form part of the Issuer Security (with the exception of the Issuer Share Capital Account);

(iii) not have any subsidiaries;

(iv) not own or lease any premises or have any employees (but shall procure that, at all times, it shall retain at least one independent director);

(v) not amend, supplement or otherwise modify its Memorandum and Articles of Association; or

(vi) not issue any further shares;

(c) *Separateness*

(i) not have any employees (except directors);

(ii) not establish or operate any pension scheme or similar arrangement;

(iii) not become liable in respect of any pension scheme or similar arrangement operated by any other person;

(iv) keep all books and records separate from any other person or entity;

(v) keep all accounts separate from those of any other person or entity;

(vi) not commingle assets with those of any other entity;

(vii) conduct its own business in its own name;

(viii) maintain separate financial records;

(ix) use separate stationery, invoices, and cheque books;

(x) hold itself out as a separate entity; and

(xi) correct any known misunderstanding regarding its separate identity.

(d) *Borrowings*

not incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes, or give any guarantee or indemnity in respect of any indebtedness or any other obligation of any person;

(e) *Merger*

not consolidate or merge with any other person or convey or transfer its properties or assets substantially as an entirety to any other person unless:

(i) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties or assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of Ireland, the objects of which

include the lending of money, giving of credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money and who shall expressly assume, by an instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all monies owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;

(ii) immediately after giving effect to such transaction, no Note Event of Default shall have occurred and be continuing;

(iii) such consolidation, merger, conveyance or transfer has been approved by Extraordinary Resolution of each Class of the Noteholders;

(iv) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;

(v) the Issuer shall have delivered to the Trustee a legal opinion of Irish lawyers acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with paragraphs (i) and (iv) above and are binding on the Issuer (or any successor thereto) or, as the case may be, the person referred to in paragraph (i) above;

(vi) the then current ratings of the Notes are not adversely affected by such consolidation, merger, conveyance or transfer;

(f) *Disposal of assets*

not transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(g) *Assets*

not own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time;

(h) *Dividends or distributions*

not pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Issuer Deed of Charge and the Declaration of Trust;

(i) *Centre of main interests*

not cause or allow its "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in, or maintain an "establishment" in, any jurisdiction other than Ireland;

(j) *U.S. Activities*

not engage in any activities in the United States (directly or through agents) or derive any income from United States sources as determined under United States income tax principles or hold any property if doing so would cause it to be engaged or deemed to be engaged in a trade or business within the United States as determined under United States tax principles;

(k) *Other*

not cause or permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property;

(l) *Bank accounts*

not have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(m) *Taxation*

not prejudice its status as a qualifying company within the meaning of Section 110 of the Taxes Consolidation Act 1997 of Ireland, as amended, or, if its cashflows would thereby be adversely affected, make an election pursuant to subsection (6)(b) of that section;

(n) *VAT*

not apply to become part of any group with any other company or group of companies for the purposes of section 8 of the Value Added Tax Act 1972 of Ireland, as amended, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, modify, codify, consolidate or repeal the Value Added Tax Act 1972 of Ireland, as amended;

(o) *Surrender of group relief*

not offer or consent to surrender to any company any amounts which are available for surrender by way of group relief under the provisions of the Irish Taxes Consolidation Act, 1997.

4.2 Master Servicer and Special Servicer

(a) On the Closing Date, the Swap Counterparty will appoint the Issuer as both the master servicer (the **Master Servicer**) and the special servicer (the **Special Servicer**) of the Reference Obligations. The Master Servicer and the Special Servicer will, again under the Servicing Agreement, appoint Barclays Capital Mortgage Servicing Limited (BCMS) as the sub master servicer (the **Sub Master Servicer**) and the sub special servicer (the **Sub Special Servicer**) to discharge their functions in accordance with the Servicing Agreement.

(b) The appointment of the Issuer as the Master Servicer and the Special Servicer will terminate in respect of a Reference Obligation in the event that the Swap Counterparty ceases to be the Holder of the Reference Obligations or any of them, as will the appointment of the Sub Master Servicer and the Sub Special Servicer. In this event, it will be a precondition to the payment of a Credit Protection Payment Amount that the relevant Reference Obligation has been serviced in accordance with the Servicing Standard as provided for in the Servicing Agreement.

4.3 Operating Adviser and Sub Special Servicer

For so long as the Swap Counterparty is the Holder of the Reference Obligations or any of them, the Controlling Creditor may:

(a) require the Issuer to appoint a representative (the **Operating Adviser)** to represent its interests in relation to the servicing of any Reference Obligation; and

(b) require the Issuer to terminate the appointment of the Sub Special Servicer and appoint an alternative entity to discharge the functions of the Sub Special Servicer.

The **Controlling Creditor** means, at any time, either:

(a) the holder of the most junior Class of Notes then having a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or

(b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

provided that in relation to a Tranched Reference Obligation, if the junior lender has a right under the relevant Intercreditor Agreement to appoint a Special Servicer or Operating Adviser, the Controlling Creditor in relation to that Tranched Reference Obligation and for these purposes only will be deemed to be that junior lender for so long as it is empowered to take such action under the relevant Intercreditor Agreement.

5. INTEREST

5.1 Period of accrual

The Notes will bear interest from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding of any Note from the due date for redemption unless, upon due presentation, payment of principal or any part thereof which is due is improperly withheld or refused or any other default is made in respect thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

5.2 Note Interest Payment Dates and Interest Periods

Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on 20 February, 20 May, 20 August and 20 November in each year or, if any such day is not a Business Day, the next succeeding Business Day (unless the next succeeding Business Day falls in the next calendar month, in which case that date will be the first preceding day that is a Business Day) (each, a **Note Interest Payment Date**). The first such payment is due on the Note Interest Payment Date falling in August 2007 in respect of the period from (and including) the Closing Date to (but excluding) that Note Interest Payment Date. Each period from (and including) a Note Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first) Note Interest Payment Date is in these Conditions called an **Interest Period**.

5.3 Rates of Interest

The rate of interest payable from time to time (the **Rate of Interest**) and the Interest Payment in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

(a) The Agent Bank will, at or as soon as practicable after 11.00 a.m. (Brussels time) on the day falling two Business Days before the first day of each Interest Period (each, an **Interest Determination Date**), determine the Rate of Interest applicable to each Class of Notes, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an **Interest Payment**), for such Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period will be equal to:

(i) in the case of the Class A Notes, EURIBOR (as determined in accordance with **Condition 5.3(b)** (*Determination of EURIBOR*)) plus a margin of 0.18 per cent. per annum;

(ii) in the case of the Class X Notes, the Class X Interest Rate;

(iii) in the case of the Class B Notes, EURIBOR (as so determined) plus a margin of 0.25 per cent. per annum;

(iv) in the case of the Class C Notes, EURIBOR (as so determined) plus a margin of 0.42 per cent. per annum;

(v) in the case of the Class D Notes, EURIBOR (as so determined) plus a margin of 0.90 per cent. per annum; and

(vi) in the case of the Class E Notes, EURIBOR (as so determined) plus a margin of 3.50 per cent. per annum.

The Interest Payment in relation to a Note of a particular Class (excluding the Class X Notes) shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 360 and rounding the resultant figure to the nearest cent (fractions of half a cent being rounded downwards).

The Interest Payment in relation to the Class X Notes shall be calculated by applying the Class X Interest Rate in accordance with **Condition 5.3** (*Rates of Interest*).

For the purposes of these Conditions:

Business Day means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin and which is a TARGET Business Day.

TARGET Business Day means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer (TARGET) System is open.

(b) Determination of EURIBOR

For the purposes of determining the Rate of Interest in respect of each Class of Notes under **Condition 5.3(a)** (*Rates of Interest*), EURIBOR will be determined by the Agent Bank on the basis of the following provisions:

(i) on each Interest Determination Date, the Agent Bank will determine the interest rate for three month euro deposits (or, in respect of the first such Interest Period, a linear interpolation of the rate for one month and two month euro deposits) in the Eurozone inter-bank market which appears on Moneyline Telerate Screen No. 248 (or (x) such other page as may replace Moneyline Telerate Screen No. 248 on that service and may be nominated as

the information vendor for the purpose of displaying such information or (y) if that service ceases to display such information, EURIBOR 01 Reuters) (the **EURIBOR Screen Rate**) at or about 11.00 a.m. (Luxembourg) on such date; or

(ii) if the EURIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.000005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the **Reference Banks**) (provided that, once a Reference Bank has been appointed by the Agent Bank, that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such) as the rate at which three-month deposits in euro in an amount of €100,000,000 are offered for the same period as that Interest Period by those Reference Banks to prime banks in the Eurozone inter-bank market at or about 11.00 a.m. (Luxembourg time) on that Interest Determination Date (or, in respect of the first Interest Period, the arithmetic mean of a linear interpolation of such rates for one month and two month euro deposits notified by the Reference Banks). If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation to the Agent Bank (which bank is in the sole opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of the Reference Bank and such bank as so agreed. If no Reference Bank provides the Agent Bank with such an offered quotation or no such bank is so agreed or such bank as so agreed does not provide such a quotation, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period.

There will be no minimum or maximum Rate of Interest.

For the purposes of these Conditions, **Eurozone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

(c) **Class X Interest Amounts and Class X Additional Amounts**

The Class X Note will be paid an amount of interest (the **Class X Interest Amount**) calculated by using the Class X Interest Rate which means, with respect to each Interest Period, the percentage determined by multiplying a fraction, the numerator of which is the Expected Class X Interest Amount and the denominator of which is the Principal Amount Outstanding of the Class X Notes, by 100 (the **Class X Interest Rate**).

In addition to the Class X Interest Amount, Class X Additional Amounts will be paid to the Class X Noteholders.

The **Expected Class X Interest Amount** will be an amount equal to:

(a) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Expected Available Issuer Income after deducting Administrative Costs and amounts of interest due and payable on the Notes (other than the Class X Notes); or

(b) on any day following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the available receipts after deducting amounts required to pay Administrative Costs and all amounts of interest and principal due in respect of the Notes (other than the Class X Notes).

Expected Available Issuer Income means with respect to an Interest Period the amount of income (**Issuer Income**) that would have been available on the Note Interest Payment Date in that Interest Period assuming full and final payment of:

(i) the aggregate of all Swap Counterparty Payments that are expected to be paid assuming full receipt by any Holder of all payments in respect of the Reference Obligations;

(ii) all Cash Deposit Income Payments that are expected to be paid; and

(iii) all Repurchase Income Payments that are expected to be paid.

The **Administrative Costs** for any Interest Period, will be the sum of all fees, costs and expenses or other remuneration and indemnity payments, inclusive of VAT, if applicable, estimated on the relevant Calculation Date by the Cash Manager to be payable by the Issuer on the Note Interest Payment Date related to such Interest Period in accordance with items (a) to (f) and (m) to (o) of the Pre-Acceleration Revenue Priority of Payments and the equivalent items in respect of the Post Enforcement/Pre-Acceleration Priority of Payments as well as any Revenue Priority Amounts to be paid during the relevant Interest Period prior to the related Note Interest Payment Date.

The amount of Administrative Costs payable with respect to any Note Interest Payment Date will vary to the extent that some are payable on an annual basis while other fees are payable on a quarterly basis and the actual Administrative Cost may vary from the estimate of Administrative Costs as determined on each Interest Determination Date and, in respect of any shortfall resulting therefrom in respect of items (a) to (f) of the Pre-Acceleration Revenue Priority of Payments and the Post-Enforcement/Pre-Acceleration Revenue Priority of Payments and items (a) to (f) of the Post-Acceleration Priority of Payments (together the **Senior Administrative Costs**):

(i) funds may be drawn from amounts standing to the credit of the Administrative Costs Reserve Account; and

(ii) to the extent that the amounts standing to the credit of the Administrative Costs Reserve Account are insufficient to cover such shortfall, the Cash Manager may make an Administrative Costs Shortfall Drawing under the Liquidity Facility Agreement.

In addition to the interest paid on the Class X Notes in accordance with the preceding paragraph, the Class X Noteholders will be entitled to receive Class X Additional Amounts.

Class X Additional Amounts means, in respect of each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due

and payable in full and following the service of an Acceleration Notice or the Notes otherwise becoming due and payable in full:

(a) the element of the relevant Swap Counterparty Payment representing all amounts received or recovered in respect of any Prepayment Fees and Swap Call Prepayment Amount;

(b) the amounts paid in accordance with each of the Pre-Acceleration Revenue Priority of Payments and the Post-enforcement/Pre-Acceleration Priority of Payments and following the service of an Acceleration Notice, amounts paid in accordance with the Post-Acceleration Priority of Payments;

(c) any amount identified and paid as Class X Additional Amounts in the Pre-acceleration Principal Priority of Payments; and

(d) on the Final Maturity Date or, if earlier, the date on which the Notes have been redeemed in full, all amounts standing to the credit of the Administrative Costs Reserve Account.

5.4 Publication of Rate of Interest and Interest Payments

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Note Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Cash Manager, the Paying Agents, the Noteholders and, for so long as the Notes are listed on Irish Stock Exchange Limited (the **Stock Exchange**), the Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments and Note Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of a lengthening or shortening of such Interest Period in accordance with **Condition 5** (*Interest*).

5.5 Determination or calculation by the Trustee

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with **Condition 5.3** (*Rates of Interest*), the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in **Condition 5.3** (*Rates of Interest*)), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Payment in accordance with **Condition 5.3** (*Rates of Interest*), and each such determination or calculation shall be deemed to have been made by the Agent Bank.

5.6 Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this **Condition 5.6** (*Notification to be final*), whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders or any other person shall attach to the Issuer, the Reference Banks, the Cash Manager, the Agent Bank, the Paying Agents or the Trustee in connection with the exercise by them or any of their powers, duties and discretions under this Condition.

5.7 Agent Bank

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written

consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with **Condition 15** (*Notice To Noteholders*). If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved in writing by the Trustee has been appointed.

6. REDEMPTION

6.1 Final redemption

Save to the extent otherwise redeemed in full and cancelled in accordance with this **Condition 6.1**(*Final redemption*), the Issuer shall redeem the Notes of each Class at their respective Principal Amounts Outstanding plus interest accrued and unpaid on the Note Interest Payment Date in November 2022 (the **Final Maturity Date**).

Without prejudice to **Condition 10** (*Events Of Default*), the Issuer shall not redeem Notes in whole or in part prior to that date except as provided in **Condition 6** (*Redemption*).

6.2 Redemption for taxation or other reasons

(a) If the Issuer at any time satisfies the Trustee that:

(i) on or before the occasion of the next Note Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;

(ii) on the occasion of the next Note Interest Payment Date, the Issuer or a person acting on behalf of the Issuer, would be required to make any withholding or deduction for or on account of any Taxes from any payment of principal or interest in respect of any of the Notes; or

(iii) the Issuer would suffer any withholding or deduction from any payment to be made to it for or on account of any taxes,

then the Issuer shall, in order to address the event described, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal debtor under the Notes in place of the Issuer under which substitution would have the result of avoiding the event described above.

(b) If the Issuer is unable, having used its reasonable endeavours, to arrange such a substitution described above, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with **Condition 15** (*Notice To Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding, together with accrued interest on the next Note Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have delivered to the Trustee a certificate signed by two directors of the Issuer stating that the event described in **Condition 6.2(a)(i) or (ii)** (*Redemption for taxation or other reasons*) will apply on or before the occasion of the next Note Interest Payment Date and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.3 Mandatory redemption in part from Redemption Funds

Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Notes then outstanding shall be subject to mandatory redemption in part on each Note Interest Payment Date if on the Calculation Date relating thereto there is Available Issuer Principal in an amount not less than €1. Following the occurrence of a Credit Event, there will be no redemption of the Notes until the occurrence of the Cash Settlement Date.

Calculation Date means, in respect of each Note Interest Payment Date, the third Business Day prior to that Note Interest Payment Date.

