

IMPORTANT NOTICE

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NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER 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 U.S. OR OTHER JURISDICTION AND THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

THE FOLLOWING FINAL 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 U.S. PERSON OR TO ANY U.S. ADDRESS. 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: In order to be eligible to view the final prospectus or make an investment decision with respect to the securities, investors must not be a U.S. person (within the meaning of Regulation S under the Securities Act). By accepting this e-mail and accessing the final prospectus, you shall be deemed to have represented to us that you are not a U.S. person; the electronic mail address that you have given to us and to which this e-mail has been delivered is not located in the U.S., its territories and possessions (including Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands), any State of the United States or the District of Columbia; and that you consent to delivery of these final prospectus by electronic transmission.

You are reminded that the final prospectus has been delivered to you on the basis that you are a person into whose possession the final 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 final prospectus to any other person.

The final prospectus relating to the offering does 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 underwriters or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the underwriters or such affiliate on behalf of the Issuer in such jurisdiction.

The final 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 neither Citigroup Global Markets Limited or Bayerische Hypo- und Vereinsbank AG nor any person who controls either of them nor any director, officer, employee nor agent of it or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the final prospectus

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Opera Germany (No. 3) Limited
(incorporated with limited liability in Ireland under company registration number 436216)
€50,000,000 Commercial Mortgage Backed Floating Rate Notes due January 2022

Opera Germany (No. 3) Limited (the "Issuer") will issue the €300,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due January 2022 (the "Class A Notes") and the €250,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due January 2022 (the "Class B Notes" and, together with the Class A Notes, the "Notes" and each such class, a "Class") on 20 April 2007 (or such later date as the Issuer may agree with the Note Arranger and the Joint Bookrunners (each as defined below)) (the "Closing Date").

Application has been made to the Irish Financial Services Regulatory Authority (the "Financial Regulator in Ireland"), as competent authority under Directive 2003/71/EC, 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 and to trading on its regulated market. This prospectus (the "Prospectus") constitutes a prospectus for the purposes of Article 5.4 of the Directive 2003/71/EC (the "Prospectus Directive") in respect of asset backed securities within the meaning of Article 2(5) of the Commission Regulation (EC) no. 809/2004 of 29 April 2004.

The Class A Notes and the Class B 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") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("S&P" and, together with Fitch, 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 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 (as defined below).

Class	Initial Principal Amount (in €)	Margin (per cent.)	Fitch	S&P
Class A	300,000,000	0.16 per cent.	AAA	AAA
Class B	250,000,000	0.23 per cent.	AAA	AA

Interest on the Notes will be payable quarterly in arrear in euro on 25 January, 25 April, 25 July and 25 October in each year (subject to adjustment for non-business days) (each, a "Note Interest Payment Date"). The first Note Interest Payment Date will be the Note Interest Payment Date falling in July 2007. The interest rate applicable to each Class of Notes from time to time will be determined by reference to the rate offered in the euro-zone interbank market for three month euro deposits (provided, however, that in respect of the first interest period, the rate will be the linear interpolation of the rates offered in the euro-zone interbank market for three month euro deposits and four month euro deposits) ("EURIBOR", as determined in accordance with Condition 4(e) of the Notes (EURIBOR)) plus the relevant Margin. Each Margin will be as set out in the table above.

If any withholding or deduction for or on account of tax is applicable to the Notes, payment of interest on, and principal in respect of, the Notes will be made subject to such withholding or deduction. In such circumstances, neither the Issuer nor the Note Arranger, the Joint Bookrunners, the Listing Agent, the Principal Paying Agent, the Irish Paying Agent, the Issuer Security Trustee, the Liquidity Bank, the Account Bank, the Originator, the Servicer, the Special Servicer, the Corporate Services Provider, the Issuer Swap Counterparty nor any other party to the Transaction Documents will be obliged to pay any additional amounts as a consequence.

All Notes will be secured by the same security, subject to the priorities described in this Prospectus. Notes of each Class will rank *pari passu* with other Notes of the same Class. Unless previously redeemed in full, the Notes are expected to be redeemed in full at their Principal Amount Outstanding together with accrued interest on the Note Interest Payment Date falling in January 2017 (the "Expected Maturity Date"). In any event, the maturity date of the Notes may not be later than the Note Interest Payment Date falling in January 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 "OUTLINE OF TRANSACTION - Principal features of the Notes".

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and are subject to U.S. tax law requirements. The Notes are being offered by the Issuer only to persons who are not U.S. Persons (as defined in Regulation S under the Securities Act ("Regulation S")) in offshore transactions in reliance on Regulation S (or otherwise pursuant to transactions exempt from the registration requirements of the Securities Act) and in accordance with applicable laws.

The Notes of each Class will be issued in new global note form and will each initially be represented on issue by a temporary global note in bearer form (each, a "Temporary Global Note"), without interest coupons attached. Each Temporary Global Note will be exchangeable, as described herein, for a permanent global note in bearer form which is recorded in the records of Euroclear and Clearstream Luxembourg (each, a "Permanent Global Note" and, together with the Temporary Global Notes, the "Global Notes" and each, a "Global Note") without interest coupons attached, not earlier than 40 calendar days and not later than 180 calendar days after the Closing Date (provided that certification of non-U.S. beneficial ownership has been received). The Global Notes will be deposited with a common safekeeper (the "Common Safekeeper") appointed by the operator of Euroclear System ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream Luxembourg") on or before the Closing Date. The Common Safekeeper will hold the Global Notes in custody for Euroclear and Clearstream Luxembourg. The Notes, issued in new global note form and represented by the Global Notes may be transferred in book-entry form only. The Notes will be issued in denominations of €50,000. Definitive Notes will not be issued.

The Notes are intended to be held in a manner that will allow Eurosystem eligibility. This simply means that the Notes are intended upon issue to be deposited with one of Euroclear or Clearstream Luxembourg as Common Safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

See "RISK FACTORS" for a discussion of certain factors that should be considered by prospective investors in connection with an investment in any of the Notes.

The proceeds of the Notes will be applied by the Issuer towards the purchase of the Loan and the Related Loan Security from the Originator.

EUROHYPO
Note Arranger

CITIGROUP
Joint Bookrunner

BAYERISCHE HYPO- UND VEREINSBANK AG
Joint Bookrunner

The date of this Prospectus is 17 April 2007

IMPORTANT NOTICE

THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, NOR WILL THEY BE GUARANTEED BY, EUROHYPO AKTIENGESELLSCHAFT ("**EUROHYPO**") (IN ANY CAPACITY), BY THE JOINT BOOKRUNNERS, THE SERVICER, THE SPECIAL SERVICER, THE ISSUER SECURITY TRUSTEE, THE CORPORATE SERVICES PROVIDER, THE SHARE TRUSTEE, THE PAYING AGENTS, THE AGENT BANK, THE LIQUIDITY BANK, THE ISSUER SWAP COUNTERPARTY OR THE ACCOUNT BANK OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THEM.

The Issuer accepts responsibility for the information contained in this 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 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, Eurohypo (in any capacity), the Joint Bookrunners, the Servicer, the Special Servicer, the Issuer Swap Counterparty, the Issuer Security Trustee, the Corporate Services Provider, the Share Trustee, the Paying Agents, the Agent Bank, the Liquidity Bank, the Borrower Hedge Counterparties or the Account Bank or any of their respective affiliates or advisors. Neither the delivery of this Prospectus nor any sale, allotment or solicitation made in connection with the offering of the Notes shall, under any circumstances, create any implication or constitute a representation that there has been no change in the affairs of the Issuer or in any of the information contained herein since the date of this document or that the information contained in this document is correct as of any time subsequent to its date. Save for obligations of Eurohypo in its capacity as Servicer, Eurohypo expressly does not undertake to review the Loan or the Properties during the life of the Notes or to advise any investor in the Notes of any information coming to its attention.

The Note Arranger and the Joint Bookrunners have not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, whether express or implied, is made and no responsibility is accepted by the Note Arranger and/or the Joint Bookrunners with respect to the accuracy or completeness of this Prospectus or any further information supplied in connection herewith. The Note Arranger and/or the Joint Bookrunners accept no liability in relation to this Prospectus or its distribution or with regard to other information supplied by the Issuer herein, save for the mandatory provisions of law.

Neither this Prospectus nor any other information supplied in connection with the Notes should be considered as a recommendation by Eurohypo or either of the Joint Bookrunners that any recipient of this Prospectus should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation and appraisal of the creditworthiness of the Issuer.

Other than the approval by the Financial Regulator in Ireland of this Prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange and the delivery of a copy of this Prospectus to the Registrar for Companies in Ireland for registration in accordance with the regulations implementing the Prospectus Directive in Ireland, 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 where action for that purpose is required.

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 hereof) comes are required by the Issuer and the Joint Bookrunners to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus, see "SUBSCRIPTION AND SALE" below.

All references in this document to "euro", "Euro" or "€" are to the currency introduced at the commencement of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended by the Treaty on the European Union, as amended by the Treaty of Amsterdam.

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

An investment in the Notes is only suitable for financially sophisticated investors who are capable of evaluating the merits and risks of such investment and who have sufficient resources to be able to bear any losses, which may result from such investment.

It should be remembered that the price of securities and the income from them can go down as well as up.

In connection with this issue, Citigroup Global Markets Limited (in this capacity, the "Stabilising Manager") or any person acting for it may over-allot (provided that the aggregate principal amount of Notes allotted does not exceed 105 per cent. of the aggregate principal amount of the 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 for a limited period after the issue date. However, there is no obligation on the Stabilising Manager or any of its agents to do this. Such stabilising, if commenced, shall be in accordance with applicable laws, may be discontinued at any time, and must be brought to an end no later than on the 30th calendar day after the date on which the Issuer received the proceeds of the issue or the 60th calendar day following the allotment of the Notes whichever is the earlier. These activities may result in a price of the Notes higher than that, which would otherwise prevail, at the risk that the price might be kept at an artificial level over too long a period.

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OUTLINE OF TRANSACTION

The information in this section does not purport to be complete and is qualified in its entirety by reference to the detailed information appearing elsewhere in this Prospectus. Prospective Noteholders 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 are defined elsewhere in this Prospectus, unless otherwise stated. An index of defined terms is set out at the end of this Prospectus.

I. General Overview

The transaction comprises the securitisation of a Loan under a term facility originated by Eurohypo in its capacity as "**Originator**". The Issuer will use the proceeds of the issuance of the Notes to purchase from Eurohypo such Loan. The Issuer will use receipts of principal and interest in respect of the Loan, together with certain other funds available to it to make payments of, among other things, principal and interest due in respect of the Notes.

II. Executive Outline

On 19 December 2006 (the "**Credit Agreement Signing Date**"), Eurohypo made available to CA Immo Eins GmbH ("**CAI Eins**"), CA Immo Zwei GmbH ("**CAI Zwei**"), CA Immo Drei GmbH ("**CAI Drei**"), CA Immo Vier GmbH ("**CAI Vier**"), CA Immo Fünf GmbH ("**CAI Fünf**"), CA Immo Sechs GmbH ("**CAI Sechs**"), CA Immo Sieben GmbH ("**CAI Sieben**"), CA Immo Acht GmbH ("**CAI Acht**") and CA Immo Neun GmbH ("**CAI Neun**"), each a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of the Federal Republic of Germany (together the "**Borrowers**", and each, a "**Borrower**"), on a joint and several basis a euro term loan facility in the amount of €550,000,000 (the "**Facility**") under a German law-governed credit agreement (as amended and restated from time to time, the "**Credit Agreement**"). On 22 December 2006 (the "**Loan Origination Date**"), Eurohypo (in its capacity as Originator) advanced the full principal amount of the Facility available under the Credit Agreement to the Borrowers.

The amounts drawn under the Facility as of 22 December 2006 (the "**Effective Date**") are referred to as the "**Loan**".

The proceeds of the Loan have been applied towards financing part of the cost of the acquisition of the Properties and to cover all associated transaction costs, fees and expenses (including any value added tax on such costs, fees and expenses). The obligations of the Borrowers under the Finance Documents are secured by the security created under the German Borrower Security Documents, the Austrian Share Pledge Agreement and the Deed of Assignment (together the "**Loan Security Documents**").

The Borrowers have granted a certificated joint land charge (*Gesamtbriefgrundschuld*) over the Properties (the "**Mortgage**"), ranking first in section (*Abteilung*) III of the relevant land registers. The Properties consist of 36 office properties (each, a "**Property**" and together, the "**Properties**") located in and leased by the German state (*Land*) of Hesse (*Hessen*) (the "**Land Hessen**"). Under the Mortgage, each of the Properties secures the obligations of all of the Borrowers under the Finance Documents.

In addition, each Borrower has granted certain other security interests (including, but not limited to, security over its rental income claims, its insurance claims and its accounts (collectively, the "**Loan Security**") to Eurohypo (in its capacity as Originator and Borrower Security Agent).

The obligations of the Borrowers under the Finance Documents constitute joint and several obligations (*gesamtschuldnerische Haftung*) of each Borrower for the obligations of all of the other Borrowers. Failure of any Borrower to fulfil these obligations does not release the other Borrowers from their obligations under the Finance Documents.

The Borrowers are special purpose companies, whose activities are and will be limited to ownership and management of their respective assets and related activities, as further described under "THE BORROWERS" below. Property management services were initially provided by CA Immo Asset Management GmbH and will be provided by the Managing Agent in respect of each Property pursuant to a Property Management Agreement (*Objektverwaltungsvertrag*) between each Borrower and the Managing Agent.

Interest is payable under the Loan at a rate of interest equal to 4.405 per cent. *per annum* (the "**BACA Tranche Fixed Rate**") with respect to €467,500,000 of the Loan (the "**BACA Hedged Tranche**") and 4.440 per cent. *per annum* (the "**Eurohypo Tranche Fixed Rate**") and together with the BACA Fixed Rate, the "**Loan Fixed Rates**") with respect to €82,500,000 of the Loan (the "**Eurohypo Hedged Tranche**" and together with the BACA Hedged Tranche, the "**Loan Tranches**"). Under the terms of the Credit Agreement, however, the Borrowers are required to maintain interest rate hedging arrangements pursuant to which the relevant Loan Fixed Rate less the margin is swapped for 3-month EURIBOR. As long as such hedging arrangements are in place, interest will be payable under the Loan at a floating rate of interest equal to 3-month EURIBOR plus the margin (the "**Loan Floating Rate**"). If these hedging arrangements terminate due to an event of default (as determined therein) attributable to the Borrowers, the interest payable under the Loan will revert to the Loan Fixed Rates. The Issuer has entered into a contingent hedging arrangement with the Issuer Swap Counterparty with a view to ensuring that if the interest payable under the Loan reverts to the Loan Fixed Rates, the Issuer will continue to receive payment at the Loan Floating Rate. For the purpose of determining the amount of interest payable under the Loan, scheduled principal prepayments will be applied solely to reduce the amount of the Eurohypo Hedged Tranche until fully repaid and thereafter the BACA Hedged Tranche; all other principal payments will be applied to reduce the amount of both Loan Tranches on a *pro rata* basis.

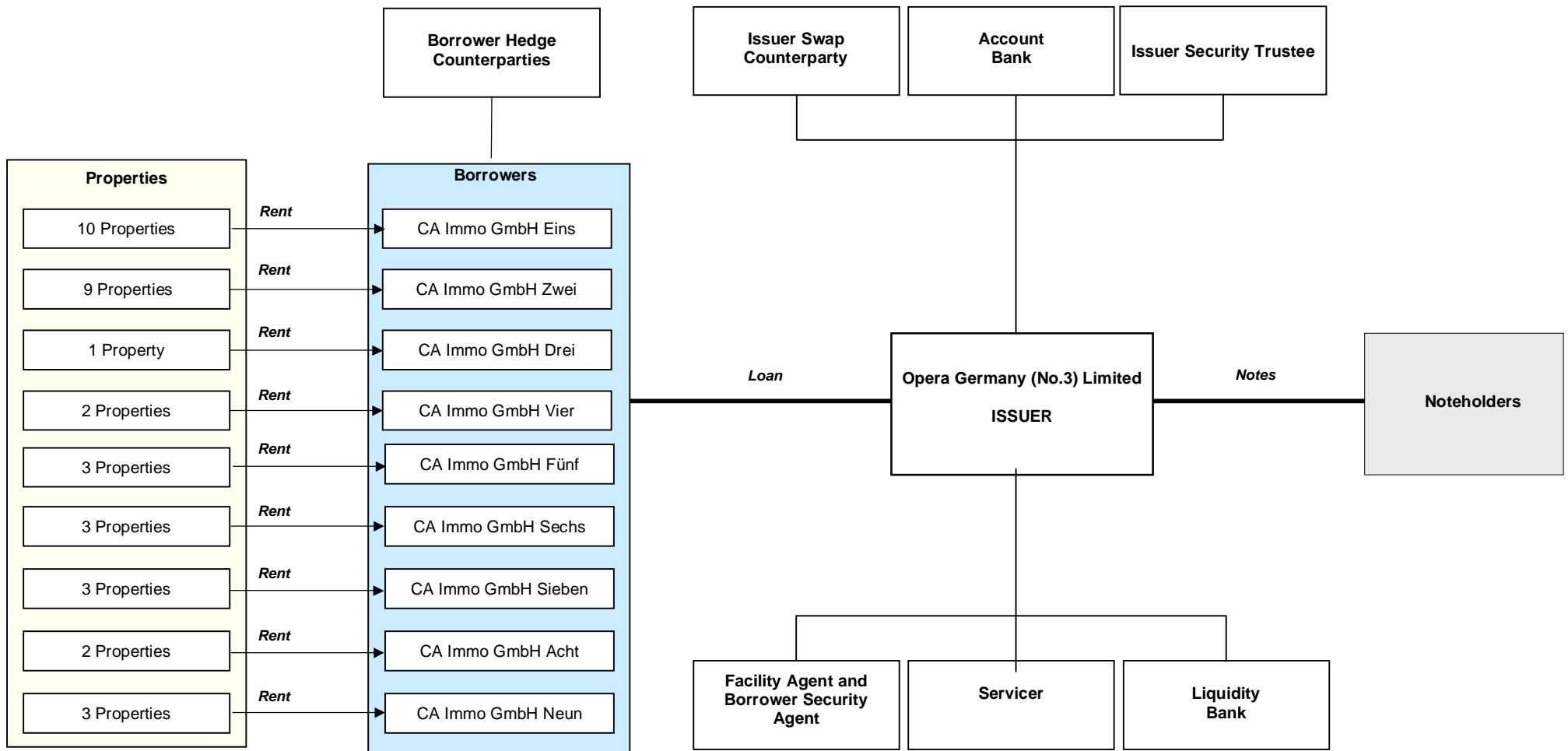
On or about the Closing Date, Eurohypo (in its capacity as Originator and Borrower Security Agent), the Issuer Security Trustee and the Issuer will enter into a loan sale and transfer agreement (the "**Loan Sale and Transfer Agreement**") according to which the Originator will sell and transfer to the Issuer, and the Issuer will purchase and accept such transfer from the Originator, against payment of the Initial Purchase Price all claims, rights and interest in, to and under the Loan together with the Related Loan Security.

The Loan Sale and Transfer Agreement will be governed by German law. The assignment of the security interests under the Deed of Assignment, however, will be governed by English law and the assignment of the security interest under the Austrian Share Pledge Agreement will be governed by Austrian law.

As security for its obligations under (among other things) the Notes, the Issuer will grant security interests over the Issuer German Transaction Accounts under the German Issuer Accounts Pledge Agreement governed by German law and over the German Loan Security and the security granted under the Austrian Share Pledge Agreement to the Issuer Security Trustee under the Issuer Trust Agreement governed by German law (other than the clause with respect to the Austrian Share Pledge Agreement which will be governed by Austrian law). Furthermore, the Issuer will grant a security interest over all its assets governed by English law in favour of the Issuer Security Trustee under the Issuer Deed of Charge and Assignment which will be governed by English law. The Issuer Security Trustee will hold the benefit of the security on trust (*treuhänderisch*) for the benefit of itself, the Noteholders and

the other Issuer Secured Creditors. The Issuer Trust Agreement will determine the priority of claims of the Issuer Secured Creditors.

III. Structure Diagram



IV. Key Transaction Parties

Issuer: Opera Germany (No. 3) Limited (the "**Issuer**") is a private company incorporated in Ireland with limited liability. The Issuer's company registration number is 436216. The 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 the Share Trustee and its nominees.

The Borrowers:

CAI Eins: CA Immo Eins GmbH ("**CAI Eins**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78246. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Eins GmbH is a borrower under the Credit Agreement.

CAI Zwei: CA Immo Zwei GmbH ("**CAI Zwei**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78247. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Zwei GmbH is a borrower under the Credit Agreement.

CAI Drei: CA Immo Drei GmbH ("**CAI Drei**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78248. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Drei GmbH is a borrower under the Credit Agreement.

CAI Vier: CA Immo Vier GmbH ("**CAI Vier**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78249. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Vier GmbH is a borrower under the Credit Agreement.

CAI Fünf: CA Immo Fünf GmbH ("**CAI Fünf**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78250. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Fünf GmbH is a borrower under the Credit Agreement.

CAI Sechs: CA Immo Sechs GmbH ("**CAI Sechs**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78251. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Sechs GmbH is a borrower under the Credit Agreement.

CAI Sieben: CA Immo Sieben GmbH ("**CAI Sieben**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78252. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Sieben GmbH is a borrower under the Credit Agreement.

CAI Acht: CA Immo Acht GmbH ("**CAI Acht**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78253. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Acht GmbH is a borrower under the Credit Agreement.

CAI Neun: CA Immo Neun GmbH ("**CAI Neun**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78254. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany. CA Immo Neun GmbH is a borrower under the Credit Agreement.

Companies in the Borrowers' Group:

CAI Germany Holding: The entire share capital of each Borrower is held by CA Immo Germany Holding GesmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria with its registered office at Freyung 3/2/11, 1010 Vienna, Austria ("**CAI Germany Holding**").

CAI International Holding: The entire share capital of CAI Germany Holding is held by CA Immo International Holding GesmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria with its registered office at Freyung 3/2/11, 1010 Vienna, Austria ("**CAI International Holding**").

CAI AG The entire share capital of CAI International Holding is held by CA Immobilien Anlagen Aktiengesellschaft, a stock corporation (*Aktiengesellschaft*) formed under the laws of Austria with its registered office at Freyung 3/2/11, 1010 Vienna, Austria ("**CAI AG**").

Managing Agent: ÖRAG Österreichische Realitäten AG, a stock corporation (*Aktiengesellschaft*) formed under the laws of Austria with its registered office at Herrengasse 17, 1010 Vienna, Austria (the "**Managing Agent**") provides certain property management services to each Borrower under a property management agreement dated 27 March 2007 (the "**Property Management Agreement**"). Before 27 March 2007, CA Immo Asset Management GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria with its registered office at Freyung 2/3/11, 1010 Vienna, Austria provided certain property management services under a property management agreement dated 20 December 2006.

Eurohypo:

Eurohypo Aktiengesellschaft, whose principal office is at Helfmann-Park 5, 65760 Eschborn, Germany, registered in the commercial register of Frankfurt am Main under registration number HRB 45701 ("**Eurohypo**") will act in various capacities in respect of the transactions described in this Prospectus. These are:

- (a) As original lender under the Credit Agreement (the "**Originator**"; the Originator and any person that may follow the Originator in such capacity (such as the Issuer after its purchase of the Loan pursuant to the Loan Sale and Transfer Agreement) are together referred to as the "**Lender**");
- (b) as facility agent under the Credit Agreement (the "**Facility Agent**");
- (c) as security agent under the Credit Agreement (the "**Borrower Security Agent**");
- (d) as a hedge counterparty under one of the hedging arrangements with the Borrowers with respect to the Eurohypo Pledged Tranche of the Loan (the "**EH Hedging Arrangement**" and together with the hedging arrangement with respect to the BACA Hedged Tranche of the Loan between Bank Austria Creditanstalt AG ("**BACA**") and the Borrowers (the "**BACA Hedging Arrangement**") and any other hedging arrangements with respect to the Loan in accordance with the hedging strategy agreed on under the terms of the Credit Agreement, the "**Borrower Hedging Arrangements**" and the hedge counterparties thereunder, the "**Borrower Hedge Counterparties**");
- (e) as mandated arranger under the Credit Agreement (the "**Loan Arranger**");
- (f) acting through its London office ("**Eurohypo, London Branch**") and, under certain conditions through its offices located in Germany, as servicer (the "**Servicer**") and, if required, special servicer (the "**Special Servicer**"), on behalf of the Issuer, of the Loan pursuant to the Servicing Agreement;
- (g) as arranger in respect of the issue of the Notes (the "**Note Arranger**"); and
- (h) as issuer swap counterparty (the "**Issuer Swap Counterparty**") pursuant to two Issuer Swap Agreements providing for (i) a contingent hedge arrangement (the "**Contingent Issuer Swap Agreement**") that will become effective if a Borrower Hedging Agreement terminates due to an event of default (as defined in such Borrower Hedging Agreement) attributable to the Borrower and (ii) an interest hedge arrangement (the "**Issuer Interest Swap Agreement**" and together with the Contingent Issuer Swap Agreement, the "**Issuer Swap Agreements**") in order to hedge against the potential interest rate mismatches between the floating rate interest payments received by the Issuer under the Borrower Hedging Arrangements and the floating rate interest payment obligations of the Issuer under the Notes resulting from different determination dates being applicable to determine

EURIBOR as the base rate for calculating the interest rates in respect of (aa) the Loan and (bb) the Notes.

Issuer Security Trustee:	The Bank of New York, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom (the " Issuer Security Trustee "), will hold or, as the case may be, administer for the benefit of itself and the other Issuer Secured Creditors the security granted by the Issuer under a German law-governed trust agreement (the " Issuer Trust Agreement ") to be entered into on or about the Closing Date between the Issuer Security Trustee, the Originator, the Borrower Security Agent and the Issuer.
Principal Paying Agent and Agent Bank:	The Bank of New York, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, will be principal paying agent and agent bank under the Agency Agreement (in these capacities, the " Principal Paying Agent " and the " Agent Bank ").
Irish Paying Agent:	AIB/BNY Fund Management (Ireland) Limited, acting through its office at Guild House, Guild Street, Dublin 1, Ireland, will act as paying agent in Ireland under the Agency Agreement (the " Irish Paying Agent "). The Irish Paying Agent, the Principal Paying Agent and any other paying agent(s) that may be appointed pursuant to the Agency Agreement are together referred to as the " Paying Agents ".
Account Bank:	The Bank of New York, acting through its branch office at Niedenu 61-63, 60325 Frankfurt am Main, Germany, and through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, will act as account bank for the Issuer under the Account Bank Agreement (in this capacity, the " Account Banks ").
Liquidity Bank:	Lloyds TSB Bank plc, acting through its office at 10 Gresham Street, London EC2V 7AE, United Kingdom, will provide the Liquidity Facility to the Issuer under the Liquidity Facility Agreement (in this capacity, the " Liquidity Bank ").
Corporate Services Provider:	Structured Finance Management (Ireland) Limited, acting through its office at 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland (the " Corporate Services Provider ") will provide certain corporate administration and secretarial services to the Issuer under a corporate services agreement (the " Corporate Services Agreement ").
Share Trustee:	SFM Corporate Services Limited (the " Share Trustee ") will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of a share trust deed dated 13 April 2007 (the " Share Trust Deed ").

V. Key characteristics of the Loan

The Facilities: The Loan constitutes full recourse secured obligations of the Borrowers. The following section contains an outline of the features of the loan documents relating to the Facilities. For a more detailed description of each Facility, see "OUTLINE OF THE LOAN DOCUMENTS" below. On or about the Closing Date, the Issuer will acquire all claims, rights and interests in, to and under the Loan together with the Loan Security relating thereto (the "**Related Loan Security**").

The Loan was originated on 22 December 2006 (the "**Loan Origination Date**"). As of the Effective Date, the outstanding principal amount of the Loan was €550,000,000.

Purpose of the Facilities: The proceeds of the Loan have been applied towards financing part of the cost of the acquisition of the Properties and to cover all associated transaction costs, fees and expenses (including any value added tax on such costs, fees and expenses).

Interest rate: Interest is payable under the Loan at a rate of interest equal to 4.405 per cent. *per annum* with respect to the BACA Hedged Tranche and 4.440 per cent. *per annum* with respect to the Eurohypo Hedged Tranche. Under the terms of the Credit Agreement, however, as long as the Borrower Hedging Arrangements are in place, interest will be payable under the Loan at a floating rate of interest equal to 3-month EURIBOR plus the margin. If the Borrower Hedging Arrangements terminate due to an event of default (as defined therein) attributable to the Borrowers, the interest payable under the Loan will revert to the Loan Fixed Rates.

For the purpose of determining the amount of interest payable on each tranche of the Loan, all scheduled principal prepayments will be applied to reduce the amount of the Eurohypo Hedged Tranche only until fully repaid and thereafter the BACA Hedged Tranche, whereas all other principal payments will be applied to both Loan Tranches on a *pro rata* basis.

Interest payments: Interest under the Loan is payable quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year with the first interest payment date being 20 April 2007 (subject to adjustment for non-business days, each, a "**Loan Interest Payment Date**") in respect of successive interest periods (each, a "**Loan Interest Period**").

Borrower Hedging: Under the terms of the Credit Agreement, the Borrowers are required to maintain the Borrower Hedging Arrangements, pursuant to which each Loan Fixed Rate (less the margin) will be swapped for 3-month EURIBOR.

Fees: On each Loan Interest Payment Date, the Borrowers are obliged to pay an agency fee to the Facility Agent under the Credit Agreement for their own account (the "**Agency Fee**").

Upon a Borrower prepaying the Loan in full or in part at any time prior to the Loan Maturity Date, under certain conditions, the relevant Borrower has to pay a prepayment fee ("**Prepayment Fee**").

**Scheduled
Repayments:**

The Borrowers will be required on each Loan Interest Payment Date to repay a percentage (as set out in the Credit Agreement in respect of each Property) of the outstanding principal amount of each of the Allocated Loan Amounts (as established after any repayments on the immediately previous Loan Interest Payment Date (or, in the case of the first Loan Interest Payment Date, the Loan Origination Date)). This percentage will increase on each Loan Interest Payment Date from 1.20 per cent. *per annum* on the first Loan Interest Payment Date to 2.16 per cent. *per annum* on the Loan Maturity Date.

Any amount of principal that remains outstanding under the Loan must be repaid in full on 20 January 2017 (the "**Loan Maturity Date**").

**Mandatory
prepayments:**

The Borrowers will be required to prepay the Loan:

- (a) in full if the Lender has accelerated the Loan in accordance with the terms of the Credit Agreement;
- (b) in full if CAI AG ceases to be the direct or indirect parent of CAI Germany Holding (unless the Facility Agent deems the event not to require mandatory prepayment);
- (c) in the amount of any insurance proceeds received in regard of any Property that has been damaged or destroyed so long as (i) neither the relevant insurance contract nor any relevant lease expressly requires the repair or reconstruction of the damaged or destroyed Property and (ii) repair or reconstruction of the damaged or destroyed Property has not begun (or concrete steps therefor taken) within the earlier of 150 days after the insurance event and 75 days after the receipt of the insurance proceeds;
- (d) in the amount of the Release Price for each Property that has been sold or appropriated;
- (e) in the amount equal to the sum of the relevant Release Prices for the Properties owned by a Borrower, the controlling interest of CAI Germany Holding in which has, with the consent of the Facility Agent, been sold or appropriated (or in full if such interest was sold or appropriated without the consent of the Facility Agent);
- (f) in the amount credited to the Reserve Account if on a Loan Interest Payment Date a Cash Trap Event exists and also existed on the immediately previous Loan Interest Payment Date; or
- (g) in the amount of the Loan attributable to any Lender if it becomes illegal for such Lender to continue to be a lender under the Credit Agreement.

Prepayments will become due and payable on the earlier of the next (or in the case of (e) above, the current) Loan Interest Payment Date and any appropriate deadline set by the Facility Agent; provided, however, that prepayments in connection with the sale of a Property will be due and payable on the date of performance under the relevant sale contract.

The "**Release Price**" (*Abverkaufstilgung*) is an amount assigned to each Property in the Credit Agreement that is calculated as a percentage, different for each Property, of the Allocated Loan Amount for the relevant Property. These percentages range from 109 per cent. to 131 per cent., with the average amount being 115 per cent.

"**Cash Trap Event**" means (a) ICR is less than 135 per cent. or (b) LTV is greater than 75 per cent.

**Voluntary
prepayment:**

Each Borrower will be entitled to prepay the Loan in full or in part at the option of such Borrower at any time on and after 1 January 2008 upon giving at least 30 days' irrevocable prior notice. Such prepayment must be either (a) in a minimum aggregate amount of €2,000,000 or an integral multiple thereof, unless the outstanding principal amount of the Loan is to be repaid in full, or (b) in the amount equal to the sum of the Release Prices of those Properties owned by a Borrower, the shares in which are to be sold.

Prepayment Fee:

In the event of any mandatory or voluntary prepayment, the prepaying Borrower will compensate the Lender for all financial disadvantages arising out of the prepayment. Such compensation will be in an amount equal to the sum of:

- (a) the difference between the interest that would have been payable under the Credit Agreement on the prepaid amount for the period from and including the date of repayment to and excluding the next Loan Interest Payment Date and the amount of interest that could be earned on the prepaid amount in such period by depositing it with a credit institution having a short-term credit rating not less than A-1 from S&P, F1 from Fitch and P-1 from Moody's Investors Service Inc., plus
- (b) an amount equal to 1.0 per cent. of any prepayment booked in 2008, 0.7 per cent. of any prepayment booked in 2009, 0.5 per cent. of any prepayment booked in 2010, 0.3 per cent. of any prepayment booked in 2011 and 0 per cent. of any prepayment booked thereafter.

There are no further prepayment fees. Voluntary prepayments are not permitted in 2007. The payment in (b) above does not apply in the event of a voluntary prepayment after the Lender has demanded the payment of additional costs or tax gross-up, in each case, in excess of €2,500,000 for the remaining term of the Loan (that is, the payment under (b) above remains payable if the voluntary prepayment is made following a demand for additional costs or tax gross-up in an amount less than or equal to €2,500,000) in accordance with the terms of the Credit Agreement or in the event of a mandatory prepayment due to illegality.

**Representations and
warranties:**

The representations and warranties given by each Borrower and CAI Germany Holding under the Credit Agreement, at the Credit Agreement Signing Date and (subject to certain exceptions) the date of each drawdown include, among other things, the following:

- (a) due incorporation and authorisation;
- (b) no default under the Credit Agreement or any other

transaction document referred to in the Credit Agreement (a "**Loan Event of Default**") is outstanding or will likely result from the execution or the performance of any transaction contemplated by the Credit Agreement or any other transaction document referred to in the Credit Agreement;

- (c) the Borrowers are solely property ownership and administration companies, the activities of which solely concern the holding and administration of the Properties and which have no ownership interests in other entities, subsidiaries, directors, employees, pension or similar liabilities, other loans or credit obligations and have not granted security or guaranty or given an indemnity to any third party;
- (d) legality, validity and enforceability of the Credit Agreement and any other transaction document referred to in the Credit Agreement (including the Loan Security Documents) subject to any general principles of law limiting its obligations;
- (e) each Borrower holds an expectant right of ownership of its respective Properties (*Anwartschaftsrecht auf das Alleineigentum*) and will become the full and exclusive owner of the respective Property by no later than 15 June 2007 and of all assets over which a security interest is to be created pursuant to the Loan Security Documents, in each case free from any security interests and other encumbrances (other than those referred to in the Credit Agreement);
- (f) the Loan Security Documents create first-ranking security;
- (g) to the best knowledge of the Borrowers and CAI Germany Holding, the absence of material litigation, arbitration or administrative proceedings that are likely to be decided against any relevant Borrowers and that if adversely determined would disturb the inherent basis (*Geschäftsgrundlage*) of the Credit Agreement;
- (h) the truthfulness, accuracy and completeness in all material respects of all written information supplied by the relevant Borrower to the relevant Finance Party under the Credit Agreement, among others, in connection with the Credit Agreement and certain related agreements and documents (the "**Finance Documents**");
- (i) with regard to the Properties:
 - (i) they comply with all laws, regulations, licensing and approval requirements;
 - (ii) there exist no circumstances that would prevent the Borrowers from complying with applicable laws, regulations and licenses or could lead to a Finance Party being considered responsible for same;
 - (iii) there is no soil or water contamination at the Properties; no hazardous materials are created, stored, dumped or otherwise held at the Properties;
 - (iv) the uses for which the Properties are leased comply

with the relevant administrative approvals for the Properties; and

- (v) no rezoning or public-law act is necessary to permit the Properties to continue to be used as office buildings if they were no longer to be leased by the Land Hessen;
- (j) the Borrowers are obligated to pay tax only in Germany and have no foreign taxable income and are not obligated to make any local taxes that could disturb the inherent basis (*Geschäftsgrundlage*) of the Credit Agreement; and
- (k) no Borrower has its "centre of main interests" (as defined in EU Directive 1346/2000 of 29 May 2000) outside of Germany or is subject to foreign insolvency proceedings.

Loan Security:

The obligations of each Borrower under the Finance Documents are secured by the Loan Security, which includes but is not limited to:

- (a) a joint certificated land charge (*Gesamtbriefgrundschuld*) in respect of the Properties, which includes all other rights and claims arising under the notarial deeds creating the land charge, including an assumption of personal liability (*Übernahme der persönlichen Haftung*) by each Borrower and a submission by the relevant owner of each Property to immediate enforcement (*Unterwerfung unter die sofortige Zwangsvollstreckung gegen den jeweiligen Grundstückseigentümer*);
- (b) a security purpose agreement (*Sicherungszweckerklärung*) entered into by the Borrowers and the Borrower Security Agent regarding the land charge;
- (c) a first-ranking assignment for security purposes of all rental income in relation to each Property;
- (d) a first-ranking pledge over all accounts of the Borrowers;
- (e) a first-ranking assignment for security purposes of all the rights and claims arising under the insurances relating to each Property;
- (f) a first-ranking pledge over all shares in the Borrowers and CAI Germany Holding;
- (g) a first-ranking assignment for security purposes of all the Borrowers' rights and claims under the Property Management Agreements;
- (h) a first-ranking assignment for security purposes of all the Borrowers' rights and claims arising under the agreement for the acquisition of the Properties (the "**Acquisition Agreement**");
- (i) a first-ranking assignment for security purposes of all rights and claims under the Comfort Letter; and
- (j) a security assignment of any present and future claims under the Borrower Hedging Arrangements.

Insurance:

The Borrowers have covenanted in the Credit Agreement to have each Property (including all fixtures and legal elements) adequately insured, on a full replacement value basis, for all risks for which a property of the same type would be insured, including insurance for environmental clean-up, demolition, disposal or decontamination costs; third party liability insurance; public law liabilities insurance (including insurance against acts of terrorism and sabotage) and not less than three years' loss of rent insurance.

Each Borrower has further undertaken to ensure that the Borrower Security Agent on behalf of the Lenders is named as co-insured on all insurance policies and is named as first loss payee. This undertaking does not apply in respect of third-party liability insurance and public law liability insurance. Each policy of insurance must contain a lender protection clause requiring the insurer to give 14 days' notice to the Borrower Security Agent before terminating the relevant insurance.

All insurances required under the Credit Agreement must be in an amount and form acceptable to the Facility Agent (acting reasonably) and with an insurance company or underwriter (in the case of a group of insurance companies or a group of underwriters, on a weighted average rating basis) that has been assigned the relevant requisite rating which is defined as a long term unsecured debt rating of at least A by Fitch and A by S&P.

Governing Law:

The Credit Agreement is governed by German law. The Loan Security is governed by German law, with the exception of the pledge over the shares in CAI Germany Holding, which is governed by Austrian law, and the security assignment of the claims under the Borrower Hedging Agreements, which is governed by English law.

VI. Key characteristics of the Loan Sale and Transfer Agreement**Sale of the Loan and the Related Loan Security:**

On or about the Closing Date, the Issuer, Eurohypo and the Issuer Security Trustee will enter into a loan sale and transfer agreement (the "**Loan Sale and Transfer Agreement**") pursuant to which Eurohypo in its capacity as Originator will sell to the Issuer, and the Issuer will purchase from Eurohypo, the Loan together with the Related Loan Security against payment of the Initial Purchase Price.