(a) For the purposes of these Conditions:

(i) **Amortisation Funds** means the amount of principal released from the Cash Deposit (the **Cash Deposit Release Amount**) or the amount of the proceeds of the maturing Repurchase Transactions (the **Repurchase Release Amount**) released under the Repurchase Agreement, as applicable, following a reduction in the relevant Swap Notional Amounts, equal to the aggregate amount of principal received by or on behalf of the Holder in respect of the Reference Obligations other than the Prepayment Redemption Funds, Final Redemption Funds or Principal Recovery Funds and **Available Amortisation Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Amortisation Funds received by or on behalf of the Holder during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (but excluding) the Closing Date to (but excluding) such first Calculation Date) (each a **Collection Period**);

(ii) **Available Issuer Principal** means, in respect of any Calculation Date, the aggregate of (i) Available Pro Rata Principal and (ii) Available Sequential Principal as at that Calculation Date;

(iii) **Available Pro Rata Principal** means in respect of any Calculation Date the aggregate of (i) Available Pro Rata Category B Principal and (ii) Available Pro Rata Category C Principal, whereby:

(A) **Available Pro Rata Category B Principal** means in respect of any Calculation Date 50 per cent. of (i) any Category B Available Prepayment Redemption Funds; (ii) any Category B Available Final Redemption Funds; and (iii) any Category B Available Principal Recovery Funds; and

(B) **Available Pro Rata Category C Principal** means in respect of any Calculation Date the aggregate of any Category C Available Prepayment Redemption Funds, any Category C Available Final Redemption Funds and any Category C Available Principal Recovery Funds,

in each case received in respect of the relevant Reference Obligation during the Collection Period then ended;

(iv) **Available Sequential Principal** means, in respect of any Calculation Date, the aggregate of:

(A) any Available Amortisation Funds;

(B) any Category A Available Prepayment Redemption Funds, any Category A Available Final Redemption Funds and any Category A Available Principal Recovery Funds, and

(C) 50 per cent. of: (i) any Category B Available Prepayment Redemption Funds; (ii) any Category B Available Final Redemption Funds and; (iii) any Category B Available Principal Recovery Funds

in each case received in respect of the relevant Reference Obligation during the Collection Period then ended;

(v) **Category A Reference Obligation** means the Obelisco Portfolio Reference Obligation;

(vi) **Category B Reference Obligations** means the aggregate of:

(A) Neumarkt Reference Obligation;

(B) Pyrus Portfolio Reference Obligation;

(C) Petersbogen Reference Obligation;

(D) Nordhausen Reference Obligation;

(E) Le Croissant Reference Obligation;

(F) Prins Boudewijn Reference Obligation; and

(G) Seaford Portfolio Reference Obligation.

(vii) **Category C Reference Obligations** means the aggregate of:

(A) Ostend Reference Obligation;

(B) Senior Monaco Reference Obligation;

(C) Junior Monaco Reference Obligation;

(D) Keops Portfolio Reference Obligation;

(E) SCI Clichy Reference Obligation;

(F) Senior Den Tir Reference Obligation;

(G) Junior Den Tir Reference Obligation;

(H) CEPL Levallois Reference Obligation; and

(I) Monheim Reference Obligation.

(viii) **Final Redemption Funds** means the aggregate of:

(A) the Category A Final Redemption Funds;

(B) the Category B Final Redemption Funds; and

(C) the Category C Final Redemption Funds;

(ix) **Prepayment Redemption Funds** means the aggregate of:

(A) the Category A Prepayment Redemption Funds;

(B) the Category B Prepayment Redemption Funds; and

(C) the Category C Prepayment Redemption Funds;

(x) **Principal Recovery Funds** means the aggregate of:

(A) the Category A Principal Recovery Funds;

(B) the Category B Principal Recovery Funds; and

(C) the Category C Principal Recovery Funds;

(xi) **Category A Final Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amount, equal to the aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category A Reference Obligation as a result of the repayment of the relevant Category A Reference Obligation upon its Reference Obligation Maturity Date, and **Category A Available Final Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category A Final Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xii) **Category A Prepayment Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to the aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category A Reference Obligation as a result of any prepayment in part or in full made by the relevant Reference Entity pursuant to the terms of the relevant Credit Agreement (including upon the receipt of insurance proceeds not applied prior to the Reference Obligation Maturity Date) or following the early termination of the Credit Default Swap relating to a Category A Reference Obligation or, in respect of the first Note Interest Payment Date only an amount of €26,566.33 which shall be released from the Cash Deposit Account and **Category A Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category A Prepayment Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xiii) **Category A Principal Recovery Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to the aggregate amount of principal payments received or recovered by or on behalf of the Holder as a result of actions taken in accordance with the enforcement procedures in respect of a Category A Reference Obligation and/or its Related Security and **Category A Available Principal Recovery Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category A Principal Recovery Funds received or recovered by or on behalf of the Holder during the Collection Period;

(xiv) **Category B Final Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to the

aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category B Reference Obligations as a result of the repayment of the relevant Category B Reference Obligation upon its Reference Obligation Maturity Date, and **Category B Available Final Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category B Final Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xv) **Category B Prepayment Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to (i) the aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category B Reference Obligations as a result of any prepayment in part or in full made by the relevant Reference Entity pursuant to the terms of the relevant Credit Agreements (including upon the receipt of insurance proceeds not applied prior to the Reference Obligation Maturity Date) or following the early termination of the Credit Default Swap relating to a Category B Reference Obligation and **Category B Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category B Prepayment Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xvi) **Category B Principal Recovery Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to the aggregate amount of principal payments received or recovered by or on behalf of the Holder as a result of actions taken in accordance with the enforcement procedures in respect of a Category B Reference Obligation and/or its Related Security, and **Category B Available Principal Recovery Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category B Principal Recovery Funds received or recovered by or on behalf of the Holder during the Collection Period then ended;

(xvii) **Category C Final Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to the aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category C Reference Obligations as a result of the repayment of the relevant Category C Reference Obligation upon its Reference Entity Maturity Date, and **Category C Available Final Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category C Final Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xviii) **Category C Prepayment Redemption Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amounts, equal to (i) the aggregate amount of principal payments received by or on behalf of the Holder in respect of the Category C Reference Obligations as a result of any prepayment in part or in full made by the relevant Reference Entity pursuant to the terms of the relevant Credit Agreements (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Reference Obligation) or following the early termination of

the Credit Default Swap relating to a Category C Reference Obligation and **Category C Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category C Prepayment Redemption Funds received by or on behalf of the Holder during the Collection Period then ended;

(xix) **Category C Principal Recovery Funds** means the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, following a reduction in the relevant Credit Default Swap Notional Amount, equal to the aggregate amount of principal payments received or recovered by or on behalf of the Holder as a result of actions taken in accordance with the enforcement procedures in respect of a Category C Reference Obligation and/or its Related Security, and **Category C Available Principal Recovery Funds** means, in respect of any Calculation Date, the Cash Deposit Release Amount and/or Repurchase Release Amount, as applicable, equal to the Category C Principal Recovery Funds received or recovered by or on behalf of the Holder during the Collection Period then ended;

(xxii) **Available Final Redemption Funds** means the aggregate of:

(A) the Category A Available Final Redemption Funds;

(B) the Category B Available Final Redemption Funds; and

(C) the Category C Available Final Redemption Funds;

(xxiii) **Available Prepayment Redemption Funds** means the aggregate of:

(A) the Category A Available Prepayment Redemption Funds;

(B) the Category B Available Prepayment Redemption Funds; and

(C) the Category C Available Prepayment Redemption Funds; and

(xxiv) **Available Principal Recovery Funds** means the aggregate of:

(A) the Category A Available Principal Recovery Funds;

(B) the Category B Available Principal Recovery Funds; and

(C) the Category C Available Principal Recovery Funds,

but, in each case, without double counting, only to the extent that such monies have not been taken into account in the calculation of Available Amortisation Funds, Category A Available Prepayment Redemption Funds, Category B Available Prepayment Redemption Funds, Category C Available Prepayment Redemption Funds, Category A Available Final Redemption Funds, Category B Available Final Redemption Funds, Category C Available Final Redemption Funds, Available Sequential Principal, Available Pro Rata Principal or Category A Available Principal Recovery Funds, Category B Available Principal Recovery Funds, Category C Available Principal Recovery Funds, as applicable, on any preceding Calculation Date.

The application of Available Sequential Principal and Available Pro Rata Principal as contemplated above will be modified to accommodate the **Class E Lockout Rule** as described below.

(A) the purpose of the Class E Lockout Rule is to ensure that if and for so long as the Ostend Reference Obligation and the Monheim Reference Obligation remains outstanding the Principal Amount Outstanding of the Class E Notes does not fall below a certain minimum amount (the **Class E Lockout Target Balance**);

(B) the Class E Lockout Target Balance is as follows:

(I) for so long as both the Ostend Reference Obligation and the Monheim Reference Obligation are outstanding, the Class E Lockout Target Balance will be €5,750,000;

(II) if the Ostend Reference Obligation only is outstanding at the end of an Interest Period (and the Monheim Reference Obligation has been repaid during that or any previous Interest Period), the Class E Lockout Target Balance will be €3,500,000; and

(III) if the Monheim Reference Obligation only is outstanding at the end of an Interest Period (and the Ostend Reference Obligation has been repaid during that or any previous Interest Period), the Class E Lockout Target Balance will be €2,250,000

(C) application of Available Sequential Principal shall, on each Interest Payment Date, take place before the application of Available Pro Rata Principal.

(D) In determining the pro rata allocation of Available Pro Rata Principal on any Interest Payment Date (save for Available Pro Rata Principal relating to either the Ostend Reference Obligation or the Monheim Reference Obligation) as between each Class of Notes, the following rules will apply:

(I) the Class E Notes will be given a Deemed Principal Amount Outstanding, which will be their Actual Principal Amount Outstanding on that Interest Payment Date after the allocation of any Available Sequential Principal to the Class E Notes on that Interest Payment Date less the then applicable Class E Lockout Target Balance;

(II) the pro rata allocation of Available Pro Rata Principal will be determined based on:

(X) the actual Principal Amount Outstanding of each Class of Notes after the allocation of Available Sequential Principal other than the Class E Notes; and

(Y) the Deemed Principal Amount Outstanding of the Class E Notes,

with the intention that the Class E Lockout Target Balance is not undermined.

(III) In determining the pro rata allocation of Available Pro Rata Principal relating to either the Ostend Reference Obligation or the Monheim Reference Obligation on any Interest Payment Date as between each Class of Notes such pro rata allocation will be based upon the actual Principal Amount Outstanding of each Class of Notes (including the Class E Notes) after the allocations contemplated in the above rules.

(b) Application of Available Sequential Principal

Available Sequential Principal determined on each Calculation Date shall be applied on the immediately following Note Interest Payment Date in the following order of priority:

(i) first, in repaying, *pari passu* and *pro rata*, principal on the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) third, in repaying, *pari passu* and *pro rata*, principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(iv) fourth, in repaying, *pari passu* and *pro rata*, principal on the Class D Notes until all the Class D Notes have been redeemed in full;

(v) fifth, in repaying, *pari passu* and *pro rata*, principal on the Class E Notes until all the Class E Notes have been redeemed in full;

(vi) sixth, in or towards payment of any Class X Additional Amount to the holders of the Class X Notes; and

(vii) seventh, in paying any surplus to the Issuer.

(c) Application of Available Pro Rata Principal

Following application of Available Sequential Principal as set forth immediately above, the Available Pro Rata Principal determined on each Calculation Date shall, save if a Sequential Trigger Event exists on such Calculation Date, be applied on the immediately following Note Interest Payment Date in the following order of priority:

(i) first, *pari passu* and *pro rata* according to the Principal Amount Outstanding of each Class on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal paid or to be paid to Noteholders on that Note Interest Payment Date, in repaying concurrently, principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes until each such Note has been redeemed in full;

(ii) second, in or towards payment of any amount in respect of Class X Additional Amounts to the holders of the Class X Notes; and

(iii) third, in paying any surplus to the Issuer,

provided that, in the event that any of the following circumstances exist (each, a **Sequential Trigger Event**) on a Calculation Date, on the next following Note Interest Payment Date, Available Pro Rata Principal will be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in (i) to (v) in **Condition 6.3(b)** (*Application of Available Sequential Principal*), all as more fully set out in the Cash Management Agreement:

(A) if at such Calculation Date, 10 per cent. or more of the aggregate outstanding principal balance of the Reference Obligations are in default, provided that in determining whether a Reference Obligation has defaulted for the purposes of this paragraph (A):

(I) such determination shall be made solely on the basis of the terms of the relevant Credit Agreement as at the relevant Calculation Date; and

(II) a default shall not be deemed to have occurred if (a) the default is with respect to payment and/or (b) the default is other than with respect to payment and such default has been remedied or cured within 30 days of such default and/or (c) the default has been cured or remedied at any time and no principal loss has arisen in respect of the relevant Reference Obligation; or

(B) the aggregate principal outstanding balance of all the Category B Reference Obligations and the Category C Reference Obligations on such Calculation Date is less than €60,000,000; or

(C) if, as at such Calculation Date, 10 per cent. or more of the aggregate outstanding principal balance of the Reference Obligations are in default, where for the purpose of this paragraph (C) default means a default with respect to payment and such default has not been remedied or cured within 90 days of such default; or

(D) if the Principal Amount Outstanding of the Notes has been reduced by a principal amount in accordance with **Condition 6.4** (*Mandatory redemption following a Credit Protection Payment*).

(d) Class X Note Redemption

On any day up to and including the Interest Payment Date falling in August 2007, the Issuer, or the Cash Manager on its behalf, will apply €540,000 standing to the credit of the Class X Principal Account, in part redemption of the Class X Notes. Thereafter, the Class X Notes shall not be redeemed on any Note Interest Payment Date pursuant to this **Condition 6.3(d)** (*Class X Note Redemption*) unless the application of the Available Sequential Principal pursuant to **Condition 6.3(b)** (*Application of Available Sequential Principal*) and/or any Available Pro Rata Principal pursuant to **Condition 6.3(c)** (*Application of Available Pro Rata Principal*) and/or redemption pursuant to **Condition 6.2** (*Redemption for taxation or other reasons*) will result in the Notes (other than the Class X Notes) being redeemed in full in which case the Class X Notes will be redeemed in full *pari passu* amongst themselves from amounts standing to the credit of the Class X Principal Account (and for greater certainty, amounts standing to the credit of the Class X Principal Account will be available solely to redeem the Class X Notes in full and thereafter to pay the Class X Additional Amounts and will not be available to any other Issuer Secured Creditors).

(e) Application of Prepayment Fees

On each Note Interest Payment Date, all amounts received or recovered by the Holder in respect of any Prepayment Fees during the related Collection Period will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in or towards payment of any Class X Additional Amounts to the Class X Noteholders.

6.4 Mandatory redemption following a Credit Protection Payment

Upon the payment of a Credit Protection Payment Amount by the Issuer on any Note Interest Payment Date:

(a) an amount equal to the relevant Credit Protection Payment Amount will be written-down in respect of the Principal Amount Outstanding of the Notes in reverse sequential order from the most junior to the most senior Class of Notes; and

(b) if the Credit Event giving rise to the Credit Protection Payment being made was either a Failure to Pay Credit Event or a Bankruptcy Credit Event, then the amount equal to the difference between the Swap Notional Amount of the relevant Credit Default Swap and the relevant Credit Protection Payment Amount will either:

(i) if the Collateral is held in the form of the Cash Deposit at that time, be released from the Cash Deposit and applied to redeem the Notes; or

(ii) if the Collateral is held in the form of Repurchase Securities at that time, be released from the proceeds of the Repurchase Transaction maturing prior to the relevant Note Interest Payment Date,

and be applied to redeem the Notes in each case, on the relevant Note Interest Payment Date in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

6.5 Mandatory redemption following termination of Credit Default Swap

(a) In the event that there is an early termination of a Credit Default Swap in circumstances where a Credit Event in respect of the relevant Reference Obligation or Reference Entity has not occurred (unless the Early Termination Date was caused as a result of a Swap Counterparty Default Event) or on a Swap Call Date, an Eligibility Criteria Failure Termination Date, an Information Failure Termination Date or an Early Termination Date:

(i) if the Collateral is held in the form of the Cash Deposit at that time, an amount equal to the Swap Notional Amount of that Credit Default Swap will be released from the Cash Deposit and applied to redeem the Notes; or

(ii) if the Collateral is held in the form of Repurchase Securities at that time, an amount of the proceeds of the Repurchase Transaction maturing prior to the relevant Note Interest Payment Date equal to the Swap Notional Amount of that Credit Default Swap will be applied to redeem the Notes,

in each case, on the next following Note Interest Payment Date in accordance with **Condition 6.3** (*Mandatory redemption in part from Redemption Funds*).

(b) In the event that an Early Termination Date is designated in respect of the Credit Default Swap Agreement as a whole (except if the early termination was caused as a result of a Swap Counterparty Default Event) in circumstances in which a Credit Event Notice in respect of a Reference Obligation or Reference Entity has been delivered but either the Conditions to Settlement have not yet been satisfied or the Credit Protection Payment Amount has not been determined, an amount of the Collateral equal to the Swap Notional Amount of the relevant Credit Default Swap (the **Note Holdback Amount**) will not be released and used to redeem the Notes on the next Note Interest Payment Date (unless the Credit Protection Payment Amount is determined prior to such Note Interest Payment Date).

If the Conditions to Settlement in respect of such a Credit Default Swap are not satisfied 90 days after the date of the relevant Credit Event Notice, no further payment will be due from the Issuer to the Swap Counterparty in respect of the relevant Credit Default Swap and the Note Holdback Amount will be released from the Collateral on the next Note Interest Payment Date after the end of such 90 day period and applied to redeem the Notes in accordance with **Condition 6.3**

(*Mandatory redemption in part from Redemption Funds*). If the Conditions to Settlement have been or are satisfied within 90 days after the date of the relevant Credit Event Notice and a Credit Protection Payment Amount is determined to be payable by the Issuer to the Swap Counterparty and the verification procedures have been complied with, an amount equal to the Credit Protection Payment Amount will be released from the Collateral on the next following Note Interest Payment Date and applied in payment to the Swap Counterparty of the Credit Protection Payment Amount, and the provisions described above in relation to a mandatory redemption following a Credit Protection Payment will apply on such Note Interest Payment Date in respect of any remaining amount.

6.6 Notice of redemption

Any such notice as is referred to in **Conditions 6.2** (*Redemption for taxation or other reasons*), above shall be irrevocable and, upon the expiration of such notice, the Issuer shall be bound to redeem the Notes of the relevant Class in the amounts specified in these Conditions.

6.7 Purchase

The Issuer shall not purchase any of the Notes.

6.8 Cancellation

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

7. PAYMENTS

7.1. Payments of principal and interest in respect of any Global Note will be made to the holder of such Global Note (and in the case of final redemption of a Global Note or in circumstances where the unpaid principal amount of the relevant Global Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Global Note), surrender) only against presentation of such Global Note at the specified office of any Paying Agent).

Payments in respect of the Regulation S Global Notes and the Rule 144A Global Notes will be paid in euro to holders of interests in such Notes (such holders being, the **Euroclear/Clearstream Holders**).A Euroclear/Clearstream Holder may receive payments in respect of its interest in any Global Notes in U.S. dollars in accordance with Euroclear's and Clearstream, Luxembourg's customary procedures. All costs of conversion from any such election will be borne by such Euroclear/Clearstream Holder.

7.2 Payments of principal and interest (except where, after such payment, the unpaid principal amount of the relevant Note would be reduced to zero (including as a result of any other payment of principal due in respect of such Note), in which case the relevant payment of principal or interest, as the case may be, will be made against surrender of such Note) in respect of Definitive Notes, will be made by euro denominated cheque drawn on a branch of a bank in London posted to the holder (or to the first-named of joint holders) of such Definitive Note at the address shown in the Register on the Record Date (as defined below) not later than the due date for such payment. If any payment due in respect of any Definitive Note is not paid in full, the Registrar will annotate the Register with a record of the amount, if any, so paid. For the purposes of this **Condition 7.2** (*Payments*), the holder of a Definitive Note will be deemed to be the person shown as the holder (or the first-named of joint holders) on the Register on the fifteenth day before the due date for such payment (the **Record Date**).

Upon application by the holder of a Definitive Note to the specified office of the Registrar not later than the Record Date for payment in respect of such Definitive Note, such payment will be made by transfer to a euro denominated account maintained by the payee with a branch of

a bank in London. Any such application for transfer to such account shall be deemed to relate to all future payments in respect of such Definitive Note until such time as the Registrar is notified in writing to the contrary by the holder thereof.

7.3 A holder shall be entitled to present a Note for payment only on a Payment Day and shall not, except as provided in **Condition 5** (*Interest*), be entitled to any further interest or other payment if a Payment Day is after the due date.

Payment Day means a day which (subject to **Condition 8** (*Prescription*)):

(i) is or falls after the relevant due date;

(ii) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and

(iii) in the case of payment by transfer to a euro denominated account in London as referred to in **Condition 7.1** (*Payments*), is a Business Day in London.

In this **Condition 7.3** (*Payments*), **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and which is also a TARGET Business Day.

7.4 The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(i) there will at all times be a Principal Paying Agent;

(ii) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to the Official List of the Irish Stock Exchange, shall be Dublin; and

(iii) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination of appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with **Condition 15** (*Notice To Noteholders*).

8. PRESCRIPTION

Claims in respect of the Notes shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this **Condition 8** (*Prescription*), the **relevant date** means the date on which a payment first becomes due or (if the full amount of the monies payable has not been duly received by the Paying Agents or the Trustee on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with **Condition 15** (*Notice To Noteholders*).

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer or any Paying Agent will be made without withholding or deduction for, or on account of, any present or future taxes,

duties, assessments or governmental charges of whatever nature and all interest, penalties or similar liabilities with respect to such taxes (**Taxes**) unless such withholding or deduction is required by law. In that event, the Issuer or Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

10. EVENTS OF DEFAULT

10.1 (a) If a Note Event of Default occurs, then:

(i) the Trustee will, in its absolute discretion, be entitled to, and must, if:

(A) it is directed to do so in writing by the holders of not less than 25 per cent. of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or

(B) it is directed to do so by an Extraordinary Resolution of holders of the Most Senior Class of Notes then outstanding; and

in each case, provided that it has been indemnified and/or secured to its satisfaction, serve notice (an **Acceleration Notice**) on the Issuer declaring the Notes to be immediately due and repayable; and

(ii) the Issuer Security will become enforceable.

(b) Each of the following events is, subject to **Condition 10.2** (*Events of Default*), a **Note Event of Default**:

(i) default being made for a period of three Business Days in the payment of any principal of, or default is made for a period of five Business Days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions (provided that a deferral of interest in accordance with **Condition 16** (*Subordination By Deferral*) shall not constitute a default in the payment of such interest for the purposes of this **Condition 10.1(b)(i)** (*Events of Default*); or

(ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(iii) the Issuer failing duly to perform or observe any obligation, condition or provision (other than as specified in **Condition 10.1(b)(i)** (*Events of Default*)) binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party (other than non-payment of any Liquidity Subordinated Amounts and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(iv) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in **sub-paragraph (vi)**

below, ceasing or, through an official action of the board of directors of the Issuer, threatening to cease to carry on business (or a substantial part thereof); or

(v) the Issuer is or becomes unable to pay its debts within the meaning of section 214 of the Irish Companies Act, 1963 (as amended by Section 123 of the Irish Companies Act, 1990); or

(vi) a Swap Counterparty Default Event occurs in respect of the Credit Default Swap and as a result an Early Termination Date (as defined in the Credit Default Swap) is designated in respect of the Credit Default Swap; or

(vii) an Event of Default (as defined in the Repurchase Agreement) occurs in relation to the Repurchase Agreement; or

(viii) a Cash Deposit Bank Event of Default (as defined in the Cash Deposit Agreement) occurs in relation to the Cash Deposit Agreement; or

(ix) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or

(x) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, an application to the court for an administration order), or an administration order being granted or an administrative receiver or other receiver (including documents being filed with the court for the appointment of an administrator or notice of intention to appoint an administrator being served), examiner, liquidator or other similar official being appointed in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer taking possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be) not being discharged or not otherwise ceasing to apply within 15 days, or the Issuer initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally.

10.2 In respect of the events described in **sub-paragraphs (ii)** and **(iii)** of **Condition 10.1(b)** (*Events of Default*), the relevant event will not constitute a Note Event of Default unless the Trustee first certifies to the Issuer that such event is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding. Upon service of an Acceleration Notice, each Note shall become immediately due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Issuer Deed of Charge (but subject to the Post-Acceleration Priority of Payments).

11. ENFORCEMENT

11.1 The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action as it may think fit to enforce the provisions of the Notes and the Trust Deed (including these Conditions), the Issuer Deed of Charge or any of the other Transaction Documents to which it or the Issuer is a party, **provided that**, subject to

Condition 11.3 (*Enforcement*) below, enforcement of the Issuer Security shall be the only remedy available to the Trustee for the repayment of the Class A Notes, the Class X Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes and the payment of accrued interest and, at any time after the Issuer Security has become enforceable, the Trustee may take such steps as it may think fit to enforce the Issuer Security. The Trustee shall not be bound to take any such proceedings, action or steps in respect of any matter unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25 per cent. in aggregate of the Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and (b) it shall have been secured and/or indemnified to its satisfaction. If, following enforcement of the Issuer Security, the Trustee or any receiver appointed by it proposes to dispose of any asset of the Issuer which is subject to the Issuer Security, the Trustee must first (if it has not already done so) serve an Acceleration Notice.

11.2 Subject to **Condition 11.3** (*Enforcement*) below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any of the Issuer Secured Creditors under the Issuer Deed of Charge other than the Most Senior Class of Noteholders as contemplated in **Condition 11.1** (*Enforcement*).

11.3 If the Trustee has taken enforcement action under the Issuer Deed of Charge and distributed all of the resulting proceeds (including the proceeds of realising the Issuer Security), to the extent that any amount is still owing to any Noteholder (a **Shortfall**), any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of such claim.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND DISCRETIONS

12.1 The Trust Deed contains provisions for convening meetings of Noteholders of any Class (other than the Class X Notes) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents (other than the Finance Documents) or any other documents affecting the rights and benefits of the Issuer which are comprised in the Issuer Security.

The quorum at any meeting of the Noteholders of any Class (other than the Class X Notes) for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, one or more persons being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75 per cent., or at any adjourned such meeting, not less than 33 per cent. in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

The Class X Noteholders shall not be entitled to hold class meetings or pass resolutions (including Extraordinary Resolutions).

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class X Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except an Extraordinary Resolution to sanction a modification of these Conditions or the provisions

of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all the Class X Noteholders, the Class C Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraph) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all the Class X Noteholders, the Class D Noteholders and the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all the Class X Noteholders and the Class E Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

No Extraordinary Resolution to authorise or sanction a modification (including a Basic Terms Modification) or a waiver or authorisation of any breach or proposed breach of any provisions of the Trust Deed, these Conditions or any other Transaction Documents shall be binding on the Class X Noteholders unless the Class X Noteholders, as applicable, have confirmed in writing to the Trustee that their interests will not be materially prejudiced thereby (a **Class X Consent Notice**).

As used in these Conditions and the Trust Deed:

(i) **Extraordinary Resolution** means (a) a resolution passed at a meeting of a Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll or (b) a resolution in writing signed by or on behalf of not less than 90 per cent. in aggregate Principal Amount Outstanding of the Noteholders of a Class, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or

more of the Noteholders of that Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting; and

(ii) **Basic Terms Modification** means, in respect of a Class of Notes:

(A) a change in the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;

(B) alteration of the currency in which payments under such Notes are to be made;

(C) alteration of the quorum or majority required to pass an Extraordinary Resolution;

(D) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 19(i)** of **Schedule 4** to the Trust Deed;

(E) alteration of this definition or the provisos to **paragraphs 7** and/or **19** of **Schedule 4** to the Trust Deed;

(F) (alteration of the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments; and

(G) alteration of the Issuer Charged Property or amendment to any of the documents relating to the Issuer Charged Property or any other provision of the Issuer Security.

12.2 The Trustee may agree, without the consent of the Noteholders, (i) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding or (ii) to any modification of these Conditions or any of the other Transaction Documents, which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. The Trustee may also, without the consent of the Noteholders, determine that Note Events of Default shall not, or shall not subject to specified conditions, be treated as such, provided that, in the opinion of the Trustee, it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with **Condition 15** (*Notice To Noteholders*) as soon as practicable thereafter.

12.3 The Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, any confirmation by any of the Rating Agencies that the then current ratings of the Notes or, as the case may be any Class or Classes of the Notes would not be adversely affected by such exercise or performance.

12.4 Where, in connection with the exercise or performance by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the other Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee is required to have regard to the interests of the Noteholders or the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a class but shall not have

regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE

The Trust Deed and the Issuer Deed of Charge each contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security or taking any other action in relation to the Trust Deed or the other Transaction Documents unless secured and/or indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

Each of the Trust Deed and the Issuer Deed of Charge contains provisions pursuant to which the Trustee, or any of its related companies is entitled, among other things, (i) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies, (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed and the Issuer Deed of Charge also relieve the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security, the Issuer Charged Property or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Master Servicer, the Cash Manager or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

The Trust Deed and the Issuer Deed of Charge contain other provisions limiting the responsibility, duties and liability of the Trustee.

The Trust Deed and the Issuer Deed of Charge contain provisions pursuant to which (i) the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, and will be relieved of any liability incurred by reason of such retirement and (ii) the Noteholders may by Extraordinary Resolution of the holders of each Class of Notes remove the Trustee. The retirement or removal of the Trustee will not become effective until a

successor trustee is appointed. The Trustee is entitled to appoint a successor trustee in the circumstances specified in the Trust Deed and the Issuer Deed of Charge, respectively.

14. REPLACEMENT OF THE NOTES

14.1 Global Notes

If a Global Note or a Definitive Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent or the Registrar upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence and indemnity as the Issuer, the Registrar, the Paying Agent or the Trustee may reasonably require. Mutilated or defaced Global Notes or Definitive Notes must be surrendered before replacements will be issued.

15. NOTICE TO NOTEHOLDERS

15.1 Notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day of such delivery.

15.2 A copy of each notice given by the Issuer in accordance with this **Condition 15** (*Notice to Noteholders*) shall be provided to each of Fitch Ratings Ltd. (**Fitch**), Moody's Investors Service Limited (**Moody's**) and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P** and, together with Fitch and Moody's, the **Rating Agencies**, which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies. The Trustee will (at the expense of the Issuer) upon request from the Issuer or any of the Rating Agencies provide a copy to the Rating Agencies of any notice given by the Trustee to Noteholders under this.

15.3 The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. SUBORDINATION BY DEFERRAL

16.1 Interest

In the event that, on any Note Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the applicable Priority of Payments to apply on such Note Interest Payment Date, in respect of interest due (including interest on unpaid interest) on the Class B Notes, the Class C Notes, the Class D Notes and/or the Class E Notes after, in each case, deducting amounts ranking in priority thereto under the applicable Priority of Payments, (each, an **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including interest on unpaid interest) due, but for this **Condition 16.1** (*Interest*), on the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes, as the case may be, on such Note Interest Payment Date, there shall instead be payable on such Note Interest Payment Date, by way of interest (including interest on unpaid interest) on each Class B Note, Class C Note, Class D Note or Class E Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant Class of Notes on such Note Interest Payment Date.

In any such event, the Cash Manager acting on behalf of the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including interest on unpaid interest) paid on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes on the relevant Note Interest Payment Date in accordance with this **Condition 16.1** (*Interest*) falls short of the aggregate amount of interest (including interest on unpaid interest) payable (but for the provisions of this **Condition 16.1** (*Interest*)) on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes on that date pursuant to **Condition 5** (*Interest*). Such shortfall shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes and shall be payable together with such accrued interest on the following Note Interest Payment Date, subject to the provisions of the preceding paragraph.

16.2 General

Any amounts of principal or interest in respect of the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes otherwise payable under these Conditions which are not paid by virtue of this **Condition 16** (*Subordination By Deferral*), together with accrued interest thereon, shall in any event become payable on the Final Maturity Date or on such earlier date as the Class B Notes, the Class C Notes, the Class D Notes or the Class E Notes as the case may be, become due and repayable in full.

16.3 Application

The provisions of the first paragraph of **Condition 16.1** (*Interest*) shall cease to apply:

(i) in respect of the Class B Notes, upon the redemption in full of all Class A Notes;

(ii) in respect of the Class C Notes, upon the redemption in full of all Class B Notes;

(iii) in respect of the Class D Notes, upon the redemption in full of all Class C Notes; and

(iv) in respect of the Class E Notes, upon the redemption in full of all Class D Notes.

16.4 Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes or, as the case may be, the Class C Notes, the Class D Notes or the Class E Notes will be deferred or that a payment previously deferred will be made in accordance with this **Condition 16** (*Subordination By Deferral*), the Issuer will give notice

thereof to the Class B Noteholders or, as the case may be, the Class C Noteholders, the Class D Noteholders or the Class E Noteholders in accordance with **Condition 15** (*Notice To Noteholders*).