The transfer of the Loan will be effected (subject to the receipt of the Initial Purchase Price by the Seller) by way of an assignment from Eurohypo (in its capacity as Originator and Borrower Security Agent) to the Issuer under the Loan Sale and Transfer Agreement. The transfer of the Related Loan Security will be effected under the Loan Sale and Transfer Agreement by way of (i) an assignment of the Mortgage, (ii) an assignment of all other non-accessory (*nicht-akzessorische*) security rights under the German Borrower Security Documents and (iii) an assignment of the security rights under the Deed of Assignment. All accessory (*akzessorische*) security rights under the German Borrower Security Documents and the Austrian Share Pledge Agreement transfer automatically by operation of law with the transfer of the secured Loan. See "THE LOAN SALE AND TRANSFER AGREEMENT"

The Issuer will fund the purchase of the Loan from the Originator by utilising the proceeds of the issuance of the Notes.

Purchase Price: As consideration for the sale and transfer of the Loan and the Related Loan Security the Issuer will, on the Closing Date, pay to the Originator a purchase price in an amount equal to the outstanding principal amount of the Loan as of the Effective Date (the "**Initial Purchase Price**") (which is expected to be €550,000,000).

On the first Loan Interest Payment Date following the Closing Date, the Issuer will be obliged to repay any Pre-Closing Proceeds to the Originator.

"**Pre-Closing Proceeds**" means, with respect to the Loan, interest accrued but unpaid for the period between (and including) 22 December 2006 and (but excluding) the Closing Date.

Recourse to the Originator: If a material breach of certain representations and warranties given by the Originator under the Loan Sale and Transfer Agreement occurs and such breach is not capable of remedy or, if capable of remedy, has not been remedied within the time specified in the Loan Sale and Transfer Agreement, the Issuer or, as the case may be, the Issuer Security Trustee, will have a claim against the Originator for any losses incurred in connection with, or as a result of, such breach. The Issuer or, as the case may be, the Issuer Security Trustee, will not have such a claim if the Originator exercises its alternative option to repurchase the Loan.

Governing Law: The Loan Sale and Transfer Agreement will be governed by German law except for the assignment of the security interests under the Deed of Assignment, which will be governed by English law, and the assignment of the security interests under the Austrian Share Pledge Agreement, which will be governed by Austrian law.

VII. Key characteristics of the Properties

Properties: The Loan is secured on a portfolio (the "**Portfolio**") of 36 office Properties situated in 19 locations in the Land Hessen. Eight of the Properties are located in the state capital of Wiesbaden. These account for 30.0 per cent. of the Portfolio's value. Other geographical concentrations are the cities of Gießen and Kassel with 20.1 and 12.2 per cent.

Valuation: A valuation (the "**Valuation**") has been carried out by Colliers Property Partners Valuation GmbH, located at Pettenkoflerstrasse 22, 80336 Munich, Germany. The Valuation is dated 31st January 2007 (the "**Valuation Date**").

The Valuer has determined the market value of the Properties as individual assets as at the Valuation Date to be an aggregate of €758,400,000 (the "**Total Properties Market Value**" and the market value for each Property, the "**Property Market Value**") and the market value of the Portfolio as a whole as at the Valuation Date to be €800,000,000 (the "**Portfolio Market Value**"). As at the Valuation Date, the estimated rental value (the "**Estimated Rent Value**" or "**ERV**") for the Properties was €38,274,912 *per annum*

and the annual passing rent (the "Annual Passing Rent" or "APR") for the Properties was €41,809,385 increasing to €42,831,365 by the second half of 2010. The initial LTV is 68.75 per cent. based on the Portfolio Market Value and 72.52 per cent. based on the Total Properties Market Value.

See "DESCRIPTION OF THE PROPERTIES".

Updated Valuation: Under the terms of the Credit Agreement, the Borrowers are obligated to provide at their cost prior to 31 March in each year an updated valuation. In addition, the Facility Agent has the right to call for a new valuation of any Property at any time at the cost of the Lenders, unless a financial covenant has been breached or, if the Facility Agent (acting reasonably) believes that the LTV financial covenant is likely to be breached as a result of an updated valuation, or a Loan Event of Default is outstanding or threatened, in which case the updated valuation will be at the cost of the Borrowers.

VIII. Principal features of the Notes

Notes: The Notes will comprise:

- (a) €300,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due January 2022 and
- (b) €250,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due January 2022.

The Notes of each Class will rank *pari passu* and rateably and without any preference among themselves.

Status and priority: After service of an Acceleration Notice, the Class A Notes will rank in priority to the Class B Notes in point of security and as to the payment of principal and interest and the Class B Notes will be subordinated in point of security and as to right of payment of principal and interest in respect of the Class A Notes.

See "ISSUER ACCOUNTS AND CREDIT STRUCTURE – Priorities of Payments" below.

Form of the Notes: Each Class of Notes will be in bearer form. The Temporary Global Notes and the Permanent Global Notes of each Class will be held by a common safekeeper for Euroclear and Clearstream Luxembourg. The Notes will be issued in new global note form and in denominations of €50,000 each.

Definitive Notes will not be issued.

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

Class	Fitch	S&P
Class A Notes	AAA	AAA
Class B Notes	AAA	AA

A security rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal

at any time by one or more of the assigning rating organisations.

Listing: Application has been made to the Financial Regulator in Ireland, as competent authority under the Prospectus Directive, for the prospectus to be approved for the purposes of the Prospectus Directive. Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on its regulated market.

Final redemption: Unless previously redeemed in full, the Notes are expected to be redeemed in full at their Principal Amount Outstanding together with accrued interest on the Note Interest Payment Date falling in January 2017 (the "**Expected Maturity Date**") and are due for redemption on the Note Interest Payment Date falling in January 2022 (the "**Final Maturity Date**").

Optional redemption in full: The Notes will be subject to redemption in full, but not in part, at the option of the Issuer in certain circumstances:

- (a) the Issuer certifies to the Issuer Security Trustee that by virtue of a change in tax law from that in effect on the Closing Date (A) the Issuer will be obliged to make any withholding or deduction from payments in respect of the Notes; or (B) any amount payable by any of the Borrowers in relation to the Loan is reduced or ceases to be receivable (whether or not actually received), subject to the requirements of Condition 6(c) of the Notes (*Optional Redemption for Taxation or other Reasons*);
- (b) if the aggregate of the Principal Amount Outstanding of all of the Notes then outstanding is less than 10 per cent. of the Principal Amount Outstanding of all of the Notes issued on the Closing Date and the Originator, the Servicer or the Special Servicer, respectively, exercises its option, subject to the requirements of Condition 6(d) of the Notes (*Redemption upon Exercise of Option*); or
- (c) if Replacement Notes are to be issued pursuant to Condition 18(b) of the Notes (*Replacement Notes*).

In any such case, the Issuer or, as applicable, the Originator, the Servicer or the Special Servicer must certify to the Issuer Security Trustee that it will have sufficient funds available to it on the relevant Note Interest Payment Date to discharge all of the Issuer's liabilities in respect of the Notes and any amounts payable under the Servicing Agreement and/or the Issuer Trust Agreement then to be paid in priority to, or *pari passu* with, the Notes on such Note Interest Payment Date, all in accordance with Condition 6 of the Notes (*Redemption*).

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

Mandatory redemption in whole or in part: Prior to service of an Acceleration Notice, the Notes will be subject to mandatory redemption in whole or in part on each Note Interest Payment Date pursuant to Condition 6(b) of the Notes (*Mandatory Redemption from Available Principal Amounts*) by applying the

Available Principal Amounts towards redemption of the Notes sequentially in the order of seniority of the Classes of Notes, provided that:

(i) the Available Principal Amounts received prior to the scheduled Loan Maturity Date due to mandatory prepayments of the Loan due to the disposal of any Property and prior to the enforcement of the Loan Security and/or the claims under the Finance Documents will be applied to the Notes as follows:

- (a) *first*, in an amount equal to the Allocated Loan Amount of the relevant Property *pro rata* to each Class of Notes; and
- (b) *second*, any amount of the Release Price which is in excess of the Allocated Loan Amount of the relevant Property towards repayment of the Notes sequentially in the order of seniority of the Classes of Notes,

and provided further that:

(ii) Available Principal Amounts received prior to the scheduled Loan Maturity Date due to voluntary prepayments of the Loan (provided there is no release of security) will be applied to the Notes as follows:

- (a) *first, pro rata* in or towards repayment of any principal of the Class B Notes until the Class B Notes have been redeemed in full; and
- (b) *second, pro rata* in or towards repayment of any principal of the Class A Notes,

each mandatory redemption in accordance with the terms and conditions of the Notes ("**Terms and Conditions**").

See "TERMS AND CONDITIONS OF THE NOTES" and "ISSUER ACCOUNTS AND CREDIT STRUCTURE".

Upon service of an Acceleration Notice, the Issuer Security Trustee or its appointee is required to apply all amounts (if any) received in respect of the Loan in accordance with the Post-Acceleration Priority of Payments pursuant to the Issuer Trust Agreement.

No purchase of Notes by the Issuer:

The Issuer will not be permitted to purchase Notes.

Further Notes, New Notes and Replacement Notes:

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

- (a) notes which are consolidated and form a single series with, an existing Class of Notes (including any New Notes or Replacement Notes then issued) ("**Further Notes**");
- (b) notes which rank *pari passu* with the Class A Notes, or junior to the Class A Notes and senior to the Class B Notes, or *pari passu* with the Class B Notes, or junior to the Class B Notes ("**New Notes**"); and
- (c) notes of any class to replace an existing Class of Notes, but with an interest rate equal to or (if fixed rate Notes are to be issued in replacement for floating rate Notes or vice versa, a

swap rate which (taking into account the relevant margin) lower than the existing Class of Notes being replaced ("**Replacement Notes**").

Pursuant to the relevant Priority of Payments, interest on junior Classes of Notes will be payable prior to any scheduled, mandatory or optional principal redemption. Any issue of Further Notes, New Notes or Replacement Notes will be subject to the satisfaction of certain conditions precedent. These will include a condition that the Rating Agencies confirm that the then current ratings of each Class of Notes already issued will not be adversely affected. See "TERMS AND CONDITIONS OF THE NOTES".

Interest rates:

Each Class of Notes will initially bear interest calculated as the sum of EURIBOR (as determined in accordance with Condition 4(d) of the Notes (*Interest on the Notes*) plus the relevant Margin. The interest rate margin applicable to each Class of Notes will be as follows (each, a "**Margin**"):

Class	Margin (per cent.)
Class A Notes	0.16 per cent.
Class B Notes	0.23 per cent.

Interest payments:

Interest will be payable on the Notes quarterly in arrear on 25 January, 25 April, 25 July and 25 October in each year with the first Note Interest Payment Date being 25 July 2007, or, if such date is not a Note Business Day, the next Note Business Day immediately following such date unless it would thereby fall into the next calendar month, in which case the immediately preceding Note Business Day (each, a "**Note Interest Payment Date**"). "**Note Business Day**" means a TARGET Day (other than a Saturday or a Sunday) on which banks are open for general business in London and Frankfurt am Main, Germany, whereby "**TARGET Day**" means a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer Payment system is open for the settlement of payment in euro.

Note Interest Periods:

The first Note Interest Period will run from (and including) the Closing Date to (but excluding) the first Note Interest Payment Date and subsequent Note Interest Periods will run from (and including) a Note Interest Payment Date to (but excluding) the next Note Interest Payment Date (each a "**Note Interest Period**"). The Noteholders will be entitled to receive a payment of interest only in so far as payment is in accordance with the relevant Priority of Payments. Any interest not paid on the Notes (other than interest due on the Class A Notes) when due 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.

Issue prices:

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

Withholding tax:

If any withholding or deduction for or on account of any tax is imposed in respect of payments under the Notes, the Issuer will make payments subject to such withholding or deduction and neither the Issuer nor any other entity will be required to

gross-up or otherwise pay additional amounts in respect thereof. See "TAXATION".

Security for the Notes:

The Notes will be secured pursuant to (a) an issuer security trust agreement (the "**Issuer Trust Agreement**") under German law (other than the clause with respect to the Austrian Share Pledge Agreement which will be governed by Austrian law) made between the Issuer, the Originator, the Borrower Security Agent and the Issuer Security Trustee and dated on or about the Closing Date pursuant to which the Issuer will grant security in favour of the Issuer Security Trustee over, *inter alia*, the Loan and the German Loan Security, (b) a German law governed issuer accounts pledge agreement (the "**German Issuer Accounts Pledge Agreement**") made between the Issuer and the Issuer Security Trustee in relation to the German Issuer Transaction Accounts and (c) an English law-governed deed of charge and assignment dated on or about the Closing Date and made between the Issuer and the Issuer Security Trustee pursuant to which the Issuer grants security over its English assets (the "**Issuer Deed of Charge and Assignment**" and, together with the Issuer Trust Agreement and the German Issuer Accounts Pledge Agreement, the "**Issuer Security Documents**").

The Issuer Security Trustee will hold the security granted under the Issuer Security Documents for the benefit of itself, any receiver and any other appointee of the Issuer Security Trustee, the Noteholders, the Paying Agents, the Agent Bank, the Corporate Services Provider, the Servicer, the Special Servicer, the Liquidity Bank, the Note Arranger, the Issuer Swap Counterparty and the Account Bank (together, the "**Issuer Secured Creditors**").

The Issuer will grant the following first-ranking security interests under or pursuant to the Issuer Security Documents (the "**Issuer Security**"):

- (a) an assignment for security purposes of its rights in respect of the Loan;
- (b) a security interest in its interest in the Related Loan Security;
- (c) an assignment for security purposes of its rights and claims under the other Transaction Documents to which it is a party;
- (d) a security interest in its claims against the Issuer Security Trustee;
- (e) a security interest in its rights to all monies standing to the credit of the Issuer Accounts; and
- (f) a security interest in its interest in any Eligible Investments made by it or on its behalf.

For the avoidance of doubt, the Issuer Capital Proceeds Account and the amounts or claims representing the share capital proceeds of the Issuer (paid-up, uncalled or contingent) and any interest thereon will not form part of the Issuer Security (the "**Excepted Assets**").

Issuer Intercreditor Agreement:

The Issuer, the Issuer Security Trustee and the other Issuer Secured Creditors (other than the Noteholders) will enter into an intercreditor agreement (the "**Issuer Intercreditor Agreement**")

pursuant to which, *inter alia*, the Issuer Secured Creditors will acknowledge the Priorities of Payments.

Governing law:

The Notes and the other Transaction Documents will be governed by German law, except for (i) the Subscription Agreement, the Issuer Swap Agreements, the Liquidity Facility Agreement and the Issuer Deed of Charge and Assignment, which will be governed by English law, (ii) the Corporate Services Agreement, which will be governed by Irish law, (iii) an English-law-governed collateral transfer clause contained in the Loan Sale and Transfer Agreement and (iv) an Austrian-law-governed collateral transfer clause contained in the Loan Sale and Transfer Agreement and in the Issuer Trust Agreement.

RISK FACTORS

Set out in this section is an outline of certain issues of which prospective Noteholders should be aware before making a decision whether or not to invest in Notes of any Class. The following statements are not intended to be exhaustive. Therefore, prospective Noteholders should read also the detailed information set out elsewhere in this Prospectus and form their own views and consult their own professional advisors before making any investment decision. In addition, investors should be aware that the risks described may combine and thus modify one another.

I. Considerations relating to the Notes

1. Liability under the Notes

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

2. 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 upon the receipt by it in full of (a) principal and interest from the Borrowers under the Loan and (b) certain indemnity payments (if any) payable by the Originator, (c) payments (if any) due from the Issuer Swap Counterparty, (d) interest income on the Issuer Accounts and (e) the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement. Other than the foregoing, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes.

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

3. Ratings of the Notes

The ratings assigned to each Class of Notes by the Rating Agencies are based on the Loan, the Related Loan Security, the Valuation of each Property and other relevant structural features of the transaction, including, among other things, the short-term and long-term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Bank and the Issuer Swap Counterparty. These ratings reflect only the views of the Rating Agencies.

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

Credit rating agencies other than Fitch 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 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 in this Prospectus are to ratings assigned by the Rating Agencies (namely Fitch and S&P).

4. Ratings Confirmations

Under the Transaction Documents, the Issuer Security Trustee may determine whether or not any event, matter or thing is, in its opinion, materially prejudicial to the interests of Noteholders of any Class (each, a "**Class of Noteholders**"), or, as the case may be, all the Noteholders, and if the Issuer Security Trustee will certify that any such event, matter or thing is, in its opinion, materially prejudicial, such certificate will be conclusive and binding upon the Issuer and the Noteholders. In making such a determination, the Issuer Security 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 such event, matter or thing.

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

5. Absence of Secondary Market; Limited Liquidity

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the regulated market of the Irish Stock Exchange and to trading on its regulated market. There is not, at present, a secondary market for the Notes. There can be no assurance that a secondary market in the Notes will develop or, if it does develop, that it will provide Noteholders with liquidity of investment, or that it will continue for the life of the Notes. In addition, the market value of certain of the Notes may fluctuate with changes in prevailing rates of interest and/or credit spreads. Consequently, any sale of Notes by Noteholders in any secondary market that may develop may be at a discount to the original purchase price of those Notes.

6. Availability of Liquidity Facility

Under the Liquidity Facility Agreement, the Liquidity Bank will, under and in accordance with the terms of the Liquidity Facility Agreement, make available to the Issuer the €68,000,000 Liquidity Facility to enable the Issuer to make payments of interest in respect of the Notes, payments necessary for the maintenance and protection of the Properties (to the extent not already paid under the provisions of the Credit Agreement) and certain other senior amounts. (The amount of the Liquidity Facility commitment will change proportionally in connection with a redemption of the Notes or in connection with a revaluation of the Properties leading to an Appraisal Reduction Event, or at the request of the Issuer.) See "ISSUER ACCOUNTS AND CREDIT STRUCTURE – Liquidity Facility". The Liquidity Facility will not be available to the Issuer to enable it to make any payment of principal payable in respect of the Notes of any Class.

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

7. Subordination of Class B Notes

After acceleration of the Notes, payments of principal and interest in respect of the Class B Notes will be subordinated to payments of principal and interest in respect of the Class A Notes. If, on any Note Interest Payment Date when there are Class A Notes outstanding, the Issuer has insufficient funds to make payment in full of interest due on the Class B Notes,

then the Issuer will be entitled (under Condition 4(j) of the Notes (*Deferral of Interest Payments*)) to defer payment of that amount until the following Note Interest Payment Date. In these circumstances there will be no Note Event of Default.

The terms on which the Issuer Security will be held will provide that, upon enforcement, certain payments (including all amounts payable to any receiver and the Issuer Security Trustee, all amounts due to the Servicer, the Special Servicer, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank, the Issuer Swap Counterparty (other than Subordinated Swap Amounts) and all payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of Liquidity Subordinated Amounts) will be made in priority to payments in respect of interest and principal (where appropriate) on the Class A Notes. Upon acceleration of the Notes, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders.

8. Conflict of Interests

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

Conflicts of interest may arise between the Issuer and Eurohypo, firstly, because Eurohypo is the Originator under the Credit Agreement and, secondly, because Eurohypo intends to actively continue to finance real estate-related assets in the ordinary course of its business. During the course of its business activities, Eurohypo may operate, service, acquire or sell properties, or finance loans secured by properties, which are in the same markets as the properties included in a portfolio. In such cases, the interests of Eurohypo may differ from, and compete with, the interests of the Issuer and decisions made with respect to those assets may adversely affect the value of the properties included in a portfolio and therefore the ability to make payments under the Notes.

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

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

Affiliates of the Managing Agent may own or manage properties other than the Properties, including competing properties. Accordingly, the Managing Agent and the Borrowers may experience conflicts of interest in the management of the Properties. Although this potential for conflicts of interest exists, Managing Agent has agreed, and each substitute property manager will agree, to act in accordance with the standard set out in the respective Property Management Agreement.

9. *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 oblige the Issuer to redeem the Notes at their then Principal Amount Outstanding (plus accrued interest) thereby shortening the average lives of the Notes.

10. *Yield and Prepayment Considerations*

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

11. *Swap Counterparty Risk*

The Loan bears interest at a fixed rate, provided that as long as the Borrower Hedging Arrangements have not been terminated due to an event of default thereunder attributable to the Borrowers, the interest under the Loan will be payable at a floating rate based on EURIBOR as determined on each of the Loan Interest Payment Dates, whereas the Notes will bear interest at a floating rate based on EURIBOR as determined on each Interest Determination Date, which will not be the same day as each of the Loan Interest Payment Dates. This difference of timing exposes the Issuer to potential base rate risk in respect of payment obligations under the Notes. The Issuer will therefore enter into the Issuer Swap Agreements with the Issuer Swap Counterparty in order to hedge against the potential interest rate mismatches between the floating rate interest payments received by the Issuer under the Loan and the floating rate interest payment obligations of the Issuer under the Notes resulting from different determination dates being applicable to determine EURIBOR as the base rate for calculating the interest rates in respect of (i) the Loan and (ii) the Notes.

The income of the Borrowers (which is compromised primarily of rental income in respect of commercial properties) does not vary according to prevailing interest rates. The loan bears interest at a floating rate, exposing the Borrowers to a potential risk in respect of their payment obligations under the Loan. Under the terms of the Credit Agreement, the Borrowers are required to maintain interest rate hedging arrangements pursuant to which they will pay a fixed percentage rate multiplied by the swap notional (which must equal the principal amount of the Loan outstanding at any time) in return for the relevant EURIBOR rate at the time multiplied by the swap notional.

If a Borrower Hedging Arrangement were to terminate due to an event of default (as defined therein) attributable to the Borrowers, the interest payable under the Loan would revert to the Loan Fixed Rates. In this situation, the Issuer (after its acquisition of the Loan from the Originator) would be subject to interest rate risk arising from the fixed-rate interest payable under the Loan and the floating-rate interest payable under the Notes. The Issuer has entered into a Contingent Issuer Swap Agreement with the Issuer Swap Counterparty with a view to ensuring that the Issuer will be able to continue to make payments of interest under the Notes if any Borrower Hedging Arrangement terminates.

If a Borrower were to default in its obligations under the relevant Borrower Hedging Arrangement or its hedging obligations under the Loan, or, if the relevant Borrower Hedge Counterparty were to default in respect of its obligations under the relevant Borrower Hedging Arrangement, the Borrowers might not have sufficient funds to make payments due at that time. In these circumstances, the Issuer may not have sufficient funds to make payments in full on the Notes and Noteholders could, accordingly, suffer a loss.

In the event of the insolvency of the Issuer Swap Counterparty, the Issuer will be treated as an unsecured general creditor of the Issuer Swap Counterparty. Consequently, the Issuer will be subject to the credit risk of the Issuer Swap Counterparty. Likewise, in the event of the insolvency of a Borrower Hedge Counterparty, the relevant Borrower will lose protection against the interest rate exposure under the Loan. The provisions of the each of Borrower Hedging Arrangements and the Issuer Swap Agreements require the Borrower Hedge Counterparties and the Issuer Swap Counterparty, respectively, to have certain minimum ratings and to take certain remedial measures should its rating fall below such minimum ratings.

The Issuer Swap Counterparty will be entitled, in certain circumstances to terminate an Issuer Swap Agreement. Noteholders may suffer a loss if an Issuer Swap Agreement is terminated and the Issuer, as a result of such termination, does not receive sufficient funds to make a payment to the Noteholders as a result of the early termination. See "ISSUER SWAP AGREEMENTS".

12. Risks Relating to Servicing

In the circumstances described under "SERVICING", the Servicer and/or the Special Servicer may cease to act as such under the Servicing Agreement. Although the Servicing Agreement provides that the termination of the appointment of the Servicer or the Special Servicer may not take effect until such time as a satisfactory successor has been appointed, this will not prevent the Servicer and/or the Special Servicer from terminating its respective appointment for good cause (*aus wichtigem Grund*) with immediate effect. Further, there can be no assurance that a successor could be found who would be willing to service the Loan at a commercially reasonable fee, or at all.

13. Appointment of Substitute Servicer

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

II. Considerations relating to the Properties

1. Aspects of Real Estate Lending

Real estate property values and net operating income can be affected by various factors, including the volatility of property revenue and the relevant property's operating leverage, which generally refers to (i) the percentage of total property operating expenses in relation to total property revenue, (ii) the breakdown of property operating expenses between those that are fixed and those that vary with revenue, and (iii) the level of capital expenditure required to maintain the property and retain or replace tenants. Even if 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.

The net operating income and market 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), local property market conditions, access to public transportation and major roads, the willingness and ability of the Borrowers to provide capable management and adequate maintenance of the retail properties, retroactive changes to building or similar regulations and increases in operating expenses. In addition, other factors may adversely affect the Properties' value without affecting the current net operating income, including changes in governmental regulations, fiscal policy and planning or tax laws, potential environmental legislation or liabilities or other legal liabilities, supply and demand of buildings and the availability of refinancing.

Even good construction will deteriorate over time if adequate maintenance is not scheduled and performed in a timely fashion. If, during the term of the Loan, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the encumbered Properties are substantially updated and refurbished, the value and net operating income of the Properties could be reduced.

The quality of a building's existing tenants and property manager, the attractiveness of the building and the surrounding area to prospective tenants and, if based on commercial leases, the customers or clients of the respective tenants, access to public transportation and major roads and the public perception of safety in the surrounding neighbourhood also contribute to such competition.

The Properties may not readily be convertible to an alternative use if the Properties were to become unprofitable due to competition, age of the improvements, decreased demand, regulatory changes or other factors. The conversion of commercial and residential properties to alternate uses generally requires substantial capital expenditure. Thus, if the operation of the Properties becomes unprofitable such that the Borrowers become unable to meet their obligations under the Loan, the liquidation value of the Properties may be substantially less, relative to the amount owing on the Loan, than would be the case if the Properties were readily adaptable to other uses.

2. *Single Tenant; Credit Rating of Land Hessen*

Subject to certain termination rights described below (see *Terms of Occupational Leases*), all of the Properties have been leased to the Land Hessen for terms that extend beyond the expected life of the Notes. As a result of the terms of the lease, the performance of the Properties, and with it the Borrowers' ability to meet their obligations under the Credit Agreement and, in turn, the ability of the Issuer to service the Notes, will be dependent mostly on the ability of the Land Hessen to perform its obligations under its lease of the Properties. The Land Hessen currently has a long-term credit rating of AAA from Fitch and AA from S&P.

3. *Geographic Concentration; the Economy of the Federal Republic of Germany*

The Properties are concentrated in the Land Hessen. If the Borrowers were to be forced to seek new tenants to replace the Land Hessen, their ability to do so and therewith the performance of the Properties would be dependent upon the strength of the local economy of such part of the Federal Republic of Germany and of the German economy generally. In such situation, a decline in the commercial property market, in the financial condition of a major tenant or a general decline in the local, regional or national economy could lead to higher rates of delinquency or defaults under the occupational leases of the Properties. This could adversely affect the Borrowers' ability to meet their obligations under the Credit Agreement and, in turn, have an impact on the Issuer's ability to make payments on the Notes.

As the Issuer only holds one Loan, losses on the Loan will have a substantial adverse effect on the ability of the Issuer to make payments under the Notes. In addition, the concentration of the Properties in the geographic area of the western part of the Federal Republic of

Germany may increase the risk that adverse economic or other developments or a natural disaster affecting such region could increase the frequency and severity of losses on the Loan. Details of the location of the various Properties are set out in "DESCRIPTION OF THE PROPERTIES".

4. Late Payment or Non-Payment of Rent

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

5. Risks Relating to Tenants and Occupational Leases

The net operating income from the Properties may be reduced, and the Borrowers' ability to repay the Loan impaired, as a result of, *inter alia*, an increase in vacancy rates, which may occur from time to time, a decline in market rental rates as occupational leases are renewed or entered into with new tenants, an increase in operating expenses of the Properties, non-payment or late payment of amounts due by the tenants under their occupational leases, and/or an increase in capital expenditures needed to maintain the Properties. There can be no assurance that tenants will renew leases upon expiration. The income from, and the market value of, the Properties would be adversely affected if space of the Properties could not be re-let. The age, construction, quality and design of the Properties may affect their occupancy levels as well as the rents that may be charged for individual leases. Over time, there may be a requirement for increased maintenance costs and necessary capital improvements in order to maintain the Properties and to attract and satisfy major tenants. No assurance can be given that tenants of the Properties will continue making payments under their occupational leases or that any such tenants will not become insolvent or become subject to insolvency proceedings in the future or, if any such tenants become subject to insolvency proceedings, that they will continue to make rental payments. Any tenant may, from time to time, experience a downturn in its business, which may weaken its financial condition and result in a reduction or failure to make rental payments when due. If a tenant defaults on its obligations under its occupational lease, the Borrowers will have to enforce their rights as lessors. Such enforcement is most likely to result in a payment delay and in substantial costs to be incurred by the relevant Borrower, including costs incurred in renovating and reletting the Properties.

6. Terms of the Occupational Leases

Some Occupational Leases may terminate earlier than anticipated on the basis of a termination right with respect to the Occupational Leases of some of the Properties upon twelve months' prior notice 2, 5, 10, 15, 20 and/or 25 years following the delivery (*Übergabe*) of the relevant Property. Furthermore, the Occupational Leases may be terminated immediately (*fristlos*) upon good cause (*aus wichtigem Grund*). As such, the Borrowers will have to either seek to renew such tenancies or find new occupational tenants for the vacated premises.

"**Occupational Lease**" means any lease or other right of occupation or right to receive rent to which a Property may at any time be subject, or any other document designated as such by the Facility Agent and the Borrowers' agent under the Credit Agreement.

Under the terms of the Credit Agreement, subject to certain exceptions, (i) no Occupational Lease (including sub-lease agreements) may be concluded, (ii) no Occupational Lease may be amended if the rent would be decreased (other than by way of automatic decrease or on the basis of an index clause), (iii) no claim under the Occupational Lease may be waived and (iv) no claims under an Occupational Lease may be assigned or pledged (other than under the terms of the Transaction Documents) without the consent of the Facility Agent.

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 future, that market practice will not have changed or that the circumstances of prospective tenants will not make some or all of such provisions inappropriate. In addition, although the Managing Agent is experienced in such matters, there can be no assurance that it will be able to find tenants of comparable quality for any vacated premises or be capable of negotiating Occupational Leases on equivalent lease terms. Further, the discretion as to the matters described above may result in a diminution in the quality of the tenants of the Properties or the terms of their Occupational Leases over the term of the Notes.

7. Risks relating to Property Management Agreements

The net cash flow realised from and/or the residual value of the Properties may be affected by management decisions. The Managing Agent has broad decision-making rights under the Property Management Agreement. While the Borrowers are obliged under the Credit Agreement (i) to mandate a property manager (initially CA Immo Asset Management GmbH and currently the Managing Agent) that is experienced in managing comparably large property portfolios and (ii) to promptly exercise its termination right (if any) under the relevant Property Management Agreement if the Managing Agent (or any substitute property manager) violates its duties thereunder and to mandate a replacement managing agent acceptable to the Facility Agent on similar terms, there can be no assurance that the decisions of the Managing Agent or of any substitute property manager will not adversely affect the value and/or cashflows of the Properties. There can be no assurance that, were a property manager to resign or its appointment be terminated, a suitable replacement service provider acceptable to the Facility Agent could be found in a timely manner and engaged on terms acceptable to the Facility Agent.

Affiliates of the Managing Agent (or any substitute property manager) may own or manage properties other than the Properties, including competing properties. Accordingly, the Managing Agent (or any substitute property manager) and the Borrowers may experience conflicts of interest in the management of the Properties. Although this potential for conflicts of interest exists, the Managing Agent has agreed, and each substitute property manager will agree, to act in accordance with the standard set out in the Property Management Agreement (which is the standard of a prudent administrator (*Sorgfalt eines ordentlichen Verwalters*)).

The Property Management Agreement contains agency agreements (*Geschäftsbesorgungsverträge*) and mandates (*Vollmachten*), which would extinguish upon the commencement of insolvency proceedings against a relevant German principal (such as a Borrower) by operation of law pursuant to §§ 115 and 116 of the German Insolvency Code.

8. The Rights of the Tenants

Pursuant to the terms of the Occupational Leases, each Borrower is under an obligation, *inter alia*, to allow each tenant quiet enjoyment of the premises that are leased to it and is responsible for renovation and maintenance of the Properties at its own expense. Under German law, if any of the Borrowers defaults on its obligations under an Occupational Lease, a tenant could exercise a right of set-off against such Borrower or have the right to reduce the rent due. The Occupational Leases of the Properties do not prohibit the relevant tenants to set-off amounts due to them from each of the Borrowers against rent payable under their

respective Occupational Leases. In certain circumstances, tenants may have the right to abate rent. The most significant liabilities of the Borrowers to such tenants will relate to their obligation as landlords to apply service charge payments towards the upkeep of the Properties and to ensure that the tenants have the use of the premises granted to them under their Occupational Leases. The Managing Agent has entered into, and each substitute property manager will be obligated to enter into, a duty of care agreement with the Facility Agent under which the Managing Agent has agreed, or the relevant substitute property manager will agree, to perform its obligations under the relevant Property Management Agreement with regard to the interest of, *inter alios*, the Finance Parties.

9. Limitations of Valuations

In general, valuations represent the analysis and opinion of qualified valuers and are not guarantees of present or future value. One valuer may reach a different conclusion than the conclusion in relation to a property that would be reached if a different valuer were appraising such property. Moreover, valuations seek to establish the amount that a typically motivated buyer would pay a typically motivated seller and, in certain cases, may have taken into consideration the purchase price paid by the existing property owner. There can be no assurance that the market value of the Properties will continue to equal or exceed the valuation contained in the respective valuation. If the market value of the Properties fluctuates, there can be no assurance that the market value will be equal to or greater than the unpaid principal and accrued interest on the Loan and any other amounts due under the Credit Agreement. If the Properties are sold following a Loan Event of Default, there can be no assurance that the net proceeds of such sale will be sufficient to pay in full all amounts due under the Credit Agreement.

10. Insurance

The Borrowers have covenanted in the Credit Agreement to have each Property (including all fixtures and legal elements) adequately insured, on a full replacement value basis, for all risks for which a property of the same type would be insured, including insurance for environmental clean-up, demolition, disposal, or decontamination costs, third party liability insurance, public law liabilities insurance (including insurance against acts of terrorism and sabotage) and not less than three years of loss of rent insurance. The Credit Agreement provides that the Facility Agent is to be named as the co-insured under the insurance policies to be maintained by the relevant Borrower in respect of its Property.

Following any damage to, or destruction of, all or part of a building on the Properties, subject to certain exceptions, the Borrowers in their function as landlord are contractually obliged, pursuant to the terms of the Occupational Leases, to rebuild, replace, or restore roof and substance (*Dach und Fach*) of the relevant damaged building. Pursuant to German law, a tenant is entitled to terminate a lease for good cause if it is deprived of the contractual use, e.g., if the premises are destroyed.

If a claim under an insurance policy is made but the relevant insurer under that policy fails to make or delays a payment in respect of that claim, this could prejudice the ability of the Borrower to make payments under the Loans, which would in turn prejudice the ability of the Issuer to make payments in respect of the Notes.

Under the terms of the Credit Agreement, the relevant Borrower will be required to maintain insurance policies in such form and amount as may be acceptable to the Lender (in its reasonable discretion) with an insurance company or underwriter (in the case of a group of insurance companies or a group of underwriters, on a weighted average rating basis) that has a long-term unsecured debt rating of at least A by Fitch and A by S&P.

Certain types of risks and losses (such as losses resulting from war, nuclear radiation, radioactive contamination and heaving or settling of structures) may be or become either uninsurable or not economically insurable or may not be covered by the required insurance

policies. Other risks might become uninsurable (or not economically insurable) in the future. If an uninsured or uninsurable loss were to occur, the Borrowers might not have sufficient funds to repay in full all amounts owing under or in respect of the Credit Agreement.

11. Environmental Risks/Contaminations

Several Properties are registered as contaminated sites or are situated in areas affected by bombings due to the aerial warfare in World War II. Under current German law, the rules on a remediation of contaminated sites are contained primarily in the Federal Soil Protection Act (*Bundesbodenschutzgesetz*). The class of persons under a duty of remediation in respect of a particular property is wide and includes (a) any person who caused harmful change to the soil (*Handlungsstörer*) and such person's universal successor (*Gesamtrechtsnachfolger*), (b) the owner of the property and, under certain conditions, the former owner and (c) the party exercising actual control over the property (all *Zustandsstörer*). Any of these persons can be held liable by the competent public authorities for investigation measures, clean-up work or clean-up costs.

The selection of the person responsible for investigation measures, clean-up work or clean-up costs in respect of a property is in principle a matter for the discretion of the public authority. The relevant authority, in selecting the responsible person, must be guided by the greatest possible effectiveness of the resulting work. An obligation to investigate or clean up a site relies upon the relevant authority issuing an order. If no voluntary action is taken the authority is empowered to compel the execution of measures subject to the aforementioned order.

In general, any mortgagee under any mortgage over contaminated property is not liable for costs attached to investigations or the cleaning up of a property prior to enforcement of such mortgage. Moreover under current German law, a mortgagee does not take possession of a property upon enforcement of a mortgage and it is generally considered unlikely that a mortgagee would incur any liability. However, if the public authority has cleaned up the property instead of the Borrowers and has unpaid expenses, such expenses, in enforcement, might rank ahead of the Issuer's claim.

Any environmental surveys, monitoring, clean up or decontamination costs, if imposed on the Borrowers, could affect their ability to service their obligations under the Credit Agreement. When such measures or their costs are imposed on a tenant this might affect its ability to pay rents to the Borrowers, thereby affecting the Borrowers' ability to service their obligations under the Facilities. It might also adversely affect the value of the Properties and consequently the Loan Security granted by the Borrowers.

Furthermore, a tenant might be entitled to suspend or reduce its obligations to pay the rent if its quiet enjoyment under an Occupational Lease is disrupted as a consequence of contaminated property. This may affect the Borrowers' ability to service their obligations under the Credit Agreement.

With regard to the clearance of bombs and explosive ordnance, in the Land Hessen the Hessian act on public safety (*Hessisches Gesetz über die öffentliche Sicherheit und Ordnung*) is applicable. According to this regulation, the responsibilities are roughly similar to the situation regarding environmental contaminations while minor differences exist due to the specific dangers of explosive materials. Therefore, also with respect to explosive ordnance respective survey, monitoring or clean up costs, if imposed on the Borrowers, could affect their ability to service their obligations under the Credit Agreement. This might also adversely affect both the Borrowers' ability to service their obligations and the value of the Properties and consequently the Loan Security granted by the Borrowers.

12. Monument Protection

Some buildings on the Properties are protected under the Hessian law on monument protection (*Denkmalschutz*) and have been entered into the list of protected monuments. Under the law on monument protection the owner is obliged to preserve the monument, to

use the monument in a way close to the primary or permitted function and to request permission with respect to all projected changes. Hence, for changes with regard to the structure or the appearance or the surrounding of the concerned monument, special permits have to be obtained from the monument protection authority and respective construction works might have to meet specific technical requirements in order to preserve the character of the monument. In case of future sales of the aforementioned buildings, the monument protection authorities have to be notified.

13. *Repairing Obligations*

Under German civil law, landlords have the obligation to maintain the entire leased premises (including structure, roof and exterior) in proper letting condition. The costs related to such obligations cannot always be recovered from tenants (or insurances) in full and would have to be paid by the Borrowers from the net rental income in priority to payments under the Loan.