17. RIGHTS OF THIRD PARTIES

This Note does not confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. LIMITED RECOURSE

The ability of the Issuer to meet its obligations under the Notes will depend on amounts received by it under the Cash Deposit, the Repurchase Agreement (if applicable), the Credit Default Swaps and the Liquidity Facility Agreement. In the event of non-payment by the Issuer in respect of obligations under the Notes, the only remedy for recovering amounts due on the Notes is through enforcement of the Issuer Security. If the Issuer Security is enforced, the proceeds of enforcement may be insufficient to pay all principal and interest due on the Notes, and neither the Trustee nor the Noteholders may take any further steps against the Issuer in respect of amounts payable on the Notes and all such claims against the Issuer shall be extinguished and discharged.

19. NON PETITION

Only the Trustee may pursue the remedies available under applicable law, under the Issuer Deed of Charge and under the Transaction Documents to enforce the Issuer Security and no other Issuer Secured Creditors shall be entitled to enforce directly the Issuer Security, unless the Trustee having been bound to take steps and/or proceedings, fails to do so within a reasonable time and such failure is continuing.

Notwithstanding any other provision of these Conditions or any other Transaction Document, none of the parties to the Transaction Documents (other than in the case of the Issuer its shareholders or directors if required by law to do so) shall be entitled to petition or take any corporate action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of a receiver, administrator, receiver manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets for so long as the Notes are outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, provided that the Trustee may enforce the Issuer Security and appoint a receiver, receiver and manager, administrative receiver or manager or an insolvency official as permitted under the terms of the Issuer Deed of Charge and/or prove or lodge a claim in liquidation of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Issuer Deed of Charge and/or the other Transaction Documents.

None of the parties to the Transaction Documents shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of Notes, the Issuer Deed of Charge or any other Transaction Document to which it is party or any notice or documents which it is requested to deliver hereunder or thereunder.

20. GOVERNING LAW

Trust Deed and Notes

20.1 The Trust Deed and the Notes are governed by, and will be construed in accordance with, English law.

20.2. U.S. Tax Treatment and Provision of Information

(a) It is the intention of the Issuer, each Noteholder and beneficial owner (**Owner**) of an interest in the Notes that (a) the Class A Notes, the Class B Notes and the Class C Notes will be indebtedness of the Issuer, and (b) the Class D Notes and the Class E Notes will be equity of the Issuer for United States federal, state and local income and franchise tax purposes and for the purposes of any other United States federal, state and local tax imposed on or measured by income (the **Intended U.S. Tax Treatment**). To the extent applicable and absent a final determination to the contrary, the Issuer and each Noteholder and Owner, by acceptance of a Class A Note, Class B Note, Class C Note, Class D Note or Class E Note or a beneficial interest therein, agree to treat (a) such Class A Note, Class B Note or Class C Note as debt, and to treat (b) such Class D Note or Class E Note as equity for purposes of United States federal, state and local income or franchise taxes and any other United States federal, state and local taxes imposed on or measured by income, in a manner consistent with the Intended U.S. Tax Treatment and to report the Class A Notes, the Class B Notes, the Class C Notes, the Class D Notes and the Class E Notes on all applicable tax returns in a manner consistent with such treatment.

(b) For so long as any Notes remain outstanding and are "restricted securities" (as defined in Rule 144(a)(3) under the Securities Act), the Issuer shall, during any period in which it is neither subject to Section 13 or Section 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, furnish, at its expense, to any holder of, or Owner of an interest in, such Notes in connection with any resale thereof and to any prospective purchaser designated by such holder or Owner, in each case upon request, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act.

IRISH TAXATION

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

Withholding Tax

In general, tax at the standard rate of income tax (currently 20 per cent), is required to be withheld from payments of Irish source interest. However, an exemption from withholding on interest payments exists under Section 64 of the Taxes Consolidation Act, 1997 (the **1997 Act**) for certain interest bearing securities (**quoted Eurobonds**) issued by a body corporate (such as the Issuer) which are quoted on a recognised stock exchange (which would include the Irish Stock Exchange).

Any interest paid on such quoted Eurobonds can be paid free of withholding tax provided:

1. the person by or through whom the payment is made is not in Ireland; or

2. the payment is made by or through a person in Ireland, and either:

    (a) the quoted Eurobond is held in a clearing system recognised by the Irish Revenue Commissioners (Euroclear, Clearstream Banking SA and Clearstream Banking AG are so recognised), or

    (b) the person who is the beneficial owner of the quoted Eurobond and who is beneficially entitled to the interest is not resident in Ireland and has made a declaration to a relevant person (such as an Irish paying agent) in the prescribed form.

So long as the Notes are quoted on a recognised stock exchange and are held in Euroclear, Clearstream Banking SA or Clearstream Banking AG, interest on the Notes can be paid by the Issuer and any paying agent acting on behalf of the Issuer without any withholding or deduction for or on account of Irish income tax.

If, for any reason, the quoted Eurobond exemption referred to above does not or ceases to apply, the Issuer can still pay interest on the Notes free of withholding tax provided it is a "qualifying company" (within the meaning of Section 110 of the 1997 Act) and provided the interest is paid to a person resident in a "relevant territory" (i.e. a member state of the European Union (other than Ireland) or in a country with which Ireland has a double taxation agreement). For this purpose, residence is determined by reference to the law of the country in which the recipient claims to be resident. This exemption from withholding tax will not apply, however, if the interest is paid to a company in connection with a trade or business carried on by it through a branch or agency located in Ireland.

In certain circumstances, Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is collected by a bank in Ireland on behalf of any Noteholder who is Irish resident.

Taxation of Noteholders

Notwithstanding that a Noteholder may receive interest on the Notes free of withholding tax, the Noteholder may still be liable to pay Irish income tax. Interest paid on the Notes may have an Irish source and therefore be within the charge to Irish income tax and levies. Ireland operates a self assessment system in respect of income tax and any person, including a person who is neither resident nor ordinarily resident in Ireland, with Irish source income comes within its scope.

However, interest on the Notes will be exempt from Irish income tax if the recipient of the interest is resident in a relevant territory provided either:

(a) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above;

(b) in the event of the Notes not being or ceasing to be quoted Eurobonds exempt from withholding tax, if the Issuer is a qualifying company within the meaning of Section 110 of the 1997 Act; or

(c) if the Issuer has ceased to be a qualifying company, the recipient of the interest is a company.

Notwithstanding these exemptions from income tax, a corporate recipient that carries on a trade in Ireland through a branch or agency in respect of which the Notes are held or attributed, may have a liability to Irish corporation tax on the interest.

Noteholders receiving interest on the Notes which does not fall within the above exemptions may be liable to Irish income tax on such interest.

Capital Gains Tax

A holder of Notes will be subject to Irish tax on capital gains on a disposal of Notes unless such holder is neither resident nor ordinarily resident in Ireland and does not carry on a trade in Ireland through a branch or agency in respect of which the Notes are used or held.

Capital Acquisitions Tax

A gift or inheritance comprising of Notes will be within the charge to capital acquisitions tax if either (i) the disponer or the donee/successor in relation to the gift or inheritance is resident or ordinarily resident in Ireland (or, in certain circumstances, if the disponer is domiciled in Ireland irrespective of his residence or that of the donee/successor) or (ii) if the Notes are regarded as property situate in Ireland. Registered notes are generally regarded as situated where the principal register of noteholders is maintained or is required to be maintained, but the Notes may be regarded as situated in Ireland regardless of the location of the register as they secure a debt due by an Irish resident debtor and they may be secured over Irish property. Accordingly, if such Notes are comprised in a gift or inheritance, the gift or inheritance may be within the charge to tax regardless of the residence status of the disponer or the donee/successor.

Stamp Duty

Provided the Issuer remains a qualifying company no stamp duty or similar tax is imposed in Ireland on the issue, transfer or redemption of the Notes whether they are represented by Global Notes or Definitive Notes (on the basis of an exemption provided for in Section 85(2)(c) to the Stamp Duties Consolidation Act, 1999 provided the money raised on the issue of the Notes is used in the course of the Issuer's business).

EU Savings Directive

The Council of the European Union has adopted a directive regarding the taxation of interest income known as the "*European Union Directive on the Taxation of Savings Income (Directive 2003/48/EC)*".

Ireland has implemented the directive into national law. Any Irish paying agent making an interest payment on behalf of the Issuer to an individual, and certain residual entities defined in the 1997 Act, resident in another EU Member State and certain associated and dependent territories of a Member State will have to provide details of the payment to the Irish Revenue Commissioners who in turn will provide such information to the competent authorities of the state or territory of residence of the individual or residual entity concerned.

CIRCULAR 230 NOTICE

Any discussion of United States federal tax issues (including federal income tax and ERISA issues) set forth in this Prospectus was written in connection with the promotion and marketing by the Issuer, the Arranger and the Lead Manager of the transactions described in this Prospectus. Such discussion was not intended or written to be legal or tax advice to any person and was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any United States federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax adviser.

UNITED STATES TAXATION

The following is a summary of certain United States federal income tax considerations for original purchasers of the Notes that use the accrual method of accounting for United States federal income tax purposes and that hold the Notes as capital assets. This summary does not discuss all aspects of United States federal income taxation that might be important to particular investors in light of their individual investment circumstances, such as investors subject to special tax rules (e.g., financial institutions, insurance companies, tax-exempt institutions, dealers or traders in stocks, securities or currencies, regulated investment companies, persons that will hold Notes as part of a "hedging" or "conversion" transaction, non-United States persons engaged in a trade or business within the United States or persons the functional currency of which is not the United States dollar). In particular, investors not using the accrual method of accounting for United States federal income tax purposes may be subject to special rules not described in the Prospectus. In addition, this summary does not discuss any non-United States, state, or local tax considerations. This summary is based on the Internal Revenue Code of 1986, as amended (the **Code**), and administrative and judicial authorities, all as in effect on the date of this Prospectus and all of which are subject to change, possibly on a retroactive basis. Prospective investors should consult their tax advisers regarding the federal, state, local, and non-United States income and other tax considerations of owning the Notes. No rulings will be sought from the United States Internal Revenue Service (the **IRS**) with respect to the United States federal income tax consequences described below.

For purposes of this summary, a "**United States holder**" means a beneficial owner of a Note who or which is, for United States federal income tax purposes, (i) a citizen or resident of the United States, (ii) a corporation or partnership created or organised in or under the laws of the United States or of any State thereof or the District of Columbia, (iii) an estate (other than a foreign estate described in section 7701(a)(31)(A) of the Code), or (iv) a trust if a court within the U.S. is able to exercise primary supervision over its administration and one or more U.S. persons have the authority to control all substantial decisions of such trust. A "**non-United States holder**" means a beneficial owner of a Note that is not a United States holder.

United States persons and non-United States persons who own an interest in a holder that is treated as a pass-through entity under the Code will generally receive the same tax treatment with respect to the material tax consequences of their indirect ownership of the Notes as is described herein for direct United States holders and non-United States holders, respectively. Nonetheless, such persons should consult their United States tax advisers with respect to their particular circumstances, including issues related to tax elections and information reporting requirements.

Characterisation of the Notes

The Issuer intends to take the position that, while the matter is not clear and there is no authority directly on this point, (a) the Notes, other than the Class X Notes, the Class D Notes and the Class E Notes (collectively, the **Priority Notes**), are debt of the Issuer for United States federal income tax purposes and (b) the Class D Notes and the Class E Notes are equity in the Issuer for United States federal income tax purposes. However, because of certain features of the Priority Notes and because the characterisation of the Class X Notes for United States federal income tax purposes is not entirely clear, there is a significant possibility that the IRS could contend that some or all of the Priority Notes should be treated as equity in the Issuer for United States federal income tax purposes. For further information, see "*Possible Alternative Characterisations of the Priority Notes*" on page 425 and

"*Disposition of Priority Notes by United States holders*" on page 424. The Issuer intends to take the position that the Class D Notes and Class E Notes are equity in the Issuer for United States federal income tax purposes because there is a strong likelihood that, under United States federal income tax principles, the Class D Notes and Class E Notes, although denominated as debt, will be treated as equity.

As stated above, the characterisation of the Class X Notes for United States federal income tax purposes is not entirely clear. The Class X Notes could be characterised as a notional principal contract or as debt or equity of the Issuer. If the Class X Notes are characterised as a notional principal contract or as debt, United States holders generally would be taxed in a manner similar to that described below with respect to the Priority Notes, unless the Class X Notes constitute a special type of debt instrument known as a "contingent payment debt instrument", in which case the Class X Notes would be taxed under special rules that are not described in this summary. If the Class X Notes are characterised as equity, United States holders generally would be taxed according to the principles described below with respect to the Class D Notes and the Class E Notes. It is also possible that the Class X Notes would be characterised as neither a notional principal contract nor debt or equity but rather as some other type of financial instrument or contract. United States holders of the Class X Notes should consult their own United States tax advisers with respect to the characterisation and tax treatment of the Class X Notes.

Absent a final determination to the contrary, the Issuer and each Noteholder, by acceptance of a Note or a beneficial interest therein, agree to treat (a) the Priority Notes as debt and (b) the Class D Notes and Class E Notes as equity for purposes of United States federal, state and local income or franchise taxes and any other United States, federal, state and local taxes imposed on or measured by income and each agrees to report its ownership interest in one or more classes of Notes on all applicable tax returns in a manner consistent with such treatment. In general, the characterisation of an instrument for United States federal income tax purposes as debt or equity by its issuer as at the time of issuance is binding on a holder (but not the IRS), unless the holder takes an inconsistent position and discloses such position in its United States federal tax return. The Issuer will not obtain any rulings from the IRS or opinions of counsel on the characterisation of the Notes, including the Class X Notes, and there can be no assurance that the IRS or the courts will agree with the positions of the Issuer. Unless otherwise indicated, the discussion in the following paragraphs assumes the characterisations of the Priority Notes as debt and the Class D Notes and Class E Notes as equity are correct for United States federal income tax purposes.

The following paragraphs are also based on the assumption that the Issuer will not be engaged in a trade or business within the United States to which the income from the Notes is effectively connected.

Interest Income on the Priority Notes to United States holders

In General

The Priority Notes may be issued with original issue discount (**OID**) for United States federal income tax purposes, and, as a result, because interest on the Priority Notes is paid in arrear on each Distribution Date, interest on the Priority Notes will be taxable to a United States holder as ordinary income at the time it is accrued prior to the receipt of cash attributable to that income.

A Priority Note will be considered issued with OID if its "stated redemption price at maturity" exceeds its "issue price" (i.e., the price at which a substantial portion of the respective class of Priority Notes is first sold (not including sales to the Lead Manager)) by an amount equal to or greater than 0.25 per cent. of such Priority Note's stated redemption price at maturity multiplied by such Priority Note's weighted average maturity (**WAM**). In general, a Priority Note's "stated redemption price at maturity" is the sum of all payments to be made on the Priority Note other than payments of "qualified stated interest." The WAM of a Priority Note is computed based on the number of full years each distribution of principal (or other amount included in the stated redemption price at maturity) is scheduled to be outstanding. The schedule of such likely distributions should be determined in accordance with the assumed rate of prepayment (the **Prepayment Assumption**) used in pricing the

Priority Notes. The pricing of the Priority Notes is calculated on the basis of the scheduled amortisation payments on the assumption that there will be no prepayments.

In general, interest on the Priority Notes will constitute "qualified stated interest" only if such interest is "unconditionally payable" at least annually at a single fixed or qualifying variable rate (or permitted combination of the foregoing) within the meaning of applicable United States Treasury Regulations. Interest will be considered "unconditionally payable" for these purposes if legal remedies exist to compel timely payment of such interest or if the Priority Notes contain terms and conditions that make the likelihood of late payment or non-payment "remote". Although the Conditions of the Notes provide that a holder cannot compel the timely payment of any interest accrued in respect of the Priority Notes (other than the Class A Notes), Treasury Regulations provide that in determining whether interest is unconditionally payable the possibility of non-payment due to default, insolvency or similar circumstances is ignored. Accordingly, the Issuer intends to take the position that interest payments on the Priority Notes constitute "qualified stated interest". It is possible that the IRS could take a contrary position, in which case it is anticipated that the Priority Notes would be treated as OID instruments for U.S. tax purposes.

Sourcing

Interest on a Priority Note will constitute foreign source income for United States federal income tax purposes. Subject to certain limitations, United Kingdom or Irish withholding tax, if any, imposed on payments on the Priority Notes will generally be treated as a foreign tax eligible for credit against a United States holder's United States federal income tax (unless such tax is refundable under United Kingdom or Irish law or a United Kingdom – United States or Ireland - United States income tax treaty). For foreign tax credit purposes, interest will generally be treated as foreign source passive income (or, in the case of certain United States holders, financial services income).

Foreign Currency Considerations

A United States holder that receives a payment of interest in euro with respect to the Priority Notes will be required to include in income the United States dollar value of the amount of interest income that has accrued and is otherwise required to be taken into account with respect to the Priority Notes during an accrual period. The United States dollar value of such accrued income will be determined by translating such income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the relevant taxable year. In addition, such United States holder will recognise additional exchange gain or loss, treated as ordinary income or loss, with respect to accrued interest income on the date such income is actually received or the applicable Priority Note is disposed of. The amount of ordinary income or loss recognised will equal the difference between (i) the United States dollar value of the euro payment received (determined at the spot rate on the date such payment is received or the applicable Priority Note is disposed of) in respect of such accrual period and (ii) the United States dollar value of interest income that has accrued during such accrual period (determined at the average rate as described above). Alternatively, a United States holder may elect to translate interest income into United States dollars at the spot rate on the last day of the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the taxable year) or, if the last day of the interest accrual period is within five business days of the date of receipt, the spot rate on the date of receipt. A United States holder that makes such an election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

Disposition of Priority Notes by United States holders

In general

Upon the sale, exchange or retirement of a Priority Note, a United States holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the United States holder's adjusted tax basis in the Priority Note. For these purposes, the amount realised does not include any amount attributable to accrued interest on the Priority Note (which will be treated as interest as described under "*Interest Income on the Priority Notes to United States*

holders" or page 423). A United States holder's adjusted tax basis in a Priority Note generally will equal the cost of the Priority Note to the United States holder, decreased by any payments (other than payments of qualified stated interest) received on the Note.

In general, except as described below, gain or loss realised on the sale, exchange or redemption of a Priority Note will be capital gain or loss.

Foreign Currency Considerations

A United States holder's tax basis in a Priority Note, and the amount of any subsequent adjustment to such United States holder's tax basis, will be the United States dollar value of the euro amount paid for such Priority Note, or of the euro amount of the adjustment, determined at the spot rate on the date of such purchase or adjustment. A United States holder that purchases a Priority Note with previously owned euro will recognise ordinary income or loss in an amount equal to the difference, if any, between such United States holder's tax basis in the euro and the United States dollar value of the euro on the date of purchase.

Gain or loss realised upon the receipt of a principal payment on, or the sale, exchange or retirement of, a Priority Note that is attributable to fluctuations in currency exchange rates will be treated as ordinary income or loss which will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the United States dollar value of the applicable euro principal amount of such Priority Note, and any payment with respect to accrued interest, translated at the spot rate on the date such payment is received or such Priority Note is disposed of, and (ii) the United States dollar value of the applicable euro principal amount of such Priority Note, on the date such holder acquired such Priority Note, and the United States dollar amounts previously included in income in respect of the accrued interest received at the spot rate on that day. Such foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by a United States holder on the sale, exchange or retirement of the Priority Note. The source of such euro gain or loss will be determined by reference to the residence of the United States holder or the qualified business unit of the United States holder on whose books the Priority Note is properly reflected.

A United States holder will have a tax basis in any euro received on the receipt of principal on, or the sale, exchange or retirement of, a Priority Note equal to the United States dollar value of such euro, determined at the time of such receipt, sale, exchange or retirement. Any gain or loss realised by a United States holder on a subsequent sale or other disposition of euro (including its exchange for United States dollars) will generally be ordinary income or loss.

Taxation of Priority Notes to non-United States holders

A non-United States holder of the Priority Notes will be exempt from any United States federal income or withholding tax with respect to the gain derived from the sale, exchange or retirement or any payments received in respect of the Priority Notes, unless such gain or payments are effectively connected with a United States trade or business of such holder, or such holder is a non-resident alien individual who holds the Priority Notes as a capital asset and who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are satisfied.

Possible Alternative Characterisations of the Priority Notes

In General

Although, as described above, the Issuer intends to take the position that the Priority Notes will be treated as debt for United States federal income tax purposes, such position is not binding on the IRS or the courts and therefore no assurance can be given that such characterisation will prevail. In particular, because of the subordination and other features of the Class D Notes and Class E Notes (and to a lesser extent, more senior classes of Notes) and because the characterisation of the Class X Notes for United States federal income tax purposes is not entirely clear, there is a significant

possibility that the IRS could contend that some or all of the Priority Notes should be treated as equity in the Issuer for United States federal income tax purposes.

The timing and character of income under the Priority Notes may differ substantially depending on whether the Priority Notes are treated as debt or equity for United States federal income tax purposes. If one or more classes of Priority Notes were treated as equity interests in the Issuer (any such Note, a **Recharacterised Note**), such Recharacterised Notes and the treatment of payments made in relation to such Recharacterised Notes for United States federal income tax purposes would be substantially similar to the discussion with respect to the Class D Notes and Class E Notes below under "*Distributions on the Class D Notes and Class E Notes to United States holders*" below and "*Disposition of Class D and Class E Notes by United States holders*" on page 428. Prospective investors should consult their own United States tax advisers with respect to the potential impact of an alternative characterisation of the Priority Notes for United States federal income tax purposes, including the making of a protective QEF (as discussed below) election under the passive foreign investment company rules of the Code at the time when an investor acquires its ownership interest in the Notes.

Distributions on the Class D Notes and Class E Notes to United States holders

Except as provided below, a United States holder of a Class D Note or Class E Note is required to include in income payments of "interest" as distributions on equity of the Issuer (with no dividends received deduction available to corporate United States holders). In addition, unless the Issuer is treated as being engaged in a U.S. trade or business, generally, "interest" income derived by a United States holder of a Class D or Class E Note which is treated as equity should constitute foreign source income that will be treated as passive income for United States foreign tax credit purposes (or, in the case of certain United States holders, financial services income). "Dividend" income derived by a United States holder of a Class D or Class E Note will not be eligible for the preferential income tax rates provided by the Jobs and Growth Tax Relief Reconciliation Act of 2003. Each United States holder of a Class D Note or Class E Note should consult its own United States tax advisers as to how it should treat this income for purposes of its particular foreign tax credit calculation.

Investment in a Passive Foreign Investment Company

The Issuer expects to be treated as a "passive foreign investment company" (a **PFIC**). United States holders of the Class D Notes or Class E Notes will be considered U.S. shareholders in a PFIC (each, a **U.S. shareholder**). In general, a U.S. shareholder in a PFIC may desire to make an election to treat the Issuer as a qualified electing fund (**QEF**) with respect to such U.S. shareholder. Generally, a QEF election should be made on or before the due date for filing a U.S. shareholder's federal income tax return for the first taxable year for which it held the Class D Notes or Class E Notes. An electing U.S. shareholder will be required to include in gross income such U.S. shareholder's *pro rata* share of the Issuer's ordinary earnings and to include as long-term capital gain such U.S. shareholder's *pro rata* share of the Issuer's net capital gain, whether or not distributed, assuming that the Issuer does not constitute a controlled foreign corporation in which the U.S. shareholder is a U.S. Shareholder, as discussed further below. A United States holder will not be eligible for the dividends received deduction in respect of such income or gain. In addition, any losses of the Issuer in a taxable year will not be available to such United States holder. In certain cases in which a QEF does not distribute all of its earnings in a taxable year, U.S. shareholders may also be permitted to elect generally to defer payment of the taxes on the QEF's undistributed earnings until such amounts are distributed or the Class D Notes or Class E Notes are disposed of, subject to an interest charge on the deferred amount. In this respect, prospective purchasers of the Class D or Class E Notes should be aware that the Issuer may have significant earnings, but distributions attributable to such earnings may be deferred, perhaps for a substantial period of time. Thus, absent an election to defer payment of taxes, U.S. shareholders of the Issuer that make a QEF election may owe tax on significant "phantom" income.

In addition, it should be noted that if the Issuer disposes of any Reference Obligations or other investments that are not in registered form, a U.S. shareholder making a QEF election (i) may not be permitted to take a deduction for any loss attributable to such obligations and (ii) may be required to treat earnings as ordinary income even though such earnings would otherwise constitute capital gains.

The Issuer does not intend to provide information to holders of the Class D Notes or Class E Notes (or any other class of Notes that is treated as equity for United States federal income tax purposes) that a U.S. shareholder making a QEF election will need for United States federal income tax reporting purposes (e.g., the U.S. shareholder's pro rata share of ordinary income and net capital gain as computed for United States federal income tax purposes) and the Issuer will not provide a PFIC Annual Information Statement as described in Treasury Regulations. U.S. shareholders that are considering making a QEF election should consult their United States tax advisers with respect to their particular circumstances, including issues related to their annual United States federal income tax reporting obligations under the PFIC rules and the computations required to effect a QEF election.

A U.S. shareholder that holds "marketable stock" in a PFIC may also avoid certain unfavourable consequences of the PFIC rules by electing to mark the Class D Notes or Class E Notes to market as at the close of each taxable year. A U.S. shareholder that made the mark-to-market election would be required to include in income each year as ordinary income an amount equal to the excess, if any, of the fair market value of the Class D Notes or Class E Notes at the close of the year over the U.S. shareholder's adjusted tax basis in the Class D or Class E Notes. For this purpose, a U.S. shareholder's adjusted tax basis generally would be the U.S. shareholder's cost for the Class D Notes or Class E Notes, increased by the amount previously included in the U.S. shareholder's income pursuant to this mark-to-market election and decreased by any amount previously allowed to the U.S. shareholder as a deduction pursuant to such election. If, at the close of the year, the U.S. shareholder's adjusted tax basis exceeded the fair market value of the Class D Notes or Class E Notes, then the U.S. shareholder would be allowed to deduct any such excess from ordinary income, but only to the extent of net mark-to-market gains on such Class D Notes or Class E Notes previously included in income. Any gain from the actual sale of the Class D Notes or Class E Notes would be treated as ordinary income, and to the extent of net mark-to-market gains previously included in income any loss would be treated as ordinary loss. Class D Notes or Class E Notes would be considered "marketable stock" in a PFIC for these purposes only if they were regularly traded on an exchange which the IRS determines has rules adequate for these purposes. Application has been made to the Official List of the Irish Stock Exchange for listing of the Notes. However, there can be no assurance that the Notes will be listed on the Official List of the Irish Stock Exchange, that the Class D Notes or Class E Notes will be "regularly traded" or that such exchange would be considered a qualified exchange for these purposes.

If a U.S. shareholder does not make a QEF election or mark-to-market election and the PFIC rules are otherwise applicable, a U.S. shareholder that has held such Class D Notes or Class E Notes during more than one taxable year would be required to report any gain on disposition of any Class D Notes or Class E Notes as ordinary income and to compute the tax liability on such gain and certain excess distributions as if the items had been earned rateably over each day in the U.S. shareholder's holding period for the Class D Notes or Class E Notes and would be subject to the highest ordinary income tax rate for each prior taxable year in which the items were treated as having been earned, regardless of the rate otherwise applicable to the U.S. shareholder. Such U.S. shareholder would also be liable for an additional tax equal to interest on the tax liability attributable to such income allocated to prior years as if such liability had been due with respect to each such prior year. An excess distribution is the amount by which distributions during a taxable year in respect of a Class D Note or Class E Note exceed 125 per cent. of the average amount of distributions in respect thereof during the three preceding taxable years (or, if shorter, the U.S. shareholder's holding period for the Class D Notes or Class E Notes). Because the Class D Notes and Class E Notes pay "interest" at a floating rate, it is possible that a United States holder will received excess distributions as a result of fluctuations in the rate of EURIBOR over the term of the Class D Notes or Class E Notes. U.S. shareholders of Class D Notes or Class E Notes should consider carefully whether to make a QEF election or mark-to-market election with respect to the Class D Notes or Class E Notes and the consequences of not making such an election.

Investment in a Controlled Foreign Corporation

Depending on a United States holder's degree of ownership of the equity interests in the Issuer, the Issuer may constitute a controlled foreign corporation (a **CFC**). In general, a foreign corporation will constitute a CFC if more than 50 per cent. of the shares of the corporation, measured by reference to

combined voting power or value, are held, directly or indirectly, by U.S. Shareholders. For this purpose, a **U.S. Shareholder** is any person that is a U.S. person for United States federal income tax purposes that possesses (actually or constructively) 10 per cent. or more of the combined voting power of all classes of shares of a corporation (persons who own interests in a U.S. pass-through entity that is a U.S. Shareholder will also be subject to the CFC rules). United States holders possessing 10 per cent. or more of the Class D Notes or Class E Notes (or any combination thereof) are U.S. Shareholders. If more than 50 per cent. of the equity interests in the Issuer were held by such U.S. Shareholders, the Issuer would be treated as a CFC.

If the Issuer should be treated as a CFC, a U.S. Shareholder would be treated, subject to certain exceptions, as receiving a dividend at the end of the taxable year of the Issuer in an amount equal to that person's pro rata share of the "subpart F income" and certain U.S. source income of the Issuer. Among other items, and subject to certain exceptions, **subpart F income** includes dividends, interest, annuities, gains from the sale of shares and securities, certain gains from commodities transactions, certain types of insurance income and income from certain transactions with related parties. It is anticipated that all of the Issuer's income would be subpart F income.

If the Issuer should be treated as a CFC, a U.S. Shareholder would be taxable on the Issuer's subpart F income under the CFC rules and not under the PFIC rules. As a result, to the extent subpart F income of the Issuer includes net capital gains, such gains will be treated as ordinary income of the U.S. Shareholder under the CFC rules, notwithstanding the fact that the character of such gains generally would otherwise be preserved under the PFIC rules if a QEF election were made.

United States holders of the Class D Notes and Class E Notes should consult their United States tax advisers as to timing and character mismatches that may result from the Issuer being treated as a PFIC or CFC.

Distributions on Class D Notes and Class E Notes

The treatment of actual distributions on the Class D Notes and Class E Notes, in very general terms, will vary depending on (a) (i) whether a United States holder has made a timely QEF election as described above, and (ii) the U.S. shareholder's *pro rata* share of the Issuer's ordinary earnings (as determined under the Code) and the U.S. shareholder's *pro rata* share of the Issuer's net capital gain for the United States holder's taxable year in which or with which the taxable year of the Issuer ends, and (b) whether a United States holder has made a timely mark-to-market election as described above. See "*Investment in a Passive Foreign Investment Company*" on page 426. If a timely QEF election has been made, distributions should be allocated first to amounts previously taxed pursuant to the QEF election (or pursuant to the CFC rules, if applicable) and to this extent would not be taxable to United States holders. Distributions in excess of such previously taxed amounts will be treated first as a nontaxable return of capital and then as capital gain.

In the event that a United States holder does not make a QEF election or a mark-to-market election, then except to the extent that distributions may be attributable to amounts previously taxed pursuant to the CFC rules, some or all of any distributions with respect to the Class D and Class E Notes may constitute excess distributions, taxable as previously described. See "*Investment in a Passive Foreign Investment Company*" on page 426.

A United States holder will determine the United States dollar value of a distribution which is denominated in euro made on the Class D Notes or Class E Notes (or any other class of Notes which is treated as equity for United States federal income tax purposes) by translating the euro payment at the spot rate of exchange on the date of such distribution.

Disposition of Class D and Class E Notes by United States holders

Sale, Redemption or Other Disposition of the Class D Notes and Class E Notes

In general, a United States holder of a Class D Note or Class E Note will recognise gain or loss upon the sale or other disposition of a Class D Note or Class E Note equal to the difference between the

amount realised and such holder's adjusted tax basis in the Class D Note or Class E Note. If a United States holder has made a timely QEF selection as described above, such gain or loss will be long-term capital gain or loss if the United States holder held the Class D Notes or Class E Notes for more than 12 months at the time of the disposition. If a United States holder has made a timely mark-to-market election, such gain or loss will be taxed as discussed above under "*Investment in a Passive Foreign Investment Company*" on page 426.