14. *German Planning and Zoning Law//Areas for Common Needs of for Public Purposes*

Under German planning and zoning law in principle, there is no restriction on an individual's freedom to build on his own premises (*Baufreiheit*), but this freedom is subject to certain statutory provisions. Most important, prior to most projects and measures with regard to buildings, a building permit (*Baugenehmigung*) must be obtained. This does not only apply to the erection and to substantial alterations of a building, but also regarding a substantial change of use (*Nutzungsänderung*). A building permit is a statement from the competent authority that the proposed project does comply with the applicable law. This comprises the federal planning law (*Bauplanungsrecht*) describing in particular the kind of use and the type and size of buildings permissible, and the state building law (*Bauordnungrecht*), determining how buildings may be designed and constructed. The planning law is generally regulated in the Federal Building Act (*Baugesetzbuch*) and the Ordinance on the Use of Buildings (*Baunutzungsverordnung*) and concretized in local zoning plans (*Bauleitpläne*) established by the respective municipality. In the event that the Land Hessen would have to be replaced as tenant, the following would become relevant: Some of the Properties are located in areas stipulated by respective local zoning plans as so-called sites for public purposes or areas for common needs (*Sondergebiete Verwaltung; Gemeinbedarfsflächen*). Common needs are mainly characterised by general access, a public function and a non-profit purpose, e.g. schools, churches, retirement homes, nursery schools, hospitals, authorities or other administrative purposes. Different from the local utilization plan, which is an indicative plan not binding for the respective property owner, a local development plan (*Bebauungsplan*) contains legally binding provisions for the development and use of land. Consequently, where local development plans reserve an area for common needs, usually only a use for public purposes is permissible while other uses are excluded. Therefore, a change of use in particular for private purposes requires a building permit that without a change of the referred stipulations of the applicable local development plan may not be granted. As provisions in a local utilisation plan are only indicative, respective stipulations of areas for common needs should have no influence on the admissibility of a constructional project or a change of use. However, the local utilization plan is the basis on which the detailed local development plan is enacted. Therefore it cannot be excluded that such stipulation of an area for common needs in a local utilization plan could lead to an equivalent regulation in a binding local development plan in future.

15. *Official Consent*

Some of the buildings are constructed and operated not under a building permit (*Baugenehmigung*) but under an official consent (*bauaufsichtliche Zustimmung*). Under German planning and building law, most projects and measures with regard to buildings as well as the use of buildings require a building permit. However, in case of public projects planned and operated by the Federal Republic of Germany or one of the Federal States

(*Vorhaben in öffentlicher Hand*) a building permit is not required if the construction is executed under supervision of the planning public authority. Public projects, which fulfil these requirements, do not need a building permit but only an official consent. The official consent is an administrative act like the building permit but covers only parts of the relevant law contained by a building permit, especially relevant rules and exemptions with regard to the protection of neighbours. The legal effects of an official consent (to the extent it covers construction and use of the relevant building) are linked to the building and the premises and are therefore independent of a sale of the object. Therefore, a (private) purchaser has the right to use the premises - only - in the way as permitted by the official consent and will need no building permit to affirm such use. However, scrutiny regarding the compliance with the relevant laws may be much less tight in the event of a construction pursuant to official consent than in case of the existence of a building permit. Furthermore, a building permit safeguards the once defined status quo as legally even in case of later changes of the legal provisions (*Bestandsschutz*) while this effect in case of an official consent is limited only to the covered parts of the relevant law. However, the obligation to procure the compliance with the relevant laws is as a matter of principle with the owner. This could in some cases actually lead to non-compliance with the relevant legal provisions without a respective protection of the status quo. The relevant authorities might be more inclined to issue corresponding orders against a private owner than against the Land Hessen. Consequently, significant costs could arise due to this issue. This risk is mitigated as the Land Hessen as the lessee is providing a contractual guarantee under the lease agreement regarding the compliance with all relevant laws regarding the construction and current use of the properties.

16. Expropriation

In the Federal Republic of 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, which should be equal to the market value, must be paid to the owner of the property. 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 any of the Properties, tenants would cease to be obliged to make any further rental payments to the Borrowers and/or assignees of the rent receivables under the relevant leases. The risk for Noteholders is that either the amount received by way of compensation for the expropriation of the Properties or any other compensation may be less than the relevant principal amount outstanding under the Loan. In the event of an expropriation of any of the relevant Properties, the amount of the compensation could lead to a shortfall in funds available to meet the payments due under the Notes, and consequently the Noteholders may suffer a loss.

The Issuer is not aware of any expropriation notice having been issued by any public entity relating to the Properties.

17. Further Aspects with regard to the Properties

The Loan is secured by, *inter alia*, the Mortgage. In general, mortgage lending secured by a mortgage on commercial properties is generally viewed as exposing a lender to a greater risk of loss than mortgage lending with security taken over residential properties since the repayment of Loan secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the Properties is reduced (for example, if leases are not obtained or renewed or if tenants default in their obligations under the occupational leases), the Borrowers' ability to repay the Loan may be impaired.

The income from and market value of an office property are, in addition to the general aspects mentioned above, subject to further risks, such as the ability to offer certain amenities to

tenants, including sophisticated building systems (such as fibre-optic cables, satellite communications or other base building technological features) which all affect the ability of such property to compete against other office properties in the area in attracting and retaining tenants.

18. Enforcement Procedure against Land Hessen

In the event of compulsory enforcement of payment claims (*Geldforderungen*) against the Land Hessen, the following would apply: As long as the assets to be seized are not indispensable to the performance of a public duty and the seizure is not against the public interest pursuant to § 882a of the German Civil Procedure Code (*Zivilprozessordnung*), the Land Hessen would have no particular privilege that would prevent the execution of the judgement and the satisfaction of the claim. However, there might be a four-week delay because enforcement is only allowed four weeks after the competent authority and, under certain circumstances, the competent Minister of Finance has been notified.

If the Land Hessen should be evicted from a Property by way of compulsory enforcement, in principle the same would apply as with any other corporate tenant. In such a case, the general rules for judicial enforcement would apply, including in particular § 885 of the German Civil Procedure Code (*Zivilprozessordnung*). The German Civil Procedure Code contains no express special privilege for a State in respect of evictions similar to the one in § 882a regarding the satisfaction of payment claims. Furthermore, we are to date not aware of any court ruling drawing an analogy in this respect even though we cannot rule out that a court could do so. However, a court could reach a similar result based on general principles of judicial enforcement, such as hardship contrary to public policy (*sittenwidrige Härte*).

III. Considerations relating to the Borrowers

1. Sufficiency of Assets

Any one or more of the factors described below could have an adverse effect on the net operating income derived from, or generated by, the Properties. This could in turn cause any of the Borrowers to default under the Credit Agreement or may impact on the ability of any of the Borrowers either to refinance the Loan at maturity or sell any of the Properties in order to repay the Loan and could ultimately have an adverse effect on the liquidation value of the Properties following a Loan Event of Default.

The ability of the Issuer to meet its obligations under the Notes will be dependent upon the receipt by it of funds from the Borrowers under the Finance Documents, the receipt of interest from the Issuer Accounts and payments by the Liquidity Bank under the Liquidity Facility Agreement, payments by the Issuer Swap Counterparty under the Issuer Swap. Other than the foregoing, the Issuer will not have any other funds available to it to meet its obligations under the Notes and its obligations ranking in priority to, or *pari passu* with, the Notes. Following the transfer of the Loan to the Issuer, the Issuer's recourse under the Loan is generally limited to the Borrowers and their respective assets, including the Properties and the other Loan Security.

Unless repaid previously, the Borrowers will be required to repay the Loan on the Loan Maturity Date. The ability of a Borrower to repay its share in the Loan in its entirety on the Loan Maturity Date will depend upon, among other things, its ability to find a lender willing to lend to such Borrower (secured against the respective Property) sufficient funds to enable repayment of the Loan. If a Borrower cannot find such a lender then such Borrower might be forced into selling its Property in circumstances, which may not be advantageous in order to repay its share in the Loan.

The business activities of each of the Borrowers are restricted in the Credit Agreement to owning and managing of their interest in the Properties and activities reasonably incidental thereto, see "THE BORROWERS" below. Consequently, the ability of each of the Borrowers to make payments under the Credit Agreement prior to maturity and, therefore, the ability of

the Issuer to make payments on the Notes prior to the Final Maturity Date, is dependent on the sufficiency of the net operating income of the Properties.

Following a Loan Event of Default under the Credit Agreement, enforcement of the Loan Security may not be immediate, resulting in a potentially significant delay in the Issuer's recovery of amounts owed by the Borrowers under the accelerated Loan. In the event of an enforcement of the Loan Security after the institution of insolvency proceedings with respect to any of the Borrowers, additional considerations need to be taken into account.

2. *Limitations of Representations and Warranties Delivered by the Originator*

None of the Issuer, the Issuer Security Trustee or the Joint Bookrunners is obliged to undertake, has undertaken or will undertake any investigations, searches or other actions as to the Borrowers' or CAI Germany Holding's status, and each will rely instead solely on the warranties given by the Borrowers in respect of such matters in the Credit Agreement. See "OUTLINE OF LOAN DOCUMENTS".

The sole remedy of each of the Issuer and the Issuer Security Trustee against the Originator in respect of any breach of warranty relating to the Loan Sale and Transfer Agreement (if either the breach is material and is not capable of remedy or is capable of remedy and is not remedied within the specified time) will be a claim for losses incurred by the Issuer or the Issuer Security Trustee in connection with or as a result of any such breach of warranty.

IV. Considerations relating to the Credit Agreement and the Loan Security

1. *Limited Payment History*

The Loan was originated on the Loan Origination Date. As such, the Loan does not have a long standing payment history (if any) and, although the Originator had, when granting the Facilities, applied the standards and the diligence of a prudent lender, there can be no assurance that required payments will be made or, if made, will be made on a timely basis. As of the date of this Prospectus, the Borrowers have not made any payment under the Credit Agreement as the first Loan Interest Payment Date is on 20 April 2007.

2. *Repayment of the Loan*

The principal amounts of the Loan are scheduled to be partially repaid on each relevant Loan Interest Payment Date after payment of certain other senior ranking liabilities (which include scheduled payments of interest thereon). Where these repayments are scheduled to be made in stated amounts, there can be no assurance that the Borrowers will have funds available to make such prepayments.

3. *Repayment at Loan Maturity Date*

Unless previously repaid, the Loan is subject to repayment in full upon the relevant Loan Maturity Date. Repayment by the Issuer of the Principal Amount Outstanding on the Notes at the Final Maturity Date will be dependent upon the receipt of principal under the Loan on or before relevant Loan Maturity Date. The ability of the Borrowers to repay the Loan will depend, *inter alia*, on their ability to refinance the Loan or sell their Properties and use the sale proceeds to repay the Loan. Accordingly, the ability of the Issuer to repay the Notes in full on or before the Final Maturity Date will depend significantly on the ability of the Borrowers to refinance the Loan or sell Properties.

Failure by the Borrowers to refinance the Loan or to sell the Properties on or prior to the Loan Maturity Date may result in the Borrowers defaulting on the Loan. In the event of such a default, the Noteholders, or the holders of certain Classes of Notes, may receive by way of principal repayment an amount less than the then Principal Amount Outstanding on their Notes and the Issuer may be unable to pay in full interest due on the Notes. See also "*Sufficiency of Assets*" above.

4. Prepayment

The Borrowers are obliged to prepay the Facilities (in whole or in part) in certain circumstances. In addition, the Borrowers have the option to prepay (a) all or part of the Facilities at any time upon giving prior notice, or (b) the affected part of the Facilities on the occurrence of certain tax events or the incurrence by the Lenders of any increased costs in connection with the Facilities. These events are beyond the control of the Issuer and may result in the Notes being prepaid earlier than anticipated.

5. Excessive Security

Pursuant to the excessive security rules of German law, security which is excessive at the relevant origination date (*anfängliche Übersicherung*) will result in the relevant collateral arrangement being void. In the event of subsequent excessive security (*nachträgliche Übersicherung*), any portion of the collateral considered to be excessive would, at the request of the Borrower, have to be released. However, the remainder of the collateral will not be affected. Pursuant to the relevant court precedents, the liquidation value that can be expected to be realised in insolvency proceedings against the collateral provider 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 of this transaction, in particular with regard to the Loan Security provided for in respect of the obligations of the Borrowers under the Credit Agreement. However, the collateral granted pursuant to the German Borrower Security Documents should not be deemed to be excessive, in each case, as the collateral is sized according to the value of the Facilities plus interest as well as anticipated costs and fees (including, *inter alia*, anticipated enforcement costs), which is in line with commercial lending practices in the Federal Republic of Germany and is based on expected foreclosure proceeds.

V. General Legal Aspects

1. Insolvency Law

Under German insolvency law, a creditor who is secured by the assignment of receivables by way of security will have a preferential right to such receivables (*Absonderungsrecht*) if insolvency proceedings are opened in respect of its debtor. Enforcement of such preferential right is subject to the provisions set forth in the German Insolvency Code (*Insolvenzordnung*). In particular, the secured creditor may not enforce its security interest itself with respect to movables in possession of the insolvency administrator and receivables (*Forderungen*) that have been assigned by way of security. Instead, the insolvency administrator appointed in respect of the estate of the debtor will be entitled to enforcement. The insolvency administrator is obliged to transfer the proceeds from such enforcement to the creditor. He may, however, deduct from the enforcement proceedings fees which may amount to up to 4 per cent. plus up to 5 per cent. (and in certain cases more than 5 per cent.) of the enforcement proceeds (plus VAT, if applicable).

Accordingly, the Issuer would have to share in the costs of any insolvency proceedings in respect of the Originator in the Federal Republic of Germany, reducing the amount of money available to repay the Notes, if the sale and assignment of the Loan by the Originator to the Issuer were to be regarded as a secured lending rather than a receivables sale. The Issuer has been advised, however, that the transfer of the Loan would not be construed as an assignment by way of security. Therefore, the Loan would not form part of the insolvency estate of the Originator and the Issuer would have a right to segregation (*Aussonderungsrecht*) of the Loan from the estate of the Originator in the event of its insolvency and, consequently, the cost sharing provisions described above would not apply with respect thereto.

If insolvency proceedings are instituted in respect of any of the Borrowers in the Federal Republic of Germany, the Issuer as holder of the Loan Security will have a right to preferential

satisfaction (*abgesonderte Befriedigung*) in respect of the Loan Security, to the extent that the Loan Security comprises moveable objects in possession of the insolvency administrator and/or receivables that have been assigned to the creditor by way of security. In that case, the cost sharing provisions will apply.

Pursuant to § 103 of the German Insolvency Code (*Insolvenzordnung*), if a mutual contract was not, or was not completely, fulfilled by both parties at the time of the institution of insolvency, the insolvency administrator has an election right regarding the termination or fulfilment of such a mutual contract. There is some legal uncertainty whether this provision also applies to fully disbursed loan contracts. If this were to be the case, the insolvency administrator of the lender would have an election right regarding the termination or continuation of the loan and, consequently, payments under the loan which arise for time periods after the beginning of the insolvency proceedings could only be demanded by the insolvency administrator of the lender for the benefit of the insolvency estate of the lender. In addition, if the insolvency administrator elected to terminate the loan, the borrower would be entitled to damage claims, which he could set off against the repayment claim of the insolvency administrator or, following the assignment of the repayment claim, the assignee, thereby reducing the payments of the borrowers to the assignee.

The majority view among legal commentators is that § 103 of the German Insolvency Code (*Insolvenzordnung*) should not apply to fully disbursed loans, such as the Loan. Consequently, the commencement of insolvency proceedings in respect of the Originator would not have adverse legal consequences on the expected cash flows under the Loan that are required to make payment under the Notes.

A security assignment of future lease claims for the time following the opening of insolvency proceedings will, pursuant to § 110 of the German Insolvency Code, only be valid to the extent that the rental claims for the month in which insolvency proceedings are formally opened, or earlier rental claims, are concerned. However, if insolvency proceedings are opened after the 15th day of the month, the security assignment will also be valid for the month following the opening of such insolvency proceedings.

As far as agreements qualify as service agreements (*Dienstleistungsverhältnisse*), agency agreements (*Geschäftsbesorgungsverträge*) or mandates (*Vollmacht*), the following applies. Under § 113 of the German Insolvency Code (*Insolvenzordnung*), the insolvency administrator of the principal is entitled to terminate service agreements. Agency agreements and mandates would, according to § 115 and 116 of the German Insolvency Code, extinguish with the opening of insolvency proceedings against the principal by operation of law. A number of the Transaction Documents contain mandates or agency provisions, which would be affected by the application of these provisions in an insolvency of the principal thereunder.

2. Enforcement of a Mortgage under German law

Under German law, the enforcement of a mortgage will be carried out in accordance with the German Compulsory Auction and Compulsory Administration of Immoveable Property Act (*Zwangsversteigerungs- und Zwangsverwaltungsgesetz*) ("**ZVG**"). The ZVG provides for two different types of enforcement of a mortgage:

- (a) compulsory sale of the relevant Properties; and/or
- (b) compulsory administration of the relevant Properties.

In the case of a compulsory sale, the court will effect a public auction of the relevant Property. The organisation of such auction and the sale of the Property therein may take a considerable amount of time (likely to be more than one year and, depending upon the workload of the court, possibly significantly longer, especially if an insolvency administrator requests a suspension of the sale). If the highest bid at the auction is not at least 70 per cent. of the market value of the Property estimated by the court, any person who has an interest in the outcome of the decision (*Berechtigte*) 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 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. Only the acquirer of the Property has a right to terminate all or any of the leases, provided that contractual or statutory termination rights are applicable.

Under the Mortgage, each Borrower has – on a joint and several basis (*gesamtschuldnerisch*) – personally agreed to an immediate enforcement for the same amount as the Mortgage. Accordingly, the Issuer or, upon enforcement of the Issuer Security, the Issuer Security Trustee, may attach any other asset of any Borrower without having to obtain an executory title by way of court proceedings.

If the Mortgage is enforced and all or a part of the Properties are sold, the net proceeds of sale (after payment of enforcement costs and expenses payable in connection therewith) will be applied in or towards satisfaction of any amounts due under the Finance Documents.

In a compulsory administration (*Zwangsverwaltung*), which can be started immediately after attachment (*Beschlagnahme*) of the relevant Property, the court will appoint an administrator for the relevant Property (*Zwangsverwalter*) to administer such Property on behalf of the enforcing creditors. The administrator alone is entitled to receive all income generated from such Property, including all rental and insurance claims. The right of the administrator to collect rents takes priority over all other rights to the rental stream. The administrator, subject to the supervision of the court, is required to pass any collections to the enforcing creditors after deducting ongoing costs and enforcement costs calculated in accordance with the Compulsory Administrator Act (*Zwangsvollstreckungsordnung*), which came into force on 4 January 2004.

3. Ranking

The proceeds of a compulsory sale or a compulsory administration will be used to pay the claims by allocating them to eight classes. Creditors whose claims fall within a certain class will only be paid upon satisfaction in full of the claims falling within higher classes, *i.e.* a creditor in class 6 will only be satisfied after all creditors in classes 1 to 5 have been satisfied.

In a compulsory sale of a Property (following an enforcement of the Mortgage by compulsory sale), the Issuer, or following the enforcement of the Issuer Security, the Issuer Security Trustee, will generally rank in class 4.

Classes 1 to 3 consist of typical procedural and public claims resulting from the costs of the proceedings, certain costs relating to agricultural and forestry properties (if any), certain costs incurred in the compulsory administration proceedings and public charges such as development contributions and real property taxes (only for ongoing claims and arrears for the last two years), etc. Such claims always have priority over the claims of the creditor enforcing payment.

Class 4 consists of claims resulting from rights relating to the property (for example, a mortgage), but only to the extent they have not become ineffective vis-à-vis 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. Claims resulting from periodic charges (for example, interest, extra charges, administrative costs, annuities) are in this Class only for ongoing claims and arrears for the last two years.

Therefore, creditors falling into classes 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 relevant Borrower's secured obligations under the Finance Documents.

In the event of a compulsory administration the same rule applies. However, in such case, 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 § 155 (2) ZVG, in the event of a compulsory administration only current periodic charges will rank in class 4. Arrears and principal will rank in class 5.

The right to satisfy claims secured by a mortgage also includes the re-disbursal of costs triggered by the termination of a mortgage (but does not include costs for acceleration of the claims) and the legal costs. In principle, the claims within each class rank *pari passu* amongst themselves. However, satisfaction of the claims in the classes 4, 6 and 8 will occur in the order in which such claims rank amongst themselves. The claims ranking in class 5 will be satisfied in accordance with the order in which the property has been attached. Any claim will be satisfied in the following order: (i) costs, (ii) periodic charges and other additional charges, (iii) principal.

4. Rights Ranking in Class 4

The rights relating to a property in Class 4 are such rights, which are registered in the land register relating to the relevant property. A creditor secured by a mortgage forms part of class 4. In the case of a compulsory sale, it will be satisfied in class 4, to the extent its claim is covered by the nominal value of the relevant mortgage plus interest for the last two years. Depending on the due dates for interest up to three years of interest may effectively be covered. In the case of a compulsory administration, the rules explained above apply. If the creditor secured by the relevant mortgage applies for a compulsory sale of the property, all rights ranking prior to such creditor will continue to be registered after a compulsory sale, whilst all rights ranking below the creditor will be deleted and satisfied with their claims from the enforcement proceeds after deduction of the creditor's claims secured by the relevant mortgage.

5. Assignability of the Loan

As a general rule under German law, receivables are assignable unless their assignment is excluded either by mutual agreement or by the nature of the receivables to be assigned. Any assignment of a receivable that contravenes a contractually agreed restriction on assignment will be invalid. However, under § 354a of the German Commercial Code (*Handelsgesetzbuch*) the assignment of claims for the payment of money arising under loans that constitute business transactions for both parties (including the borrower) within the meaning of the German Commercial Code will be valid notwithstanding an agreement prohibiting such assignment. Except for the ruling of the Higher Court (*Oberlandesgericht*) in Frankfurt am Main that is described below under the heading "Banking Secrecy", there exists no published court precedent stating that receivables arising out of consumer credit contracts or other credit contracts are not assignable either generally or in a refinancing transaction or an asset-backed securitisation. Pursuant to the Loan Sale and Transfer Agreement, the Originator has warranted to the Issuer that the Credit Agreement under which the Loan has been generated is based on individually negotiated terms. Such terms entitle the Originator to transfer its rights under the Credit Agreement to a third party for refinancing purposes. Further, pursuant to the Loan Sale and Transfer Agreement, the Originator has warranted to the Issuer that the provisions of the Credit Agreement are valid and that the assignment of the Loan to the Issuer is not prohibited.

The assignment of the Loan and the assignment and transfer of the Loan Security has been disclosed to the Borrowers in accordance with the provisions of the Loan Sale and Transfer Agreement. Therefore, following the notification, none of the Borrowers may undertake

payment with discharging effect to the Originator or enter into any other transaction with regard to the Loan, which will have a binding effect on the Issuer and the Issuer Security Trustee.

However, a Borrower may raise defences against the Issuer and the Issuer Security Trustee (arising from its relationship with the Originator), which are existing at the time of the assignment of the Loan. In particular, a Borrower would be entitled to set off against the Issuer and the Issuer Security Trustee any claims against the Originator that were in existence at the time of the assignment of the Loan. To mitigate the risk of defences being raised by the Borrowers, the assignment and transfer of the Loan and the Loan Security has been disclosed to the Borrowers in accordance with the provisions of the Loan Sale and Transfer Agreement and the Originator has warranted that it is not aware that any Borrower has asserted any lien, right of recession, counterclaim, set-off, right to contest or defence against it in relation to the Credit Agreement.

In addition, the Loan Sale and Transfer Agreement provides that in the event that a Borrower sets off amounts due to it by the Originator against the Loan and, as a consequence of such set-off, the Issuer does not receive the amount it would have received in respect of the Loan without such set-off, the Originator will pay to the Issuer an amount equal to the difference between the amount which the Issuer would have received in respect of the Loan without the set-off and the amount actually received by the Issuer in respect of the Loan. No recourse can be had against the Originator and Noteholders must rely on payments made by the Originator to make up any shortfall.

6. Frustration

The German Civil Code (*Bürgerliches Gesetzbuch*) contains a provision which stipulates that a party to a contract (e.g. a lease contract) may under certain circumstances claim that there has been an unforeseen modification of the circumstances based on which such contract had been entered into. Such an unforeseen modification of circumstances must be of the nature that the parties to a specific contract would not have entered into such contract or would only have entered into such contract with another content if they had foreseen such modified circumstances. If, according to criteria of reasonableness and fairness, legal risk allocation and other contractual circumstances, adherence to the contract would be unreasonable for a party thereto or the substantial concept which form the basis of the contract were wrong, such party may claim that the contract must be modified. If such modification of the contract is impossible or unreasonable, then this party may terminate the contract.

Any such termination right exercised following an unsuccessful attempt to modify the contract by the parties or upon court decision following such unsuccessful attempt lies beyond the control of the relevant other party and may result in an early termination of such contract and consequently a loss of cash flow generated thereby.

7. Banking Secrecy

On 25 May 2004, the Higher Court (*Oberlandesgericht*) in Frankfurt am Main rendered a ruling with respect to the enforcement of collateral securing non-performing loan receivables. In that case, the loan receivables and related collateral had been acquired from the insolvency administrator of a German credit institution. When the borrower (who did not qualify as a merchant) failed to repay the loan amount under the loan agreement, the purchaser commenced enforcement action with respect to the collateral. Even though it was undisputed among the parties that the borrower did not repay the loan amount, it was disputed that the borrower was actually in default because he had raised objections against the validity of the loan agreement. While litigation between the borrower and the insolvency administrator regarding the validity of the loan agreement was pending before another court, the borrower successfully sought a prohibitory injunction against the enforcement of the collateral by the purchaser.

In its ruling, the court took the view that the banking secrecy duties that are embedded in the banking relationship create an implied restriction on the assignability of loan receivables pursuant to § 399 of the German Civil Code. The court also stated that, where the loan agreement qualifies as a business transaction (*Handelsgeschäft*) within the meaning of § 343 of the German Commercial Code (*Handelsgesetzbuch*) for both the borrower and the bank (see "*Assignability of the Loan*"), § 354a of the German Commercial Code would allow the valid assignment of a monetary claim resulting from such business transaction despite a contractual restriction on assignment agreed between the parties. Banking secrecy rules were held to be binding even on an insolvency administrator of a bank such that the insolvency administrator may not realise the loan receivables by sale and assignment to third parties. Further, it was considered irrelevant that the German Financial Services Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht*) had been informed of, and had not objected to, the assignment of the loan receivables in that case. The court challenged the view taken by the majority of legal commentators that a breach of the banking secrecy duty by the bank does not invalidate the assignment but may only give rise to damage claims against the assignor. Most legal commentators have strongly rejected the reasoning of the court. Furthermore, on 27 February 2007, the Federal Supreme Court (*Bundesgerichtshof*) held in its judgement (file number XI ZR 195/05) that although a violation of the principle of banking secrecy and/or data protection law may cause damage claims, the assignment of the loan receivables would still remain valid. However, the judgement is based on the assignment of non-performing loans and as yet the holdings (*Entscheidungsgründe*) of the judgement have not been published. Therefore, we cannot entirely exclude that the assignment of performing loans would be treated differently.

The Issuer has been advised, however, that the aforementioned ruling of the Higher Court should not apply to the assignment of the Loan by the Originator to the Issuer. First of all, all Borrowers have given their express consent to the disclosure of all Borrower-related data to the Issuer, the Servicer, the Special Servicer, the Issuer Security Trustee and any other person involved in a securitisation transaction. Secondly, the Issuer could rely on § 354a of the German Commercial Code, since the Credit Agreement qualifies as a business transaction for both the Originator and the Borrowers and, accordingly, the assignment of the Loan would be valid, even if one were to follow the reasoning of the Higher Court in Frankfurt am Main.

Further, the Issuer has been advised that the principle of banking secrecy does not, contrary to the view of the Higher Court, constitute a contractual restriction on the assignability of loan receivables. Under general principles of German law, a contractual claim is generally freely assignable. To restrict its assignability, the parties can agree on a restriction on assignment. A restriction on assignment can be agreed by express consent by the parties. The general business conditions of the Originator do not state that assignments are prohibited. In addition, a restriction on assignment can also be agreed by implied consent, if both parties have an interest in such restriction. To construe an implied prohibition on assignment, which is clearly not in the interest of the Originator, would not be in line with the German rules on interpretation of contracts. This view is supported by recent (appellate) court decisions (in particular the aforementioned judgement of the Federal Supreme Court with respect to non-performing loans) and by the vast majority of German legal commentators.

8. Restriction on Enforcement of Upstream and Cross-Stream Security

German law provides for strict rules on the maintenance of share capital (*Stammkapital*) of, among others, German limited liability companies (GmbHs) (each, a "**German Company**"). These rules may become relevant to the extent that a Borrower has granted security for obligations of any other Borrower and to the extent that a Borrower makes payments on obligations of any other Borrower (in particular on the basis of their joint and several liability (*gesamtschuldnerische Haftung*) under the Finance Documents). Generally, a German Company must not make an up-stream payment, irrespective of such payment being a

dividend, an up-stream loan or an up-stream or cross-stream security, to any of its direct or indirect shareholders to the extent that such payment would result in the net equity of the German Company to fall below the German Company's stated capital (*Stammkapitalziffer*). Distributions to shareholders or transactions having the equivalent effect of a distribution to shareholders or affiliated companies (such as security for the obligations of a shareholder (upstream) or any of its subsidiaries (cross-stream)) must not result in the redemption of the registered share capital of the security provider. Although, according to the leading doctrine, the rules on the maintenance of share capital do not affect the validity of the creation of the security, they might adversely affect the enforceability of such security, if and to the extent that the security is subject to a contractual limitation on enforcement.

9. Equitable Subordination

Under German law, if at the time when a loan advance is made or when repayment claims under an existing loan are not accelerated (when permitted), the capitalisation of the borrower (being a limited liability company (GmbH) or a limited partnership (KG) where none of the general partners is a natural person) is inadequate (the "**crisis of the company**" (*Krise der Gesellschaft*)) and the lender has or has acquired rights in shares or a partnership interest in the borrower (directly or indirectly), the repayment claims of such lender against the borrower will be subordinated by operation of law. The German Federal Supreme Court (*Bundesgerichtshof*) has applied this rule, *inter alia*, to situations that did not involve shareholders but creditors secured by a pledge over the shares in a limited liability company (*Gesellschaft mit beschränkter Haftung*) if such creditors have been granted rights that are comparable to shareholder rights. If the Issuer were regarded as having a quasi-shareholder position, a German court could come to the conclusion that the making of the non-acceleration of the Senior Loan in a crisis of the relevant Borrower would result in the subordination of the repayment claim in respect of such debt.

VI. German Tax Considerations related to the Borrowers

1. Real Property Tax (*Grundsteuer*)

Each Borrower is liable for ongoing real property tax on its real property. However, in general, the real property tax due is recoverable from the tenants under the terms of their leases, as the real property tax is part of the costs that can be allocated to the tenants according to special provisions. However, there is a minor risk that the real property tax allocated to the tenants cannot be fully recovered due to, *inter alia*, vacancy or non-payment of amounts due by the tenants.

2. Corporate Income Tax (*Körperschaftsteuer*)

The income of the Borrowers from the Properties is subject to German corporate income tax. The corporate income tax rate currently amounts to 26.375 per cent. (including solidarity surcharge (*Solidaritätszuschlag*)). Interest paid by the Borrowers under the Facilities should be tax-deductible business expenses. However, interest deductions may be limited under German thin capitalisation rules due to back-to-back financing arrangements. The scope of "**back-to-back financing**" which is subject to non-deductibility is not entirely clear under German tax law and the present view is based on certain tax decrees issued by the German tax authorities, which, in principle, could be withdrawn by the German tax authorities and are not binding to the German tax courts.

3. Proposals for Corporate Tax Reform

Based upon a draft version of a Corporate Tax Reform Act 2008 by the German Ministry of Finance dated 5 February 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 income tax burden for corporations (corporate income tax and trade tax) would on average decrease to slightly below 30 per cent.. The tax reform package would enter into force on 1 January 2008 and would also contain certain revenue raisers:

For purposes of corporate income tax, debt financing of companies would be limited by a so-called modified interest barrier (*modifizierte Zinsschranke*). Subject to certain exceptions, net interest expense exceeding Euro 1 million would only be deductible to the extent of 30 per cent. of current year taxable net earnings before interest expense. Non-deductible interest expenses would be carried forward and would generally be deductible in subsequent fiscal years, subject to limitations similar to those applicable in the current year.

It remains unclear whether and in which form the envisaged legislative changes will ultimately become effective. The new provisions should apply from 2008 unless specific other dates apply. However, this is merely a tentative date and further amendments might occur to the draft bill, even on short notice. Under German general law (which is repeated in the Credit Agreement), a change in major circumstances - which a change in tax laws as now considered should constitute - will oblige the parties to negotiate in good faith in order to restructure their agreements in a manner that takes into account the new situation.

4. Trade tax (*Gewerbesteuer*)

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 (that are not relevant in the given context). However, trade tax will not be an issue for the Borrowers that are exempt from German trade tax in respect of their rental income.

5. Real Estate Transfer Tax (*Grunderwerbsteuer*, "RETT")

RETT is levied (i) on any sale of a property; or (ii) if there is a direct or indirect change of the partners in a partnership owning real estate in Germany of 95 per cent. or more if the change is effected within a period of five (5) years or (iii) in case of a direct or indirect unification in the hands of a shareholder or a controlled group of entities of 95 per cent. or more in a company or partnership which owns real estate in Germany.

VII. Risks Related to the Issuer

1. Insolvency of the Issuer

The Issuer is structured to be an insolvency-remote vehicle. Each of the Transaction Documents to which the Issuer is party is subject to limited recourse provisions and non-petition covenants in favour of the Issuer. The Issuer has granted security over all of its assets pursuant to the Issuer Security Documents. Notwithstanding the foregoing, there is always a risk that the Issuer could become subject to insolvency proceedings, particularly because the Issuer is dependant on cash-flows from the Borrowers, the receipt of which is subject to the risks discussed above; the Issuer is insolvency-remote, not insolvency-proof.

The Issuer has its registered office in Ireland. As a result, there is a rebuttable presumption that its centre of main interest is in Ireland and, consequently, it is likely that any insolvency proceedings applicable to it would be governed by Irish law.

2. Preferred Creditors under Irish Law and Fixed Charges

Under Irish law, in an insolvency of the Issuer, the claims of certain preferential creditors (including the Irish Revenue Commissioners for certain unpaid taxes) will rank in priority to claims of unsecured creditors and claims secured by floating charges. In addition, when applying the proceeds of assets subject to fixed security, which may have been realised in the course of a liquidation or receivership, the claims of a limited category of preferential creditors will take priority over the claims of creditors holding the relevant fixed security. These preferred claims include the remuneration, costs and expenses properly incurred by any examiner of the company (which may include any borrowings made by an examiner to fund the company's requirements for the duration of his appointment) which have been approved by the Irish courts and certain capital gains tax liabilities.

The holder of a fixed security over the book debts (which would include the Loan acquired by the Issuer) of an Irish tax resident company such as 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 due to it by the company. Where the holder of the security has given notice to the Irish Revenue Commissions of the creation of the security within 21 calendar days of its creation, the holder's liability 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 Commissions' 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 that 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.

3. *Examinership*

An examiner may be appointed to an Irish company in circumstances where it is unable, or likely to be unable, to pay its debts. One of the effects of such an appointment is that during the period of appointment, there is a prohibition on the taking of enforcement action by any creditors of the company.

4. *The introduction of International Financial Reporting Standards*

The Irish tax position of the Issuer depends to a significant extent on the accounting treatments applicable to it. The accounts of the Issuer are required to comply with International Financial Reporting Standards ("IFRS") or with generally accepted accounting principles in Ireland ("Irish GAAP"), which has been substantially aligned with IFRS. Companies such as the Issuer might, under either IFRS or Irish GAAP, be forced to recognise in their accounts movements in the fair value of assets that could result in profits or losses for accounting purposes, which bear little relationship to the company's actual cash position. These movements in value would generally have been brought into the charge to tax (if not specifically relieved) as a company's tax liability on such assets broadly follows the accounting treatment. However, the taxable profits of a qualifying company within the meaning of § 110 of the Taxes Consolidation Act 1997 of Ireland, as amended ("**TCA 1997**") (and it is expected that the Issuer will be such a qualifying company), may be based on the profits that would have arisen under Irish GAAP as it existed at 31st December, 2004 provided that such profit amount, if not otherwise included in the Issuers audited financial statements, is identified in a note to the audited financial statements of the company. It is possible to elect out of this treatment but such an election, if made, is irrevocable. If such an election is made, then taxable profits or losses could arise to the Issuer as a result of the application of IFRS or current Irish GAAP that are not contemplated in the cashflows for the transaction and as such may have a negative effect on the Issuer and its ability to make payments to Noteholders. The Issuer has covenanted that, if its cashflows would thereby be adversely affected, no such election will be made and that, if not otherwise included in its audited financial statements, it shall procure that a note of profits as calculated under Irish GAAP as it existed at 31st December, 2004 will be included in its audited financial statements.

5. *Taxation of the Issuer*

See "TAXATION" below.

VIII. Other Issues

1. *European Union Directive on the Taxation of Savings Income*

Under the EC Council Directive 2003/48/EC on the taxation of savings income, the member states constituting the European Union (collectively the "**Member States**" and each a "**Member State**") 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) with effect from the same date. If a payment were to be made or collected through a Member State that has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer has covenanted in Condition 12(b) (*Variation or Termination of Appointment*) that, it will at all times maintain a Paying Agent in a Member State of the European Union that will not be 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.

2. *Possible introduction of a Flat Tax (Abgeltungssteuer) on Investment Income and Private Capital Gains*

On the basis of a draft bill dated 14 March 2007 of a Corporate Income Tax Reform Act 2008, a flat tax (*Abgeltungssteuer*) on investment income and private capital gains as elements of a corporate income tax reform might be introduced. It is planned that the bill be passed in June 2007. The proposed provisions of such Corporate Income Tax Reform Act 2008 would apply from 2008 on unless specific other dates apply. However, this is merely a tentative date and further amendments might occur to the draft bill, too, even on short notice.

The flat tax would be levied as a tax deduction on, *inter alia*, interest income and capital gains from the disposal of securities held by private individuals (as non-business, non-leasing, non-self employment or non-farming and forestry assets), irrespective of any holding period. Payment of the flat tax would satisfy any tax liability in respect of investment income or private capital gains from securities. In principle, the envisaged tax would be levied at a rate of 25 per cent. (plus a 5.5 per cent. solidarity surcharge on the tax deducted and, if applicable, church tax) from gross income. According to the draft bill, the flat tax would take effect for interest and dividends that accrue after 31 December 2008 as well as capital gains derived from securities acquired after 31 December 2008.

3. *Implementation of Basel II risk-weighted asset framework*

The Basel Committee on Banking Supervision published the text of the new capital accord on 26 June 2004 under the title Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework. The Basel Committee issued an updated version on 15 November 2005. This new Framework (the "**Framework**"), which places enhanced emphasis on market discipline and sensitivity to risk, will serve as the basis for national rule-making and approval processes to continue and for banking organisations to complete their preparations for implementation of the new Framework. It was envisaged that the revised framework would come into effect at the beginning of 2007 or, in the case of the advanced approaches that are permitted under the revised framework, the beginning of 2008, although it is likely that different implementation dates will be adopted in different countries. The text of the Capital Requirements Directive, which implements the revised Basel framework within the

EEA, was finalized in June 2006. The Capital Requirements Directive is in the process of being transposed into national law or regulation by the EEA member states and has been implemented into revised regulatory requirements in the UK. If implemented in accordance with its current form, the new Framework could affect the risk-weighting of the Notes in respect of certain investors if those investors are subject to the new Framework following its statutory implementation. Consequently, prospective investors should consult their own advisers as to the consequences to and effect on them of the proposed implementation of the new Framework. No predictions can be made as to the precise effects of the potential changes that might result if the Framework were adopted in its current form.

4. *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 German, 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 German law, Irish law, English law or the law of the European Union or administrative practice after the date of this document, nor can any assurance be given as to whether any such change could adversely affect the ability of the Issuer to make payments under the Notes.

The Issuer believes that the risks described above are the principal risks inherent in the transaction for the Noteholders, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons. The Issuer does not represent that the above statements regarding the risks of holding the Notes are exhaustive. Although the Issuer believes that the various structural elements described in this 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.

THE ISSUER

The Issuer, Opera Germany (No.3) Limited, was incorporated in Ireland on 12 March 2007, registration number 436216, as a company with limited liability under the laws of Ireland for an unlimited duration. The registered office of the Issuer is at 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland, Tel. +353 1 6471550. The Issuer has no subsidiaries.