Initially, the tax basis of a United States holder should equal the amount paid for a Class D Note or Class E Note. Such basis will be increased by amounts taxable to such holder by virtue of a QEF election, mark-to-market election or the CFC rules and decreased by actual distributions from the Issuer that are deemed to consist of such previously taxed amounts or are treated as nontaxable returns of capital.

If a United States holder does not make a QEF election or mark-to-market election, any gain realised on the sale or exchange of a Class D or Class E Note will be subject to an interest charge and taxed as ordinary income. See "*Investment in a Passive Foreign Investment Company*" on page 426.

If the Issuer were treated as a CFC and a United States holder were treated as a U.S. Shareholder therein, then any gain realised by such holder upon the disposition of the Class D Notes or Class E Notes would be treated as ordinary income to the extent of the current and accumulated earnings and profits of the Issuer. In this respect, earnings and profits would not include any amounts previously taxed pursuant to a timely QEF election or pursuant to the CFC rules.

A United States holder will determine the United States dollar value of amounts realised which are denominated in euro from the sale, redemption or other disposition of a Class D Note or Class E Note (or any other class of Notes which is treated as equity for United States federal income tax purposes) by translating the euro payment at the spot rate of exchange on the date of such sale, redemption or other disposition.

Taxation Of the Class D Notes and Class E Notes to non-United States holders

A non-United States holder of the Class D Notes or Class E Notes will be exempt from any United States federal income or withholding taxes with respect to gain derived from the sale, exchange, or retirement or any payments received in respect of the Class D Notes or Class E Notes, unless such gain or payments are effectively connected with a United States trade or business of such holder, or such holder is a non-resident alien individual who holds the Class D Notes or Class E Notes as a capital asset and who is present in the United States for 183 days or more in the taxable year of the disposition, and certain other conditions are satisfied.

Information Reporting Requirements

The Treasury Department has issued regulations with regard to reporting requirements relating to the transfer of property (including certain transfers of cash) to a foreign corporation by United States persons or entities. In general, these rules require United States holders who acquire Notes that are characterised (in whole or in part) as equity of the Issuer to file a Form 926 with the IRS and to supply certain additional information to the IRS. In the event a United States holder fails to file any such required form, the United States holder may be subject to a penalty equal to 10 per cent. of the fair market value of the Notes as at the date of purchase (generally up to a maximum penalty of U.S.$100,000 in the absence of intentional disregard of the filing requirement; in case of intentional disregard, no maximum applies). In addition, if (i) United States holders acquire Notes that are recharacterised as equity of the Issuer and (ii) the Issuer is treated as a "controlled foreign corporation" for United States federal income tax purposes, certain of those United States holders will generally be subject to additional information reporting requirements (for example, certain United States holders will be required to file a Form 5471). Prospective investors should consult with their United States tax advisers concerning the additional information reporting requirements with respect to holding equity interest in foreign corporations.

Share Capital of the Issuer

The Issuer intends to treat the share capital in the Issuer as equity for United States federal income tax purposes. The Issuer will allocate for United States federal income tax purposes any item of income that is not paid in relation to the Notes or as deferred consideration to each Originator to the owner of the share capital.

Realised Losses

It is anticipated that each class of Notes will be treated as a "security" as defined in section 165(g)(2) of the Code. Accordingly, any loss with respect to the Notes as a result of one or more realised losses on the Reference Obligations will be treated as a loss from the sale or exchange of a capital asset at that time. In addition, no loss will be permitted to be recognised until the Notes are wholly worthless.

Each United States holder will be required to accrue interest with respect to a Priority Note without giving effect to any reductions attributable to defaults on the assumption that no defaults or delinquencies occur with respect to the Reference Obligations until it can be established that those payment reductions are not receivable. Accordingly, particularly with respect to the Class D Notes and Class E Notes, the amount of taxable income reported during the early years of the term of the Priority Notes may exceed the economic income actually realised by the holder during that period. Although the United States holder of a Priority Note would eventually recognise a loss or reduction in income attributable to the previously accrued income that is ultimately not received as a result of such defaults, the law is unclear with respect to the timing and character of such loss or reduction in income.

Backup Withholding and Information Reporting

Information reporting to the IRS generally will be required with respect to payments of principal or interest or to distributions on the Notes and to proceeds of the sale of the Notes that, in each case, are paid by a United States payor or intermediary to United States holders other than corporations and other exempt recipients. "Backup" withholding tax will apply to those payments if such United States holder fails to provide certain identifying information (including such holder's taxpayer identification number) to such payor, intermediary or other withholding agent or such holder is notified by the IRS that it is subject to backup withholding. Non-United States holders may be required to comply with applicable certification procedures to establish that they are not United States holders in order to avoid the application of such information reporting requirements and backup withholding. Backup withholding tax is not an additional tax and generally may be credited against a holder's United States federal income tax liability provided that such holder provides the necessary information to the IRS.

Tax Shelter Reporting Requirements – Currency Exchange Losses

Under United States Treasury regulations on tax shelter disclosure and list maintenance, taxpayers that enter into "reportable transactions" on or after 1 January 2003, are required to file information returns. In the case of a corporation or a partnership whose partners are all corporations, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a loss claimed under Section 165 of the Code (without taking into account any offsetting items) (a **Section 165 Loss**) of at least U.S.$10 million in any one taxable year or U.S.$20 million in any combination of taxable years. In the case of any other partnership, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate a Section 165 Loss of at least U.S.$2 million in any taxable year or U.S.$4 million in any combination of taxable years. In the case of an individual or trust, a reportable transaction includes any transaction that generates, or reasonably can be expected to generate, a Section 165 Loss of at least U.S.$50,000 in any one taxable year arising from a currency exchange loss. In determining whether a transaction results in a taxpayer claiming a loss that meets the threshold over a combination of taxable years, only losses claimed in the taxable year that the transaction is entered into and the five succeeding taxable years are combined. Accordingly, if a United States holder realises currency exchange losses on the Notes satisfying the monetary thresholds discussed above, such United States holder would have to file an information return.

Prospective investors should consult their tax advisers regarding these information return requirements.

For further information, see "*Disposition of Priority Notes by United States Holders – Foreign Currency Considerations*" on page 425.

UNITED KINGDOM TAXATION

The following is a summary of the position as regards United Kingdom withholding tax only in relation to payments of interest on the Notes under United Kingdom tax law and the generally published practice of H.M. Revenue & Customs at the date of this Prospectus. The summary is based on the assumption that the Issuer is not resident in the United Kingdom for United Kingdom tax purposes.

The interest on the Notes may be subject to United Kingdom withholding tax at the rate of 20 per cent. if the interest is treated as having a United Kingdom "source". However, as long as the Notes are listed on a "recognised stock exchange" (which includes the Irish Stock Exchange) at the time at which the interest is paid, the interest will be exempt from any such tax. If the Notes are not so listed at that time, it will depend on the circumstances as to whether any other exemption from any such tax (including under any applicable double taxation treaty) will apply.

U.S. ERISA CONSIDERATIONS

The United States Employee Retirement Income Security Act of 1974, as amended (**ERISA**), imposes requirements on employee benefit plans (as defined in Section 3(3) of ERISA) subject to ERISA and on entities, such as collective investment funds and separate accounts whose underlying assets include the assets of such plans (all of which are hereinafter referred to as **ERISA Plans**), and on persons who are fiduciaries (as defined in Section 3(21) of ERISA) with respect to such ERISA Plans. The Code also imposes certain requirements on ERISA Plans and on other retirement plans and arrangements, including individual retirement accounts and Keogh plans (such ERISA Plans and other plans and arrangements together, the **Plans**). Certain employee benefit plans, including governmental plans (as defined in Section 3(32) of ERISA) and certain church plans (as defined in Section 3(33) of ERISA), generally are not subject to the requirements of ERISA. Accordingly, assets of such plans may be invested in the Notes without regard to the ERISA prohibited transaction considerations described below, subject to the provisions of other applicable federal and state law.

Any discussion of United States federal tax issues set forth in this Prospectus is written in connection with the promotion and remarketing by the Issuer and the Lead Manager of the transactions described in this Prospectus. Such discussion was not intended or written to be legal or tax advice to any person and was not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any United States federal tax penalties that may be imposed on such person. Each investor should seek advice based on its particular circumstances from an independent tax adviser.

Investments by ERISA Plans are subject to ERISA's general fiduciary requirements, including the requirement of investment prudence and diversification, requirements respecting delegation of investment authority and the requirement that an ERISA Plan's investments be made in accordance with the documents governing the ERISA Plan. Each ERISA Plan fiduciary, before deciding to invest in the Notes, must be satisfied that investment in the Notes is a prudent investment for the ERISA Plan, that the investments of the ERISA Plan, including the investment in the Notes, are diversified so as to minimise the risk of large losses and that an investment in the Notes complies with the ERISA Plan and related trust documents.

Section 406 of ERISA and/or Section 4975 of the Code prohibits Plans from engaging in certain transactions with persons that are "parties in interest" under ERISA or "disqualified persons" under Section 4975 of the Code with respect to such Plans (together, **Parties in Interest**). The types of transactions between Plans and Parties in Interest that are prohibited include: (a) sales, exchanges or leases of property, (b) loans or other extensions of credit and (c) the furnishing of goods and services. Certain Parties in Interest that participate in a non-exempt prohibited transaction may be subject to an excise tax under ERISA or the Code. In addition, the persons involved in the prohibited transaction may have to rescind the transaction and pay an amount to the Plan for any losses realised by the Plan or profits realised by such persons and certain other liabilities could result that have a significant adverse effect on such persons.

Certain transactions involving the purchase, holding or transfer of the Notes might be deemed to constitute prohibited transactions under ERISA and Section 4975 of the Code if assets of the Issuer were deemed to be assets of a Plan. Under Section 3(42) of ERISA and regulations issued by the United States Department of Labor, set forth in 29 C.F.R. § 2510.3-101 (the **Plan Asset Regulations**), the assets of the Issuer would be treated as plan assets of a Plan for the purposes of ERISA and Section 4975 of the Code only if the Plan acquires an equity interest in the Issuer and none of the exceptions contained in the Plan Asset Regulations is applicable. An equity interest is defined under the Plan Asset Regulations as an interest in an entity other than an instrument which is treated as indebtedness under applicable local law and which has no substantial equity features. Although there is no authority directly on point, it is anticipated that the Class A, the Class B Notes and the Class C Notes should be treated as indebtedness under local law without any substantial equity features for purposes of the Plan Asset Regulations. By contrast, the Class X Notes, the Class D Notes and the Class E Notes may be treated as "equity interests" for purposes of the Plan Asset Regulations. Accordingly, the Class X Notes, the Class D Notes and the Class E Notes may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code or any governmental or church plan that is subject to any federal, state or local law that is substantially

similar to the provisions of Section 406 of ERISA or Section 4975 of the Code (**Similar Law**). Furthermore, in the event that the Class A Notes, the Class B Notes or the Class C Notes become a Recharacterised Note (as defined under the section titled "*United States Taxation*" on page 422), then such Note may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code or any governmental or church plan that is subject to Similar Law.

However, without regard to whether the Class A Notes, the Class B Note or the Class C Notes are treated as an equity interest for such purposes, the acquisition or holding of the Class A Notes, the Class B Notes or the Class C Notes by or on behalf of a Plan could be considered to give rise to a prohibited transaction under ERISA or Section 4975 of the Code if the Issuer, the Lead Manager, the Trustee or any of their respective affiliates is or becomes a Party in Interest with respect to such Plan. Certain exemptions from the prohibited transaction rules could be applicable depending on the type and circumstances of the fiduciary making the decision to acquire the Class A Notes, the Class B Notes or the Class C Notes. Included among these exemptions are Prohibited Transaction Class Exemption (**PTCE**) 84-14, which exempts certain transactions effected on behalf of a Plan by a "qualified professional asset manager", PTCE 96-23, which exempts certain transactions effected on behalf of a Plan by an "in-house asset manager", PTCE 90-1, which exempts certain transactions between insurance company separate accounts and Parties in Interest, PTCE 91-38, which exempts certain transactions between bank collective investment funds and Parties in Interest, PTCE 95-60, which exempts certain transactions between insurance company general accounts and Parties in Interest and the statutory exemption provided by Section 408(b)(17) of ERISA and Section 4975(d)(20), which exempts certain transactions with Parties in Interest that are not, and whose affiliates are not, fiduciaries with respect to such transactions (collectively, the **Exemptions**). Even if the conditions specified in one or more of the Exemptions are met, the scope of the relief provided by the Exemptions might or might not cover all acts which might be construed as prohibited transactions.

Nevertheless, even if an Exemption applies, a Plan generally should not purchase the Class A Notes, the Class B Notes or the Class C Notes, if the Issuer, the Arranger, the Lead Manager, the Issuer Related Parties or any of their respective affiliates either (a) has investment discretion with respect to the investment of assets of such Plan; (b) has authority or responsibility to give or regularly gives investment advice with respect to assets of such Plan, for a fee, and pursuant to an agreement or understanding that such advice will serve as a primary basis for investment decisions with respect to such assets and that such advice will be based on the particular investment needs of such Plan; or (c) is an employer maintaining or contributing to such Plan. A party that is described in clause (a) or (b) of the preceding sentence is a fiduciary under ERISA with respect to the Plan and any such purchase might result in a "prohibited transaction" under ERISA or the Code.

An insurance company proposing to invest assets of its general account in the Notes should consider the extent to which such investment would be subject to ERISA and Section 4975 of the Code. On 5th January 2000, the United States Department of Labor issued a final regulation which provides guidance for determining, in cases where insurance policies supported by an insurer's general account are issued to or for the benefit of a Plan on or before 31 December 1998, which general account assets are plan assets. That regulation generally provides that, if certain specified requirements are satisfied with respect to insurance policies issued on or before 31 December 1998, the assets of an insurance company general account will not be plan assets. Nevertheless, certain assets of an insurance company general account may be considered to be plan assets. Therefore, if an insurance company acquires Notes using assets of its general account, certain of the insurance company's assets may be plan assets and the provisions of ERISA and Section 4975 of the Code could apply to such acquisition and the subsequent holding of the Notes. An insurance company using assets of its general account may not acquire an interest in the Class X Notes, the Class D Notes or the Class E Notes, or, if applicable, any Recharacterised Note if any of such general account assets are considered to be plan assets.

The sale of any of the Class A Notes, the Class B Notes or the Class C Notes to a Plan is in no respect a representation by the Issuer, the Arranger, the Lead Manager or any other party related to the Issuer that such an investment meets all relevant legal requirements with respect to investments by Plans generally or any particular Plan, or that such an investment is appropriate for Plans generally or any particular Plan.

Each purchaser of the Class A Notes, the Class B Notes or the Class C Notes will be deemed to have represented and agreed that (i) either (A) it is not purchasing such Notes with the assets of any Plan or any governmental or church plan that is subject to Similar Law or (B) that one of more exemptions applies such that the use of such assets will not constitute or result in a non-exempt prohibited transaction under ERISA or the Code (or, in the case of a governmental or church plan, any Similar Law), and (ii) with respect to transfers, it will either not transfer such Notes to a transferee purchasing such Notes with the assets of any Plan or governmental or church plan that is subject to Similar Law, or one or more exemptions applies such that the use of such assets will not constitute or result in a non-exempt prohibited transaction. The Class X Notes, the Class D Notes and the Class E Notes, and, if applicable, any Recharacterised Note may not be purchased by or transferred to a Plan that is subject to the provisions of ERISA or Section 4975 of the Code. Any Plan fiduciary that proposes to cause a Plan to purchase such instruments should consult with its counsel with respect to the potential applicability of ERISA and the Code to such investment and whether any exemption or exemptions have been satisfied.

LEGAL INVESTMENT

The Notes will not be "mortgage related securities" for purposes of the United States Secondary Mortgage Market Enhancement Act of 1984, as amended (**SMMEA**). As a result, the appropriate characterisation of the Notes under various United States legal investment restrictions, and thus the ability of investors subject to these restrictions to purchase the Notes, is subject to significant interpretive uncertainties.

No representations are made as to the proper characterisation of the Notes for legal investment purposes, financial institution regulatory purposes, or other purposes, or as to the ability of particular investors to purchase Notes under applicable legal investment restrictions. The uncertainties described above (and any unfavourable future determinations concerning legal investment or financial institution regulatory characteristics of the Notes) may adversely affect the liquidity of the Notes.