I. Principal Activities

The principal objects of the Issuer are set out in Clause 2 of its memorandum of association and are, among other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money, and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established as a special purpose entity for the limited purposes of the issue of the Notes, the acquisition of the Loan and certain related transactions described elsewhere in this document.

The Issuer has not commenced operations and has not engaged, since its incorporation, in any activities other than those incidental to its incorporation and registration as a private limited company under the laws of Ireland, 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, the acquisition of the Loan, the exercise of related rights and powers and the other activities described in this document. See Condition 3(a) of the Notes (*Restrictions*).

II. Directors and Secretary

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

Name	Business Address	Principal Activities
Karen Mc Crave	25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland	Director of special purpose companies
Frank Heffernan	25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland	Director of special purpose companies

The company secretary of the Issuer is Structured Finance Management (Ireland) Limited, a company incorporated in Ireland, registration number 331206 whose business address is 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland.

III. 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 as at the Closing Date, is as follows:

Authorised Share Capital	Issued Share Capital	Value of each Share	Numbered Shares Fully Paid Up	Fully Paid Up Share Capital
(€)	(€)	(€)		(€)
100	2	1	2	2

Two of the issued shares (being 2 shares of €1 each, each of which is fully paid up) in the Issuer are held by the Share Trustee and its nominee. The Share Trustee will hold its interest in the shares of the Issuer on trust for charitable purposes under the terms of the Share Trust Deed.

Loan Capital

Class A Commercial Mortgage Backed Floating Rate Notes due January 2022	€300,000,000
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Class B Commercial Mortgage Backed Floating Rate Notes due January 2022	€250,000,000
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<i>Total Loan Capital</i>	€550,000,000
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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.

IV. Financial Information

None of the Joint Bookrunners, the Note Arranger, anybody associated with any of the Joint Bookrunners or the Note Arranger owns directly or indirectly any of the share capital of the Issuer. No person has been granted the right to subscribe for shares in the share capital of the Issuer.

The Issuer will publish annual reports and accounts. As at the date of this Prospectus no financial statements of the Issuer have been drawn up and audited for any period since its incorporation. Reports and accounts published by the Issuer will, when published, be available for inspection during normal office working hours at the specified office of the Irish Paying Agent.

The Issuer has appointed KPMG of 1 Stokes Place, St. Stephen's Green, Dublin 2, Ireland, as its auditors. KPMG is a member of the institute of chartered accountants in Ireland.

V. Financial Year

The financial year of the Issuer ends on 31 December of each year.

VI. Accounts

The Issuer will prepare annual audited and non-consolidated accounts. The first annual audited accounts will be prepared in respect of the period to end on 31 December 2007.

THE ORIGINATOR

Eurohypo Aktiengesellschaft ("**Eurohypo**") resulted from a merger between Deutsche Hypo Deutsche Hypothekenbank Frankfurt-Hamburg AG, Eurohypo AG Europäische Hypothekenbank der Deutschen Bank and Rheinyp Rheinische Hypothekenbank AG, which took place in 2002. The registered office of the Originator is Helfmann-Park 5, 65760 Eschborn, Federal Republic of Germany. The majority shareholder of Eurohypo is Commerzbank Aktiengesellschaft. As reflected in the company name, Europe is the key business region for Eurohypo. A strong presence is also maintained in the North American property markets, where Eurohypo holds a top five position in real estate banking.

Eurohypo is a financial institution with mixed-bank status in possession of a full banking license, focussing on real estate business, public sector financing, and refinancing. Financing and consultancy in the field of commercial real estate, combined with real estate investment banking services oriented towards the capital market, form the core of Eurohypo's business model.

In Eurohypo's home market of the Federal Republic of Germany, the aim is to maintain and build on its market leading position.

- Corporate banking is the core of the bank's business model in the Federal Republic of Germany.
- Retail banking is an important component.
- Credit and capital market expertise are also closely interlinked in the field of public sector.
- Finance, the second strong pillar of Eurohypo's business model in the Federal Republic of Germany.
- In the field of refinancing, as a benchmark issuer, Eurohypo is a leading issuer of (global) jumbo mortgage bonds. It is also a major issuer of CMBS bonds through its Opera programme.

Central to Eurohypo's core competencies is a modern risk management system. Active portfolio management is a key element of its strategic orientation. Eurohypo adheres to a consistent buy-and-sell strategy, which includes placing loans in the capital market by means of securitisation and syndication.

THE BORROWERS

Borrower	Property No.	Allocated Loan Amount (in €)
CAI Eins	2, 3, 4, 19, 27, 30, 32, 33, 34, 35	118,500,000
CAI Zwei	5, 11, 16, 17, 28, 29, 36, 37, 38	157,430,000
CAI Drei	21	60,460,000
CAI Vier	20, 22	9,240,000
CAI Fünf	1, 18, 23	10,180,000
CAI Sechs	9, 10, 26, 106	57,290,000
CAI Sieben	12, 13, 14	70,960,000
CAI Acht	15, 25	9,890,000
CAI Neun	24, 31, 39	56,050,000
Total Loan Amount as of the Effective Date (in €)		550,000,000

The loan amount of the Loan allocated to each Property is hereinafter referred to as the "**Allocated Loan Amount**".

CA Immo Eins GmbH ("**CAI Eins**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78246. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Eins GmbH is a borrower under the Credit Agreement.

CA Immo Zwei GmbH ("**CAI Zwei**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78247. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Zwei GmbH is a borrower under the Credit Agreement.

CA Immo Drei GmbH ("**CAI Drei**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78248. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Drei GmbH is a borrower under the Credit Agreement.

CA Immo Vier GmbH ("**CAI Vier**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78249. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Vier GmbH is a borrower under the Credit Agreement.

CA Immo Fünf GmbH ("**CAI Fünf**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78250. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Fünf GmbH is a borrower under the Credit Agreement.

CA Immo Sechs GmbH ("**CAI Sechs**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78251. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Sechs GmbH is a borrower under the Credit Agreement.

CA Immo Sieben GmbH ("**CAI Sieben**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78252. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Sieben GmbH is a borrower under the Credit Agreement.

CA Immo Acht GmbH ("**CAI Acht**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78253. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Acht GmbH is a borrower under the Credit Agreement.

CA Immo Neun GmbH ("**CAI Neun**") is a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed on 24 October 2006 under the laws of Germany and is registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78254. Its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany, Tel. +49 (69) 97 14 77 231 / +43 1 532 59 07-552. CA Immo Neun GmbH is a borrower under the Credit Agreement.

The managing directors (*Geschäftsführer*) for each Borrower and their respective business addresses and other principal activities are:

Name	Business Address	Principal Activities
Gregor Drexler	Asset Management GmbH Freyung 3 / 2 / 11 1010 Wien Austria	Asset Manager
Gabriela Zlaticars	Asset Management GmbH Freyung 3 / 2 / 11 1010 Wien Austria	Asset Manager

The entire share capital of each Borrower is held by CA Immo Germany Holding GesmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria with its registered office at Freyung 3/2/11, 1010 Vienna, Austria ("**CAI Germany Holding**"). CAI Germany Holding is ultimately owned by CA Immobilien Anlagen AG, a stock corporation (*Aktiengesellschaft*) formed under the laws of Austria with its registered office at Freyung 3/2/11, 1010 Vienna, Austria ("**CAI AG**").

The Borrowers have no subsidiaries of their own.

I. Principal Activities

The principal objects of the Borrowers pursuant to their respective articles of association (*Gesellschaftsverträge*) are, among other things, the acquisition, management, disposal and realisation of real property, real estate and rights equivalent to real property, and the use of real property and premises owned by the company by way of rent or lease and to carry on any other business or activity in connection or conjunction with such business.

II. Share Capital

According to the articles of association of each Borrower dated 14 October 2006, the share capital of each Borrower amounts to €25,000 and is paid up in full.

III. Financial Year

The current financial year of each Borrower commenced will end on 31 December 2007.

IV. Legal and Arbitration Proceeding

To the extent the Issuer is aware, the Borrowers have 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 incorporation, a significant effect on the Borrowers' financial position.

V. Statutory Auditors

The statutory auditors of each Borrower are KPMG – Deutsche Treuhandgesellschaft, Marie-Curie-Straße 30, 60439 Frankfurt am Main, Germany, which is a firm of chartered accountants (*Wirtschaftsprüfungsgesellschaft*) and which are members of the Wirtschaftsprüferkammer, Körperschaft des öffentlichen Rechts (public law formed chamber of accountants) and of the Institut der Wirtschaftsprüfer in Deutschland e.V. (private law formed institute of public accountants).

VI. Financial Information

The unaudited opening balance sheets of the Borrowers are as follows:

CAI Eins dated 24 October 2006

Assets	Liabilities
€ 25,000.00	€ 25,000.00

CAI Zwei dated 24 October 2006

Assets	Liabilities
€ 25,000.00	€ 25,000.00

CAI Drei dated 24 October 2006

Assets	Liabilities
€ 25,000.00	€ 25,000.00

CAI Vier dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

CAI Fünf dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

CAI Sechs dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

CAI Sieben dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

CAI Acht dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

CAI Neun dated 24 October 2006

Assets

€ 25,000.00

Liabilities

€ 25,000.00

VII. Accountants' Report

No annual statutory financial statements of the Borrowers have been drawn up and audited for a period since their incorporation.

DESCRIPTION OF THE PROPERTIES

I. Introduction

The Portfolio comprises 36 Properties in 19 locations in the Land Hessen. The Portfolio has a total floor area of 447,202 sqm, with one tenant and one lease agreement covering 36 leases.

The initial valuation conducted by Colliers Property Partners Valuation GmbH as at 31 January 2007 valued the Properties at €758,400,000 and the Portfolio as a whole at €800,000,000. The Valuation shows a current Annual Passing Rent of €41,809,385 *per annum* and an Estimated Rental Value of €38,274,912 *per annum*.

On two of the Properties (Property numbers 10 and 11 as described in the table under "3. Property Diversification"), new buildings are currently being constructed and the APR is set to increase (without consideration of the rental indexation provisions) to €42,848,031 from July 2010.

For the purpose of this section and more generally for purposes of information contained in this Prospectus, all valuations, amounts and percentages referred to in this Prospectus have been calculated as at the Valuation Date unless indicated otherwise.

II. Portfolio Summary

1. Geographical Distribution

The Portfolio is single-tenanted by the Land Hessen with 30.0 per cent. of Total Properties Market Value situated in Wiesbaden, the state capital, where eight of the properties are located. Other prominent locations are Gießen (20.1 per cent. of Total Properties Market Value; four properties) and Kassel (12.2 per cent. of Total Properties Market Value; three properties).

Geographical location	Property Market Value	% of Total Properties Value
Wiesbaden	227,660,000	30.0%
Gießen	152,710,000	20.1%
Kassel	92,790,000	12.2%
Marburg	54,970,000	7.2%
Fulda	49,960,000	6.6%
Mainz-Kastel	48,410,000	6.4%
Hofheim	21,170,000	2.8%
Rüsselsheim	17,810,000	2.3%
Darmstadt	16,190,000	2.1%
Wetzlar	12,230,000	1.6%
Bad Hersfeld	11,560,000	1.5%
Bensheim	11,310,000	1.5%
Bad Homburg	10,960,000	1.4%
Idstein	8,160,000	1.1%
Michelstadt	6,600,000	0.9%
Friedberg	5,350,000	0.7%
Korbach	3,820,000	0.5%
Hofgeißmar	3,450,000	0.5%
Homburg/Efze	3,290,000	0.4%
Total	758,400,000	100.0%

2. Asset Type Diversification

All the Properties are classified as office properties and can further be divided according to the following usages:

In terms of APR, 75.6 per cent. of the properties are office, 9.7 per cent. are storage, 6.0 per cent. are parking, 0.3 per cent. are residential and 8.4 per cent. are classified as miscellaneous asset types (e.g. canteens, workshops and physical training facilities).

In terms of total lettable area, 69.8 per cent. of the properties are office, 18.7 per cent. are storage, 0.5 per cent. are residential, and the remaining 11.1 per cent. are miscellaneous.

Asset Type	APR (€)	APR (%)	ERV (€) ⁽¹⁾	ERV (%)	Lettable Area (sqm / # of parking)	Lettable Area (%)
Office	31,602,826	75.59%	28,616,024	74.76%	311,947	69.76%
Storage	4,045,333	9.68%	3,675,650	9.60%	83,444	18.66%
Miscellaneous	3,518,338	8.42%	3,353,581	8.76%	49,539	11.08%
Residential	129,138	0.31%	123,156	0.32%	2,272	0.51%
Parking	2,513,750	6.01%	2,506,500	6.55%	# 6,076	
TOTAL	41,809,385	100%	38,274,912	100%	447,202	100%

(1) Apparent discrepancies between the aggregate of the individually stated ERVs and the TOTAL ERV is due to the rounding of the individual ERVs

3. Property Diversification

The largest Property in the Portfolio as measured by Property Market Value is Property number 21, the Judiciary Centre in Kassel, representing 10.5 per cent. of the Portfolio by value. Kassel, which once was the capital of the Land Hessen, has about 200,000 inhabitants, is the largest city in the northern part of the Land Hessen and the third largest city in the state. The Property, which comprises five distinct building sections with 2-11 floors, is located in the city centre, with shopping facilities, restaurants, recreation areas and public transport with easy reach.

The second largest Property by value is the Hessian Police Academy (*Hessische Polizeischule*), (Property number 37) located in the state capital of Wiesbaden, which accounts for 10.3 per cent. of value. With 275,000 inhabitants, Wiesbaden is the Land Hessen's second largest city after Frankfurt and represents one of the key cities of the Rhein-Main region, one of Germany's strongest economic regions. The Property comprises 19 distinct buildings with 0-5 floors.

Property number 14, public administration offices located at the periphery of Gießen's city centre, with a university complex and residential buildings in its direct vicinity, accounts for 7.4 per cent. of Total Properties Market Value. With 73,690 inhabitants and an additional 22,000 university students, Gießen represents an administrative and academic centre in the Land Hessen. The Property comprises 11 separate buildings with 1-5 floors.

The fourth largest Property, Property number 10, incorporates the Osthessen Police Headquarters and public administration offices. Located in a business area on the outskirts of the university town of Fulda, Land Hessen's ninth largest city with 64,000 inhabitants, the Property comprises ten distinct buildings with 1-3 floors and accounts for 6.6 per cent. of value.

The fifth largest Property is the Mittelhessen Police Headquarters, located in a business district in Gießen (Property number 11), which represents 6.5 per cent. of Total Properties Market Value. The Property comprises 10 distinct buildings, with 1-4 floors.

The top ten Properties account in aggregate for 66.0 per cent. of Total Properties Market Value.

Ranking	Property	Location	Property Market Value (€)	% of Total Properties Market Value	APR (€)	APR (%)	ERV (€)	Lettable Area (sqm)	WA Lease Expiry / Break ¹ (Years)	Construction Year(s)	Refurbishment Year(s)	Usage Description	Property No.
1	Frankfurter Str. 9 + 11	Kassel	79,580,000	10.49%	4,373,271	10.46 %	3,662,172	34,873	30.0	1963-2004	partial in 2006	Judiciary Centre	21
2	Schönbergstr. 100	Wiesbaden	78,470,000	20.84%	4,572,954	21.40 %	4,371,924	45,504	30.0	1954-1979	1989, 1995-97, 2001-2005	Hessian Police Academy	37
3	Schubertstr. 60	Gießen	56,080,000	28.23%	3,033,830	28.65 %	2,377,140	32,165	25.0	1939-1970	2001-2004	Administration Office	14
4	Washingtonallee 1-6 / Severingstr. 1-5	Fulda	49,960,000	34.82%	2,306,896	34.17 %	2,088,720	27,231	25.0	1936-2010	1980-2003	Osthessen Police Headquarters / Administration Offices	10
5	Ferniestr. 8	Gießen	49,220,000	41.31%	2,072,490	39.13 %	1,531,614	18,777	30.0	1920-2010	1988-2000	Mittelhessen Police Headquarters	11
6	Wiesbadener Str. 99-103	Mainz-Kastel	48,410,000	47.70%	3,199,807	46.78 %	2,856,784	36,727	10.0	1910-1994	1985-1994	Riot Police Headquarters	24
7	Gutfleischstr. 1 / Marburger Str. 2-4 / Ostanlage 7, 15, 17, 19	Gießen	42,970,000	53.36%	2,245,872	52.15 %	2,127,012	25,041	30.0	1878-1995	2002-2005	Judiciary Centre	12
8	Kaiser-Friedrich-Ring 75	Wiesbaden	42,900,000	59.02%	2,177,927	57.36 %	2,116,825	16,421	30.0	1904-1988		Ministry of Economic	32

Ranking	Property	Location	Property Market Value (€)	% of Total Properties Market Value	APR (€)	APR (%)	ERV (€)	Lettable Area (sqm)	WA Lease Expiry / Break ¹ (Years)	Construction Year(s)	Refurbishment Year(s)	Usage Description	Property No.
9	Robert Koch Strasse 5-17	Marburg	29,810,000	62.95%	1,957,065	62.04 %	1,841,790	26,953	2.0	1886-1991	1991-1996	Affaires Public Administration Centre Hessian Public Records	26
10	Mosbacher Str. 55	Wiesbaden	23,330,000	66.02%	1,318,987	65.20 %	1,287,663	15,318	30.0	1980	2002 / 2004	Office	34
11	Schaperstr. 16,19	Wiesbaden	22,510,000	68.99%	1,244,226	68.17 %	1,214,010	11,521	25.0	1909-1967		Hessian Land Survey Department Police Headquarters for Technology, Logistics and Administration	36
12	Willy-Brandt-Allee 20-22	Wiesbaden	21,420,000	71.82%	1,181,478	71.00 %	1,142,562	12,419	25.0	1913	1995-1997	Hessian Statistics Agency Ministry of Education and Cultural Affairs	39
13	Rheinstr. 35-37	Wiesbaden	18,640,000	74.27%	1,016,840	73.43 %	987,788	8,304	20.0	1836-1936	1990-1996	Agency Ministry of Education and Cultural Affairs	35
14	Luisenplatz 5 + 10	Wiesbaden	17,230,000	76.55%	809,560	75.37 %	785,513	6,605	30.0	1817-1951	1991 / 2001	Public Administration	33
15	Steubenplatz 14	Darmstadt	16,190,000	78.68%	853,629	77.41 %	730,824	6,707	30.0	1988		Offices	5

Ranking	Property	Location	Property Market Value (€)	% of Total Properties Market Value	APR (€)	APR (%)	ERV (€)	Lettable Area (sqm)	WA Lease Expiry / Break ¹ (Years)	Construction Year(s)	Refurbishment Year(s)	Usage Description	Property No.
16	Nordring 4-10 Universitätsstr.	Hofheim	15,880,000	80.78%	932,175	79.64 %	895,510	9,320	20.0	1991		Tax and Revenue Office	16
17	48-50	Marburg	13,000,000	82.49%	728,019	81.38 %	655,584	9,157	30.0	1958-1962	1990-1995	Judiciary Centre	27
18	Schanzenfeldstr. 8	Wetzlar	12,230,000	84.10%	719,576	83.10 %	655,158	10,887	25.0	1977-1979	1995-1996	Public Administration Offices	31
19	Raiffeisenstr. 1 + 7	Marburg	12,160,000	85.71%	695,494	84.77 %	746,208	10,528	20.0	1978-1985	2005	Local Police Headquarters / Public Administration Centre	25
20	Berliner Ring 35 Auf der	Bensheim	11,310,000	87.20%	649,118	86.32 %	649,118	7,351	20.0	1989		Tax and Revenue Office	4
21	Steinkaut 10-12 Friedrich-Ebert- Straße 104 -	Bad Homburg	10,960,000	88.64%	636,030	87.84 %	543,037	5,336	25.0	1965-1995	1993-1995	County Court Public Administration	3
22	106	Kassel	10,270,000	90.00%	560,691	89.18 %	644,892	8,083	25.0	1960	2001	Centre	20
23	Eisenstr. 60 Johann- Sebastian-Bach-	Rüsselsheim	9,180,000	91.21%	516,517	90.42 %	491,927	5,042	25.0	1984		Police Station	29
24	Str. 45	Rüsselsheim	8,630,000	92.34%	405,425	91.39 %	491,075	4,930	25.0	1996		County Court	30
25	Gerichtstr. 1 + 3	Idstein	8,160,000	93.42%	457,505	92.48 %	351,000	3,773	25.0	1938/39/2006	2006	County Court	19

Ranking	Property	Location	Property Market Value (€)	% of Total Properties Market Value	APR (€)	APR (%)	ERV (€)	Lettable Area (sqm)	WA Lease Expiry / Break ¹ (Years)	Construction Year(s)	Refurbishment Year(s)	Usage Description	Property No.
26	Hubertusweg 19	Bad Hersfeld	7,320,000	94.39%	471,694	93.61 %	457,740	7,526	15.0	1969-1981		/ Police Station Public Administration Offices Tax Office / Land Registry Office /	1
27	Erbacher Str. 46,47,48	Michelstadt	6,600,000	95.26%	425,409	94.63 %	413,088	6,726	20.0	1956-1981		County Court	28
28	Homburger Str. 18	Friedberg	5,350,000	95.96%	319,565	95.39 %	308,180	4,615	5.0	1965-1985		County Court	9
29	Zeilsheimer Str. 59	Hofheim	5,290,000	96.66%	309,892	96.13 %	278,298	2,905	25.0	1967-1988	1988	Police Station Hessian Building and Construction Management	17
30	Leihgesterner Weg 52 Kleine Industriestraße	Gießen	4,440,000	97.24%	272,692	96.78 %	256,854	3,701	15.0	1955/1966		Police Head Office Tax and Revenue Public Administration	13
31	3	Bad Hersfeld	4,240,000	97.80%	259,488	97.40 %	248,472	4,472	20.0	1997		Police Head Office Tax and Revenue Public Administration	2
32	Medebacher Landstr. 29	Korbach	3,820,000	98.31%	244,568	97.99 %	244,182	4,871	20.0	1984	partial in 2004	Office Public Administration	23
33	Neue Straße 21	Hofgeißmar	3,450,000	98.76%	222,486	98.52 %	224,580	4,285	15.0	1981		Offices	15

Ranking	Property	Location	Property Market Value (€)	% of Total Properties Market Value	APR (€)	APR (%)	ERV (€)	Lettable Area (sqm)	WA Lease Expiry / Break ¹ (Years)	Construction Year(s)	Refurbishment Year(s)	Usage Description	Property No.
34	August-Vilmar- Str. 20	Homberg/Efze	3,290,000	99.20%	210,584	99.03 %	205,542	3,921	20.0	1988		Local Police Headquarters	18
35	Willy-Brandt- Allee 2	Wiesbaden	3,160,000	99.61%	179,412	99.45 %	174,402	1,657	25.0	1907	1997	Police Station Public Administrative Offices	38
36	Knorrstr. 32, 34	Kassel	2,940,000	100.00%	228,213	100.00 %	217,722	3,550	5.0	1967-1981			22
	TOTAL	Hesse	758,400,000	100%	41,809,385	100%	38,274,912	447,202	24.1				

(1) Weighted Average Lease Expiry to the earlier of lease expiry or first break; cut-off of 1 January 2007

4. Vacancy

At the Valuation Date all properties in the Portfolio, except one, had 100 per cent. occupancy. Asset 30 has 803 sqm of vacant area (619 sqm of office, 146 sqm of storage, 38 sqm of other), this equates to 16.3 per cent. of the Property and less than 0.2 per cent. of the Portfolio by lettable area.

5. Tenure

All the properties are held freehold.

6. Tenant and Lease Summary

All the properties are leased to public bodies of the Land Hessen. The Portfolio is subject to one lease agreement, which is internal repairing and insuring (IRI). Under this lease agreement there are 36 leases each relating to a different asset. 27 of the leases have break options, affecting 54.2 per cent. of Annual Passing Rent only.

Tenant	Number of Leases	Industry	WA Lease Expiry/ Break ¹ (years)
Land Hessen	36	Public administration	24.1

(1) Weighted Average Lease Expiry to the earlier of lease expiry or first break; cut-off of 1 January 2007

The tenant is solely responsible for the management of the leased premises and associated costs, while the landlord is responsible for the maintenance and repair (including necessary replacement / renewal) of the roof and fabric of the lease premises and for associated cost¹.

7. Lease Expiry Profile

The Portfolio has a weighted average lease expiry of 30.0 years and a weighted average term to next break option of 24.1 years. The table below provides a break down of lease expiries and break options weighted by both rent and area.

¹ In addition to the roof structure, 'roof' also includes the coverings and associated components, and the accesses to and egresses from the roof. In addition to the structural components of the building, 'fabric' includes window frames and casements including glazing and fittings (incl. windows with special requirements), doors with special requirements (such as fire doors etc.) and entrance doors, facades, exterior sunblind systems, chimneys and exterior appurtenances and equipment required for the operation and use of the leased premises.

Years	0-9	10-14	15-19	20-24	25-29	30	Total
Assuming break option is not exercised							
Annual passing rent expiring (€)	0	0	0	0	0	41,809,385	41,809,385
Per cent. of total APR	0 %	0 %	0 %	0 %	0 %	100 %	100 %
Area expiring (sqm)	0	0	0	0	0	447,202	447,202
Per cent. of total area	0 %	0 %	0 %	0 %	0 %	100 %	100 %
Assuming break option is exercised							
Annual passing rent expiring (€)	2,504,843	3,199,807	966,872	4,433,676	11,551,478	19,152,709	41,809,385
Per cent. of total APR	5.99 %	7.65 %	2.31 %	10.60 %	27.63 %	45.81 %	100 %
Area expiring (sqm)	35,118	36,727	15,512	55,493	125,949	178,403	447,202
per cent. of total area	7.85 %	8.21 %	3.47 %	12.41 %	28.16 %	39.89 %	100%

(1) Cut-off for lease expiry profile: 1 January 2007

8. Tenant

All 36 Properties are let to the Land Hessen. Economically, the Land Hessen is one of the strongest regions in Europe, with a purchasing power index of 130.8 (EU-25:100). Nearly a quarter of all foreign direct investments in Germany are concentrated in this state. Most of the Land Hessen's population live in the southern Rhine-Main area, which is the second most industrialised area in Germany. The state capital is Wiesbaden and the largest city Frankfurt am Main, an international hub of air, road and rail transport.

OUTLINE OF THE LOAN DOCUMENTS

1. GENERAL

The Issuer's assets will, upon the Closing Date, consist primarily of a mortgage loan (as more specifically described below), secured by a Mortgage on 36 Properties located in various locations in and leased to the Land Hessen. See "DESCRIPTION OF THE PROPERTIES"

The Credit Agreement contains the types of representations and warranties and undertakings on the part of the Borrowers that a reasonably prudent German lender making loans secured on German commercial properties of this type would customarily require.

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

2. LEGAL DUE DILIGENCE

Eurohypo ensured that the Borrowers' German counsel was instructed to prepare a complementary legal due diligence report in addition to, confirming and commenting, the more comprehensive legal due diligence report prepared by the Borrowers' Austrian counsel. These reports set out, among other things, the state of title to and any encumbrances on each of the Properties as well as the principal terms of the most significant lease agreements (*Mietverträge*) in respect of the Properties and specifically addressed the following legal issues (to the extent relevant and/or material to each Property):

- (a) review of title (*Grundbuch*);
- (b) identity of registered title and let property;
- (c) encumbrances under private law and public law easements;
- (d) analysis of cadastral plans and property boundaries; and
- (e) review of a sample of lease agreements.

A final draft legal due diligence report was provided by the Borrowers' German counsel and a final due diligence report was provided by the Borrowers' Austrian counsel.

In addition, a technical due diligence report, a survey report and a tax memorandum were prepared.

3. OUTLINE OF THE CREDIT AGREEMENT AND BORROWER ACCOUNTS

a) Outline of Principal Terms of the Credit Agreement

aa) *Loan Amount, Drawdown and Further Advances*

Under the Credit Agreement, Eurohypo (in its capacity as, among other things, the "**Lender**") has made available to the Borrowers a loan in the amount of €550,000,000 (the "**Loan**").

As of the Effective Date, the aggregate principal amount outstanding was €550,000,000.

The Credit Agreement does not provide for reborrowing of any amounts repaid or prepaid by the Borrowers.

bb) *Interest*

Interest accrues on the Loan from (and including) a Loan Interest Payment Date (or, in the case of the first Loan Interest Period, from (and including) the Closing Date) up to (but excluding) the succeeding Loan Interest Payment Date (each a "**Loan Interest Period**"). Interest under the Loan is paid quarterly in arrear on 20 January, 20 April, 20 July and 20 October in each year, with the first Loan Interest Payment Day being 20 April 2007, all subject to adjustment for non-business days.

Interest is payable under the Loan at a rate of interest equal to 4.405 per cent. *per annum* with respect to the BACA Hedged Tranche of the Loan and 4.440 per cent. *per annum* with respect to Eurohypo Hedged Tranche of the Loan. The Borrowers are required, under the terms of the Credit Agreement, to maintain interest rate hedging arrangements pursuant to which a portion of the fixed rate interest payable under the Credit Agreement (that is, the relevant fixed rate less the margin) is swapped for the EURIBOR for three-month euro deposits. Unless such hedging arrangements are terminated due to the Borrowers' default under the relevant hedging arrangements, interest will be payable under the Loan at a floating rate of interest equal to 3-month EURIBOR plus the margin.

For the purposes of calculating interest, all scheduled repayments will be applied in full to the Eurohypo Hedged Tranche and all other repayments or pre-payments will be applied to both tranches *pro rata*.

cc) *Scheduled Repayments*

The Loan will be repayable in full on the Loan Maturity Date (subject to any mandatory prepayment, see "**Mandatory Prepayment**" below).

The Borrowers will be required on each Loan Interest Payment Date to repay an amount that is calculated as follows: For the purposes of calculating scheduled redemption, the Credit Agreement specifies percentage rates in respect of each Property that will increase on each Loan Interest Payment Date from 1.20 per cent. on the first Loan Interest Payment Date to 2.16 per cent. on the Loan Maturity Date in addition to any principal amount then outstanding. Such percentage will be multiplied with the relevant unpaid principal balance of the Allocated Loan Amount that is allocated to the respective Property. The relevant unpaid principal balance will be established after any repayments on the immediately previous Loan Interest Payment Date (or, in case of the first Loan Interest Payment Date, the Loan Origination Date). The resulting amount is the scheduled redemption for the Allocated Loan Amount relating to that Property. The sum of all such scheduled redemptions will be the total amount of the scheduled redemption on the respective Interest Payment Date.

Assuming there are not property disposals and no default, the anticipated repayment schedule is provided in the table below:

Loan IPD	% (rounded)	Anticipated loan amount outstanding at beginning of period (€)	Anticipated amortisation (€)	Anticipated loan amount outstanding at end of period (€)
20/04/07	1.20%	550,000,000.00	1,654,161.48	548,345,838.52
20/07/07	1.22%	548,345,838.52	1,671,222.18	546,674,616.34
20/10/07	1.24%	546,674,616.34	1,689,605.62	544,985,010.72
20/01/08	1.25%	544,985,010.72	1,708,191.28	543,276,819.44
20/04/08	1.27%	543,276,819.44	1,726,981.38	541,549,838.06
20/07/08	1.29%	541,549,838.06	1,745,978.19	539,803,859.87
20/10/08	1.31%	539,803,859.87	1,765,183.94	538,038,675.93
20/01/09	1.33%	538,038,675.93	1,784,600.96	536,254,074.97
20/04/09	1.35%	536,254,074.97	1,804,231.58	534,449,843.39
20/07/09	1.37%	534,449,843.39	1,824,078.12	532,625,765.27
20/10/09	1.38%	532,625,765.27	1,844,142.98	530,781,622.29
20/01/10	1.41%	530,781,622.29	1,864,428.56	528,917,193.73
20/04/10	1.43%	528,917,193.73	1,884,937.27	527,032,256.46
20/07/10	1.45%	527,032,256.46	1,905,671.57	525,126,584.89
20/10/10	1.47%	525,126,584.89	1,926,633.97	523,199,950.92
20/01/11	1.49%	523,199,950.92	1,947,826.94	521,252,123.98
20/04/11	1.51%	521,252,123.98	1,969,253.04	519,282,870.94
20/07/11	1.53%	519,282,870.94	1,990,914.82	517,291,956.12
20/10/11	1.56%	517,291,956.12	2,012,814.88	515,279,141.24
20/01/12	1.58%	515,279,141.24	2,034,955.85	513,244,185.39
20/04/12	1.60%	513,244,185.39	2,057,340.36	511,186,845.03
20/07/12	1.63%	511,186,845.03	2,079,971.10	509,106,873.93
20/10/12	1.65%	509,106,873.93	2,102,850.79	507,004,023.14
20/01/13	1.68%	507,004,023.14	2,125,982.14	504,878,041.00
20/04/13	1.70%	504,878,041.00	2,149,367.95	502,728,673.05
20/07/13	1.73%	502,728,673.05	2,173,011.00	500,555,662.05
20/10/13	1.76%	500,555,662.05	2,196,914.12	498,358,747.93
20/01/14	1.78%	498,358,747.93	2,221,080.17	496,137,667.76
20/04/14	1.81%	496,137,667.76	2,245,512.05	493,892,155.71
20/07/14	1.84%	493,892,155.71	2,270,212.69	491,621,943.02
20/10/14	1.87%	491,621,943.02	2,295,185.03	489,326,757.99
20/01/15	1.90%	489,326,757.99	2,320,432.06	487,006,325.93
20/04/15	1.93%	487,006,325.93	2,345,956.81	484,660,369.12
20/07/15	1.96%	484,660,369.12	2,371,762.34	482,288,606.78
20/10/15	1.99%	482,288,606.78	2,397,851.73	479,890,755.05
20/01/16	2.02%	479,890,755.05	2,424,228.09	477,466,526.96
20/04/16	2.05%	477,466,526.96	2,450,894.61	475,015,632.35
20/07/16	2.09%	475,015,632.35	2,477,854.44	472,537,777.91
20/10/16	2.12%	472,537,777.91	2,505,110.84	470,032,667.07
20/01/17	2.16%	470,032,667.07	2,532,667.07	467,500,000.00
Total anticipated repayment amount			82,500,000.00	

dd) *Voluntary Prepayments*

Each Borrower will be entitled to prepay the Loan in full or in part at the option of such Borrower at any time on and after 1 January 2008 upon giving at least 30 days' irrevocable prior notice. Such prepayment must be either (a) in a minimum aggregate amount of €2,000,000 or an integral multiple thereof, unless the outstanding principal amount of the Loan is to be repaid in full, or (b) in the amount equal to the sum of the Release Prices of those Properties owned by a Borrower, the shares in which are to be sold.

On the day of any voluntary prepayment of the Loan, the relevant Borrower will be obliged to pay any due interest, Prepayment Fee, termination costs relating to Borrower Hedging Arrangements, break costs and other similar costs arising from the prepayment.

ee) *Prepayment Fee*

In the event of a prepayment, the prepaying Borrower will compensate the Lender for all financial disadvantages arising out of the prepayment. Such compensation will be in an amount equal to the sum of:

- (i) the difference between the interest that would have been payable under the Credit Agreement on the prepaid amount for the period from and including the date of repayment to and excluding the next Loan Interest Payment Date and the amount of interest that could be earned on the prepaid amount in such period by depositing it with a credit institution having a short-term credit rating not less than A-1 from S&P, F1 from Fitch and P-1 from Moody's Investors Service Inc., plus
- (ii) an amount equal to 1.0 per cent. of any prepayment booked in 2008, 0.7 per cent. of any prepayment booked in 2009, 0.5 per cent. of any prepayment booked in 2010, 0.3 per cent. of any prepayment booked in 2011 and 0 per cent. of any prepayment booked thereafter.

There are no further prepayment fees. The payment in (ii) above does not apply in the event of a voluntary prepayment after the Lender has demanded the payment of additional costs or tax gross-up, in each case, in excess of €2,500,000 for the remaining term of the Loan (that is, the payment under (ii) above remains payable if the voluntary pre-payment is made following a demand for additional costs or tax gross-up in an amount less than or equal to €2,500,000, in accordance with the terms of the Credit Agreement or in the event of a mandatory prepayment due to illegality.

ff) *Mandatory Prepayments*

The Borrowers will be required to prepay the Loan:

- (i) in full if the Lender has accelerated the Loan in accordance with the terms of the Credit Agreement;
- (ii) in full if CAI AG ceases to be the direct or indirect parent of CAI Germany Holding (unless the Facility Agent deems the event not to require mandatory prepayment in its sole discretion);
- (iii) in the amount of any insurance proceeds received in regard of any Property that has been damaged or destroyed so long as (i) neither the relevant insurance contract nor any relevant lease expressly requires the repair or reconstruction of the damaged or destroyed Property and (ii) repair or reconstruction of the damaged or destroyed Property has not begun (or concrete steps therefor taken) within the earlier of 150 days after the insurance event and 75 days after the receipt of the insurance proceeds;
- (iv) in the amount of the release price (*Abverkaufstilgung*) as assigned in the Credit Agreement (the "**Release Price**") for each Property that has been sold or appropriated

(disposals of Properties are subject to the consent of the Facility Agent, such consent not to be granted if the disposal is made before 1 January 2008 and, if the disposal is made thereafter, such consent is not to be unreasonably withheld (and the Credit Agreements sets out a list of events in which it would be reasonable to withhold consent));

- (v) in the amount equal to the sum of the relevant Release Prices for the Properties owned by a Borrower, the controlling interest of CAI Germany Holding in which has, with the consent of the Facility Agent, been sold or appropriated (or in full if such interest was sold or appropriated without the consent of the Facility Agent);
- (vi) in the amount credited to the Reserve Account if on a Loan Interest Payment Date a Cash Trap Event exists and also existed on the immediately previous Loan Interest Payment Date; or
- (vii) in the amount of the Loan attributable to any Lender if it becomes illegal for such Lender to continue to be a lender under the Credit Agreement.

gg) *Representations and Warranties*

The Credit Agreement contains representations and warranties of the Borrowers that a reasonably prudent German lender making loans secured on German commercial properties of this type would customarily require including, but not limited to, representations as to:

- (i) due incorporation and authorisation;
- (ii) no default under the Credit Agreement or any other transaction document referred to in the Credit Agreement (a "**Loan Event of Default**") is outstanding or will likely result from the execution or the performance of any transaction contemplated by the Credit Agreement or any other transaction document referred to in the Credit Agreement;
- (iii) the Borrowers are solely property ownership and administration companies, the activities of which solely concern the holding and administration of the Properties and which have no ownership interests in other entities, subsidiaries, directors, employees, pension or similar liabilities, other loans or and form of credit obligations and have not granted security or guaranty or given an indemnity to any third party;
- (iv) legality, validity and enforceability of the Credit Agreement and any other transaction document referred to in the Credit Agreement (including the Loan Security Documents) subject to any general principles of law limiting its obligations;
- (v) each Borrower holds an expectant right of ownership of its respective Properties (*Anwartschaftsrecht auf das Alleineigentum*) and will become the full and exclusive owner of the respective Property by no later than 15 June 2007 and of all assets over which a security interest is to be created pursuant to the Loan Security Documents, in each case free from any security interests and other encumbrances (other than those referred to in the Credit Agreement);
- (vi) the Loan Security Documents create first-ranking security;
- (vii) to the best knowledge of the Borrowers and CAI Germany Holding, the absence of material litigation, arbitration or administrative proceedings that are likely to be decided against any relevant Borrowers and that if adversely determined would disturb the inherent basis of the Credit Agreement (*Geschäftsgrundlage*);
- (viii) the truthfulness, accuracy and completeness in all material respects of all written information supplied by the relevant Borrower to the relevant Finance Party under the Credit Agreement, among others, in connection with the Credit Agreement and certain related agreements and documents (the "**Finance Documents**");

- (ix) with regard to the Properties:
 - (A) they comply with all laws, regulations, licensing and approval requirements;
 - (B) there exist no circumstances that would prevent the Borrowers from complying with applicable laws, regulations and licenses or could lead to a Finance Party being considered responsible for same;
 - (C) there is no soil or water contamination at the Properties; no hazardous materials are created, stored, dumped or otherwise held at the Properties;
 - (D) the uses for which the Properties are leased comply with the relevant administrative approvals for the Properties; and
 - (E) no rezoning or public law act is necessary to permit the Properties to continue to be used as office buildings if they were no longer to be leased by the Land Hessen;
 - (x) the Borrowers are obligated to pay tax only in Germany and have no foreign taxable income and are not obligated to make any local taxes that could disturb the inherent basis of the Credit Agreement (*Geschäftsgrundlage*); and
 - (xi) no Borrower has its "centre of main interests" (as defined in EU Directive 1346/2000 of 29 May 2000) outside of Germany or is subject to foreign insolvency proceedings.
- hh) *Undertakings*

The undertakings given by each of the Borrowers under the Credit Agreement, at the Credit Agreement Signing Date, include those undertakings that a reasonably prudent lender making loans secured on commercial properties of this type would require, including, but not limited to, the following:

- (i) The Borrowers are required to provide prior to drawing under the Loan, and to update prior to the beginning of each Loan Interest Period, a business plan in the form of a complete financial plan of all of their planned cash-flows over the remaining term of the Loan (the "**Borrower Business Plan**").
- (ii) The Borrowers are required to provide to the Facility Agent quarterly reports regarding the Properties, including details of the leases, insurance, property changes, damage, repairs and sales, as well as a comparison of the actual results of the past quarter against the Borrower Business Plan.
- (iii) Each Borrower must supply to the Facility Agent copies of its audited annual financial statements as well as consolidated (if applicable) financial statements for each of its financial years and its quarterly financial statements for each of its financial quarters.
- (iv) Except as provided in the Credit Agreement, no Borrower may, either in a single transaction or in a series of transactions and whether related or not, dispose of all or any part of its assets, except with the consent of the Facility Agent or, in case of certain assets, such as obsolete assets or cash in accordance with the provisions of the Credit Agreement.
- (v) No Borrower may incur any Financial Indebtedness except for any Financial Indebtedness incurred under the Finance Documents; or any subordinated loan made by shareholder of the Borrowers.

"Financial Indebtedness" means any form of credit exposure towards third parties (*von Dritten erhaltene Kredite*) within the meaning of § 19 para. 1 of the German Banking Act (*Kreditwesengesetz*), any obligations under options and any obligations

resulting from any kind of sale and lease back or sale and buy-back (*Rück- oder Wiederkaufsverpflichtungen*) transactions.

- (vi) No Borrower may give any guarantee or indemnity to or for the benefit of any person in respect of any obligation of any other person or enter into any document under which a Borrower assumes any liability of any other person other than under the Finance Documents.
- (vii) No Borrower may carry on any business other than the ownership and management of its interests in the Properties and activities reasonably incidental thereto.
- (viii) No Borrower may make any acquisition or investment other than any asset reasonably acquired made in the ordinary course of its business in connection with the ownership, management and development of the Property except as otherwise permitted in the Credit Agreement.
- (ix) No Borrower may enter into any contracts other than the Transaction Documents, and any other contract than any contract expressly allowed under the Credit Agreement.
- (x) No Borrower may declare or pay any dividend or make any other distribution in respect of any of its shares or repay or redeem any of its share capital, save if no Default is outstanding, from funds standing to the credit of the Operating Account. No Borrower may issue any further shares or alter any rights attaching to its issued shares.
- (xi) Each Borrower must prepare separate tax returns as far as it is obliged to do so and pay taxes due and payable by it, (taking into account all permitted due date extensions) unless payment of those taxes is being contested in good faith and, if appropriate, adequate reserves are being made for those taxes. No Borrower may change its residence for tax purposes without consultation of the Facility Agent unless such change does not have material effects.
- (xii) Each Borrower must not and will ensure that the Managing Agent does not, without the prior consent of the Facility Agent, amend the duration of any Occupational Lease, agree to any rent adjustments (except for rent increases, unless the adjustment is due to an automatic rent decrease pursuant to an already agreed index clause (*Indexklausel*)), waive any claims for the payment under an Occupational Lease, to assign or pledge its rights under or in connection with any Occupational Lease (other than to create any security interest under the Finance Documents in favour of the Finance Parties, to agree to any lease agreements or to grant any sub-leases (*Untermietverträge*)). Each Borrower must deliver to the Facility Agent a copy of any lease which has been concluded by the Borrower in relation to a Property.
- (xiii) The Borrowers must not appoint any Managing Agent without the prior consent of, and on terms approved by, the Facility Agent acting reasonably. Each Managing Agent must be a reputable firm of property managing agents. A property management agreement may not be amended without the prior written consent of the Facility Agent, acting reasonably. The Borrowers may not terminate a property management agreement without the consent of the Facility Agent unless CA Immo Asset Management GmbH (the managing agent first employed by the Borrowers) takes responsibility for a seamless property management.
- (xiv) The Borrowers must have each Property (including all fixtures and legal elements) adequately insured, on a full replacement value basis, for all risks for which a property of the same type would be insured, including insurance for environmental clean-up, demolition, disposal or decontamination costs; third party liability insurance; public law liabilities insurance (including insurance against acts of terrorism and sabotage) and not less than three years' loss of rent insurance.

- (xv) The Borrowers must ensure that the Borrower Security Agent on behalf of the Lenders is named as co-insured on all insurance policies and is named as first loss payee (except in respect of third-party liability insurance and public law liability insurance). Each policy of insurance must contain a lender protection clause requiring the insurer to give 14 days' notice to the Borrower Security Agent before terminating the relevant insurance.
- (xvi) All insurances required under the Credit Agreement must be in an amount and form acceptable to the Facility Agent (acting reasonably) and with an insurance company or underwriter (in the case of a group of insurance companies or a group of underwriters, on a weighted average rating basis) that has been assigned the relevant requisite rating which is defined as a long term unsecured debt rating of at least A by Fitch and A by S&P.

ii) *Financial Covenants*

Financial covenants will be calculated as at any Interest Payment Date by the Borrowers based on their reasonable estimate (*nach pflichtgemäßem Ermessen vorzunehmenden Schätzung*). The Facility Agent will review and test such calculation.

The Credit Agreement provides that all of the following ratios (the "**Financial Covenants**") must be maintained:

- ICR (*Zinsdeckungsquote*) must not be less than 115 per cent.
- DSCR (*Schulddienstdeckungsquote*) must not be lower than 105 per cent.
- LTV must not exceed 85 per cent.

"**ICR**" or interest coverage ratio means, on each Loan Interest Payment Date, the projected rental income of the Borrowers (including any proceeds from loss of rent insurance) net of the Senior Operating Costs as a percentage of projected annual interest costs under the Loan (excluding principal payments) for the following twelve months at that time.

"**DSCR**" or debt service cover ratio means, on each Loan Interest Payment Date, the projected net rental income of the Borrowers (including any proceeds from loss of rent insurance) net of the Senior Operating Costs as a percentage of projected annual interest costs and principal payments under the Loan for the following twelve months at that time.

"**LTV**" means the ratio of (i) the aggregate outstanding amounts of the Loan to (ii) the market value of the Properties determined in the last recent valuation.

jj) *Loan Events of Default*

The Credit Agreement sets out events of default that are customary for the lending business and following the occurrence of which the Mortgage or other Loan Security for the repayment of the Facilities may be enforced. Subject to any applicable grace periods, thresholds and materiality the specified events include: non-payment of sums due under the Credit Agreement, breach of any representations and warranties and breach of any covenants or any other provision of the Credit Agreement, insolvency of, or the occurrence of any insolvency-related event in respect of any Borrower, initiation of enforcement proceedings with regard to assets of, and cessation of business by, any of the Borrowers, change of ownership of the Borrower, failure by any of the Borrowers to create security in favour of the Lenders and material adverse change. All such events are referred to as the "**Loan Events of Default**". In particular, a Loan Event of Default will occur if a Financial Covenant has been breached unless such breach is remedied within 5 Business Days or, if earlier, by the next Interest Payment Date, by either: (a) effecting a partial prepayment of the Loans or (b) by depositing a sum of cash in the Reserve Account that (i) if the ICR covenant or the DSCR

covenant has been breached, would be sufficient to yield interest that, if it were gross rental income, would result in the ICR covenant and the DSCR covenant being met (such interest income would thereafter be transferred to the Debt Service Account as if it were rental income), (ii) if the ICR covenant has been breached and the ICR is between 110 and 115 per cent., is equal to 200 per cent. of the amount of rent that would be necessary to meet the ICR or (iii) if the LTV covenant is breached, an amount that if deducted from the Loan would result in the LTV covenant being met.

c) Loan Security

aa) *German Borrower Security Documents*

The obligations of the Borrowers under the Finance Documents are secured (the "**German Loan Security**") pursuant to the following security agreements governed by German law (the "**German Borrower Security Documents**") and entered into on or about the Credit Agreement Signing Date:

- (i) a notarial deed (the "**Mortgage Deed**") creating the joint certificated mortgage (*Gesamtbriefgrundschuld*) over all Properties together with the assumption of personal liability (*Übernahme der persönlichen Haftung*) by each Borrower and a submission to an immediate enforcement (*Unterwerfung unter die sofortige Zwangsvollstreckung*) and all other rights and claims arising under the Mortgage Deed as well as a security purpose agreement (*Sicherungszweckerklärung*) entered into by the each Borrower and the Borrower Security Agent regarding the Mortgage (the "**Security Purpose Agreement**");
- (ii) first-ranking account pledges, granted by each of the Borrowers in respect of all its rights in, to and under its Accounts (including any present and future credit balances standing to the credit of its Accounts) (the "**Accounts Pledge Agreement**");
- (iii) assignments by way of security (*Sicherungsabtretungen*) granted by each of the Borrowers, as relevant (the "**Assignment Agreement**") over:
 - (A) any and all, present and future, claims arising under the lease agreements relating to the Properties;
 - (B) any and all, present and future, claims arising under any insurance agreements relating to the Properties;
 - (C) any and all, present and future, claims of each Borrower arising under a property management agreement entered into with respect to Properties;
 - (D) any and all present and future, actual or contingent rights and claims of the Borrowers arising under or in connection with the Acquisition Agreement;
 - (E) a first-ranking assignment for security purposes of any proceeds resulting from a sale of any of the Properties;
- (iv) a first-ranking share pledge agreement over all the shares in the Borrowers (the "**German Share Pledge Agreement**");
- (v) a comfort letter issued by CAI AG according to which CAI AG undertakes to ensure that the Borrowers and CAI Germany Holding have sufficient means to fulfil its obligations under and in connection with the Credit Agreement up to an amount of EUR 595,375,000.00 (the "**Comfort Letter**"); and
- (vi) subordination agreements between CAI Germany Holding and other related entities (each a "**Subordinated Creditor**") and Eurohypo pursuant to which the respective Subordinated Creditor subordinates its claims in relation to cash fundings and other

shareholder indebtedness to the claims of the Lender (the "**Subordination Agreements**").

bb) *Austrian Share Pledge*

The obligations of the Borrowers under the Finance Documents are also secured by a first-ranking share pledge agreement over all the shares in CAI Germany Holding (the "**Austrian Share Pledge Agreement**").

cc) *Borrower Hedging Arrangement; Deed of Assignment*

Pursuant to the terms of the Credit Agreement, the Borrowers have entered into, and are required to maintain, the Borrower Hedging Arrangements to fully hedge their interest rate exposure under the Credit Agreement. The Borrower Hedging Arrangements are governed by English law and documented under a 1992 ISDA Master Agreement (Multicurrency – Cross-Border) and a schedule (the "**Borrower ISDA Master Agreement**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**").

Under the Borrower Hedging Agreements, fixed rate payments will be due from the Borrowers and payments calculated by reference to a floating rate based on three-month EURIBOR will be due from the Borrower Hedge Counterparties to the Borrowers. The respective payments will be netted.

The obligations of the Borrowers are further secured pursuant to a deed of assignment between the Borrowers and the Borrower Security Agent dated 19 December 2006 (the "**Deed of Assignment**") pursuant to which each of the Borrowers assigns to the Borrower Security Agent any present and future claims arising from the Borrower Hedging Agreements governed by English law. The Deed of Assignment, the Austrian Share Pledge Assignment and the German Borrower Security Documents are together referred to as "**Loan Security Documents**" and the security created thereby is together referred to as the "**Loan Security**".

d) **Borrower Accounts**

The Borrowers have each opened with Bayerische Hypo- und Vereinsbank AG the following bank accounts in the name of each of the Borrowers: the Rent Collection Accounts and the Operating Accounts. Furthermore all Borrowers have opened in the joint name of all Borrowers: the Debt Service Account, the Reserve Account and, upon request, will open a CSA Account. All accounts are together referred to as the "**Borrower Accounts**" and each of them as "**Borrower Account**". The Borrower Accounts have been pledged by the Borrowers to the Borrower Security Agent under the Accounts Pledge Agreement. None of the Borrowers may, without the prior consent of the Facility Agent, maintain any other bank account. Each of the Borrowers may not effect any payments from the Borrower Accounts (with the exception of the Operating Account) unless explicitly permitted in the Credit Agreement.

aa) *Rent Collection Accounts*

Each Borrower will ensure that the aggregate of all amounts paid or payable to or for the account of the Borrowers in connection with the letting or other occupation of all or any part of a Property and other receipts arising from the Properties (excluding the disposal thereof) and all other revenues and any amounts payable to it under the Borrower Hedging Arrangements are credited to the relevant Rent Collection Account (together the "**Rent Collection Accounts**").

Prior to the enforcement of the Loan Security and prior to an acceleration of the Loan, on each Loan Interest Payment Date any and all amounts standing to the credit of each Borrower's Rent Collection Account will be applied in an order of priority as set out in the Credit Agreement as follows:

- (i) *first*, to the relevant Operating Account on or before the fifth Loan Business Day of the then current calendar month²:
 - (A) on a priority basis, an amount equal to any prepayments of operative costs (*Mietnebenkostenvorauszahlungen*) paid by the tenant that contrary to the terms of the Credit Agreement were paid into a Rent Collection Account;
 - (B) thereafter the amount designated in the relevant Borrower Business Plan as Senior Operating Costs for the current calendar month (up to such Borrower's portion of the maximum Senior Operating Costs designated in the original Borrower Business Plan);
 - (C) thereafter any payments owed to any third parties unrelated to any Borrower:
 - (I) that are directly connected with a Property and the rental thereof and
 - (II) the payment of which has been approved by the Facility Agent;
- (ii) *second*, to the Debt Service Account on the fifth Loan Business Day of each month in which a Loan Interest Payment Date falls, an amount equal to (1) the interest and principal due and payable for such Loan Interest Period (taking into account the relevant Borrower Hedging Arrangements) and (2) the *pro rata* share of the Facility Agents' fees, costs and expenses due and payable for such Loan Interest Period by the relevant Borrower under the Finance Documents; and
- (iii) *third*, quarterly on each Loan Interest Payment Date:
 - (A) if no Cash Trap Event exists, to the relevant Operating Account, on a subordinate basis after all other amounts set out above, an amount equal to (1) any remaining balance less (2) all rent income including any Senior Operating Costs for the then current calendar month; or
 - (B) if a Cash Trap Event exists on the current Loan Interest Payment Date or existed on the previous Loan Interest Payment Date, to the Reserve Account, on a subordinate basis after all other amounts set out above, an amount equal to (1) any remaining balance less (2) all rent income including any Senior Operating Costs for the then current calendar month

“Senior Operating Costs” means the current operating and maintenance costs for the Properties that cannot be apportioned to the relevant tenants, insurance premiums for insurance required under the Credit Agreement and property management costs; provided, however, that Senior Operating Costs may not be greater than 11.8 per cent. of the sum of anticipated rent income (including any proceeds from loss of rent insurance) calculated as for the determination of ICR.

bb) *Operating Accounts*

Each of the Borrowers has opened a current account (each a "**Operating Account**" and, together, the "**Operating Accounts**"). Provided that no Loan Event of Default is outstanding or would be reasonably likely to occur as a result of a withdrawal and subject to any restriction in the relevant Loan Security Document, each Borrower may exercise its rights and powers to its Operating Account. The Operating Account will be credited, *inter alia*, by cash fundings or payments under shareholder Loan, net proceeds arising from an utilisation of a Facility or payments from the Rent Collection Account.

² As stated in § 3.2(a)(i) of Annex 10 of the Credit Agreement.

cc) *Debt Service Account*

In addition to any amounts paid to the Debt Service Account from the Rent Collection Account, all amounts payable by the hedging counterparty under the Borrower Hedging Arrangements (other than those payable to any CSA Account, if any) will be paid to the Debt Service Account.

Prior to the enforcement of the Loan Security and prior to an acceleration of the Loan, on each Loan Interest Payment Date any and all amounts standing to the credit of the Debt Service Account will be applied in an order of priority as set out in the Credit Agreement as follows:

- (i) *first*, to pay due but unpaid fees to the Facility Agent;
- (ii) *second*, to pay amounts, other than close out amounts, due but unpaid under the Borrower Hedging Arrangements;
- (iii) *third*, to pay any due but unpaid interest;
- (iv) *fourth*, to pay, *pro rata* and *pari passu*, all due amounts due (i) in respect of repayment of the Loan and (ii) payable because of a termination of the Borrower Hedging Arrangements (other than those set out in the next paragraph);
- (v) *fifth*, any payments in respect of termination of the Borrower Hedging Arrangements caused by the relevant Borrower Hedge Counterparty:
 - (A) it becoming illegal for a Borrower Hedge Counterparty to comply with its obligations under the applicable Borrower Hedging Arrangements;
 - (B) an event of default relating to the relevant Borrower Hedge Counterparty; or
 - (C) any Rating Event Termination Event affecting the relevant Borrower Hedge Counterparty;
- (vi) *sixth*, if a Cash Trap Event exists to pay any excess to the Reserve Account;
- (vii) *seventh*; to pay any excess to the relevant Operating Account.

dd) *Reserve Accounts*

The Borrowers have opened a joint reserve account (the "**Reserve Account**"). The Reserve Account is, *inter alia*, credited by payments from the Rent Collection Account or the Debt Service Account as a consequence of the existence of a Cash Trap Event.

The credit on the Reserve Account of each Borrower will, on a Loan Interest Payment Date:

- (i) be released to the Operating Accounts of the Borrowers if no Cash Trap Event exists as at that Interest Payment Date and did not exist on the two immediately preceding Loan Interest Payment Dates; or
- (ii) applied in full towards the prepayment of the Loan (see above under "Mandatory Pre-payment").

ee) *CSA Accounts*

The Borrowers may only withdraw, transfer or dispose of any funds on deposit in the CSA Account (each a "**CSA Account**" and, together, the "**CSA Accounts**") with the prior written consent of the Borrower Security Agent, which must be given if no Loan Event of Default is outstanding and failure to do so would cause the Borrower to breach the terms of the relevant credit support annex entered into by a Borrower and a Borrower Hedge Counterparty in connection with a Borrower Hedging Arrangement.

Each Borrower has to ensure that any amount paid to it by a Borrower Hedge Counterparty under any credit support annex entered into by a Borrower and a Borrower Hedge Counterparty in connection with a Borrower Hedging Arrangement is paid into its CSA Account.

Subject to the above, each Borrower may withdraw from, and apply amounts standing to the credit of, its CSA Account:

- (i) on any date on which an amount is due from the relevant Borrower to the relevant Borrower Hedge Counterparty under the relevant credit support annex:
 - (A) to the relevant Borrower Hedge Counterparty to the extent that such amount is not netted against any amount payable by the relevant Borrower Hedge Counterparty to the relevant Borrower under the relevant Borrower Hedging Arrangement; and
 - (B) if Eurohypo AG is the relevant Borrower Hedge Counterparty, to the Rent Account to the extent that such amount is netted against any amount payable by the relevant Borrower Hedge Counterparty to the Borrower under the relevant Borrower Hedging Arrangements; and
- (ii) following the termination of all transactions in respect of a Borrower Hedging Arrangement with a Borrower Hedge Counterparty, by paying the relevant Over Collateralised Amount to that Borrower Hedge Counterparty.

"Over Collateralised Amount" means, with respect to a Borrower Hedge Counterparty, an amount equal to the lowest of:

- (i) the net close-out amount due from the relevant Borrower to that Borrower Hedge Counterparty under a Borrower Hedging Arrangement following the termination of all transactions in respect of such Borrower Hedging Arrangement as a result of the occurrence of an event of default or a termination event under such Borrower Hedging Arrangement, if any, and otherwise zero;
- (ii) the respective credit support balance in relation to such Borrower Hedge Counterparty and such Borrower Hedging Arrangement, if any, and otherwise zero; and
- (iii) the amount standing to the credit of the relevant CSA Account in respect of such Borrower Hedge Counterparty and such Borrower Hedging Arrangement.

ff) *Post-enforcement payments*

Upon the acceleration of the Loan and/or enforcement of the Loan Security and/or the claims under the Finance Documents, any payments will be applied in an order of priorities set out in the Credit Agreement (provided that all obligations of the same order will be discharged on a *pro rata* basis and the obligations of any order will only be discharged after the discharge in full of all obligations of a higher order):

- (i) *first*, the costs of the enforcement of the Loan Security;
- (ii) *second*, any necessary costs and expenses required to maintain the Properties as determined by the Facility Agent in its sole discretion;
- (iii) *third*, to the Facility Agent and to the Borrower Security Agent, all of the Facility Agents' and the Borrower Security Agents' fees, costs and expenses (including any payments for financial disadvantage) due and payable by the Borrowers under the Finance Documents;

- (iv) *fourth*, to the Borrower Hedge Counterparties, all scheduled payments (not being payments as a result of termination or closing out) due and payable by the Borrowers under the Borrower Hedging Arrangements;
- (v) *fifth*, to the Lender, any accrued interest under the Loan;
- (vi) *sixth, pro rata and pari passu* as between (A) and (B):
 - (A) to the Lender, towards the repayment of principal in respect of the Loan; and
 - (B) to the Borrower Hedge Counterparty, any payments (not being payments referred to in subparagraph (vii) below) as a result of termination or closing out due but unpaid under the Borrower Hedging Arrangements;
- (vii) *seventh*, to any termination payments under the Borrower Hedging Arrangements of the Borrowers arising from:
 - (A) it becoming illegal for a Borrower Hedge Counterparty to comply with its obligations under the applicable Borrower Hedging Arrangements;
 - (B) an event of default relating to the relevant Borrower Hedge Counterparty; or
 - (C) any Rating Event Termination Event affecting the relevant Borrower Hedge Counterparty;
- (viii) *eighth*, any other amounts due and payable by the Borrowers under the Finance Documents.

"Rating Event Termination Event" means, with respect to each of the Borrower Hedging Arrangements, any occurrence of an additional termination event (as provided in the relevant Borrower Hedging Arrangement) following failure by the relevant Borrower Hedge Counterparty to take any of the required measures specified in the relevant Borrower Hedging Arrangement in relation to a relevant rating event affecting such Borrower Hedge Counterparty.

f) Governing Law

The Credit Agreement and the German Borrower Security Documents are governed by German law, the Austrian Share Pledge Agreement is governed by Austrian law and the Borrower Hedging Agreements and the Deed of Assignment are governed by English law.

THE LOAN SALE AND TRANSFER AGREEMENT

The following sets out an outline of certain terms of the Loan Sale and Transfer Agreement and should be read in conjunction with, and is qualified by reference to, the more detailed information appearing elsewhere in this document and the detailed provisions of the Loan Sale and Transfer Agreement, to which prospective investors must refer for detailed information.

On or about the Closing Date, the Originator, the Issuer and the Issuer Security Trustee will enter into the Loan Sale and Transfer Agreement pursuant to which the Originator will sell and assign the Loan and the Related Loan Security to the Issuer. The Issuer will purchase, and accept the assignment of, the Loan and the Related Loan Security.

Under the Loan Sale and Transfer Agreement, the Originator will make certain representations and warranties with respect to the Loan and the Related Loan Security. The Originator will be obliged to indemnify the Issuer and/or the Issuer Security Trustee for any losses incurred by them due to a material breach of the representations and warranties with respect to the Loan or the Related Loan Security if such breach is not capable of remedy or, if capable of remedy, has not been remedied within the time specified in the Loan Sale and Transfer Agreement.

As an alternative to the indemnification, the Originator may, but is not obliged to, exercise its option to repurchase the Loan and the Related Loan Security. There can be no assurance that, in the event that the Originator is obliged to indemnify the Issuer, it will be able to do so or, as the case may be, that it will exercise its option to repurchase the Loan and the Related Loan Security. The Originator will not have any obligations with respect to the Notes other than in respect of the representations, warranties and covenants made by the Originator pursuant to the Loan Sale and Transfer Agreement.

I. Assignment of the Loan

The transfer of the Loan from the Originator to the Issuer will be effected by way of a German law assignment. The Originator will give written notice to each of the Borrowers of the assignment of the Loan to the Issuer.

II. Transfer of the Related Loan Security

The Originator will assign and transfer the Related Loan Security (including the Mortgage) with effect as of the Closing Date to the Issuer. The transfer of the Related Loan Security will be effected as follows:

- (a) The Borrower Security Agent will assign and transfer all non-accessory (*nicht-akzessorische*) security interests (including, but not limited to, the Mortgage and any security rights created by way of a security assignment) will be transferred to the Issuer by way of an assignment. This will, in particular, include the Mortgage and the security interests in:
 - (A) any and all, present and future, claims of the Borrowers arising under any current or future insurance agreements with respect to the Properties;
 - (B) any and all, present and future, claims of the Borrowers against the tenants of the Properties arising under the current and future lease agreements related to such Properties;
 - (C) any and all, present and future, claims arising under the Acquisition Agreement;
 - (D) any and all, present and future, claims arising under any Property Management Agreements in relation to any of the Properties; and

- (E) the Comfort Letter.
- (b) All accessory (*akzessorische*) security interests (in particular, the share pledges and the account pledges) will transfer by operation of law together with the Loan.
- (c) The Borrower Security Agent will further assign (i) the claims arising from the Deed of Assignment to the Issuer by an English law governed assignment and (ii) the respective rights, title, interest in, to and under the Austrian Share Pledge Agreement by an Austrian law governed assignment contained in the Loan Sale and Transfer Agreement.

III. Initial Purchase Price, Deferred Purchase Price and Release of Purchase Price

As consideration for the sale and transfer of the Loan and the Related Loan Security the Issuer will, on the Closing Date, pay to the Originator a purchase price in an amount equal to the outstanding principal amount of the Loan as of the Effective Date (the "**Initial Purchase Price**") (which is expected to be €550,000,000).

On each Note Interest Payment Date following the Closing Date, the Issuer will, subject to the relevant Priority of Payments, pay to the Originator the Deferred Purchase Price.

"**Deferred Purchase Price**" means, as at each Note Interest Payment Date, an amount, if any, equal to the positive difference between (i) the amount of the Available Issuer Income standing to the credit of the Issuer Income Account on the immediately preceding Calculation Date and (ii) the sum of (1) the aggregate of the amounts applied in accordance with items (a) through (n) of the Income Pre-Acceleration Priority of Payments or the items (a) through (n) of the Post-Acceleration Priority of Payments, as applicable, and (2) the Issuer Profit.

"**Issuer Profit**" means, on each Note Interest Payment Date, an amount equal to 0.01 per cent. *per annum* of the Available Issuer Income received by the Issuer during the period commencing on the second immediately preceding Calculation Date (inclusive) and ending on the immediately preceding Calculation Date (exclusive), to be paid on such date into the Issuer Capital Proceeds Account.

IV. Pre-Closing Proceeds

The Originator and the Issuer agree that the Loan and the Related Loan Security will be sold and transferred to the Issuer on the Closing Date and as of such date the Issuer will be entitled to all proceeds of the Loan, including, without limitation, interest.

With respect to the Loan, interest accrued but unpaid for the period between (and including) 22 December 2006 and (but excluding) the Closing Date (the "**Pre-Closing Proceeds**") will be paid by the Issuer to the Originator on the first Loan Interest Payment Date following the Closing Date.

V. Enquiries and Investigations

Neither the Issuer nor the Issuer Security Trustee has made (or will make) any of the enquiries, searches or investigations that a prudent purchaser would normally make in relation to the purchase of the Loan. In addition, neither the Issuer nor the Issuer Security Trustee has made (or will make) any enquiry, search or investigation at any time in relation to compliance by the Originator, the Servicer or any other person with respect to the provisions of the Loan Sale and Transfer Agreement, the Servicing Agreement, the Related Loan Security Documents or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loan or the Related Loan Security.

In relation to all of the foregoing matters concerning the Loan, the Related Loan Security and the circumstances in which the Facilities were made available to the Borrowers prior to the transfer of the Loan to the Issuer, the Issuer and the Issuer Security Trustee will rely entirely

on the representations and warranties to be given by the Originator to the Issuer and the Issuer Security Trustee which are contained in the Loan Sale and Transfer Agreement.

VI. Representations and Warranties under the Loan Sale and Transfer Agreement

The representations and warranties made by the Originator under the Loan Sale and Transfer Agreement as of the Closing Date will include, among others (subject to the disclosure in the Loan Sale and Transfer Agreement), statements to the following effect:

- (a) Interest is accruing on the Loan at such a rate as may be determined in accordance with the provisions of the Credit Agreement.
- (b) Pursuant to the terms of the Loan, none of the Borrowers is entitled to exercise any right of set-off (except to the extent permitted by law or unless the counterclaim is undisputed or conclusively determined by a court decision of competent jurisdiction (*unbestritten oder rechtskräftig festgestellt*)) against the Originator in respect of any amount that is payable under the Loan.
- (c) The Originator has, since the creation of the Loan, kept full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to the Loan and which are complete and accurate in all material respects. All such accounts, books and records are up to date and are held by, or to the order of, the Originator.
- (d) The Properties constitute investment properties let predominantly for commercial purposes.
- (e) The Borrowers will have (following the registration which has been applied for in the name of both the Borrowers and the Borrower Security Agent, with the relevant land registers) good and unrestricted title to the Properties free from any encumbrances (other than as disclosed in the purchase agreement relating to the Properties entered into by the Borrowers, in particular the tenant servitude (*Mieterdienstbarkeit*)) which would materially adversely affect such title or the value for the mortgage purposes set out in the valuation (including any encumbrances contained in the lease documents relevant to the Properties) save for the Mortgage. Any encumbrances have been taken into account for the valuation.
- (f) The Originator is not aware (from any information received by it in the course of administering the Loan without further inquiry) of any circumstances giving rise to a material reduction in the value of the Properties since the Valuation Date of the Loan other than market forces affecting the values of the properties comparable to the Properties in the area where the Properties are located.
- (g) The Loan constitutes valid and binding obligations of, and is enforceable against, the Borrowers, subject to general principles of law limiting the same as addressed in the legal opinions relating thereto.
- (h) The Mortgage is a legal, valid and enforceable and subsisting certificated land charge (*Gesamtbriefgrundschuld*) ranking first in Section (*Abteilung*) III of the relevant land registers (*Grundbücher*), however, ranking behind the tenant servitude (*Mietergrunddienstbarkeit*) which is registered in section (*Abteilung*) II of the respective land registers, and is, to the extent the Mortgage has not been registered, protected pursuant to § 878 of the German Civil Code.

- (i) As at the Closing Date, the Borrower Security Agent is the sole legal owner of the Mortgage, any necessary registrations or applications thereto have been duly performed and the Mortgage was free and clear of all encumbrances (other than those to which the Properties are subject), claims and equities (including without limitation, rights of set-off or counterclaim).
- (j) The right, title and interest of the Originator in the Loan and the interest in the Related Loan Security may be assigned pursuant to the Finance Documents.
- (k) Prior to making the initial advance under the Loan, (i) no express recommendation was received by the Originator from a qualified surveyor or valuer on the basis of the market value to carry out any environmental audit, survey or report of the Property which was not pursued, and (ii) the results of any such environmental audit, survey or report which was procured by the Originator would, as at that date, have been acceptable to a reasonably prudent lender of money secured on commercial property and have been taken into account in the initial valuation.
- (l) Neither the Originator nor (so far as the Originator is aware) any of the Borrowers has received written notice that any insurance policy is about to lapse on account of failure by the relevant entity maintaining such insurance to pay the relevant premiums.
- (m) The Originator has not received written notice and the Originator is not aware of (without having made any specific enquiries) the insolvency, liquidation, administration or dissolution made against any of the Borrowers or any of their shareholders.
- (n) Prior to the origination of the Loan, the Originator undertook all due diligence that a prudent commercial lender would undertake to establish and confirm that each of the Borrowers has not engaged, since the date of its formation or incorporation, in any activity other than those incidental to its formation or incorporation or to the ownership, management and development of its respective interest in the Properties (and other ancillary matters that would reasonably be considered to be in the ordinary course of business for an owner of a property similar to the Properties) and in the Borrowers and entering into the Loan, the Mortgage and the other Related Loan Security.
- (o) The Mortgage is (or upon registration in the land register, will be) first-ranking in section (*Abteilung*) III of the respective land registers relating to the Properties.
- (p) Since the date of origination of the Loan, no amount of principal or interest due from the Borrowers has been at any time overdue.
- (q) The Originator is not aware of any material default, material breach or material violation under the Loan, the Mortgage or the other Related Loan 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).
- (r) The Originator has performed in all material aspects all of its obligations under or in connection with the Loan and so far as the Originator is aware none of the Borrowers has taken or has threatened to take any action against the Originator for any material failure on the part of the Originator under the Loan or the Related Loan Security to perform any such obligations.

- (s) The Originator is not aware of any litigation or claim calling into question in any material way the rights of the Originator with respect to the Loan or the Related Loan Security.
- (t) The Mortgage qualifies as first-ranking certificated land charge (*erstrangige Briefgrundschuld*).
- (u) The Originator has not made use of the option to treat any of its turnovers related to the Loan Receivables and the Related Loan Security for German value added tax purposes as taxable according to § 9 of the German Value Added Tax Act (*Umsatzsteuergesetz*).
- (v) Each Borrower has been validly represented in respect of those declarations made in its name in the Credit Agreement.
- (w) The Originator has received confirmation from CAI International Holding that (i) CAI Germany Holding has acknowledged the assignment and pledge of the Austrian Share Pledge Agreement to the Issuer and that (ii) CAI International Holding maintains annotations in its books that the shares are pledged to the Issuer.

The Loan Sale and Transfer Agreement *inter alia* contains a warranty from the Originator to the Issuer and the Issuer Security Trustee to the effect that, as at that date, all information supplied by the Originator to the Issuer and the Issuer Security Trustee in the Loan Sale and Transfer Agreement and the other Transaction Documents is, in its view, true, complete and accurate in all material respects. Such warranty also covers information relating to the Mortgage.

VII. Remedies

If at any time after the Closing Date (a) any of the representations and warranties given by the Originator under the Loan Sale and Transfer Agreement proves to be untrue or incorrect in any material respect; or (b) the Originator defaults in the performance of any of its covenants or obligations contained in the Loan Sale and Transfer Agreement, then, unless an appropriate remedy to the satisfaction of the Issuer Security Trustee and the Rating Agencies is found and implemented within a period of 30 calendar days, the Originator will compensate on demand the Issuer for any and all losses, costs, claims, expenses and damages (including, without limitation, reasonable legal fees and expenses). The amount of such compensation will not exceed the amount which would need to be paid by the Originator to the Issuer if the Originator exercised its right to re-purchase the Loan as set out in the following paragraph.

VIII. Originator's Right to Repurchase

If the Issuer makes a demand for a compensation of any loss accrued due to a material breach of the Originator's representations and warranties or its covenants under the Loan Sale and Transfer Agreement, the Originator will as an alternative to indemnification have the option to repurchase the Loan and the Related Loan Security. The consideration to be paid by the Originator to the Issuer will be an amount, in aggregate, equal to the total principal balance of the Loan then outstanding plus any such accrued but unpaid interest thereon and provided further that the purchase price to be paid will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors who rank in priority to the Noteholders. Following the repurchase of the Loan and the Related Loan Security, the Originator will not have any further liability or obligation to compensate the Issuer with respect to the Loan.

The Originator may also re-purchase the Loan and the Related Loan Security from the Issuer and the Issuer Security Trustee on any Note Interest Payment Date, subject to the following conditions:

- (a) on the Note Interest Payment Date on which the Originator intends to re-purchase the Loan and the Related Loan Security, the then Principal Amount Outstanding of the Notes would be less than 10 per cent. of the Principal Amount Outstanding of the Notes on the Closing Date and the purchase price for the Loan and the Related Loan Security would be sufficient to pay amounts due in respect of the Notes after payment has been made to all creditors of the Issuer who rank in priority to the Notes;
- (b) the Originator gives the Issuer, the Facility Agent, the Borrower Security Agent, the Issuer Security Trustee and the Servicer not more than 50 nor less than 25 calendar days' written notice of the Originator 's intention to purchase the Loan and the Related Loan Security; and
- (c) if the Servicer or the Special Servicer, as the case may be, has given the Issuer, the Facility Agent, the Borrower Security Agent, the Originator and the Issuer Security Trustee written notice of its intention to purchase the Loan and the Related Loan Security pursuant to the Servicing Agreement, the notice from the Originator is delivered within 10 calendar days of the date on which the Servicer's or Special Servicer's notice, as the case may be, was delivered upon which any notice delivered by the Servicer or the Special Servicer, as the case may be, will lapse.

ISSUER ACCOUNTS AND CREDIT STRUCTURE

I. Issuer Accounts

1) *Issuer Transaction Accounts*

Pursuant to a bank account agreement dated on or about the Closing Date (the "**Account Bank Agreement**"), the Account Banks will open and maintain:

- (a) an account located in Germany into which, *inter alia*, all amounts of interest and other amounts (other than principal) received in connection with the Loan and the Related Loan Security (the "**Issuer German Income Account**");
- (b) an account located in Germany into which all amounts of principal received in connection with the Loan or its Related Loan Security are required to be paid (the "**Issuer German Principal Account**" and, together with the Issuer German Income Account, the "**Issuer German Transaction Accounts**");
- (c) an account located in England into which, *inter alia*, all amounts received in the Issuer German Income Account, any proceeds under any Income Deficiency Drawings and other proceeds under the Transaction Documents are required to be paid (the "**Issuer English Income Account**"); and
- (d) an account into which all amounts received in the Issuer German Principal Account are required to be paid (the "**Issuer English Principal Account**" and, together with the Issuer German Income Account, the "**Issuer English Transaction Accounts**"; the Issuer English Transaction Accounts together with the Issuer German Transaction Accounts and any other accounts maintained by the Issuer, with the exception of the Issuer Capital Proceeds Account, in which the Issuer may at any time acquire any right, title, interest or benefit in accordance with the terms of the Transaction Documents from time to time, collectively, the "**Issuer Transaction Accounts**").

The Servicer will be responsible, pursuant to the terms of the Servicing Agreement, for ensuring that the amounts received in connection with the Loan or the Related Loan Security are paid into the relevant Issuer Transaction Accounts. Pursuant to the Account Bank Agreement, any amounts received in the Issuer German Transaction Accounts will be transferred on the same day of receipt to the corresponding Issuer English Transaction Account. Payments out of any of the Issuer Transaction Accounts will be made in accordance with the provisions of the Issuer Deed of Charge and Assignment, the Issuer Trust Agreement and the German Issuer Accounts Pledge Agreement.

2) *Issuer Capital Proceeds Account*

The share capital proceeds of the Issuer will also be deposited in a segregated account of the Issuer established with Allied Irish Bank for the sole purpose of holding the proceeds of the Issuer's share capital, payments representing the Issuer Profit and interest thereon (if any) (the "**Issuer Capital Proceeds Account**").

3) *Liquidity Stand-by Account*

Any Liquidity Stand-by Drawing which the Issuer may make from the Liquidity Bank (see "Liquidity Facility" below) will be credited to an account (which will be established only if required) in the name of the Issuer (the "**Liquidity Stand-by Account**" and, together with the Issuer Transaction Accounts, the "**Issuer Accounts**") with the Liquidity Bank or, if the Liquidity Bank ceases to have at least an "F1" rating by Fitch and at least an "A-1+" rating by

S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations (the "**Requisite Rating**"), any bank which has the Requisite Rating.