Accordingly, all institutions whose investment activities are subject to legal investment laws and regulations, regulatory capital requirements or review by regulatory authorities should consult with their own legal advisers in determining whether and to what extent the Notes constitute legal investments for them or are subject to investment, capital or other restrictions.

SUBSCRIPTION AND SALE

Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the **Lead Manager**) and Banco Bilbao Vizcaya Argentaria S.A of Plaza de San Nicolas, 4, 48005 Bilao, Spain (a **Joint Lead Manager** and, together with the Lead Manager, the **Managers**) have agreed, pursuant to a subscription agreement dated on or about 23 May 2007 (the **Subscription Agreement**), made between, among others, the Managers and the Issuer to subscribe and pay for the:

(a) Class A Notes at 100 per cent. of the initial principal amount of such Notes;

(b) the Class B Notes at 100 per cent. of the initial principal amount of such Notes;

(c) the Class C Notes at 100 per cent. of the initial principal amount of such Notes,

(d) the Class D Notes at 100 per cent. of the initial principal amount of such Notes; and

(e) the Class E Notes at 100 per cent. of the initial principal amount of such Notes,

subject to certain conditions.

The Subscription Agreement is subject to a number of conditions and may be terminated by each of the Managers in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify each of the Managers against certain liabilities in connection with the offer and sale of the Notes.

Selling Restrictions

Federal Republic of Germany

Each of the Managers has agreed and represented to comply with the following selling restrictions applicable to the Federal Republic of Germany.

Pursuant to the Subscription Agreement, each of the Manager has agreed that it shall not offer or sell the Notes in the Federal Republic of Germany other than in compliance with the German Securities Prospectus Act (*Wertpapierprospektgesetz*), the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*), the German Investment Act (*Investmentgesetz*), respectively, and any other laws and regulations applicable in the Federal Republic of Germany governing the issue, the offering and the sale of securities.

The Notes may neither be nor intended to be distributed by way of public offering, public advertisement or in a similar manner within the meaning of sections 2 (4), 3 (1) of the German Securities Prospectus Act (*Wertpapierprospektgesetz*), section 8f (1) of the German Securities Sales Prospectus Act (*Wertpapier-Verkaufsprospektgesetz*) and sections 1, 2 (11), 101 (1) and (2) of the German Investment Act (*Investmentgesetz*) nor shall the distribution of this Prospectus or any other document relating to the Notes constitute such public offer.

The distribution of the Notes has not been notified, and the Notes are not registered or authorised for public distribution, in the Federal Republic of Germany under the German Securities Prospectus Act (*Wertpapierprospektgesetz*) or the German Investment Act (*Investmentgesetz*). Accordingly, this Prospectus has not been filed or deposited with the German Federal Financial Supervisory Authority (*Bundesanstalt fuer Finanzdienstleistungsaufsicht - BaFin*).

Prospective German investors in the Notes are urged to seek independent tax advice and to consult their professional advisors as to the legal and tax consequences that may arise from the application of the German Investment Tax Act (*Investmentsteuergesetz*) to the Notes and neither the Issuer nor the Managers accept any responsibility in respect of the German tax position of the Notes.

United States of America

Each of the Managers has represented and agreed that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the **Securities Act**), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from or not subject to the registration requirements of the Securities Act. Each of the Managers has agreed that it will not offer, sell or deliver the Notes within the United States or to, or for the account or benefit of, U.S. persons except: (a) to persons it reasonably believes to be "qualified institutional buyers" (**QIBs**) (as that term is defined under Rule 144A of the Securities Act) who are also "qualified purchasers" (**QPs**) within the meaning of Section 2(a)(51) of the Investment Company Act and the rules and the regulations thereunder in transactions complying with the requirements of Rule 144A under the Securities Act and (b) to certain persons in offshore transactions in reliance on Regulation S.

In connection with sales outside the United States, each of the Managers has represented and agreed under the Subscription Agreement that, except for sales described in the preceding paragraph, it will not offer, sell or deliver the Notes to, or for the account or benefit of U.S. persons (a) as part of each of the Managers' distribution at any time or (b) otherwise prior to the date that is 40 days after the later of the commencement of the offering and the Issue Date (the **Distribution Compliance Period**) and, accordingly, that neither it, its affiliates nor any person acting on their behalf has engaged or will engage in any directed selling efforts (within the meaning of Regulation S) with respect to the Notes and it and its affiliates and any person acting on its or their behalf has complied with and will comply with the offering restriction requirements of Regulation S under the Securities Act to the extent applicable.

Each of the Managers under the Subscription Agreement has also represented and agreed that, at or prior to confirmation of sales of any Notes, it will have sent to each distributor, dealer or other person receiving a selling concession, fee or other remuneration to which it sells any Notes during the Distribution Compliance Period a confirm or other notice setting forth the restrictions on offers and sales of such Notes within the United States or to, or for the account or benefit of, U.S. persons. In addition, until the end of the Distribution Compliance Period, the offer or sale of any Notes within the United States by a distributor, dealer or other person that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act.

The Subscription Agreement will provide each of the Managers, through its U.S. registered broker-dealer affiliates, may arrange for the offer and resale of the Notes in the United States to persons that are both QIBs and QPs in transactions made in compliance with Rule 144A under the Securities Act. Each of the Managers under the Subscription Agreement has represented and agreed that neither it, nor its affiliates, nor any persons acting on its behalf, have engaged or will engage in any form of general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) in connection with the offer and sale of the Notes in the United States.

Each of the Managers has represented and agreed in the Subscription Agreement that, within the United States it has only sold and will only sell the Notes to persons (including other dealers) that are both QIBs and QPs in the form of an interest in the Rule 144A Global Note that is set out in the Trust Deed. In addition, the Issuer will represent in the Subscription Agreement that, based on discussions with each of the Managers and other factors that the Issuer or their counsel may deem appropriate, the Issuer has a reasonable belief that initial sales and subsequent transfers of the Notes held through , and registered in the name of the Common Depositary on behalf of Euroclear and Clearstream, Luxembourg, to U.S. persons will be limited to persons who are both QIBs and QP.

Each of the Managers has represented and agreed that, in connection with each sale of the Notes to a QIB that is also a QP, it has taken or will take reasonable steps to ensure that the purchaser is aware that the Notes have not been and will not be registered under the Securities Act and that transfers of the Notes are restricted as set forth in the Trust Deed. Any offer or sale of the Notes will be made by broker-dealers, including affiliates of the Managers, who are registered as broker-dealers under the

Exchange Act. Each of the Managers may allow a concession, not in excess of the selling concession, to certain brokers or dealers.

The Issuer and each of the Managers will extend to each prospective investor the opportunity, prior to the consummation of the sale of the Notes, to ask questions of, and receive answers from, the Issuer concerning the Notes and the terms and conditions of the offering and to obtain additional information it may consider necessary in making an informed investment decision and any information in order to verify the accuracy of the information set forth herein, to the extent the Issuer and/or each of the Managers, as applicable, possesses the same. Requests for such additional information may be directed to the Directors.

United Kingdom

Each of the Managers has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (**FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) 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.

Ireland

Each of the Managers has represented and agreed that:

(a) it will not underwrite, issue or place the Notes, otherwise than in conformity than with the provisions of the Irish Investment Intermediaries Act 1995 (as amended), including, without limitation, Sections 9 and 23 thereof and any codes of conduct rules made under Section 37 thereof and the provisions of the Investor Compensation Act 1998;

(b) it will not underwrite, issue or place the Notes, otherwise than in conformity with the provisions of the Irish Central Bank Acts 1942 – 2004 (as amended) and any codes of conduct rules made under Section 117(1) thereof;

(c) it will not underwrite, issue or place the Notes, otherwise than in conformity with the provisions of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005 and any rules issued under Section 51 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005, by IFSRA; and

(d) it will not underwrite, issue or place the Notes, or otherwise deal with the Notes in Ireland, otherwise than in conformity with the provisions of the Irish Market Abuse (Directive 2003/6/EC) Regulations 2005 and any rules issued under Section 34 of the Irish Investment Funds, Companies and Miscellaneous Provisions Act 2005 by IFSRA.

The Netherlands

Each of the Managers has represented and agreed that it has not and will not, directly or indirectly, offer or sell any Notes (including rights representing an interest in a Global Note) to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

(a) anyone who is subject to supervision of the Dutch Central Bank, the Dutch Authority for the Financial Markets or a supervisory authority from another member state and who is authorised to be active on the financial markets;

(b) anyone who otherwise performs a regulated activity on the financial markets;

(c) the State of the Netherlands, the Dutch Central Bank, a central government body, a central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;

(d) a company or entity which, according to its last annual (consolidated) accounts, meets at least two of the following three criteria: an average number of employees during the financial year of at least 250, a total balance sheet of at least €43,000,000 and an annual net turnover of at least €50,000,000;

(e) a company or entity with its statutory seat in the Netherlands other than a company as referred to in (d) above, which has requested the Dutch Authority for the Financial Markets to be treated as a professional market party;

(f) a natural person, living in the Netherlands, who has requested the Dutch Authority for the Financial Markets to be treated as a professional market party, and who meets at least two of the following three criteria: the person has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters; the size of the securities portfolio is at least €500,000 and the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;

(g) a company or entity whose only purpose is investing in securities;

(h) a company or entity whose purpose is to acquire assets and issue asset backed securities;

(i) an enterprise or entity with total assets of at least €500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as at the year end preceding the obtaining of the repayable funds;

(j) an enterprise, entity or individual with net assets of at least €10,000,000 (or the equivalent thereof in another currency) as at the year end preceding the obtaining of the repayable funds who or which have been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;

(k) a subsidiary of any of the persons or entities referred to under (a)-(h) above, provided such subsidiaries are subject to consolidated supervision; and

(l) an enterprise or entity which has a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise, or which issues securities that have a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise.

France

Each of the Managers has represented and agreed that:

(a) it has only made and will only make an offer of Notes to the public (*appel public à l'épargne*) in France in the period beginning (i) when a prospectus in relation to those Notes has been approved by the *Autorité des marchés financiers* (**AMF**), on the date of such publication or, (ii) when a prospectus has been approved in another Member State of the European Economic Area which has implemented the EU Prospectus Directive 2003/71/EC, on the date of notification of such approval to the AMF, all in accordance with articles L.412-1 and L.621-8

of the French Code *monétaire et financier* and the *Règlement général* of the AMF, and ending at the latest on the date which is 12 months after the date of such publication; or

(b) it has only made and will only make an offer of Notes to the public in France (*appel public à l'épargne*) and/or it has only required and will only require the admission to trading on Euronext Paris S.A. in circumstances which do not require the publication by the offeror of a prospectus pursuant to articles L.411-2 and L.412-1 of the French Code *monétaire et financier*; and

(c) otherwise, it has not offered or sold and will not offer or sell, directly or indirectly, Notes to the public in France, and has not distributed or caused to be distributed and will not distribute or cause to be distributed to the public in France, the Prospectus or any other offering material relating to the Notes, and that such offers, sales and distributions have been and shall only be made in France to (i) providers of investment services relating to portfolio management for the account of third parties, and/or (ii) qualified investors (*investisseurs qualifiés*), all as defined in, and in accordance with, articles L.411-1, L.411-2, D.411-1 of the French *Code monétaire et financier*.

Sweden

Each of the Managers has confirmed and agreed that it will not, directly or indirectly, offer for subscription or purchase or issue invitations to subscribe for or buy or sell Notes or distribute any draft or definitive document in relation to any such offer, invitation or sale in the Kingdom of Sweden except in circumstances that will not result in a requirement to prepare a prospectus pursuant to the provisions of the Swedish Financial Instruments Trading Act (*lag (1991:980) om handel med finansiella instrument*).

General

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

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

TRANSFER RESTRICTIONS

Due to the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, resale, pledge or transfer of the Notes.

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 accordingly, may not be reoffered, resold, pledged or otherwise transferred except in accordance with the restrictions described below.

Each purchaser of an interest in a Global Note or a Definitive Note (each initial purchaser of Notes, together with each subsequent transferee of Notes, the **Purchaser**) will be deemed, or in the case of a Definitive Note required to have acknowledged, represented and agreed as follows (terms defined in Rule 144A or Regulation S under the Securities Act have the same meaning and constructions in this section):

(1) Purchaser Requirements. The Purchaser (i) (A) is an Eligible Investor, (B) will provide notice of applicable transfer restrictions to any subsequent transferee, and (C) is purchasing for its own account or for the accounts of one or more other persons each of whom meets all of the requirements of clauses (A) through (C), or (ii) if the Purchaser is acquiring the Notes during the Distribution Compliance Period, the Purchaser: is not a U.S. person and is acquiring the Notes pursuant to Rule 903 or 904 of Regulation S.

"**Eligible Investors**" are defined for the purposes hereof as persons who are Qualified Institutional Buyers acting for their own account or for the account of other Qualified Institutional Buyers and excludes therefrom:

(i) Qualified Institutional Buyers (i) if it is a dealer of the type describe in paragraph (a)(1)(ii) of Rule 144A under the Securities Act that are broker-dealers that own and invest on a discretionary basis less than $25 million in "securities" as such term is defined under Rule 144A and a participant-directed employee plan, such as a 401(k) plan, or any other type of plan referred to in paragraph (a)(1)(i)(D) or (a)(1)(i)(E) of Rule 144A, or a trust fund referred to in paragraph (a)(1)(i)(F) of Rule 144A that holds the assets of such a plan, unless investment decisions with respect to the plan are made solely by the fiduciary, trustee or sponsor of such plan,

(ii) a partnership, common trust fund, special trust, pension fund or profit sharing or retirement trust fund or plan in which the shareholders, equity owners, partners, beneficiaries, beneficial owners or participants, as the case may be, may designate the particular investments to be made, or the allocation among such shareholders, equity owners, partners, beneficiaries, beneficial owners or participants,

(iii) an entity that was formed, reformed or recapitalised for the specific purpose of investing in the Notes,

(iv) any investment company that relies on the exclusion from the definition of "investment company" provided by Section 3(c)(1) or Section 3(c)(7) of the Investment Company Act (or a foreign investment company under Section 7(d) thereof relying on Section 3(c)(1) or 3(c)(7) with respect to its holders that are U.S. Persons), which was formed on or before April 30 1996, unless it has received the consent of its Beneficial Owners who acquired their interests on or before April 30, 1996, with respect to its treatment as a Qualified Purchaser in the manner required by Section 2(a)(51)(C) of the Investment Company Act and the rules and regulations thereunder, and

(v) any entity that will have invested more than 40 per cent. of its assets in the securities of the Issuer subsequent to any purchase of the Notes.

The Purchaser acknowledges that each of the Issuer and the Trustee reserve the right prior to any sale or other transfer to require the delivery of such certifications, legal opinions and other information as the Issuer or the Trustee may reasonably require to confirm that the proposed sale or other transfer complies with the foregoing restrictions.

(2) Notice of Transfer Restrictions. Each Purchaser acknowledges and agrees that (1) the Notes have not been and will not be registered under the Securities Act and the Issuer has not been registered as an **investment company** under the Investment Company Act, (2) neither the Notes nor any beneficial interest therein may be re-offered, resold, pledged or otherwise transferred except in accordance with the provisions set forth above and (3) the Purchaser will notify any transferee of such transfer restrictions and that each subsequent holder will be required to notify any subsequent transferee of such Notes of such transfer restrictions.

(3) Legends on Global Note. Each Purchaser acknowledges that each Rule 144A Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove either such legend.

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE **SECURITIES ACT**), THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR THE SECURITIES LAWS OF ANY OTHER JURISDICTION, AND THE ISSUER (AS DEFINED IN THE TRUST DEED) HAS NOT REGISTERED AND DOES NOT INTEND TO REGISTER AS AN INVESTMENT COMPANY UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE **INVESTMENT COMPANY ACT**), IN RELIANCE ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT, AS IT HAS BEEN DETERMINED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION STAFF TO APPLY IN THE CONTEXT OF SECTION 7(D) OF THE INVESTMENT COMPANY ACT.