4) *Priorities of Payments*

Prior to the enforcement of the Issuer Security, funds standing to the credit of the Issuer English Income Account (other than the proceeds of any Income Deficiency Drawing) and, if such funds are not sufficient then the funds standing to the credit of the Issuer English Principal Account, may be applied towards payment of sums due to third parties (other than the Servicer, the Liquidity Bank, the Special Servicer, the Corporate Services Provider, the Issuer Security Trustee, the Paying Agents, the Agent Bank or the Account Bank), including the Issuer's liability, if any, to taxation, to on-pay any Pre-Closing Proceeds (the "**Priority Amounts**"), on any Note Business Day other than a Note Interest Payment Date when due and payable under obligations incurred without breach of obligations under the Transaction Documents in the course of the Issuer's business.

A) *Income Pre-Acceleration Priority of Payments*

Prior to the enforcement of the Issuer Security, on each Note Interest Payment Date, all amounts standing to the credit of the Issuer English Income Account (after the payment of any Priority Amounts) will be applied from in the following order of priority (the "**Income Pre-Acceleration Priority of Payments**") (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) *firstly*, in or towards payment, *pro rata* and *pari passu*, of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee and any other person appointed to act in a similar capacity by the Issuer under the Issuer Trust Agreement and/or any Transaction Document to which either of the Issuer Security Trustee is a party;
- (b) *second*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Paying Agents and the Agent Bank under the Agency Agreement;
- (c) *third*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith);
- (d) *fourth*, in or towards payment, *pro rata* and *pari passu*, 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
 - (ii) the Account Banks under the Account Bank Agreement;
- (e) *fifth*, in or towards payment of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

- (f) *sixth*, in or towards payment of any amounts due and payable by the Issuer to the Issuer Swap Counterparty in accordance with the Issuer Swap Agreements (other than the Subordinated Swap Amounts);
- (g) *seventh*, in or towards payment or discharge, *pro rata* and *pari passu*, of sums due to third parties (other than Priority Amounts) under obligations incurred in the course of the Issuer's business;
- (h) *eighth*, in or towards payment of any arrangement fee payable to the Note Arranger;
- (i) *ninth*, *pro rata* in or towards payment of interest due and interest overdue on the Class A Notes;
- (j) *tenth*, *pro rata* in or towards payment of interest due and interest overdue on the Class B Notes;
- (k) *eleventh*, in or towards payments of any Liquidity Subordinated Amounts payable to the Liquidity Bank;
- (l) *twelfth*, in or towards payment of any Subordinated Swap Amount payable to the Issuer Swap Counterparty;
- (m) *thirteenth*, in or towards payment of an amount to the Issuer English Principal Account equal to the amount of the Available Principal Amounts previously applied by the Issuer towards the payment of Priority Amounts and/or investment into Eligible Investments;
- (n) *fourteenth*, in or towards payment, *pro rata* and *pari passu*, of any amounts payable by the Issuer on such Note Interest Payment Date to the Special Servicer in respect of the Liquidation Fee or the Workout Fee;
- (o) *fifteenth*, in or towards payment of any Deferred Purchase Price payable to the Originator; and
- (p) *sixteenth*, any surplus to the Issuer.

B) Principal Priority of Payments

Unless previously redeemed in full, the Notes are subject to mandatory redemption in part on each Note Interest Payment Date by applying an amount equal to the Available Principal Amounts to the Notes in accordance with Condition 6 of the Notes (*Redemption*).

C) Post-Acceleration Priority of Payments

Following acceleration of the Notes, the Issuer Security Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (the "**Post-Acceleration Priority of Payments**") (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) *firstly*, in or towards payment, *pro rata* and *pari passu*, of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee and any other person appointed to act in a similar capacity by the Issuer under the Issuer Trust Agreement and/or any

Transaction Document to which the Issuer Security Trustee is a party (including, but not limited to, the appointment of a receiver under the Issuer Deed of Charge and Assignment);

- (b) *second*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents or the Agent Bank pursuant to the Agency Agreement;
- (c) *third*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts payable in respect of the Liquidation Fee or the Workout Fee);
- (d) *fourth*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Corporate Services Provider under the Corporate Services Agreement and the Account Banks under the Account Bank Agreement;
- (e) *fifth*, in or towards payment of any amounts due and payable by the Issuer to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (f) *sixth*, in or towards payment of any amounts due and payable by the Issuer to the Issuer Swap Counterparty in accordance with the Issuer Swap Agreements (other than the Subordinated Swap Amounts);
- (g) *seventh*, in or towards payment of any unpaid arrangement fee payable to the Note Arranger;
- (h) *eighth*, *pro rata* in or towards payment of interest due and interest overdue on the Class A Notes;
- (i) *ninth*, *pro rata* in or towards payment of all amounts of principal due or overdue on the Class A Notes and all other amounts (excluding interest) due in respect of the Class A Notes;
- (j) *tenth*, *pro rata* in or towards payment of interest due and interest overdue on the Class B Notes;
- (k) *eleventh*, *pro rata* in or towards payment of all amounts of principal due or overdue on the Class B Notes and all other amounts (excluding interest) due in respect of the Class B Notes;
- (l) *twelfth*, in or towards payment of any Liquidity Subordinated Amounts;
- (m) *thirteenth*, in or towards payment of any Subordinated Swap Amounts;

- (n) *fourteenth*, in or towards payment of any amounts payable by the Issuer to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and
- (o) *fifteenth*, in or towards payment of any Deferred Purchase Price payable to the Originator.

II. Liquidity Facility

To (a) mitigate the risk that Available Issuer Income (as defined below) will be insufficient and there will be an Income Deficiency (as defined below) and (b) to fund payments necessary for the maintenance and protection of the Properties (to the extent not already paid under the provisions of the Credit Agreement), the Issuer will enter into a liquidity facility agreement dated on or about the Closing Date (the "**Liquidity Facility Agreement**") with the Liquidity Bank and the Issuer Security Trustee. Under the Liquidity Facility Agreement, the Liquidity Bank will provide a 364-day committed liquidity facility to the Issuer that will be available for drawdown after the Closing Date and will be renewable with the agreement of the Liquidity Bank on a 364-day basis until the Final Maturity Date. Investors should note that the purpose of the Liquidity Facility Agreement will be to provide liquidity, not credit support, and that the Liquidity Bank will be entitled to receive interest and repayments of principal on drawings made under the Liquidity Facility Agreement in priority to payments to be made to Noteholders (which would ultimately reduce the amount available for distribution to Noteholders).

"**Available Issuer Income**" will comprise:

- (i) all monies (other than Available Principal Amounts and Pre-Closing Proceeds) received by the Issuer under or in respect of the Loan, including any Prepayment Fees, cancellation fees and break costs; and
- (ii) any interest accrued on amounts standing to the credit of the Issuer Accounts and paid into the Issuer English Income Account together with the yield element of the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer Accounts and paid into the Issuer English Income Account; and
- (iii) any other amounts received by the Issuer under the Transaction Documents (other than the Available Principal Amounts, any Income Deficiency Loan and any Liquidity Standby Loan).

"**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 Note 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 "F1+" by Fitch and at least "A-1+" by S&P or are otherwise acceptable to the Rating Agencies and, where such investments will mature in three months or more, the Rating Agencies have affirmed that the proposed investments would not adversely affect the then current ratings of the Notes.

On each Calculation Date, the Servicer will determine whether Available Issuer Income will be sufficient to make the payments set out under items (a) to (j) of the Income Pre-Acceleration Priority of Payments on the next Note Interest Payment Date.

If the Available Issuer Income is insufficient to make such payments, the Servicer will make a drawing (an "**Income Deficiency Drawing**") under the Liquidity Facility Agreement in an amount equal to the deficiency (an "**Income Deficiency**") or, if less, the Liquidity Facility Commitment. The proceeds of any Income Deficiency Drawing will be credited to the Issuer English Income Account and will be applied by the Issuer in making payments in accordance with the Income Pre-Acceleration Priority of Payments.

No Income Deficiency Drawing can be made on a Note Interest Payment Date if on such Note Interest Payment Date, the Notes are redeemed in full or the Loan has been repaid in full.

The Issuer may also draw upon the Liquidity Facility (each such drawing, a "**Property Protection Drawing**") to fund the amount required in order to make payments necessary for the maintenance and protection of the Properties (to the extent not already paid under the provisions of the Credit Agreement) ("**Property Protection**"). Amounts standing to the credit of the Issuer German Income Account which are equal to the relevant Property Protection Drawing will be available to the Issuer for the purpose of making payments necessary for the maintenance and protection of the Properties (to the extent not already paid under the provisions of the Credit Agreement).

The Liquidity Facility Agreement will initially permit drawings to be made by the Issuer of up to an aggregate amount of €68,000,000 (the "**Liquidity Facility Commitment**"). The Liquidity Facility Commitment will automatically reduce on any Note Interest Payment Date following:

- (i) a partial redemption of the Notes in accordance with Condition 6 of the Notes (*Redemption*) by an amount proportionate to the amount of the partial redemption;
- (ii) the occurrence of an Appraisal Reduction Event (as defined below), by an amount proportionate to the Appraisal Reduction Event; or
- (iii) the request of the Issuer and the receipt of confirmation from the Rating Agencies that the proposed reduction in the amount of the Liquidity Facility Commitment will not adversely affect the then current ratings of the Notes.

All payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of the Liquidity Subordinated Amounts) will rank in priority to payments of interest and principal on the Notes.

1) *Appraisal Reduction Events*

Not later than the earliest to occur of:

- (a) the date 120 calendar days after the occurrence of any Loan Event of Default with respect to the Loan as a result of non-payment; and
- (b) the date 90 calendar days after the occurrence of a Loan Event of Default with respect to the Loan as a result of the occurrence of any prescribed insolvency event of any of the Borrowers in respect of the Credit Agreement,

in each case, provided that such Loan Event of Default with respect to the Loan is continuing, the Servicer is required, under the terms of the Servicing Agreement, to obtain a valuation in respect of the relevant Property (unless, at the Servicer's discretion, a valuation has been obtained during the immediately preceding twelve months and the Servicer is of the opinion (without any liability on its part) that neither the relevant Property nor the relevant property markets have experienced any material change since the date of such previous valuation).

If the aggregate principal amount of the Loan then outstanding (together with any unpaid interest) exceeds the sum of 90 per cent. of the appraisal value of the Properties as

determined by the most recent valuation, an "**Appraisal Reduction Event**" will be deemed to have occurred and the amount of Liquidity Facility Commitment will reduce proportionately on the Note Interest Payment Date on or immediately following the Appraisal Reduction Event by reference to any diminution in value of the Properties since the date of the previous valuation report conducted in accordance with the terms of the Servicing Agreement. There is no assurance that upon the occurrence of an Appraisal Reduction Event the Liquidity Facility will not be reduced to zero.

2) *Liquidity Stand-by Drawings*

The Liquidity Facility Agreement will provide that if at any time:

- (a) the rating of the short-term unsecured, unsubordinated and unguaranteed debt obligations of the Liquidity Bank falls below the Requisite Rating; or
- (b) the Liquidity Bank refuses to renew the Liquidity Facility and does not, following a request from the Issuer, at its own expense replace or transfer the liquidity facility to a new liquidity bank,

then the Issuer will require the Liquidity Bank to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a "**Liquidity Stand-by Drawing**") into the Liquidity Stand-by Account. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer for the purposes of making deemed Income Deficiency Drawings as described above and otherwise in the circumstances set out in the Liquidity Facility Agreement.

3) *Repayment of drawings*

The Issuer will pay interest on Income Deficiency Drawings at a rate equal to three months EURIBOR plus a specified margin. However, Liquidity Stand-by Drawings will bear interest at a separate rate, which will be calculated by reference to the liquidity facility commitment fee and interest earned on the Liquidity Stand-by Account. In addition, if the Issuer makes a deemed Income Deficiency Drawing by withdrawing funds from the Liquidity Stand-by Account, then this drawing will bear interest at three-months EURIBOR plus a specified margin as with ordinary Income Deficiency Drawings.

All payments due to the Liquidity Bank under the Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts) will rank in priority to payments of interest and principal on the Notes. The Liquidity Facility Commitment fee payable to the Liquidity Bank may be increased as a result of the Framework regulatory requirements. Such increased amounts will rank in priority to payments of the notes up to a maximum of 0.25 per cent. *per annum* of the Liquidity Facility Commitment. "**Liquidity Subordinated Amounts**" are (i) any increased costs, mandatory costs and tax gross up amounts (other than those referred to in (ii) below) payable to the Liquidity Bank to the extent that such amounts exceed 0.125 per cent. *per annum* of the Liquidity Facility Commitment and (ii) any amounts applicable in or towards payment or discharge of increases in the Liquidity Facility Commitment fee directly attributable to the implementation of the Framework, but only to the extent that the aggregate amounts under (i) and (ii) above exceed 0.25 per cent. *per annum* of the Liquidity Facility Commitment.

IV. **Issuer Swap Agreements**

The following sets out an outline of Issuer Swap Agreements and should be read in conjunction with, and is qualified by reference to, the more detailed information appearing elsewhere in this Prospectus and the detailed provisions of the Issuer Swap Agreements, to which prospective investors must refer for detailed information.

1. *Issuer Swap Agreements*

On or about the Closing Date, the Issuer will enter into interest rate swap transactions with the Issuer Swap Counterparty (each an "**Issuer Swap Agreement**") each documented under a 1992 ISDA Master Agreement (Multicurrency-Cross-Border) (the "**Issuer ISDA Master Agreement**"), as published by the International Swaps and Derivatives Association, Inc. ("**ISDA**") and evidenced by a swap confirmation which will supplement, amend, form part of and be subject to such ISDA Master Agreement.

The Issuer Swap Agreements will serve the following purposes:

(a) The Issuer Interest Swap Agreement

The Issuer Interest Swap Agreement will be agreed upon in order to hedge against the potential interest rate mismatches between the floating rate interest payments received by the Issuer under the Loan and the floating rate interest payment obligations of the Issuer under the Notes resulting from different determination dates being applicable to determine EURIBOR as the base rate for calculating the interest rates in respect of (i) the Loan and (ii) the Notes.

(b) The Contingent Issuer Swap Agreement

The Loan provides for the relevant Borrower to pay a floating rate of interest based on EURIBOR plus a margin as long as the Borrower Hedging Arrangements are in place. Following the termination of a Borrower Hedging Arrangement due to an event of default (as defined therein) attributable to a Borrower (a "**Borrower Hedge Termination Trigger Event**"), interest will be payable under the Loan at the Loan Fixed Rates. On or about the Closing date, therefore, the Issuer will enter into an interest rate swap that mirrors the terms of the respective Borrower Hedging Arrangements (the "**Contingent Issuer Swap Agreement**"). The Contingent Issuer Swap Agreement will be activated in order to hedge the Issuer against rises in EURIBOR in respect of its floating rate payment under the Notes while it only receives a fixed rate in respect of the Loan following a Borrower Hedge Termination Event.

2. *Notional Amount*

The notional of the relevant Issuer Swap Agreement will amortise in line with the expected amortisation profile of the Loan and the Notes or correspondingly in accordance with any early redemption under the Loan. If the Loan is redeemed (and subsequently the Notes) prior to the expected amortisation or in an amount higher than the respective scheduled repayment amounts, the Issuer could be obliged to pay to the Issuer Swap Counterparty a compensation amount in accordance with the unwind provision of the relevant Issuer Swap Agreement.

3. *Termination*

The relevant Issuer Swap Agreement may be terminated (i) if an Acceleration Notice is served pursuant to Condition 9 of the Notes (*Note Events of Default*); (ii) if the Notes are redeemed in full pursuant to Condition 6 of the Notes (*Redemption*); (iii) if any steps are taken by the Issuer Security Trustee to enforce the Issuer Security; or (iv) if the Issuer Swap Counterparty does not comply with Rating Agency provisions.

If any Issuer Swap Agreement is terminated in whole, either the Issuer Swap Counterparty or the Issuer, as the case may be, may be required to pay an amount to the other party as a result of such termination. Any such payment by the Issuer will be made in accordance with the relevant Priority of Payments.

Noteholders may suffer a loss if an Issuer Swap Agreement is terminated and the Issuer, as a result of such termination, does not receive sufficient funds to make a payment to the Noteholders as a result of the early termination.

4. *Gross-up*

In the event that the Issuer is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer Swap Counterparty, the Issuer will not be required pursuant to the terms of the Issuer Swap Agreements to pay the Issuer Swap Counterparty such amounts as would have been required to ensure that the Issuer Swap Counterparty received the same amounts that it would have received had such withholding or deduction not been made. If such withholding or deduction is a withholding or deduction which will or would be or become the subject of any tax credit, allowance, set-off, repayment or refund to the Issuer Swap Counterparty, the Issuer and the Issuer Swap Counterparty are obliged to use all reasonable efforts to reach an agreement to mitigate the incidence of tax on the Issuer Swap Counterparty.

In the event that the Issuer Swap Counterparty is required to withhold or deduct an amount in respect of tax from payments due from it to the Issuer, the Issuer Swap Counterparty will be required pursuant to the terms of the Issuer Swap Agreements to pay to the Issuer such additional amounts as are required to ensure that the Issuer receives the same amounts that it would have received had such withholding or deduction not been made or, if such withholding or deduction is a withholding or deduction which will or would be or become the subject of any tax credit, allowance, set-off, repayment or refund to the Issuer Swap Counterparty, the Issuer and the Issuer Swap Counterparty are obliged to use all reasonable efforts to reach an agreement to mitigate the incidence of tax on the Issuer Swap Counterparty. However, the Issuer Swap Counterparty would in such circumstance be entitled to terminate the relevant Issuer Swap Agreement.

5. *Rating downgrade*

The unsecured, unsubordinated and unguaranteed short-term debt obligations of the Issuer Swap Counterparty are currently rated "A-1" by S&P and "F-1" by Fitch and the unsecured, unsubordinated and unguaranteed long-term debt obligations of the Issuer Swap Counterparty are currently rated "A" by Fitch and "A" by S&P.

If the unsecured, unsubordinated and unguaranteed short-term debt obligations of the Issuer Swap Counterparty are not rated at least "A-1" by S&P or "F-1" by Fitch or if the unsecured, unsubordinated and unguaranteed long-term debt obligations of the Issuer Swap Counterparty are not rated at least "A" by Fitch or S&P (collectively, the "**Minimum Swap Counterparty Rating**") or cease to be assigned any such other ratings as are otherwise acceptable to the Rating Agencies, then the Issuer Swap Counterparty will, in accordance with the relevant Issuer Swap Agreement, be required to take certain remedial measures which may include:

- (a) putting in place an appropriate mark-to-market collateral agreement, which may be based on the credit support documentation published by ISDA and which relates to collateral in the form of cash and/or securities;
- (b) transferring and assigning, in accordance with an Issuer Swap Agreement, its rights and obligations under an Issuer Swap Agreement to an entity acceptable to the Rating Agencies;
- (c) procuring another entity acceptable to the Rating Agencies and the Issuer Security Trustee to become co-Borrower or guarantor in respect of its obligations under an Issuer Swap Agreement; or

(d) taking such other action as it may agree with the relevant Rating Agency.

If the Issuer Swap Counterparty does not take the measures described in (a) to (d) within 30 calendar days of such downgrade or withdrawal, the Issuer will be entitled to terminate an Issuer Swap Agreement.

6. *Governing law*

The Issuer Swap Agreements will be governed by English Law.

THE SERVICING AGREEMENT

I. The Servicer

Each of the Issuer and the Issuer Security Trustee will appoint Eurohypo, acting through its office at 4th Floor, 90 Long Acre, London WC2E 9RA, United Kingdom ("**Eurohypo, London Branch**"), under the terms of a servicing agreement to be dated on or about the Closing Date (the "**Servicing Agreement**") as the initial servicer of the Loan and to have responsibility for, among other things, the investment and application of moneys in accordance with the relevant Priority of Payments under the Issuer Trust Agreement. The Servicer will perform the day-to-day servicing of the Loan and will continue to service other commercial mortgage loans in addition to the Loan.

Each of the Issuer and the Issuer Security Trustee will appoint the Servicer to be its agent to provide certain cash management services in relation to the Issuer Accounts as more particularly described below.

II. Servicing of the Loan

Servicing procedures will include monitoring compliance with and administering the options available to the Borrowers under the terms and conditions of the Credit Agreement. The Servicer and (where applicable) the Special Servicer will agree to service the Loan in the best interests of and for the benefit of the Noteholders (as determined by the Servicer or the Special Servicer, as the case may be, in its good faith and reasonable judgment) and in accordance with applicable law and regulatory requirements and is obliged to take all measures it deems necessary or appropriate in its due professional discretion to administer and collect, or instruct the Facility Agent to collect, the Loan provided that it acts (a) if the Servicer or the Special Servicer, as the case may be, is Eurohypo, London Branch, in accordance with Eurohypo's usual administrative policies and procedures in force from time to time and in the same manner as Eurohypo services commercial mortgage loans beneficially owned by Eurohypo which are secured on commercial property and in so doing has to exercise the standard of care of a reasonably prudent lender of loans secured on commercial property; or (b) to the extent that the Servicer or the Special Servicer, as the case may be, is not Eurohypo, London Branch, in accordance with the standard of care customarily observed by third party commercial mortgage loan servicers or the standard of care which it usually observes in servicing commercial mortgage Loan for its own account, whichever is higher, and, in either case, after the occurrence of a Loan Event of Default in respect of the Loan and in connection with the administration of enforcement procedures with a view to the maximisation of timely recoveries of funds available for distribution to the Noteholders (taking into account the likelihood of recovery of amounts due in respect of the Loan, the timing of recoveries and the costs of recovery) as determined by the Servicer or Special Servicer, as the case may be, in its reasonable judgment (the "**Servicing Standard**").

Following the service of an Acceleration Notice, each of the Servicer and the Special Servicer will act in accordance with the directions of the Issuer Security Trustee in the performance of its obligations and discretions under the Servicing Agreement.

Each of the Servicer and the Special Servicer may become the owner or otherwise hold an interest in the Notes with the same rights as each would have if it were not the Servicer or Special Servicer, as the case may be. Any such interest of the Servicer or the Special Servicer in the Notes will not be taken into account by any person when evaluating whether actions of the Servicer or the Special Servicer were consistent with the Servicing Standard.

III. Consultation with, and appointment of, the Special Servicer

The Servicer will give notice to the Special Servicer and the Issuer Security Trustee and will consult with the Special Servicer in relation to the future servicing or exercise of rights in

respect of the Loan and/or the Related Loan Security promptly upon the occurrence of any of the following events:

- (a) a payment default with regards to any payment due on the maturity of the Loan (not taking into account any extensions to its maturity permitted under the Servicing Agreement); or
- (b) other than any payment default specified in paragraph (a) above, any scheduled payment due and payable in respect of the Loan being delinquent for up to and including 45 calendar days past its due date; or
- (c) a Borrower being in breach of any covenant (other than a material covenant) under the Credit Agreement (a covenant being material for the purposes of this paragraph (c) if a breach of it materially impairs, or could materially impair, the use or the marketability of any relevant Property or the value thereof as security for the Loan).

The Servicer or the Special Servicer, as applicable, will promptly give notice to the Issuer, the Issuer Security Trustee, the Rating Agencies and the Special Servicer of the occurrence of any Special Servicing Event in respect of the Loan. Upon the delivery of such notice, the Special Servicer will automatically assume all of the Servicer's duties, obligations and powers under the Servicing Agreement and the Loan will become "**specialty serviced**".

"**Special Servicing Event**" means each of the following events:

- (a) a payment default occurring with regards to any payment due on the maturity of the Loan (taking into account any extensions to its maturity permitted under the Servicing Agreement);
- (b) other than any payment default specified in paragraph (a) above, any scheduled payment due and payable in respect of the Loan being delinquent for more than 45 calendar days past its due date;
- (c) the Issuer, the Issuer Security Trustee, the Servicer or the Special Servicer receiving notice of the enforcement of the Related Loan Security or any part thereof;
- (d) insolvency or bankruptcy proceedings being commenced in respect of a Borrower;
- (e) in the Servicer's opinion a breach of a material covenant (as defined in paragraph (c) above) under the Credit Agreement occurring or, to the knowledge of the Servicer, being likely to occur, and in the Servicer's opinion such breach is not likely to be cured within 30 calendar days of its occurrence;
- (f) a Borrower notifying the Facility Agent 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
- (g) any other Loan Event of Default occurring that, in the good faith and reasonable judgment of the Servicer, materially impairs or could materially impair the use or the marketability of a Property or the value thereof as security for the Loan.

On the appointment of the Special Servicer in respect of the Loan, the Servicer will cease to be subject to the obligations as Servicer in respect of the Loan under the Servicing Agreement except where otherwise provided.

IV. Arrears and default procedures

The Servicer will collect or the Servicer or the Special Servicer, as applicable, will instruct the Facility Agent to collect all payments due under or in connection with the Loan. The Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Loan. The Servicer and, as applicable, the Special Servicer will be required to use all reasonable endeavours to recover amounts due from the relevant Borrower should it default. Each of the Servicer and the Special Servicer will agree, in relation to any default under or in connection with the Loan and the Related Loan Security, to comply with the procedures for enforcement of the Loan and the Related Loan Security of the Servicer or the Special Servicer, as the case may be, current from time to time. In the event of a default in respect of the Loan, the Servicer or the Special Servicer, as applicable, will consider based on (amongst others) the nature of the default, the status of the relevant Borrower and the nature and value of its Property, what internal reviews and reporting requirements are needed in respect of the Loan, and which enforcement procedures are appropriate. Such procedures for enforcement include the giving of instructions to the Facility Agent as to how to enforce the security held by it.

V. Amendments to the terms and conditions of the Finance Documents

The Servicer or the Special Servicer, as applicable, on behalf of the Issuer and the Issuer Security Trustee, may (but will not be obliged to) agree in accordance with the Servicing Standard to any request by the Facility Agent or the relevant Borrower, as applicable, to vary or amend the terms and conditions of the Finance Documents provided that:

- (a) the variation or amendment consists of one or more of the following:
 - (i) any release of a Borrower, provided that there is always at least one person who is a Borrower under the Loan (which may be a person to whom the Borrower requests its obligation to be transferred or novated);
 - (ii) the release of the Related Loan Security or any part thereof which may, at the option of the Servicer or the Special Servicer, as applicable, be on the basis that alternative security is provided by any of the Borrowers which is acceptable to the Servicer or the Special Servicer acting in accordance with the Servicing Standard; or
 - (iii) any other variation or amendment which would be acceptable to a reasonably prudent commercial mortgage lender acting in accordance with the Servicing Standard;
- (b) no Acceleration Notice has been given by the Issuer Security Trustee which remains in effect at the date on which the relevant variation or amendment is agreed;
- (c) the Issuer will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation or amendment;
- (d) the effect of such variation or amendment would not be to extend the final maturity date of any part of the Loan beyond January 2017 unless the Servicer or the Special Servicer, as applicable, will have first received written confirmation from each of the Rating Agencies that the then current ratings of the Notes will not be adversely affected by such extension;
- (e) the rank of the Related Loan Security will not change and the Related Loan Security will continue to include a first-ranking legal and beneficial mortgage, where relevant on the interests in a Property;

- (f) notice of any such amendment or variation is given to the Rating Agencies and prior written confirmation will have been received by the Servicer or the Special Servicer, as applicable, from each of the Rating Agencies that any variation or amendment to any of the terms and conditions of the Finance Documents that is likely, in the reasonable determination of the Servicer or the Special Servicer, as the case may be, to have a material adverse effect on the Noteholders (it being agreed that a reduction in the interest rate or principal balance of the Loan or any waiver or postponement of the same is likely to have such effect) will not result in the then current ratings of any of the Notes being adversely affected; and
- (g) if Eurohypo is not the Special Servicer, notice of any such amendment or variation is given to the Special Servicer.

With the prior written consent of the Issuer Security Trustee (acting in accordance with the Issuer Trust Agreement and having regard to the interests of the Noteholders), the Servicer or the Special Servicer, as applicable, may (but will not be obliged to) agree to any request by the Facility Agent or the relevant Borrower to vary or amend the terms and conditions of the Finance Documents where any of the above conditions (other than the conditions specified in paragraphs (d), (f) and (g) above) are not satisfied in respect of the relevant variation or amendment.

VI. Ability to purchase the Loan and the Related Loan Security

The Issuer and the Issuer Security Trustee will, pursuant to the Servicing Agreement, grant the option on any Note Interest Payment Date (a) to the Servicer to purchase all (but not only part of) the Loan (as long as it is not specially serviced) and (b) to the Special Servicer to purchase all (but not only part of) the Loan (so long as it is specially serviced) and also, in each case, the Related Loan Security; provided that on the Note Interest Payment Date on which the Servicer or the Special Servicer, as the case may be, intends to purchase the Loan and the Related Loan Security the then principal balance of the Loan would be less than 10 per cent. of its principal balance as at the Closing Date, and provided further that the purchase price to be paid will be sufficient to pay all amounts due in respect of the Notes after payment has been made to all creditors of the Issuer who rank in priority to Noteholders.

The Servicer or the Special Servicer, as the case may be, must give the Issuer, the Facility Agent, the Borrower Security Agent, the Issuer Security Trustee and (in the case of notice given by the Special Servicer only) the Servicer not more than 50 nor less than 20 calendar days' written notice of its intention to purchase the Loan and the Related Loan Security. No such notice of the Special Servicer's intention to purchase the Loan will be valid if the Servicer gives the Issuer, the Facility Agent, the Borrower Security Agent and the Issuer Security Trustee written notice of its intention to purchase the Loan provided that such notice from the Servicer is delivered within 10 calendar days of the date on which the Special Servicer's notice was delivered.

VII. Calculation of amounts and payments

On each "**Calculation Date**" (being the second Note Business Day prior to the relevant Note Interest Payment Date), the Servicer will be required to determine the various amounts required to pay interest and principal due on the Notes on the forthcoming Note Interest Payment Date and all other amounts then payable by the Issuer, and the amounts expected to be available to make such payments. In addition, the Servicer will calculate the Principal Amount Outstanding for each Class of Notes for the Note Interest Period commencing on such forthcoming Note Interest Payment Date, request the making of any Income Deficiency Drawings on behalf of the Issuer and notify each Borrower of the amount of the securitisation fee and any additional fee (if any) due and payable by it.

On each Note Interest Payment Date, the Servicer will determine and pay on behalf of the Issuer out of Available Issuer Income and receipts of scheduled principal in respect of the Loan determined by the Servicer to be available for such purposes as described above, each of the payments required to be paid pursuant to and in the priority set forth in the relevant Priority of Payments. In addition, the Servicer will, from time to time, pay on behalf of the Issuer all Priority Amounts required to be paid by the Issuer, as determined by the Servicer.

Subject to receipt of funds from the Borrowers, the Servicer will make all payments required to carry out a redemption of Notes pursuant to Condition 6 of the Notes (*Redemption*), in each case according to the provisions of the relevant Priority of Payments.

If the Servicer, acting on the basis of information provided to it determines, on any Calculation Date, that the amount of Available Issuer Income, less any Priority Amounts paid since the immediately preceding Note Interest Payment Date or due to be paid by the Issuer prior to the next Note Interest Payment Date, will be insufficient to make payments set out under items (a) to (j) of the Income Pre-Acceleration Priority of Payments, the Servicer will make an Income Deficiency Drawing subject to, and in accordance with, the terms of the Liquidity Facility Agreement. See "ISSUER ACCOUNTS AND CREDIT STRUCTURE – Liquidity Facility" above.

VIII. Servicer quarterly report

Pursuant to the Servicing Agreement, the Servicer will agree to deliver to the Issuer, the Issuer Security Trustee, the Special Servicer and the Rating Agencies a report on each Calculation Date in which it will notify the recipients of, among other things, all amounts received in the Issuer Accounts and payments made with respect thereto. The report will contain the monthly arrears report and will also include qualitative and quantitative information on the Loan, including details of any material changes that may affect credit quality and the details of any delegation of any of the Servicer's and/or Special Servicer's obligations or duties.

IX. Insurance

The Servicer will procure that the Facility Agent monitors the arrangements for insurance which relate to the Loan and the Related Loan Security and establishes and maintains procedures to ensure that all buildings insurance policies in respect of the Properties are renewed on a timely basis. To the extent that the Issuer and/or the Issuer Security Trustee has an interest under the insurance policies, the Servicer will, as soon as practicable after becoming aware of any occurrence of any event giving rise to a claim under such policy, procure that the Facility Agent prepares and submits such claim on behalf of the Issuer and/or the Issuer Security Trustee in accordance with the terms and conditions of such policy and complies with any requirements of the relevant insurer.

The Servicer will use reasonable endeavours to procure that each Borrower complies with the obligations in respect of the insurances in accordance with the terms of the Credit Agreement. If the Servicer becomes aware that a Borrower has failed to pay premiums due under any insurance policy, the Servicer will instruct the Facility Agent to take such action as the Issuer and/or the Issuer Security Trustee will reasonably direct and in the absence of such direction will, on behalf of the Issuer or the Issuer Security Trustee, instruct the Facility Agent to pay premiums due and payable under any insurance policy in order that the cover provided by such insurance policy does not lapse.

Upon receipt of notice that any insurance policy has lapsed or that a Property is otherwise not insured against fire and other perils (including subsidence) under a comprehensive buildings insurance policy or similar policy in accordance with the terms of the Credit Agreement, the

Servicer will, or will instruct the Facility Agent, at the cost of the Issuer, to arrange such insurance in accordance with the terms of its Credit Agreement.

X. Fees

The Servicer will be entitled to receive a fee for servicing the Loan. On each Note Interest Payment Date the Issuer will pay to the Servicer a servicing fee (the "**Servicing Fee**") equal to 0.03 per cent. *per annum* of the aggregate of the Principal Amount Outstanding on that date (inclusive of value added tax) but only to the extent that the Issuer has sufficient funds to pay such amount as provided in the relevant Priority of Payments. The unpaid balance (if any) will be carried forward until the next succeeding Note Interest Payment Date and, if not paid before such time, will be payable, subject to the relevant Priority of Payments and the Issuer Security Documents, on the final Note Interest Payment Date of the latest maturing Class of Notes or on the earlier redemption in full of the Notes by the Issuer. The Servicing Agreement will also provide for the Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Servicer in the performance of its services under the Servicing Agreement.

Pursuant to the Servicing Agreement, if the Loan is designated to be specially serviced, the Issuer will be required to pay to the Special Servicer a fee (the "**Special Servicing Fee**") (exclusive of value added tax) equal to 0.25 per cent. *per annum* of the principal balance of the Loan then outstanding but only to the extent that the Issuer has sufficient funds to pay such amount as provided in "ISSUER ACCOUNTS AND CREDIT STRUCTURE – *Cashflows*" for a period commencing on the date the Loan is designated to be specially serviced and ending on the date the Property is sold on enforcement or the date on which the Loan is designated to be corrected.

The Loan will be designated to be corrected if any of the following occurs with respect to the circumstances identified as having caused the Loan to be designated specially serviced and the Loan has been transferred back to the control of the Servicer (and provided that no other Special Servicing Event then exists with respect to the Loan):

- (a) with respect to the circumstances described in paragraphs (b) and (h) in the definition of Special Servicing Event the relevant Borrower has made two consecutive timely quarterly payments in full;
- (b) with respect to the circumstances described in paragraphs (c) and (d) in the definition of Special Servicing Event such proceedings are terminated;
- (c) with respect to the circumstances described in paragraph (e) in the definition of Special Servicing Event such circumstances cease to exist in the good faith and reasonable judgment of the Special Servicer;
- (d) with respect to the circumstances described in paragraph (f) in the definition of Special Servicing Event the relevant Borrower ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or
- (e) with respect to the circumstances described in paragraph (g) in the definition of Special Servicing Event such default is cured.

The Special Servicing Fee will accrue on a daily basis over such period and will be payable on each 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 Special Servicer will be entitled to a fee (the "**Liquidation Fee**") (exclusive of value added tax) in respect of the Loan equal to an amount of 1.00 per cent. of the proceeds (net of all costs and expenses incurred as a result of the default of the Loan, enforcement and sale), if any, arising on the sale of a Property or on or out of the application of any other enforcement procedures or other actions taken by the Special Servicer in respect of the Loan.

In addition to the Special Servicing Fee and the Liquidation Fee (if any) in respect of the Loan, the Special Servicer will be entitled to receive a fee (the "**Workout Fee**") in consideration of providing services in relation to the Loan when it is designated to be corrected. When the Loan is designated to be corrected, the VAT-exclusive amount of Workout Fee is equal to 1.00 per cent. of each collection of principal and interest received on the Loan (but only, in relation to collections of principal, if and to the extent that such principal received reduces the amount of principal outstanding under the Loan to below the amount of principal outstanding under the Loan at the date it was first designated to be corrected) for so long as it continues to be designated corrected. The Workout Fee with respect to the Loan will cease to be payable if the Loan is no longer designated to be corrected, but the Workout Fee will become payable if and when the Loan is again designated to be corrected.

The Liquidation Fee and the Workout Fee will only be payable to the extent that the Issuer has sufficient funds to pay such amount as provided in "ISSUER ACCOUNTS AND CREDIT STRUCTURE – *Cashflows*."

XI. Removal or resignation of the Servicer or the Special Servicer

The appointment of the Servicer or the Special Servicer, as applicable, may be terminated by the Issuer Security Trustee and/or by the Issuer (with the consent of the Issuer Security Trustee) (with the consent of the Issuer Security Trustee) upon written notice to the Servicer or the Special Servicer, as the case may be, on the occurrence of certain events (each a "**Servicing Termination Event**"), including if:

- (a) the Servicer or the Special Servicer, as applicable, fails to pay or to procure the payment of any amount required to be paid under the Transaction Documents to which the Servicer or the Special Servicer is a party (as the case may be) on its due date by it and either (i) such payment is not made within 5 Note Business Days of such time or (ii) if the Servicer's or the Special Servicer's failure to make such payment was due to inadvertent error, such failure is not remedied for a period of 10 Note Business Days after the Servicer or the Special Servicer becomes aware of such error;
- (b) subject as provided further in the Transaction Documents, the Servicer or the Special Servicer, as applicable, fails to comply with any of its covenants and obligations under the Servicing Agreement which in the opinion of the Issuer Security Trustee is materially prejudicial to the interests of the Noteholders and such failure either is not remediable or is not remedied for a period of 30 Note Business Days after the earlier of the Servicer or the Special Servicer, as the case may be, becoming aware of such default and delivery of a written notice of such default being served on the Servicer or the Special Servicer, as applicable, by the Issuer or the Issuer Security Trustee requiring the same to be remedied;
- (c) at any time the Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licences or regulatory approvals enabling it to continue servicing the Loan; or

- (d) the occurrence of an insolvency event in relation to the Servicer or the Special Servicer.

In addition, if the Loan has been designated to be specially serviced and the Issuer is so instructed by the Controlling Party, the Issuer will terminate the appointment of the person then acting as Special Servicer and, subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in relation to the replacement of the Special Servicer).

"**Controlling Party**" means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or
- (b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

excluding, in each case, any Class of Notes, the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of the Borrower and/or or any one or more of its affiliates (the "**Excluded Class**").

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

The right of the Servicer or, as the case may be, the Special Servicer to resign from its office for good cause (*aus wichtigem Grund*) will remain unaffected.

Prior to or contemporaneously with any termination of the appointment of the Servicer or the Special Servicer, it would first be necessary for the Issuer to appoint a substitute servicer or special servicer approved in advance by the Issuer Security Trustee.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute servicer or special servicer has been appointed, the Servicer or Special Servicer may voluntarily resign by giving not less than three months' notice of termination to the Issuer, the Facility Agent and the Issuer Security Trustee.

Any such substitute servicer or special servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Servicer or Special Servicer, as the case may be) will be required to, if possible, have experience servicing loans secured on commercial mortgage properties in the Federal Republic of Germany and will enter into an agreement on substantially the same terms in all material aspects as the Servicing Agreement, taking into account also what is standard for such agreements in similar transactions at the time. Under the terms of the Servicing Agreement, the appointment of a substitute servicer or special servicer will be subject to the Rating Agencies confirming that the appointment will not adversely affect the then current ratings (if any) of any Class of the Notes unless otherwise agreed by Extraordinary Resolutions of each Class of Noteholders. Any costs incurred by the Issuer as a result of appointing any such substitute servicer or special servicer will, save as specified above, be paid by the Servicer or Special Servicer (as the case may be) whose appointment is being terminated. The fee payable to any such substitute servicer or special servicer should not, without the prior written consent of the Issuer Security Trustee, exceed the amount payable to the Servicer or Special Servicer pursuant to the Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services.

Forthwith upon termination of the appointment of, or the resignation of, the Servicer or Special Servicer, the Servicer or Special Servicer (as the case may be) must deliver any documents and all books of account and other records maintained by the Servicer or Special Servicer relating to the Loan and/or the Related Loan Security to, or at the direction of, the substitute servicer or substitute special servicer and is obliged to take such further action as the substitute servicer or substitute special servicer, as the case may be, will reasonably request to enable the substitute servicer or the substitute special servicer, as the case may be, to perform the services due to be performed by the Servicer or the Special Servicer under the Servicing Agreement.

XII. Appointment of the Operating Adviser

The Controlling Party may elect to appoint an operating adviser (the "**Operating Adviser**") to represent its interests and to advise the Special Servicer about the following matters in relation to the Loan:

- (a) appointment of a receiver or similar actions to be taken in relation to the specially serviced Loan;
- (b) the amendment, waiver or modification of any term of the Finance Documents relating to the specially serviced Loan which affects the amount payable by the relevant Borrower or the time at which any amounts are payable, or any other material term of the relevant Finance Documents; and
- (c) the release of any part of the Loan Security, or the acceptance of substitute or additional Loan Security other than in accordance with the terms of the Credit Agreement.

Before taking any action in connection with the matters referred to in paragraphs (a) to (c) above, the Special Servicer must notify the Operating Adviser of its intentions and must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to protect the interests of the Noteholders, the Special Servicer may take whatever action it considers necessary without waiting for the Operating Adviser's response. If the Special Servicer does take such action and the Operating Adviser objects in writing to the actions so taken within 10 Note Business Days after being notified of the action and provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Party. The Operating Adviser will be considered to have approved any action taken by the Special Servicer without the prior approval of the Operating Adviser if it does not object within 10 Note Business Days. Furthermore, the Special Servicer will not be obliged to obtain the approval of the Operating Adviser for any actions to be taken with respect to the specially serviced Loan if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the specially serviced Loan and, for 60 calendar days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Standard.

XIII. Delegation by the Servicer and Special Servicer

The Servicer or the Special Servicer, as applicable, may, under certain conditions including, but not limited to, with the prior written consent of the Issuer Security Trustee and, in the case of the Servicer, with the prior written consent of the Special Servicer (where the Special Servicer is not Eurohypo), and after giving written notice to the Issuer Security Trustee and

the Rating Agencies delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. This will not prevent the engagement on a case by case basis by the Servicer or Special Servicer, as applicable, of any solicitor, valuer, surveyor, estate agent, property management agent or other professional adviser in respect of services normally provided by such persons in connection with the performance by the Servicer or the Special Servicer, as applicable, of any of its respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those duties to the Issuer and the Issuer Security Trustee.

XIV. Performance of Services by the Servicer's and Special Servicer's German offices

Under the terms of the Servicing Agreement it is provided that the duties of the Servicer and (where applicable) the Special Servicer are performed by Eurohypo, London Branch (in this Section XIV the "**Master Servicer**"). Activities of any of the German offices of the Servicer and (where applicable) the Special Servicer (in this Section XIV the "**Sub Servicer**") are restricted. Each of the Servicer and the Special Servicer covenants with and undertakes to each of the Issuer and the Issuer Security Trustee with respect to itself that:

- (a) the Sub Servicer prepares drafts of the reports of the Master Servicer in accordance with, and subject to the directions of the Master Servicer;
- (b) the Sub Servicer prepares drafts of the payment instructions in respect of payments to the Principal Paying Agent as well as drawdown and extension requests under the Liquidity Facility Agreement, in each case in accordance with, and subject to the directions of the Master Servicer;
- (c) other than pursuant to (a) and (b) above, the Sub Servicer acts only on an occasional basis (*gelegentlich*) and only as directed by, and solely in the name and for the account of, the Master Servicer;
- (d) when acting, the Sub Servicer does not enter into any transactions (*gibt keine rechtsgeschäftlichen Erklärungen ab*) on behalf of the Servicer or the Special Servicer (as applicable) and does not independently make any decisions and does not exercise any discretions;
- (e) the actions taken by the Sub Servicer are of a solely supportive nature for the exclusive benefit of the Master Servicer in the performance of the Servicer's or the Special Servicer's (as applicable) obligations under the Servicing Agreement and any other Transaction Document;
- (f) records or any other documents or information are only kept and maintained with the Sub Servicer if and to the extent required to perform the Sub Servicer's duties under the Servicing Agreement; and
- (g) the Sub Servicer does not act as an agent of any kind on behalf of the Issuer or the Issuer Security Trustee;

provided that any such delegation made pursuant to the foregoing will be limited to preparatory and ancillary tasks subject to the directions of the Master Servicer, which will in particular make all management decisions required in connection with the services to be performed pursuant to the Servicing Agreement.

XV. Governing law

The Servicing Agreement will be governed by German law.

THE ISSUER SECURITY TRUSTEE

The Bank of New York will be appointed as the Issuer Security Trustee to the Issuer pursuant to the Issuer Trust Agreement and will act in such capacity through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom. The Bank of New York is the principal subsidiary of the Bank of New York Company, Inc. (NYSE: BK), which is represented in more than 100 markets worldwide.

The Bank of New York, founded in 1784, is the oldest bank in the United States and serves its clients around the world through its five primary businesses: Securities Servicing and Global Payment Services, Private Client Services and Asset Management, Corporate Banking, Global Market Services and Retail Banking.

The Bank of New York is regulated by the Financial Services Authority for United Kingdom business. The long-term, unsecured, unsubordinated debt obligations of The Bank of New York are rated "AA-" by S&P and Fitch and the short-term, unsecured, unsubordinated debt obligations of The Bank of New York are rated "A-1+" by S&P and "F1" by Fitch.

THE ACCOUNT BANK

I. Account Bank and the Issuer Accounts

The Bank of New York, London Branch, acting through its branch offices at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom and the Bank of New York, Frankfurt Branch, acting through its branch offices at Niedenu 61-63, 60325 Frankfurt am Main, Germany, will be appointed as Account Banks pursuant to the terms of the Account Bank Agreement. The Account Banks will open and maintain the Issuer Transaction Accounts in the name of the Issuer. The Account Banks will agree to comply with any direction of the Servicer or the Issuer (prior to enforcement of the Issuer Security) or the Servicer or Issuer Security Trustee (after enforcement of the Issuer Security) to effect payments from the Issuer Transaction Accounts if such direction is made in accordance with the mandate governing the respective account.

II. Termination of appointment of the Account Bank

The Account Bank Agreement will require that each Account Bank be, except in certain limited circumstances, a bank which is an Authorised Entity. If it ceases to be an Authorised Entity, each Account Bank will be required to give written notice of such event to the Issuer, the Servicer and the Issuer Security Trustee and will, within a reasonable time after having obtained the prior written consent of the Issuer, the Servicer and the Issuer Security Trustee (such consent not to be unreasonable withheld or delayed) and subject to establishing substantially similar arrangements to those contained in the Account Bank Agreement, procure the transfer of the Issuer Transaction Accounts and each other account of the Issuer held with the Account Banks to another bank which is an Authorised Entity. The Account Banks will be required to use all reasonable efforts to ensure that such a transfer will take place within 30 calendar days of its ceasing to be an Authorised Entity. If, however, at the time when a transfer of such account or accounts would otherwise have to be made, there is no other bank which is an Authorised Entity or if no Authorised Entity agrees to such a transfer, the accounts will not be required to be transferred until such time as there is a bank which is an Authorised Entity or an Authorised Entity which so agrees, as the case may be.

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

"**Account Bank Required Ratings**" means an "F1" rating (or its equivalent) by Fitch and an "A-1+" rating (or its equivalent) by S&P for its short-term, unguaranteed, unsecured and unsubordinated debt obligations.

If, other than in the circumstances specified above, the Servicer wishes the bank or branch at which any account of the Issuer is maintained to be changed, the Servicer will be required to obtain the prior written consent of the Issuer and the Issuer Security Trustee, in the case of the Issuer such consent not to be unreasonably withheld, and the transfer of such account will be subject to the same directions and arrangements as are provided for above.

LIQUIDITY BANK

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

THE CORPORATE SERVICES PROVIDER

Structured Finance Management (Ireland) Limited, 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland will be appointed to act as Corporate Services Provider pursuant to the terms of the Corporate Services Agreement.

1. Responsibilities of the Corporate Services Provider

The Corporate Services Provider will be responsible for the corporate administration of the Issuer and certain incidental matters. The services to be provided by the Corporate Services Provider will include, *inter alia*, nominating of directors of the Issuer, convening of the shareholders meeting and providing any related services, providing general administrative services, assisting the Issuer and its auditors in filing accounts, tax filings, and any other relevant statutory filings, and providing services related to this transaction and arranging for the execution of the Transaction Documents.

2. Termination of the appointment of the Corporate Services Provider

The Corporate Services Agreement will provide for termination of the agreement by either of the parties by no less than three (3) months' prior written notice. In certain events, the appointment of the Corporate Services Provider can be terminated any time. Such events will include termination by the affected party due to, *inter alia*, a material breach of the Corporate Services Agreement which is not remedied within 30 calendar days or insolvency of the Corporate Services Provider. Any termination of the Corporate Services Agreement will not take effect until a substitute Corporate Services Provider has been appointed.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loan will be prepayable and a number of other relevant factors are unknown.

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

- (a) the Loan does not default, is not prepaid (in whole or in part), is not enforced and no loss arises;
- (b) no Property is disposed of; and
- (c) the Closing Date is 20 April 2007,

then the approximate average lives of the Notes would be 8.5 years for the Class A Notes and 9.75 years for the Class B Notes.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions are set out below. Appendix A to the Terms and Conditions is set out under "CERTAIN DEFINITIONS". Appendix B to the Terms and Conditions is set out under "THE MAIN PROVISIONS OF THE ISSUER TRUST AGREEMENT". Appendix A and Appendix B form an integral part of the Terms and Conditions.

The payment of principal of, and interest on, the Notes is, *inter alia*, conditional upon the performance of the Borrowers under the Loan, as described herein. Noteholders will be exposed to credit risks of the Loan and the respective Borrowers thereunder to the full extent of their investment in the Notes. There is no certainty that the holder of any Note will receive the full principal amount of the Note or interest thereon. The obligations of the Issuer to pay principal of, and interest on, the Notes could be reduced to zero as a result of losses in respect of the Loan.

The Notes are direct, secured and limited recourse obligations of the Issuer. The Issuer's ability to satisfy its payment obligations under the Notes and its operating and administrative expenses will be wholly dependent upon receipt by it in full of (a) payments of principal and interest and other amounts payable under the Loan, (b) any indemnities payable by the Originator, (c) any payments due from the Issuer Swap Counterparty under the Issuer Swap Agreements, (d) any interest income on the Issuer Accounts, (e) any proceeds from the realisation of the Issuer Security and (f) any payments under the Transaction Documents in accordance with the terms thereof, as available on any relevant Note Interest Payment Date (excluding any VAT portion) according to the relevant Priority of Payments together with any other distributable assets of the Issuer (*sonstiges freies Vermögen*). The Issuer shall have no other funds available to meet its obligations under the Notes. The Notes shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

The Notes are obligations solely of the Issuer. The Notes do not represent an interest in, or constitute a liability or other obligation of the Note Arranger, the Joint Bookrunners, the Listing Agent, the Principal Paying Agent, the Agent Bank, the Irish Paying Agent, the Issuer Security Trustee, the Liquidity Bank, the Account Bank, the Originator, the Servicer, the Special Servicer, the Corporate Services Provider, the Issuer Swap Counterparty or any other party to the Transaction Documents. The Notes are not, and will not be, insured or guaranteed by the Note Arranger, the Joint Bookrunners, the Listing Agent, the Irish Paying Agent, the Agent Bank, the Principal Paying Agent, the Issuer Security Trustee, the Liquidity Bank, the Account Bank, the Originator, the Servicer, the Special Servicer, the Corporate Services Provider, the Issuer Swap Counterparty or any other party to the Transaction Documents and none of the foregoing assumes, or will assume, any liability or obligation to the Noteholders if the Issuer fails to make any payment due in respect of the Notes.

Any United States person who holds this obligation shall be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the U.S. Internal Revenue Code of 1986.

1. Form, Denomination and Transfer

(a) Issue of Notes

Opera Germany (No. 3) Limited (the "**Issuer**") shall issue notes in new global note form in an aggregate principal balance of €550,000,000 consisting of the following Classes:

- (i) €300,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due January 2022 (the "**Class A Notes**") and
- (ii) €250,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due January 2022 (the "**Class B Notes**").

(b) Exchange

The Notes of each Class shall be in bearer form in the denomination of €50,000 each and shall be initially represented by a temporary global note without coupons in the initial principal balance of €300,000,000 for the Class A Notes and €250,000,000 for the Class B Notes (each, a "**Temporary Global Note**").

Each Temporary Global Note shall be exchangeable not earlier than the date (the "**Exchange Date**") which is 40 calendar days after the Closing Date but no later than 180 calendar days after the Closing Date, provided certification of non-U.S. economic ownership in respect of the relevant Noteholders has been received, for interests in a permanent global note representing the same Class of Notes, without coupons (each, a "**Permanent Global Note**", and the expression "**Global Notes**" and "**Global Note**" meaning, respectively, (i) all of the Temporary Global Notes and the Permanent Global Notes, or the Temporary Global Note and the Permanent Global Note of a particular Class, or (ii) any of the Temporary Global Notes or the Permanent Global Notes, as the context may require), which are recorded in the records of the ICSDs. Interest and principal payments on Notes represented by a Temporary Global Note shall be made only after delivery of such certification by the relevant participants to the ICSDs, as relevant, and by an ICSD to the Principal Paying Agent of such certification. A separate certification shall be required in respect of each such interest payment. Any such certification received on or after the day that is 40 calendar days after the Closing Date shall be treated as a request to exchange such Temporary Global Note.

On the exchange of the Temporary Global Note for the Permanent Global Note of the relevant Class, the Temporary Global Note shall be cancelled. The Temporary Global Note and the Permanent Global Note shall (i) each be signed manually by a duly authorised officer of the Issuer, (ii) each be authenticated by a duly authorised officer of the Principal Paying Agent or by such other person as the Principal Paying Agent may appoint for such purpose with the consent of the Issuer and (iii) each be effectuated by the Common Safekeeper.

Definitive notes shall not be issued.

(c) Common Safekeeper

The Global Notes shall be deposited with an entity appointed as common safekeeper (the "**Common Safekeeper**") by the ICSDs until all obligations of the Issuer under the Notes have been satisfied. The Global Notes represent the Notes kept in custody for financial institutions that are accountholders of Clearstream Luxembourg or Euroclear.

The nominal amount of the Notes represented by the Global Note shall be the aggregate amount from time to time entered in the records of both ICSDs. Absent errors, the records of the ICSDs (which expression means the records that each ICSD holds for its customers which reflect the amount of such customer's interest in the Notes) shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and, for these purposes, a statement issued by an ICSD stating the nominal amount of Notes so

represented at any time shall be conclusive evidence of the records of the relevant ICSD at that time.

On any redemption or payment of an instalment or interest being made in respect of, or purchase and cancellation of, any of the Notes represented by the Global Note the Issuer shall procure that details of any redemption, payment or purchase and cancellation (as the case may be) in respect of the Global Note shall be entered *pro rata* in the records of the ICSDs and, upon any such entry being made, the nominal amount of the Notes recorded in the records of the ICSDs and represented by the Global Note shall be reduced by the aggregate nominal amount of the Notes so redeemed or purchased and cancelled or by the aggregate amount of such instalment so paid.

(d) Transfer

The Noteholders shall be entitled to co-ownership participations in the respective Global Note. Transfer of any Note shall require appropriate entries in the relevant securities account.

(e) Holder

The Issuer, the Issuer Security Trustee and the Paying Agents may, to the fullest extent permitted by law, treat the holder of any Note appertaining thereto as its absolute owner for all purposes (whether or not payment under such Note is overdue and notwithstanding any notice of ownership or writing thereon or any notice of previous loss or theft thereof) for any purposes, including payment and no person will be liable for so treating such holder.

(f) Agency Agreement

In connection with the issuance of the Notes, the Issuer has entered into an agency agreement dated on or about the Closing Date (the "**Agency Agreement**") between the Issuer, the Issuer Security Trustee, The Bank of New York, London Branch as principal paying agent (the "**Principal Paying Agent**") and AIB/BNY Fund Management (Ireland) Limited as the Irish paying agent (the "**Irish Paying Agent**" and, together with the Principal Paying Agent, the "**Paying Agents**" and each a "**Paying Agent**").

2. Status, Relationship between the Notes and Issuer Security Trustee

(a) Status

The Notes of each Class constitute direct, secured and unconditional limited recourse obligations of the Issuer and rank *pari passu* and *pro rata* without any preference or priority among Notes of the same Class.

(b) Subordination

In accordance with, and subject to, the provisions of Conditions 4 (*Interest*), 6 (*Redemption*) and 9 (*Note Events of Default*) and the Issuer Trust Agreement, payments of interest on the Class B Notes are subordinated to, *inter alia*, payments of interest on the Class A Notes.

In accordance with, and subject to, the provisions of Conditions 4 (*Interest*), 6 (*Redemption*) and 9 (*Note Events of Default*) and the Issuer Trust Agreement, payments of principal of the Class B Notes are subordinated to, *inter alia*, payments of principal of the Class A Notes.

Prior to the service by the Issuer Security Trustee of an Acceleration Notice pursuant to Condition 9, payments of interest in respect of each Class of Notes shall rank ahead of payments of principal in respect of each Class of Notes.

(c) Issuer Security

The security for the obligations of the Issuer towards the Noteholders, the Principal Paying Agent, the Irish Paying Agent, the Issuer Security Trustee, the Liquidity Bank, the Account

Bank, the Servicer, the Special Servicer, the Agent Bank, the Corporate Services Provider, the Note Arranger and the Issuer Swap Counterparty (the "**Issuer Secured Creditors**") shall be created pursuant to, and on the terms set out in, the Issuer Security Documents (the "**Issuer Security**") including the Issuer Trust Agreement, the German Issuer Accounts Pledge Agreement and the Issuer Deed of Charge and Assignment. The Issuer Security shall include security over:

- (i) all rights in, to and under the Loan purchased by the Issuer under, and in accordance with, the Loan Sale and Transfer Agreement;
- (ii) the Related Loan Security and all claims and rights relating thereto, including without limitation the Mortgage;
- (iii) all (present and future) claims and rights the Issuer may have under any of the other Transaction Documents;
- (iv) all (present and future) claims and rights in relation to any amounts standing to the credit of the Issuer Accounts by way of charge and assignment;
- (v) its interest in any Eligible Investments made by it or on its behalf; and
- (vi) the claims of the Issuer against the Issuer Security Trustee by way of pledge.

Pursuant to the Issuer Trust Agreement, the Issuer Security Trustee shall hold the Issuer Security on trust (*treuhänderisch*) for the benefit of itself and the other Issuer Secured Creditors.

(d) Issuer Security Documents

The Notes are subject to, and have the benefit of, the Issuer Trust Agreement, the German Issuer Accounts Pledge Agreement and the Issuer Deed of Charge and Assignment. As long as any Notes are outstanding, the Issuer shall ensure that at all times a security trustee is appointed who meets the requirements of, and has undertaken substantially the same functions and obligations as, the Issuer Security Trustee pursuant to the Notes, including the Conditions of the Notes, and the Issuer Trust Agreement. The Issuer Trust Agreement is attached as Appendix 2 to these Conditions and forms an integral part hereof. The Class A Notes and the Class B Notes will be secured (indirectly) by the Issuer Security. The Class A Notes shall rank in priority to the Class B Notes.

The Issuer Security Trustee shall perform such functions, exercise such rights and fulfil such obligations as are specified in the Issuer Trust Agreement. The Issuer Trust Agreement contains provisions requiring the Issuer Security Trustee to have regard to the interests of the Class A Noteholders and the Class B Noteholders, as regards all powers, trust, authorities, duties and discretions of the Issuer Security Trustee (except where expressly provided otherwise) but requiring the Issuer Security Trustee in any such case to have regard only to the interests of the Class A Noteholders if, in the Issuer Security Trustee's opinion, there is a conflict between the interests of the Class A Noteholders on the one hand and the Class B Noteholders. In addition, the Issuer Security Trustee shall have regard to the interests of the Issuer Secured Creditors (other than the Noteholders), provided that in case of a conflict of interest between the other Issuer Secured Creditors (other than the Noteholders) the Post-Acceleration Priority of Payments set forth in the Issuer Trust Agreement determines which interest of which other Issuer Secured Creditor prevails.

3. Covenants of the Issuer

(a) Restrictions

So long as any of the Notes remain outstanding, the Issuer shall carry out its business in accordance with the requirements of Irish law and shall not, except to the extent permitted by

the Transaction Documents (as defined in Appendix 1) or under these Conditions or with the prior written consent of the Issuer Security Trustee:

- (i) carry out any business or own any assets other than as described in the Prospectus dated 17 April 2007 relating to the issue of the Notes and as contemplated in the Transaction Documents;
- (ii) incur any indebtedness in respect of borrowed money whatsoever or give any guarantee or indemnity in respect of any indebtedness, except as contemplated in the Transaction Documents;
- (iii) create or promise to create any mortgage, charge, pledge, lien or other encumbrances and whatsoever over any of its assets, or use, invest, sell, transfer or otherwise dispose of any part of its assets, except as contemplated in the Transaction Documents;
- (iv) take action for its dissolution, request the court to grant a suspension of payments or declare its bankruptcy;
- (v) consolidate or merge with any other person or convey or transfer its assets substantially or as an entirety to one or more persons;
- (vi) permit the validity or effectiveness of the Issuer Security Documents, or the priority of the security created thereby or pursuant thereto to be amended, terminated, postponed or discharged, or permit any person whose obligations form part of such security rights to be released from such obligations except as contemplated in the Transaction Documents;
- (vii) have any employees or premises or have any subsidiary or subsidiary undertaking or own any real estate;
- (viii) 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;
- (ix) pay any dividend or make any other distributions to its shareholders in excess of the Issuer Profit (*per annum*) or issue any further shares;
- (x) open or maintain any bank account other than the Issuer Accounts, unless all rights in relation to such account will have been pledged to the Issuer Security Trustee as provided in Condition 2(c)(iv) hereof;
- (xi) hold shares in any entity;
- (xii) prejudice its status as a qualifying company within the meaning of § 110 of the TCA 1997;
- (xiii) make an election pursuant to subsection (6)(b) of § 110 of the TCA 1997 if its cash flows would be affected adversely thereby; or
- (xiv) apply to become part of any group for the purpose of Section 8 of the Value Added Tax Act, 1972 of Ireland with any other company or group of companies, or any such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, modify, vary, codify, consolidate or repeal the Value Added Tax Act, 1972 of Ireland.

(b) Servicer

- (i) So long as any of the Notes remains outstanding, the Issuer shall procure that there will at all times be a Servicer for the servicing of the Loan and the performance of the other administrative duties set out in the Servicing Agreement.
- (ii) The Servicing Agreement shall provide that (1) the Servicer will not be permitted to terminate its appointment unless a replacement servicer acceptable to the Issuer and the Issuer Security Trustee has been appointed and (2) the appointment of the Servicer may be terminated by the Issuer Security Trustee and/or the Issuer (with the consent of the Issuer Security Trustee) if, *inter alia*, the Servicer defaults in any material respect in the observance and performance of any obligation imposed on it under the Servicing Agreement, which default is not remedied within 30 Note Business Days after written notice of such default shall have been served on the Servicer by the Issuer or the Issuer Security Trustee, as the case may be.
- (iii) The right of the Servicer or, as the case may be, the Special Servicer to resign from its office for good cause (*aus wichtigem Grund*) shall remain unaffected.

(c) Special Servicer

If the Loan has become specially serviced in accordance with the Servicing Agreement and the Issuer is so instructed by the Controlling Party, then the Issuer shall exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the Loan subject to the conditions of the Servicing Agreement.

(d) Operating Adviser

The Class of Noteholders then acting as Controlling Party may appoint an adviser (the "**Operating Adviser**") with whom the Servicer or Special Servicer, as the case may be, will be required to liaise in accordance with the Servicing Agreement.

4. Interest

(a) Period of Accrual

Each of the Notes shall bear interest on its Principal Amount Outstanding from and including the Closing Date. Each Note (or, in the case of the redemption of a part of a Note only, that part only of such Note) shall cease to bear interest from its due date for redemption unless, upon due presentation payment of the relevant amount of principal or any part thereof is improperly withheld or refused. In such event, interest will continue to accrue on such amount (before and after any judgment) at the default rate established by law, unless the sum of the applicable Rate of Interest and 2 per cent. *per annum* (such sum, the "**Default Rate**") is higher than the default rate of interest established by law, in which case the Default Rate shall apply in respect of such Note up to but excluding the date on which, on presentation of such Note, payment in full of the relevant amount of principal is made or (if earlier) the 7th day after notice is duly given by the Principal Paying Agent to the holder thereof (in accordance with Condition 13 (*Notices*) hereof) that upon presentation thereof, such payments will be made, provided that upon such presentation payment is in fact made. Whenever it is necessary to compute an amount of interest in respect of any Note for any period, such interest shall be calculated on the basis of actual calendar days elapsed in the Note Interest Period divided by 360 calendar days.

(b) Note Interest Shortfall

Accrued interest not paid on any Note Interest Payment Date and not deferred pursuant to Condition 4(j) (*Deferral of Interest Payment*) related to the Note Interest Period in which it accrued or on which it was due shall be a "**Note Interest Shortfall**" with respect to the

relevant Note. A Note Interest Shortfall shall become due and payable by the Issuer on the next Note Interest Payment Date and on any following Note Interest Payment Date until it is reduced to zero. Interest shall not accrue on Note Interest Shortfalls at any time.

(c) Note Interest Periods and Note Interest Payment Dates

Interest on the Notes shall be payable by reference to successive quarterly interest periods (each, a "**Note Interest Period**") and will be payable quarterly in arrear in euro in respect of the Principal Amount Outstanding of each of the Notes, respectively, on 25 January, 25 April, 25 July and 25 October of each year, or, if such day is not a Note Business Day, the next Note Business Day immediately following such date unless thereby fall into the next calendar month, in which case the immediately preceding Note Business Day (each such day being a "**Note Interest Payment Date**"). A "**Note Business Day**" means a day (other than a Saturday or a Sunday) on which banks are open for business in Frankfurt and London, provided that such day is also a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System or any successor thereto is operating credit or transfer instructions in respect of payments in euro.

The first Note Interest Period will commence on (and including) the Closing Date and will end on (but excluding) the first Note Interest Payment Date falling in July 2007 and each subsequent Note Interest Period will commence on (and including) a Note Interest Payment Date and will end on (but excluding) the immediately following Note Interest Payment Date.

(d) Interest on the Notes

- (i) Interest on the Notes for each Note Interest Period from the Closing Date will accrue at an annual rate equal to the sum of the Euro Interbank Offered Rate for three-month deposits ("**EURIBOR**") (or, in respect of the first Note Interest Period, the rate will be the linear interpolation of the rates offered in the euro-zone interbank market for three-month euro deposits and four-month euro deposits), rounded, if necessary, to the 3rd decimal place with 0.0005 being rounded upwards plus the relevant Margin.
- (ii) The interest rate margin applicable to each Class of the Notes will be as follows (the "**Margin**"):

Class	Margin (per cent.)
Class A Notes	0.16 per cent.
Class B Notes	0.23 per cent.

(e) EURIBOR

For the purpose of Condition 4(d) (*Interest on the Notes*) EURIBOR will be determined as follows:

- (i) the Agent Bank shall obtain for each Note Interest Period the rate equal to the sum of EURIBOR for three-month deposits in euro. The Agent Bank shall use the EURIBOR rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01 Page (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the EURIBOR rate selected by the Agent Bank) as at or about 10:00 a.m. (London Time) on the day that is two Note Business Days preceding (i) the first day of each Note Interest Period or (ii) in respect of a Liquidity Loan, the first day of the relevant Liquidity Interest Period (each, an "**Interest Determination Date**"); or

- (ii) if, on the relevant Interest Determination Date, such EURIBOR rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Agent Bank will:
- (1) request the principal Euro-zone office of each of four major banks in the Euro-zone interbank market (the "**Reference Banks**") to provide a quotation for the rate at which three month euro deposits are offered by it in the Euro-zone interbank market at approximately 10:00 a.m. (London Time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the third decimal place with 0.0005 being rounded upwards) of such quotation as is provided; or
 - (2) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, to the third decimal place with 0.0005 being rounded upwards) of the rates quoted by major banks, of which there will be at least two in number, in the Euro-zone, selected by the Agent Bank, at approximately 10:00 a.m. (London Time) on the relevant Interest Determination Date for one month deposits to leading Euro-zone banks in an amount that is representative for a single transaction in that market at that time,

and EURIBOR for such Note Interest Period shall be the rate *per annum* equal to the Euro-interbank offered rate for euro deposits as determined in accordance with this Condition 4(e) (*EURIBOR*), provided that if the Agent Bank is unable to determine EURIBOR in accordance with the above provisions in relation to any Note Interest Period, EURIBOR applicable to the relevant Class of Notes during such Note Interest Period shall be EURIBOR last determined in relation thereto.

(f) Determination of Interest and Calculation of the Interest Amount

The Agent Bank shall, as soon as practicable after 10:00 a.m. (London Time) on each relevant Interest Determination Date, determine the rates of interest referred to in Conditions 4(d) (*Interest on the Notes*) and 4(e) (*EURIBOR*) above for each relevant Class of Notes (the "**Rate of Interest**") and calculate the amount of interest payable on each of the Notes for the following Note Interest Period (the "**Interest Amount**") by applying the relevant Rate of Interest to the principal amount outstanding of the relevant Class of Notes and rounding to the nearest cent per Note (the total therefore being the product of the rounded amount per Note and the number of Notes in the relevant Class). The determination of the relevant Rate of Interest and the Interest Amount by the Agent Bank shall (in the absence of manifest error) be final and binding on all parties.

(g) Notification of the Rate of Interest and the Interest Amount

The Agent Bank shall cause the relevant Rate of Interest and the relevant Interest Amount and the Note Interest Payment Date applicable to each relevant Class of Notes to be promptly notified to the Issuer, the Issuer Security Trustee, the Principal Paying Agent, the Irish Paying Agent, the Corporate Services Provider, the Irish Stock Exchange for so long as the Notes are listed on the Irish Stock Exchange (and any other stock exchange on which the Notes may from time to time be listed) and to the holders of such Class of Notes in accordance with Condition 13 (*Notices*). The Interest Amount and Note Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Note Interest Period.

(h) Determination or Calculation by Issuer Security Trustee

If the Agent Bank at any time for any reason does not determine the relevant Rate of Interest or fails to calculate the relevant Interest Amount in accordance with Condition 4(f) (*Determination of Interest and Calculation of the Interest Amount*) above, the Issuer Security Trustee shall procure the determination of the relevant Rate of Interest at such rate as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 4(f) (*Determination of Interest and Calculation of the Interest Amount*) above), it shall deem fair and reasonable under the circumstances, or, as the case may be, the Issuer Security Trustee shall calculate the Interest Amount in accordance with Condition 4(f) (*Determination of Interest and Calculation of the Interest Amount*) above, and each such determination or calculation will be final and binding on all parties.

(i) Reference Banks and Agent Bank

The Issuer shall procure that, as long as any of the Notes remains outstanding, there shall be at all times four Reference Banks and an Agent Bank. The Issuer has, subject to prior written consent of the Issuer Security Trustee, the right to terminate the appointment of the Agent Bank or of any Reference Bank by giving at least 90 calendar days' notice in writing to that effect. Notice of any such termination shall be given to the holders of the relevant Class of Notes in accordance with Condition 13 (*Notices*) hereof. If any person will be unable or unwilling to continue to act as a Reference Bank or the Agent Bank (as the case may be) or if the appointment of any Reference Bank or the Agent Bank will be terminated, the Issuer shall, with the prior written consent of the Issuer Security Trustee, appoint a successor Reference Bank or Agent Bank (as the case may be) to act in its place, provided that neither the resignation nor removal of the Agent Bank shall take effect until a successor approved in writing by the Issuer Security Trustee has been appointed.

(j) Deferral of Interest Payments

- (i) Interest on the Notes is payable subject to, and in accordance with, the order of priorities set out in either the Income Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments. If, on any Note Interest Payment Date, the Issuer has insufficient funds to make payment in full of all amounts of interest (including any Deferred Interest) payable in respect of the Class B Notes after having paid or provided for items of higher priority, then:

the Issuer shall be entitled (unless there are then no Class A Notes outstanding) to defer, to the next Note Interest Payment Date, the payment of interest in respect of the Class B Notes to the extent only of any insufficiency of funds after having paid or provided for all amounts specified as having a higher priority than interest payable in respect of the Class B Notes.

- (ii) Any amount of interest (including any Deferred Interest arising on the immediately preceding Note Interest Payment Date) on the Class B Notes which is not due and payable on a Note Interest Payment Date as a result of the provisions of this Condition 4(j) (*Deferral of Interest Payments*) is the "**Class B Deferred Interest**" or the "**Deferred Interest**" arising on any such Note Interest Payment Date. Any Deferred Interest is payable on the next Note Interest Payment Date unless and to the extent that this Condition 4(j) (*Deferral of Interest Payments*) applies.
- (iii) As soon as practicable after becoming aware that any part of a payment of interest on the Class B Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 4(j) (*Deferral of Interest Payments*) the Issuer shall give notice thereof to the Class B Noteholders in accordance with Condition 13. Any deferral of interest in accordance with this Condition 4(j) (*Deferral of Interest*

Payments) shall not constitute a Note Event of Default. The provisions of this Condition 4(j) (*Deferral of Interest Payments*) shall cease to apply on the Final Maturity Date, at which time all Deferred Interest and accrued interest thereon shall become due and payable.

5. Payment

(a) Payments

Payments of principal and interest in respect of the Notes shall be made by the Issuer to the Principal Paying Agent for payment by the Principal Paying Agent to the Noteholders on the Note Interest Payment Date to, or to the order of, the ICSDs, as relevant, for credit to the relevant participants in the ICSDs for subsequent transfer to the Noteholders. All payments shall be subject to any fiscal laws or other laws and regulations applicable in the place of payment.

(b) Final Maturity

On the Final Maturity Date, or on such earlier date on which the Notes become due and payable, payment in respect of the Notes shall be made only against presentation of the relevant Global Note at the specified office of the Principal Paying Agent.

(c) Discharge

All payments made by the Principal Paying Agent on behalf of the Issuer to, or to the order of, the ICSDs, as relevant, shall discharge the liability of the Issuer under the Notes to the extents of the sums so paid. Any failure to make the entries in the records of the ICSDs referred to in Condition 1 (c) (*Common Safekeeper*) shall not affect the discharge referred to in the preceding sentence.

(d) Payment Business Days

If the relevant Note Interest Payment Date is not a day on which banks are open for business in the place of presentation of the relevant Note (for the purposes of this Condition a "**local business day**"), the holder thereof shall not be entitled to payment until the next following such day, or to any interest or other payment in respect of such delay, provided that in the case of payment by transfer to a Euro account as referred to above, the Principal Paying Agent and the Irish Paying Agent shall not be obliged to credit such account until the local business day immediately following the day on which banks are open for business. The name of the Principal Paying Agent and the address of its office are set out below.

6. Redemption

(a) Final redemption

Save to the extent otherwise redeemed or cancelled in accordance with this Condition 6 (*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 January 2022 (the "**Final Maturity Date**") by applying all amounts credited to the Issuer Principal Account to the Notes as follows:

- (i) *first, pro rata* in or towards repayment of any principal of the Class A Notes until the Class A Notes have been redeemed in full; and
- (ii) *second, pro rata* in or towards repayment of any principal of the Class B Notes until the Class B Notes have been redeemed in full.

Without prejudice to Condition 9 (*Note Events of Default*), the Issuer shall not redeem Notes in whole or in part prior to the Final Maturity Date except as provided in this Condition 6 (*Redemption*).

(b) Mandatory Redemption from Available Principal Amounts

Unless previously redeemed in full, the Notes are subject to mandatory redemption in part on each Note Interest Payment Date by applying an amount equal to the Available Principal Amounts to the Notes as follows:

- (i) *first, pro rata* in or towards repayment of any principal of the Class A Notes until the Class A Notes have been redeemed in full; and
- (ii) *second, pro rata* in or towards repayment of any principal of the Class B Notes until the Class B Notes have been redeemed in full.

provided that Available Principal Amounts received prior to the scheduled Loan Maturity Date due to mandatory prepayments of the Loan due to the disposal of any Property and prior to the enforcement of the Loan Security and/or the claims under the Finance Documents will be applied

- (1) *first*, an amount equal to the Allocated Loan Amount of the relevant Property *pro rata* to each Class of Notes;
- (2) *second*, any amount of the Release Price which is in excess of the Allocated Loan Amount of the relevant Property will be applied:
 - (i) *first, pro rata* in or towards repayment of any principal of the Class A Notes until the Class A Notes have been redeemed in full; and
 - (ii) *second, pro rata* in or towards repayment of any principal of the Class B Notes until the Class B Notes have been redeemed in full.

and, provided further that Available Principal Amounts received prior to the scheduled Loan Maturity Date due to voluntary prepayments of the Loan (provided there is no release of security) will be applied to the Notes as follows:

- (i) *first, pro rata* in or towards repayment of any principal of the Class B Notes until the Class B Notes have been redeemed in full; and
- (ii) *second, pro rata* in or towards repayment of any principal of the Class A Notes.

"Available Principal Amounts" means, as at any Calculation Date, an amount equal to the aggregate of:

- (i) amounts of principal received in respect of the Loan prior to the scheduled Loan Maturity Date due to any mandatory prepayment or voluntary prepayment made by any of the Borrowers;
- (ii) amounts of any scheduled repayments of principal in respect of the Loan (including, for the avoidance of doubt, any amounts held by or on behalf of the Issuer in respect of any repayment of principal under the Loan in the period from (and including) the Effective Date to (and including) the Closing Date);
- (iii) amounts of any principal payments received or recovered by or on behalf of the Issuer in respect of the Loan and the Related Loan Security as a result of enforcement procedures or other actions taken in respect of the Loan and the Related Loan Security;
- (iv) amounts transferred from the Issuer Income Account as a repayment of funds applied previously from the Issuer Principal Account towards the payment of any Priority Amounts; and
- (v) amounts transferred from the Issuer Income Account as a repayment of funds applied previously from the Issuer Principal Account towards any Eligible Investments.

"Allocated Loan Amount" means, in respect of a Property, the amount of the Loan that is allocated to that Property under the terms of the Credit Agreement.

(c) Optional Redemption for Tax or other Reason

If the Issuer at any time certifies to the Issuer Security Trustee immediately prior to giving the notice referred to below that either (i) by virtue of a change in the tax law of the Federal Republic of Germany, Ireland or any other jurisdiction (or the application or official interpretation thereof) from that in effect on the Closing Date, on the next Note Interest Payment Date the Issuer or any Paying Agent on its behalf would be required to deduct or withhold from any payment of principal or interest in respect of any Note (other than where the relevant holder or beneficial owner has some connection with the relevant jurisdiction other than the holding of Notes and other than in respect of default interest), any amount for or on account of any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by the relevant jurisdiction (or any political subdivision thereof or authority thereof or therein having power to tax) and such requirement cannot be avoided by the Issuer taking reasonable measures available to it, or (ii) if any amount payable by any of the Borrowers in relation to the Loan is reduced or ceases to be receivable (whether or not actually received) by the Issuer during the Note Interest Period preceding the next Note Interest Payment Date and, in any such case, the Issuer may, but is not obliged to, having given not more than 50 nor less than 20 calendar days' notice (or such other shorter period as the Issuer Security Trustee may agree) to the Noteholders in accordance with Condition 13 (*Notices*), redeem all but not part of the Notes at their respective Principal Amount Outstanding together with accrued interest on the next Note Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have certified to the Issuer Security Trustee that it will have the necessary 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 Issuer Trust Agreement to be paid in priority to, or *pari passu* with, the Notes and shall have delivered to the Issuer Security Trustee a certificate signed by a director of the Issuer stating that the event described above has occurred or will apply (as the case may be) on the occasion of the next Note Interest Payment Date and that the Issuer will have funds referred to above; and the Issuer Security Trustee shall 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.