BY PURCHASING OR OTHERWISE ACQUIRING A BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE REPRESENTED FOR THE BENEFIT OF THE ISSUER AND FOR ANY AGENT OR SELLER WITH RESPECT TO THE NOTES THAT IT (I)(A) IS AN "ELIGIBLE INVESTOR" (AS DEFINED BELOW), (B) WILL PROVIDE NOTICE OF APPLICABLE TRANSFER RESTRICTIONS TO ANY SUBSEQUENT TRANSFEREE, (C) IS PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNTS OF ONE OR MORE OTHER PERSONS EACH OF WHOM MEETS ALL THE PRECEDING REQUIREMENTS AND (D) AGREES THAT IT WILL NOT REOFFER, RESELL, PLEDGE OR OTHERWISE TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN TO ANY PERSON EXCEPT TO A PERSON THAT MEETS ALL THE PRECEDING REQUIREMENTS AND AGREES NOT TO SUBSEQUENTLY TRANSFER THE NOTES OR ANY BENEFICIAL INTEREST HEREIN EXCEPT IN ACCORDANCE WITH THIS CLAUSE (D) OR (II) IS NOT A U.S. PERSON AND IS ACQUIRING THIS NOTE PURSUANT TO RULE 903 OR 904 OF REGULATION S. IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (II), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE REG S GLOBAL NOTE (AS DEFINED IN THE TRUST DEED); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE TO THE REGISTRAR (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE REGISTRAR), AND (3) THE TRANSFEREE WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER (THE FORM OF WHICH IS ALSO ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE REGISTRAR).

ELIGIBLE INVESTORS ARE DEFINED FOR THE PURPOSES HEREOF AS PERSONS WHO ARE QUALIFIED INSTITUTIONAL BUYERS ACTING FOR THEIR OWN ACCOUNT OR FOR THE ACCOUNT OF OTHER QUALIFIED INSTITUTIONAL BUYERS AND EXCLUDES THEREFROM: (I) QUALIFIED INSTITUTIONAL BUYERS THAT ARE BROKER-DEALERS THAT OWN AND INVEST ON A DISCRETIONARY BASIS LESS THAN $25 MILLION IN SECURITIES IF IT IS A DEALER OF THE TYPE DESCRIBED IN PARAGRAPH (a)(1)(ii) OF

RULE 144A UNDER THE SECURITIES ACT, (II) A PARTNERSHIP, COMMON TRUST FUND, SPECIAL TRUST, PENSION FUND OR PROFIT SHARING OR RETIREMENT TRUST FUND OR PLAN IN WHICH THE SHAREHOLDERS, EQUITY OWNERS, PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS OR PARTICIPANTS, AS THE CASE MAY BE, MAY DESIGNATE THE PARTICULAR INVESTMENTS TO BE MADE, OR THE ALLOCATION AMONG SUCH SHAREHOLDERS, EQUITY OWNERS, PARTNERS, BENEFICIARIES, BENEFICIAL OWNERS OR PARTICIPANTS, (III) AN ENTITY THAT WAS FORMED, REFORMED OR RECAPITALIZED FOR THE SPECIFIC PURPOSE OF INVESTING IN THE ISSUER, AND ADDITIONAL CAPITAL OR SIMILAR CONTRIBUTIONS WERE SPECIFICALLY SOLICITED FROM ANY PERSON OWNING A BENEFICIAL INTEREST IN SUCH BENEFICIAL OWNER FOR THE PURPOSE OF ENABLING SUCH BENEFICIAL OWNER TO PURCHASE ANY NOTES, (IV) ANY INVESTMENT COMPANY THAT RELIES ON THE EXCLUSION FROM THE DEFINITION OF "INVESTMENT COMPANY" PROVIDED BY SECTION 3(C)(1) OR SECTION 3(C)(7) OF THE INVESTMENT COMPANY ACT (OR A FOREIGN INVESTMENT COMPANY UNDER SECTION 7(D) THEREOF RELYING ON SECTION 3(C)(1) OR 3(C)(7) WITH RESPECT TO ITS HOLDERS THAT ARE U.S. PERSONS), WHICH WAS FORMED ON OR BEFORE APRIL 30 1996, UNLESS IT HAS RECEIVED THE CONSENT OF ITS BENEFICIAL OWNERS WHO ACQUIRED THEIR INTERESTS ON OR BEFORE APRIL 30, 1996, WITH RESPECT TO ITS TREATMENT AS A QUALIFIED PURCHASER IN THE MANNER REQUIRED BY SECTION 2(A)(51)(C) OF THE INVESTMENT COMPANY ACT AND THE RULES AND REGULATIONS THEREUNDER, AND (V) ANY ENTITY THAT WILL HAVE INVESTED MORE THAN 40 PER CENT. OF ITS ASSETS IN THE SECURITIES OF THE ISSUER IMMEDIATELY SUBSEQUENT TO ANY PURCHASE OF THE NOTES.

THE PURCHASER ACKNOWLEDGES THAT EACH OF THE ISSUER AND THE TRUSTEE RESERVES THE RIGHT PRIOR TO ANY SALE OR OTHER TRANSFER TO REQUIRE THE DELIVERY OF SUCH CERTIFICATIONS, LEGAL OPINIONS AND OTHER INFORMATION AS THE ISSUER OR THE TRUSTEE MAY REASONABLY REQUIRE TO CONFIRM THAT THE PROPOSED SALE OR OTHER TRANSFER COMPLIES WITH THE FOREGOING RESTRICTIONS. EACH HOLDER OF A BENEFICIAL INTEREST IN THIS GLOBAL NOTE ACKNOWLEDGES THAT IN THE EVENT THAT AT ANY TIME THE ISSUER DETERMINES OR IS NOTIFIED BY A PERSON ACTING ON BEHALF OF THE ISSUER THAT SUCH PURCHASER WAS IN BREACH, AT THE TIME GIVEN OR DEEMED TO BE GIVEN, OF ANY OF THE REPRESENTATIONS OR AGREEMENTS SET FORTH IN THIS LEGEND OR OTHERWISE DETERMINES THAT ANY TRANSFER OR OTHER DISPOSITION OF ANY NOTES WOULD, IN THE SOLE DETERMINATION OF THE ISSUER OR A PERSON ACTING ON ITS BEHALF, REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE PROVISIONS OF THE INVESTMENT COMPANY ACT, SUCH PURCHASE OR OTHER TRANSFER WILL BE VOID AB INITIO AND WILL NOT BE HONOURED BY THE ISSUER, THE REGISTRAR OR THE TRUSTEE. ACCORDINGLY, ANY SUCH PURPORTED TRANSFEREE OR OTHER HOLDER WILL NOT BE ENTITLED TO ANY RIGHTS AS A NOTEHOLDER AND THE ISSUER SHALL HAVE THE RIGHT, IN ACCORDANCE WITH THE CONDITIONS OF THE NOTES, TO FORCE THE TRANSFER OF, OR REDEEM, ANY SUCH NOTES.

EACH PURCHASER OF THIS NOTE OR ANY INTEREST THEREIN, BY ITS ACQUISITION OF SUCH NOTE, REPRESENTS AND WARRANTS THAT EITHER (A) IT IS NOT A BENEFIT PLAN AS DEFINED IN SECTION 3(3) OF THE UNITED STATES EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (**ERISA**) WHICH IS SUBJECT THERETO (A **BENEFIT PLAN**), OR ANY PLAN AS DEFINED IN SECTION 4975 OF THE UNITED STATES INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE **CODE**) WHICH IS SUBJECT THERETO (A **PLAN**), OR A GOVERNMENTAL OR CHURCH PLAN THAT IS SUBJECT TO ANY FEDERAL, STATE OR LOCAL LAW THAT IS SUBSTANTIALLY SIMILAR TO THE PROVISIONS OF SECTION 406 OF ERISA OR SECTION 4975 OF THE CODE (**SIMILAR LAW**), OR AN ENTITY USING THE ASSETS OR ACTING ON BEHALF OF SUCH A BENEFIT PLAN, PLAN, OR GOVERNMENTAL OR CHURCH PLAN, OR AN ENTITY WHOSE UNDERLYING ASSETS ARE DEEMED TO INCLUDE PLAN ASSETS OF ANY SUCH

BENEFIT PLAN, PLAN, GOVERNMENTAL OR CHURCH PLAN OR (B) IN THE CASE OF A CLASS A NOTE, CLASS B NOTE OR CLASS C NOTE ITS ACQUISITION AND HOLDING OF SUCH NOTE WILL NOT CONSTITUTE OR RESULT IN A NON-EXEMPT PROHIBITED TRANSACTION UNDER ERISA OR SECTION 4975 OF THE CODE (OR IN THE CASE OF A GOVERNMENTAL OR CHURCH PLAN, ANY SIMILAR LAW). ANY ATTEMPTED TRANSFER OF SUCH NOTE OR ANY INTEREST THEREIN IN VIOLATION OF SUCH REPRESENTATION AND WARRANTY SHALL BE VOID AB INITIO.

(4) Rule 144A Information. Each Purchaser of Notes offered and sold in the United States under Rule 144A is hereby notified that the offer and sale of such Notes to it is being made in reliance upon the exemption from the registration requirements of the Securities Act provided by Rule 144A. The Issuer has agreed to furnish to investors upon request such information as may be required by Rule 144A.

(5) Legends on Reg S Global Note. Each Purchaser acknowledges that each Reg S Global Note will bear a legend substantially to the effect set forth below and that the Issuer has covenanted in the Trust Deed not to remove either such legend.

BY PURCHASING OR OTHERWISE ACQUIRING ANY BENEFICIAL INTEREST IN THIS NOTE, EACH OWNER OF SUCH BENEFICIAL INTEREST WILL BE DEEMED TO HAVE AGREED FOR THE BENEFIT OF THE ISSUER THAT IF IT SHOULD DECIDE TO DISPOSE OF THE NOTES REPRESENTED BY THIS GLOBAL NOTE PRIOR TO THE TERMINATION OF THE DISTRIBUTION COMPLIANCE PERIOD (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), BENEFICIAL INTERESTS IN THIS GLOBAL NOTE MAY BE OFFERED, RESOLD OR OTHERWISE TRANSFERRED ONLY TO A NON-U.S. PERSON AND IN COMPLIANCE WITH THE SECURITIES ACT AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE ISSUER TO REGISTER AS AN "INVESTMENT COMPANY" UNDER THE INVESTMENT COMPANY ACT. ACCORDINGLY, ANY TRANSFERS OF THE NOTES FOLLOWING THE EXPIRATION OF THE DISTRIBUTION COMPLIANCE PERIOD MAY ONLY BE MADE: (A) TO A NON-U.S. PERSON IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT OR (B) TO OR FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON (AS DEFINED IN REGULATION S) IN A TRANSACTION PURSUANT TO RULE 144A UNDER THE SECURITIES ACT TO PERSONS WHO QUALIFY AS "ELIGIBLE INVESTORS" (AS DEFINED IN THE TRUST DEED). IN THE CASE OF ANY SUCH TRANSFER PURSUANT TO CLAUSE (B), (1) THE TRANSFEREE WILL BE REQUIRED TO HAVE THE NOTES SO TRANSFERRED TO BE REPRESENTED BY AN INTEREST IN THE RULE 144A GLOBAL NOTE (AS DEFINED IN THE TRUST DEED); (2) THE TRANSFEROR WILL BE REQUIRED TO DELIVER A TRANSFER CERTIFICATE TO THE REGISTRAR (THE FORM OF WHICH IS ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE REGISTRAR), AND (3) THE TRANSFEREE WILL BE REQUIRED TO EXECUTE AN INVESTMENT LETTER (THE FORM OF WHICH IS ALSO ATTACHED TO THE AGENCY AGREEMENT AND IS AVAILABLE FROM THE REGISTRAR).

(6) Mandatory Transfer/Redemption. Each Purchaser acknowledges and agrees that in the event that at any time the Issuer determines (or is notified by a person acting on behalf of the Issuer) that such Purchaser was in breach, at the time given or deemed to be given, of any of the representations or agreements set forth above or otherwise determines that any transfer or other disposition of any Notes would, in the sole determination of the Issuer or the Trustee acting on behalf of the Issuer, require the Issuer to register as an "investment company" under the provisions of the Investment Company Act, such purchase or other transfer will be void *ab initio* and will not be honoured by the Trustee. Accordingly, any such purported transferee or other holder will not be entitled to any rights as a Noteholder and the Issuer shall have the right to force the transfer of, or redeem, any such Notes.

(7) Denominations. Each Purchaser understands that it may not purchase, hold or transfer less than €250,000 Aggregate Principal Amount of Rule 144A Notes.

(8) Each Purchaser understands that any resale or other transfer of beneficial interests in a Reg S Global Note to U.S. Persons, and any resale or other transfer of beneficial interests in a Rule 144 Global Note to any person other than a QIB who is also a QP, shall not be permitted.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on or about 23 May 2007.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 30 May 2007, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in euro and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500.

3. The Notes have been accepted for clearance through Euroclear (whose principal office is at 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium) and Clearstream, Luxembourg (whose principal office is at 42, Avenue JF Kennedy, 855 Luxembourg, Luxembourg) as follows:

	ISIN (Reg S)	**Common Code (Reg S)**	**ISIN (Rule 144A)**	**Common Code (Rule 144A)**
Class A Notes	XS0299976323	029997632	XS0302319370	030231937
Class X Notes	XS0299976596	029997659	XS0302319610	030231961
Class B Notes	XS0299976752	029997675	XS0302320386	030232038
Class C Notes	XS0299976836	029997683	XS0302320543	030232054
Class D Notes	XS0299977057	029997705	XS0302320899	030232089
Class E Notes	XS0299977131	029997713	XS0302321194	030232119

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. The Issuer has not entered into any material contracts or arrangements, other than those disclosed in this Prospectus, since the date of its incorporation.

7. Save as disclosed in this Prospectus, since 12 April 2007 (being the date of incorporation of the Issuer), the Issuer has not commenced operations, no accounts of the Issuer have been made up and there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.

8. Each of the Issuer Deed of Charge and the Trust Deed will provide that the Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Issuer Deed of Charge and the Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

9. Copies of the following documents may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of Sidley Austin (UK) LLP, at Woolgate Exchange, 25 Basinghall Street, London EC2V 5HA and at

the specified offices of the Irish Paying Agent in Dublin for so long as the Notes are listed on the Irish Stock Exchange from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the Subscription Agreement; and

(c) drafts (subject to modification) of the following documents:

(i) the Trust Deed;

(ii) the Issuer Deed of Charge;

(iii) the Cash Management Agreement;

(iv) the Bank Account Agreement;

(v) the Corporate Services Agreement;

(vi) the Share Trust Deed;

(vii) the Liquidity Facility Agreement;

(viii) the Agency Agreement;

(ix) the Master Definitions Schedule;

(x) the Credit Default Swap Agreement;

(xi) the Repurchase Agreement;

(xii) the Cash Deposit Agreement;

(xiii) the Custody Agreement; and

(xiv) the Servicing Agreement.

11. The Cash Manager will, on behalf of the Issuer, provide or make available through its website (which is located at https://sfr.bankofny.com/SFR/Login.jsp[*]) to the Trustee, for the benefit of, among others, each Noteholder, a statement to Noteholders based upon information provided in the quarterly financial report by the Sub Master Servicer and the Sub Special Servicer in accordance with the Servicing Agreement.

[*] The https://sfr.bankofny.com/SFR/Login.jsp website and the contents thereof do not form any part of the Prospectus.

INDEX OF DEFINED TERMS

ISSUER, MASTER SERVICER AND SPECIAL SERVICER
JUNO (ECLIPSE 2007-2) LTD
25-26 Windsor Place
Lower Pembroke Street
Dublin 2
Ireland

ACCOUNT BANK, REGISTRAR AND CASH MANAGER
The Bank of New York
One Canada Square
London E14 5AL

SUB MASTER SERVICER AND SUB SPECIAL SERVICER
Barclays Capital Mortgage Servicing Limited
1 Churchill Place
London E14 5HP

LIQUIDITY FACILITY PROVIDER
Danske Bank A/S, London Branch
75 King William Street
London EC4N 7DT

TRUSTEE
BNY Corporate Trustee Services Limited
One Canada Square
London E14 5AL

LEGAL ADVISORS

To the Arranger, the Lead Manager, the Trustee, the Sub Master and the Sub Special Servicer as to English Law
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To the Lead Manager as to German Law
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To the Lead Manager as to Italian Law
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To the Lead Manager as to Monaco Law
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To the Lead Manager as to Swedish Law
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CEPL Levallois
Paris, France

Nordhausen
Nordhausen, Germany

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Monaco
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Seaford Portfolio
Koblenz, Germany