(d) Redemption upon Exercise of Option

- (i) Subject to applicable law, each of the Originator, the Servicer and the Special Servicer is hereby granted an option pursuant to which it may, at its discretion, purchase the Loan on any Note Interest Payment Date provided that: (i) written notice is given by the Originator, the Servicer or the Special Servicer, as applicable, to the Issuer, to the Issuer Security Trustee and to the Noteholders in accordance with Condition 13 (*Notices*) not more than 50 nor less than 20 calendar days' prior to such purchase, (ii) that as of the Calculation Date relating to such Note Interest Payment Date, no Acceleration Notice in relation to the Notes has been served, (iii) that the Originator, the Servicer or the Special Servicer (or their respective assigns) as applicable, has, prior to giving such notice, certified to the Issuer Security Trustee that it will have the necessary funds to pay all amounts due in respect of the Notes after payment has been made to all creditors who rank in priority to Noteholders, which certificate shall be conclusive and binding, and (iv) the then Principal Amount Outstanding of the Notes is less than 10 per cent. of the Principal Amount Outstanding of the Notes as at the Closing Date.
- (ii) Upon receipt of such amounts from the Originator, the Servicer or Special Servicer, as the case may be, the Issuer will be required to redeem on such Note Interest

Payment Date all of the Notes in an amount equal to the then Principal Amount Outstanding of each Class of Notes plus interest accrued and unpaid on such Class of Notes.

(e) Redemption for Replacement Notes

If Replacement Notes (as defined in Condition 18(b) (*Replacement Notes*)) are to be issued, the Issuer may, having given not more than 50 nor less than 20 calendar days' notice to the Noteholders in accordance with Condition 13 (*Notices*), on the applicable Note Interest Payment Date redeem only the relevant Class or Classes of Notes to be replaced at a price equal to the Principal Amount Outstanding together with accrued interest provided that, prior to giving any such notice, the Issuer shall have satisfied the Issuer Security Trustee that it will have the funds, not subject to the interest of any other person, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the Servicing Agreement and/or the Issuer Trust Agreement then to be paid *pari passu* with, or in priority to, the Notes and shall have delivered to the Issuer Security Trustee a certificate signed by a director of the Issuer stating that the Issuer will have such funds; and the Issuer Security Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of such condition precedent and it shall be conclusive and binding on the Noteholders.

(f) Notice of Redemption

Any such notice as is referred to in Condition 6(c) (*Optional Redemption for Tax and Other Reason*) through 6(e) (*Redemption for Replacement Notes*) 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.

(g) Purchase

The Issuer shall not purchase Notes.

(h) Cancellation

All Notes redeemed in full will be cancelled forthwith and may not be reissued.

7. Taxation

All payments of, or in respect of, principal of and interest on the Notes will be made without withholding of, or deduction for, or on account of any present or future taxes, duties, assessments or charges of whatsoever nature imposed or levied by or on behalf of Ireland or the Federal Republic of Germany, any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or charges is required by law. In that event, the Issuer will make the required withholding or deduction of such taxes, duties, assessments or charges for the account of the Noteholders and will have no obligation to pay any additional amounts to such Noteholders. In particular, but without limitation, no additional amounts shall be payable in respect of any Note presented for payment where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings that was adopted on 3 June 2003 or any law implementing or complying with, or introduced in order to conform to, such directive.

8. Prescription / Presentation

The presentation period provided in § 801 para 1, sentence 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) is reduced to ten (10) years for the Notes.

The period for prescription for Notes presented for payment during the presentation period shall be three (3) years beginning at the end of the relevant presentation period.

9. Note Events of Default

- (a) Following the occurrence of a Note Event of Default, the Issuer Security Trustee at its discretion may, and following receipt of written instructions by (i) the holders of at least 25 per cent. in the aggregate Principal Amount Outstanding of the most senior Class of Notes then outstanding or (ii) the holders of at least 25 per cent. of the Notes of each Class calculated on a Class by Class basis (the "**Instructing Majority**") and provided that the Issuer Security Trustee is indemnified to its satisfaction, shall deliver an acceleration notice (the "**Acceleration Notice**") to the Issuer declaring the Notes to be immediately due and payable and specifying the occurrence of the relevant Note Event of Default. Any written instruction by a Noteholder shall be made by means of a written declaration delivered by hand or registered mail (*Einschreiben mit Rückschein*) to the specified office of the Principal Paying Agent who shall forward any written request immediately upon receipt to the Issuer Security Trustee.
- (b) The occurrence of any of the following events shall constitute a "**Note Event of Default**":
- (i) default is made for a period of three calendar days or more in the payment of any principal of, or default is made for a period of five calendar days or more 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 4(j) (*Deferral of Interest Payments*) shall not constitute a default in the payment of such interest for the purposes of this Condition 9(b)(i); or
 - (ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Issuer Trust Agreement or any of the other Transaction Documents to which it is a party and in any such case (except where the Issuer Security Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continuing for a period of 30 calendar days following the service by the Issuer Security Trustee on the Issuer of notice in writing requiring the same to be remedied; or
 - (iii) the Issuer failing to duly perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Issuer Trust Agreement or any of the other Transaction Documents to which it is a party and in any such case (except where the Issuer Security 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 calendar days following the service by the Issuer Security Trustee on the Issuer of notice in writing requiring the same to be remedied; or
 - (iv) the Issuer, otherwise than for the purpose of such a pre-approved amalgamation or reconstruction as is referred to in subparagraph (v) below, ceases or, through an official action of the directors of the Issuer, threatens to cease to carry on business (or a substantial part thereof); or
 - (v) an order being made or an effective resolution being passed for the liquidation of the Issuer, except a liquidation for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by the Issuer Security Trustee having been so instructed by the Instructing Majority; or
 - (vi) the Issuer is, or is deemed for the purposes of any applicable law to be, unable to pay its debts as they fall due, overindebted, in a state of impending illiquidity

or otherwise insolvent, the managing directors of the Issuer are required by law to file for insolvency or the Issuer admits its inability to pay its debts as they fall due; or

- (vii) proceedings being initiated against the Issuer under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including, but not limited to, application to a court for an insolvency administration order, appointment of an insolvency administrator, or an insolvency administration order being granted, the appointment of an insolvency administrator taking effect or the refusal of a court to institute insolvency proceedings for lack of assets, in each case in relation to the Issuer, or an attachment or execution or other process being levied or enforced upon or sued out against the whole or any substantial part of the undertaking or assets of the Issuer, and such proceedings, distress, execution or process (as the case may be) (unless initiated by the Issuer) not being discharged or not otherwise ceasing to apply within 15 calendar days, or the Issuer initiating or consenting to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or making a conveyance or assignment for the benefit of its creditors generally,

provided that in the case of each of the events described in subparagraphs (ii) and (iii) of this paragraph (b), the Issuer Security Trustee shall have certified to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the holders of the most senior Class of Notes outstanding.

- (c) Upon any declaration being made by the Issuer Security Trustee in accordance with Condition 9(a) above that the Notes are due and payable each Note shall thereby immediately become due and payable at its Principal Amount Outstanding together with accrued interest as provided in the Issuer Trust Agreement subject to the Post-Acceleration Priority of Payments.

10. Enforcement

- (a) At any time after the Notes of any Class become due and payable as a result of the delivery of an Acceleration Notice, the Issuer Security Trustee may, at its discretion and without further notice, take such steps and/or institute such proceedings as it may think fit to enforce the terms of the Issuer Trust Agreement, the other Issuer Security Documents and the Notes.
- (b) No Issuer Secured Creditor (other than the Issuer Security Trustee) has any independent power to (i) enforce any Issuer Security, (ii) exercise any rights, remedies, discretion or powers in relation to the Issuer Security or under or pursuant to the Issuer Security Documents, (iii) grant any consents or releases under or pursuant to the Loan Security Documents or (iv) otherwise have direct recourse to the Issuer Security, provided that the Instructing Majority shall be entitled to deliver an Acceleration Notice to the Issuer and to enforce the Issuer Security in accordance with the provisions of the Issuer Trust Agreement in the event the Issuer Security Trustee fails, after having been so instructed, to deliver an Acceleration Notice to the Issuer or otherwise fails to enforce the Issuer Security (in each case within a reasonable period of time following notice of such failure by the Instructing Majority) and such failure continues. In addition, no Issuer Secured Creditor is entitled to require the Issuer Security Trustee to take any action or proceedings under or in relation to any of the Issuer Security Documents or to exercise any of the rights or powers of discretion conferred on it by the Issuer Security Documents.

- (c) The Noteholders and the Issuer Security Trustee may not institute against, or join any person in instituting against, the Issuer any bankruptcy, winding-up, reorganisation, arrangement, insolvency or liquidation proceedings until the expiry of a period of at least one (1) year after the latest maturing Note is paid in full. The Noteholders accept and agree that the only remedy of the Issuer Security Trustee against the Issuer after any of the Notes have become due and payable pursuant to Condition 9 (*Note Events of Default*) is to enforce the Issuer Security.

11. Indemnification of the Issuer Security Trustee

The Issuer Trust Agreement contains provisions for the indemnification of the Issuer Security Trustee in the circumstances set out therein and for its relief from responsibility. The Issuer Security Trustee is entitled to enter into commercial transactions with the Issuer and/or any other party to the Transaction Documents without accounting for any profit resulting from such transaction.

12. Paying Agents and Agent Bank

(a) Specified Offices

The Principal Paying Agent, the Irish Paying Agent and the Agent Bank and their respective offices are:

Principal Paying Agent:	The Bank of New York One Canada Square Canary Wharf London E14 5AL United Kingdom
Irish Paying Agent:	AIB/BNY Fund Management (Ireland) Limited Guild House Guild Street Dublin 1 Ireland
Agent Bank:	The Bank of New York One Canada Square Canary Wharf London E14 5AL United Kingdom

(b) Variation or Termination of Appointment

The Issuer reserves the right at any time to vary or terminate (by giving not less than 30 calendar days notice) the appointment of the Principal Paying Agent or the Irish Paying Agent and to appoint additional or other paying agents provided that no paying agent located in the United States of America will be appointed and that the Issuer will at all times maintain a paying agent having a specified office in Ireland for as long as the Notes are listed on the Irish Stock Exchange.

Without prejudice to the right to terminate its appointment for good cause (*aus wichtigem Grund*) each of the Agent Bank and the Paying Agents may resign its appointment hereunder at any time by giving to the Issuer not less than 30 calendar days' notice to that effect, provided that the Issuer has appointed a successor Agent Bank or Paying Agent, as the case may be, to perform the respective functions assigned to the resigning party. Notice of any

termination or appointment of a Paying Agent and of any changes in the specified offices of the Paying Agent will be given to the Noteholders in accordance with Condition 13 (*Notices*) hereof. The Issuer will at all times maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to the European Council Directive 2003/48EC or any law implementing or complying with, or introduced in order to conform to, such Directive. Upon the effectiveness of the appointment of any successor Paying Agent or Agent Bank pursuant to this Condition, the Paying Agent or Agent Bank so superseded shall cease to be a Paying Agent or, as the case may be, an Agent Bank hereunder. Prior to the effectiveness of such appointment, the incumbent Paying Agent or Agent Bank shall hold all moneys deposited with it or held by it hereunder in respect of the Notes to the order of the respective successor Paying Agent or, as the case may be, a successor Agent Bank. Upon its resignation or removal becoming effective in respect of the Notes, the incumbent Paying Agent or Agent Bank shall forthwith transfer to the successor Paying Agent or, as the case may be, successor Agent Bank all records and documents in relation to the Notes held by it.

(c) Agents of the Issuer

In acting hereunder and in connection with the Notes, the Paying Agents and the Agent Bank shall act solely as agents of the Issuer and do not assume any obligations towards or relationship of agency or trust for or with the Noteholders, and shall not have any obligation towards the Noteholders except that all funds held by any Paying Agent for payments under the Notes shall be held exclusively for the benefit of and for payment to the Noteholders, but need not be segregated from other funds, except as required by law or as set forth in these Conditions, and shall be applied as set forth in these Conditions. The Agents shall be released from the restrictions set out in § 181 German Civil Code (*Bürgerliches Gesetzbuch*).

(d) Determinations Binding

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the Conditions of the Notes by the Issuer Security Trustee shall (in the absence of manifest error) be binding on the Issuer, the Agents and the Noteholders and shall be made in accordance with § 317 of the German Civil Code (*Bürgerliches Gesetzbuch*) in its reasonable discretion (*billiges Ermessen*).

(e) Liability of Agents

None of the Agents shall have any liability in respect of any error or omission or subsequent correction made in the calculation or publication of any amount in relation to the Notes, unless caused by negligence or by not following the standard of care of a prudent merchant (*mit der Sorgfalt eines ordentlichen Kaufmanns*).

13. Notices

Any notice to the Noteholders shall be validly given if published (a) in one leading London daily newspaper (which is expected to be the *Financial Times*) and (b) (for so long as the Notes are listed on the Irish Stock Exchange and the rules of that exchange so require) with the Companies Announcement Office of the Irish Stock Exchange. Any such notice published in a newspaper as aforesaid shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication shall have been made in the newspaper or newspapers in which publication is required. If publication is not practicable in any such newspaper as is mentioned above, notice will be valid if given in such other manner, and shall be deemed to have been given on such date, as the Issuer Security Trustee shall determine.

Whilst the Notes are represented by Global Notes notices to Noteholders may be given by delivery of the relevant notice to Clearstream Luxembourg and/or Euroclear for communication by them to Noteholders rather than by notification as required above provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the third day after the day of such delivery.

A copy of each notice given in accordance with this Condition 13 (*Notices*) shall be provided to each of Fitch Ratings Ltd ("**Fitch**") and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") (together with Fitch, 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 Issuer Security Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class of Notes 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 Issuer Security Trustee shall require.

14. Replacements of Notes

If any of the Global Notes is lost, stolen, damaged or destroyed, it may be replaced by the Issuer upon payment by the claimant of the costs arising in connection therewith. As a condition of replacement, the Issuer may require the fulfilment of certain conditions, the provisions of proof regarding the existence of indemnification and/or the provision of adequate collateral. In the event of any of the Global Notes being damaged, such Global Note shall be surrendered before a replacement is issued. If any Global Note is lost or destroyed, the foregoing shall not limit any right to file a petition for the annulment of such Global Note pursuant to the provisions of the laws of the Federal Republic of Germany.

15. Substitution of the Issuer

(a) Substitution

If the Issuer:

- (i) would be required by law to withhold or account for tax in respect of payments due under the Notes;
- (ii) as a result of a change in tax law or the publication of administrative decrees of the tax authorities or case law regarding the application or interpretation of already existing statutory provisions taking effect after the Closing Date, would be required to account for or pay any taxes, increase any tax payments or such change of law would result in increase of the Issuer's taxable base; or
- (iii) would receive net of tax any payment, so that it would be unable to make payment of the full amount due in respect of the Notes,

the Issuer may, without the consent of the Noteholders substitute for the Issuer any company as principal debtor in respect of all obligations arising from or in connection with the Notes (the "**Substitute Debtor**") provided that:

- (i) the Substitute Debtor assumes all obligations of the Issuer in respect of the Notes and the Transaction Documents;
- (ii) the Issuer and the Substitute Debtor have obtained all necessary authorisations and may transfer to the Paying Agents in the currency required hereunder and without being obligated to deduct or withhold any taxes or other duties of whatever nature levied by the country in which the Substitute Debtor has its domicile or tax residence, all amounts required for the fulfilment of the payment obligations arising under the Notes;
- (iii) there shall have been delivered to the Issuer Security Trustee an opinion or opinions of lawyers of recognised standing to the effect that subparagraphs (i) and (ii) above have been satisfied; and
- (iv) the Rating Agencies confirm that there would be no adverse change to the credit rating assigned to the Notes by the Rating Agencies.

(b) Notice

Notice of any such substitution shall be given in accordance with Condition 13 (*Notices*). The Issuer Security Trustee shall be notified of any such substitution no later than 30 calendar days prior to such substitution.

(c) Change of References

In the event of any such substitution, any reference in these Conditions to the Issuer shall from then on be deemed to refer to the Substitute Debtor and any reference to the jurisdiction of incorporation and/or the country in which the Issuer is domiciled or resident for taxation purposes shall from then on be deemed to refer to the jurisdiction of incorporation and/or (as relevant) the country of domicile or residence for taxation purposes of the Substitute Debtor.

16. Partial Invalidity

Without prejudice to any other provision hereof, if one or more provisions hereof is or becomes invalid, illegal or unenforceable in any respect in any jurisdiction or with respect to any party, such invalidity, illegality or unenforceability in such jurisdiction or with respect to such party or parties shall not, to the fullest extent permitted by applicable law render invalid, illegal or unenforceable such provision or provisions in any other jurisdiction or with respect to

any other party or parties. Any such invalid, illegal or unenforceable provision shall be replaced to the fullest extent permitted by law in accordance with the intent and purpose of these Conditions by such valid, legal or enforceable provisions which in their economic effect come as close as legally possible to the invalid, illegal or unenforceable provision.

17. Limited Recourse

- (a) The Notes are direct, secured and limited recourse obligations of the Issuer. The Issuer's ability to satisfy its payment obligations under the Notes and its operating and administrative expenses will be wholly dependent upon receipt by it in full of (i) payments of principal and interest and other amounts payable under the Loan, (ii) any indemnities payable by the Originator, (iii) any payments due from the Issuer Swap Counterparty under the Issuer Swap Agreements, (iv) any interest income on the Issuer Accounts, (v) any proceeds from the realisation of the Issuer Security, and (vi) any payments under the Transaction Documents in accordance with the terms thereof, together with any other distributable assets of the Issuer (*sonstiges freies Vermögen*), as available on any relevant Note Interest Payment Date (excluding any VAT portion) according to the relevant Priority of Payments. The Notes shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.
- (b) The Issuer shall hold all monies paid to it in the Issuer Accounts. Furthermore, the Issuer shall exercise all of its rights under the Transaction Documents with the due care of a prudent businessman such that obligations under the Notes may be performed to the fullest extent possible.
- (c) To the extent that the Issuer's assets (including for the avoidance of doubt any distributable assets other than the Issuer Security), or the proceeds of realisation thereof, after payment of all claims ranking in priority to the Notes, prove ultimately insufficient to satisfy the claims of all Noteholders in full, then any shortfall arising shall be extinguished and neither any Noteholder nor the Issuer Security Trustee shall have any further claims against the Issuer. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time as no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claim of the Noteholders, and neither assets nor proceeds shall be so available thereafter.

18. Further Issues, Replacement Notes and New Notes

(a) Further Issues

The Issuer is at liberty from time to time without the consent of the Noteholders, but subject always to the provisions of these Conditions to create and issue further Notes (the "**Further Notes**") in bearer form carrying the same terms and conditions in all respects (except in relation to the issue date, the first Note Interest Period and the first Note Interest Payment Date) as, and so that the same shall be consolidated and form a single series and rank *pari passu* with, the relevant Class of Notes, provided that:

- (i) the aggregate principal amount of all Further Notes to be issued on such date is in a minimum amount of €5,000,000 and integral multiples thereafter of €1,000,000;
- (ii) any Further Notes are assigned the same ratings by the Rating Agencies as are then applicable to the corresponding Class of Notes then outstanding;
- (iii) the Rating Agencies confirm that the ratings of each Class of Notes at that time outstanding will not be adversely affected as a result of such issue of Further Notes;
- (iv) an amount equal to the aggregate principal amount of such Further Notes will be on-lent by the Issuer pursuant to the provisions of the Credit Agreement(s);

- (v) such encumbrances necessary to maintain the then current ratings referred to in (c) above or to obtain the necessary ratings for the Further Notes are given in favour of the Issuer Security Trustee, the Loan Facility Agent, and/or the Issuer by the relevant Borrower(s) at the date of issue of the Further Notes (if applicable);
- (vi) no Loan Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes;
- (vii) the Issuer's liabilities in respect of such Further Notes are hedged to the satisfaction of the Rating Agencies then rating the Notes;
- (viii) no Note Event of Default has occurred and is continuing or would occur as a result of such issue of Further Notes; and
- (ix) application will be made to list the Further Notes on the Irish Stock Exchange, or if the Notes then issued are no longer listed on the Irish Stock Exchange, on such exchange, if any, on which the Notes then issued are then listed.

(b) Replacement Notes

The Issuer will also be entitled (but not obliged) at its option from time to time on any date, without the consent of the Noteholders, to issue notes (the "**Replacement Notes**"), each class of which shall be required to have the same terms and conditions in all respects as the Class of Notes which it replaces except in relation to (aa) the first Note Interest Period and (bb) the rate of interest applicable to such Replacement Notes which must be a rate of interest equal to or lower than the rate of interest applicable to the Class of Notes being replaced, and shall on issue be in a principal amount which in aggregate does not exceed the aggregate Principal Amount Outstanding of the Class of Notes which it replaces, provided that the Class or Classes of Notes to be replaced are redeemed in full in accordance with Condition 6(e) (*Redemption for Replacement Notes*) and the conditions to the issue of Further Notes as set out in Condition 18(a)(i), (ii), (iii) and (v) to (ix) are met, *mutatis mutandis*, in respect of such issue of Replacement Notes (as if references therein to Further Notes were to Replacement Notes) and provided further that, for the purposes of this Condition 18(b), (i) where interest in respect of the Replacement Notes or the Class of Notes being replaced is payable on a fixed rate basis, the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced shall be deemed to be the floating rate payable by the Issuer under any interest rate exchange agreement entered into by the Issuer in relation to the Replacement Notes or, as the case may be, the Class of Notes being replaced; and (ii) where the Replacement Notes or the Class of Notes being replaced have the benefit of a financial guarantee or similar arrangement (in this Condition 18 (*Further Issues, Replacement Notes and New Notes*), a "**Financial Guarantee**"), the guarantee fee and any other amounts payable to the provider of the Financial Guarantee, other than any such amounts the payment of which is subordinated to payments in respect of all of the Notes, (expressed as a percentage rate *per annum* on the principal amount of the Replacement Notes or, as the case may be, the Class of Notes being replaced) shall be added to the rate of interest applicable to the Replacement Notes or, as the case may be, the Class of Notes being replaced.

(c) New Notes

The Issuer shall be at liberty, without the consent of the Noteholders (but subject always to the provisions of the Conditions), to raise further funds from time to time and on any date by the creation and issue of new notes (the "**New Notes**") in bearer form which rank *pari passu* with the Class A Notes, or junior to the Class A Notes and senior to the Class B Notes, or *pari passu* with the Class B Notes, or junior to the Class B Notes and which do not form a single series with any Class of the Notes and which may have a Financial Guarantee provided that

the conditions to the issue of Further Notes as set out in Conditions 18(a)(i) and (iii) to (ix) are met, *mutatis mutandis*, in respect of the issue of such New Notes as if reference therein to Further Notes were references to New Notes.

(d) Security

Any such Further Notes, Replacement Notes and New Notes will have the benefit of the Issuer Security pursuant to the Issuer Security Documents as described in Condition 2(c) (*Issuer Security*).

19. Miscellaneous

(a) Governing Law

The Notes, as to form and content, and all rights and obligations of the Noteholders, the Issuer and the Agents shall in all respects be governed by, and construed in accordance with, German law.

(b) Place of Performance

Place of performance shall be Frankfurt am Main, Federal Republic of Germany.

(c) Jurisdiction

The non-exclusive place of jurisdiction for any action or other legal proceedings ("**Proceedings**") arising out of or in connection with the Notes shall be the District Court (*Landgericht*) in Frankfurt am Main. The Issuer hereby submits to the jurisdiction of such court. The German courts shall have exclusive jurisdiction over the annulment of the Global Notes in the event of their loss or destruction.

(d) Severability

Should any of the provisions hereof be or become invalid in whole or in part, the other provisions shall remain in force.

(e) Process Agent

With regard to any Proceedings in connection with the Notes brought against the Issuer in a court of the Federal Republic of Germany, the Issuer appoints SFM Structured Finance Management (Deutschland) GmbH, Eysseneckstraße 4, 60322 Frankfurt am Main, Germany as its agent for service of process. The Issuer shall maintain an agent for service of process in the Federal Republic of Germany as long as any Notes are outstanding.

20. Additional obligations

For as long as the Notes are listed on the Irish Stock Exchange, the Issuer shall comply with the provisions of the Irish Stock Exchange or any amended form of the said provisions as in force at the date of the issue of the Notes.

CERTAIN DEFINITIONS

"Acceleration Notice" means an acceleration notice served by the Issuer Security Trustee to the Issuer following the occurrence of a Note Event of Default as referred to in Condition 9 (*Note Events of Default*) of the Notes.

"Account Banks" means The Bank of New York, London Branch with its business address at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom and the Bank of New York, Frankfurt Branch with its business address at Niedenau 61-63, 60325 Frankfurt am Main, Germany.

"Account Bank Agreement" means a bank agreement entered into by the Issuer, the Account Bank, the Servicer and the Issuer Security Trustee on or about the Closing Date.

"Acquisition Agreement" means the joint deed (*Rahmenurkunde*) of sale entered into between, *inter alios*, the Borrowers as purchasers and the Land Hessen, notarial deed no. 947/2006 H dated 3 November 2006 of the notary Wolfgang Hanf in Frankfurt am Main, Germany.

"Agency Agreement" means the agency agreement entered into by the Issuer, the Paying Agents, the Agent Bank and the Issuer Security Trustee dated on or about the Closing Date.

"Agent Bank" means The Bank of New York, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, in its capacity as agent bank under the Agency Agreement and its successor(s).

"Agents" means the Principal Paying Agent, the Irish Paying Agent and the Agent Bank.

"Allocated Loan Amount" has the meaning ascribed thereto in Condition 6(b) of the Notes (*Mandatory Redemption from Available Principal Amounts*).

"Austrian Share Pledge Agreement" means the share pledge agreement governed by Austrian law pursuant to which the shares in CAI Germany Holding have been pledged to the Facility Agent as security for the Borrowers' obligations under the Finance Documents.

"Available Issuer Income" means:

- (a) all monies (other than Available Principal Amounts and Pre-Closing Proceeds) received by the Issuer under or in respect of the Loan, including any Prepayment Fees, cancellation fees and break costs;
- (b) any interest accrued on amounts standing to the credit of the Issuer Accounts and paid into the Issuer English Income Account together with the yield element of the proceeds of any Eligible Investments made by or on behalf of the Issuer out of amounts standing to the credit of the Issuer Accounts and paid into the Issuer English Income Account; and
- (c) any other amounts received by the Issuer under the Transaction Documents (other than the Available Principal Amounts, any Income Deficiency Loan and any Liquidity Stand-by Loan).

"Available Principal Amounts" means, as at any Calculation Date, an amount equal to the aggregate of:

- (a) amounts of principal received in respect of the Loan prior to the scheduled Loan Maturity Date due to any mandatory prepayment or voluntary prepayment made by any of the Borrowers;
- (b) amounts of any scheduled repayments of principal in respect of the Loan (including, for the avoidance of doubt, any amounts held by or on behalf of the Issuer in respect of

any repayment of principal under the Loan in the period from (and including) the Effective Date to (and including) the Closing Date);

- (c) amounts of any principal payments received or recovered by or on behalf of the Issuer in respect of the Loan and the Related Loan Security as a result of enforcement procedures or other actions taken in respect of the Loan and the Related Loan Security;
- (d) amounts transferred from the Issuer Income Account as a repayment of funds applied previously from the Issuer Principal Account towards the payment of any Priority Amounts; and
- (e) amounts transferred from the Issuer Income Account as a repayment of funds applied previously from the Issuer Principal Account towards any Eligible Investments.

"BACA" means Bank Austria Creditanstalt AG with its principal office at Schottengasse 6 – 8, 1010 Vienna, Austria.

"BACA Hedging Arrangement" means the fixed-for-floating hedging arrangement with regard to the BACA Hedged Tranche of the Loan entered into on 28 December 2006 between Bank Austria Creditanstalt AG and the Borrowers.

"BACA Hedged Tranche" means that portion of the Loan equal to €467,500,000 of its original principal amount.

"Borrowers" (and each of them, a **"Borrower"**) means CAI Eins, CAI Zwei, CAI Drei, CAI Vier, CAI Fünf, CAI Sechs, CAI Sieben, CAI Acht and CAI Neun.

"Borrower Hedge Counterparties" (and each of them, a **"Borrower Hedge Counterparty"**) means the counterparties to the Borrower Hedging Arrangements, initially BACA and Eurohypo AG.

"Borrower Hedge Termination Trigger Event" means the termination of a Borrower Hedging Arrangement due an event of default (as defined therein) attributable to a Borrower.

"Borrower Hedging Agreements" (and each of them, a **"Borrower Hedging Agreement"**) means the documentation constituting each of the Borrower Hedging Arrangements.

"Borrower Hedging Arrangements" (and each of them, a **"Borrower Hedging Arrangement"**) means the BACA Hedging Arrangement, the EH Hedging Arrangement and any other hedging arrangements with respect to the Loan in accordance with the hedging strategy agreed on under the terms of the Credit Agreement.

"Borrower Security Agent" means Eurohypo AG in its capacity as a security agent under the Credit Agreement.

"CAI Acht" means CA Immo Acht GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78253, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"CAI AG" means CA Immobilien Anlagen AG, a stock company incorporated under the laws of Austria, registered in the companies book (*Firmenbuch*) kept at the Commercial Court (*Handelsgericht*) of Vienna under the registration no. FN 75895k, with its registered office at Freyung 3/2/11, 1010 Vienna, Austria.

"CAI Drei" means CA Immo Drei GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78248, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Eins**" means CA Immo Eins GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78246, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Fünf**" means CA Immo Fünf GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78250, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Germany Holding**" means CA Immo Germany Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria, registered in the companies book (*Firmenbuch*) kept at the Commercial Court (*Handelsgericht*) of Vienna under registration no. FN 277558z, with its registered office at Freyung 3/2/11, 1010 Vienna, Austria.

"**CAI International Holding**" means CA Immo International Holding GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Austria, registered in the companies book (*Firmenbuch*) kept at the Commercial Court (*Handelsgericht*) of Vienna under registration no. FN 248643b, with its registered office at Freyung 3/2/11, 1010 Vienna, Austria.

"**CAI Neun**" means CA Immo Neun GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78254, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Sechs**" means CA Immo Sechs GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78251, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Sieben**" means CA Immo Sieben GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78252, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Vier**" means CA Immo Vier GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78249, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**CAI Zwei**" means CA Immo Zwei GmbH, a limited liability company (*Gesellschaft mit beschränkter Haftung*) formed under the laws of Germany, registered in the commercial register of the local court of Frankfurt am Main under registration number HRB 78247, with its registered office is at Friedrichstrasse 2-6, 60323 Frankfurt am Main, Germany.

"**Calculation Date**" means the second Note Business Day preceding each Note Interest Payment Date.

"**Class**" or "**Class of Notes**" means any one of the Class A Notes or the Class B Notes.

"**Class A Noteholders**" means the holders of any Class A Notes.

"**Class A Notes**" means the €300,000,000 Class A Commercial Mortgage Backed Floating Rate Notes due January 2022.

"**Class B Deferred Interest**" means any amount of interest, including any deferred interest arising on the immediately preceding Interest Payment Date and accrued interest thereon, on

the Class B Notes which is not due and payable on an Interest Payment Date as a result of the provisions of Condition 4(j) (*Deferral of Interest Payments*) of the Notes.

"**Class B Noteholders**" means the holders of any Class B Notes.

"**Class B Notes**" means the €250,000,000 Class B Commercial Mortgage Backed Floating Rate Notes due January 2022.

"**Clearstream Luxembourg**" means Clearstream Banking, société anonyme.

"**Closing Date**" means 20 April 2007 (or such later date as may be agreed between the Issuer and the Note Arranger).

"**Common Safekeeper**" has the meaning ascribed thereto in Condition 1(c) (*Common Safekeeper*) of the Notes.

"**Conditions of the Notes**" or "**Conditions**" (and each of them, a "**Condition**") means the terms and conditions endorsed on any Class of Notes in the form set out under "*Terms and Conditions of the Notes*" in this Prospectus.

"**Contingent Issuer Swap Agreement**" means an interest rate swap transaction entered into between the Issuer and the Issuer Swap Counterparty, which will be activated following a Borrower Hedge Termination Trigger Event.

"**Contracts**" (and each of them, a "**Contract**") means, for the purposes of the Issuer Deed of Charge and Assignment:

- (a) the Subscription Agreement;
- (b) the Loan Sale and Transfer Agreement (to the extent governed by English law);
- (c) the Issuer Swap Agreements; and
- (d) the Liquidity Facility Agreement.

"**Controlling Party**" means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding (as defined below) greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or
- (b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

excluding, in each case, the Excluded Class.

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above shall be the Controlling Party.

"**Corporate Services Agreement**" means the corporate services agreement dated on or about the Closing Date among the Issuer, the Corporate Services Provider and the Issuer Security Trustee.

"**Corporate Services Provider**" means Structured Finance Management (Ireland) Limited, in its capacity as Corporate Services Provider to the Issuer under the Corporate Services Agreement or its successor or successors.

"**Credit Agreement**" means the credit agreement dated 19 December 2006 and amended and restated on 19 March 2007 and entered into between, *inter alios*, the Borrowers and the Originator, pursuant to which the Originator made available to the Borrowers the Facilities, as amended and restated from time to time.

"**DSCR**" or debt service cover ratio means, on each Loan Interest Payment Date, the projected net rental income of the Borrowers (including any proceeds from loss of rent insurance) as a percentage of projected annual interest costs and principal payments under the Loan for the following twelve months at that time.

"**Deed of Assignment**" means an English law-governed deed of assignment with respect to all rights, title and interest in, to and under the Borrower Hedging Agreements.

"**Default Rate**" means the sum of the applicable Rate of Interest and 2 per cent. *per annum*.

"**Deferred Interest**" means the Class B Deferred Interest arising on any Note Interest Payment Date.

"**Deferred Purchase Price**" means, as at each Note Interest Payment Date, an amount, if any, equal to the positive difference between (i) the amount of the Available Issuer Income standing to the credit of the Issuer Income Accounts on the immediately preceding Calculation Date and (ii) the sum of (1) the aggregate of the amounts applied in accordance with items (a) through (n) of the Income Pre-Acceleration Priority of Payments or the items (a) through (n) of the Post-Acceleration Priority of Payments, as applicable, and (2) the Issuer Profit.

"**Effective Date**" means 22 December 2006.

"**EH Hedging Arrangement**" means the fixed-for-floating hedging arrangement with regard to the Eurohypo Hedged Tranche of the Loan entered into on 19 December 2006 between Eurohypo AG and the Borrowers.

"**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 Note 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 "F1+" by Fitch and at least "A-1+" by S&P or are otherwise acceptable to the Rating Agencies and, where such investments will mature in three months or more, the Rating Agencies have affirmed that the proposed investments would not adversely affect the then current ratings of the Notes.

"**EURIBOR**" means the rate *per annum* equal to the Euro-interbank offered rate for euro deposits determined as follows:

- (a) the Agent Bank will obtain for each Interest Period the rate equal to the sum of EURIBOR for three-month deposits in euro. The Agent Bank shall use the EURIBOR rate as determined and published jointly by the European Banking Federation and ACI - The Financial Market Association and which appears for information purposes on the Reuters Screen EURIBOR01 Page (or, if not available, any other display page on any screen service maintained by any registered information vendor (including, without limitation, the Reuters Monitor Money Rate Service, the Dow Jones Telerate Service and the Bloomberg Service) for the display of the EURIBOR rate selected by the Agent Bank) as at or about 10:00 a.m. (London Time) on the Interest Determination Date; or
- (b) if, on the relevant Interest Determination Date, such EURIBOR rate is not determined and published jointly by the European Banking Association and ACI - The Financial Market Association, or if it is not otherwise reasonably practicable to calculate the rate under (i) above, the Agent Bank will:
 - (i) request the principal Euro-zone office of each of four major banks in the Eurozone interbank market (the "**Reference Banks**") to provide a quotation for

the rate at which three month euro deposits are offered by it in the Euro-zone interbank market at approximately 10:00 a.m. (London Time) on the relevant Interest Determination Date to prime banks in the Euro-zone interbank market in an amount that is representative for a single transaction at that time; and determine the arithmetic mean (rounded, if necessary, to the third decimal place with 0.0005 being rounded upwards) of such quotation as is provided; or

- (ii) if fewer than two such quotations are provided as requested, the Agent Bank will determine the arithmetic mean (rounded, if necessary, to the third decimal place with 0.0005 being rounded upwards) of the rates quoted by major banks, of which there will be at least two in number, in the Euro-zone, selected by the Agent Bank, at approximately 10:00 a.m. (London Time) on the relevant Interest Determination Date for one month deposits to leading Eurozone banks in an amount that is representative for a single transaction in that market at that time,

and EURIBOR for such Interest Period will be the rate *per annum* equal to the Euro-interbank offered rate for euro deposits as determined in accordance with this definition, provided that if the Agent Bank is unable to determine EURIBOR in accordance with the above provisions in relation to any Interest Period, EURIBOR applicable to the relevant Class of Notes during such Interest Period will be EURIBOR last determined in relation thereto.

"**Euro**", "**euro**" and "**€**" means the currency of the member states of the European Union that have adopted a single currency in accordance with the treaty establishing the European Communities, as amended by the Treaty on the European Union.

"**Euroclear**" means Euroclear Bank S.A./N.V. or its successors, as Operator of Euroclear System.

"**Eurohypo AG**" means Eurohypo Aktiengesellschaft with its principal office at Helfmann-Park 5, 65760 Eschborn, Germany.

"**Eurohypo, London Branch**" means Eurohypo Aktiengesellschaft acting through its registered office at 4th Floor, 90 Long Acre, London WC2E 9RA, United Kingdom.

"**Eurohypo Hedged Tranche**" means that portion of the Loan equal to €82,500,000 of its original principal amount.

"**Exchange Date**" means the date for exchange of the Temporary Global Notes in Permanent Global Notes at least 40 calendar days (but no later than 180 calendar days) after the Closing Date.

"**Excluded Class**" means, if any, any Class of Notes the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of the Borrowers and/or any one or more of its affiliates.

"**Facility Agent**" means Eurohypo AG in its capacity as the facility agent with respect to the Credit Agreement, and any successor thereof.

"**Final Maturity Date**" means the Note Interest Payment Date falling in January 2022.

"**Finance Documents**" (and each of them, a "**Finance Document**") means the Credit Agreement, the Loan Security Documents and certain related agreements and documents.

"**Financial Guarantee**" has the meaning ascribed thereto in Condition 18(b) (*Replacement Notes*) of the Notes.

"**Fitch**" means Fitch Ratings Ltd., Junghofstrasse 24, 60311 Frankfurt, Germany.

"Further Notes" has the meaning ascribed thereto in Condition 18(a) (*Further Issues*) of the Notes.

"German Borrower Security Documents" means each of the following:

- (a) a notarial deed creating the joint mortgage (*Gesamtgrundschuld*) over all Properties (the "**Mortgage Deed**") together with the assumption of personal liability (*Übernahme der persönlichen Haftung*) by each Borrower and a submission to an immediate enforcement (*Unterwerfung unter die sofortige Zwangsvollstreckung*) and all other rights and claims arising under the Mortgage Deed as well as a security purpose agreement (*Sicherungszweckerklärung*) entered into by the each Borrower and the Borrower Security Agent regarding the Mortgage (the "**Security Purpose Agreement**");
- (b) first-ranking account pledges, granted by each of the Borrowers in respect of all its rights in, to and under its Borrower Accounts (including any present and future credit balances standing to the credit of its Borrower Accounts) (the "**Accounts Pledge Agreement**");
- (c) assignments by way of security (*Sicherungsabtretungen*) granted by each of the Borrowers, as relevant (the "**Assignment Agreement**") over:
 - (A) any and all, present and future, claims arising under the lease agreements relating to the Properties;
 - (B) any and all, present and future, claims arising under any insurance agreements relating to the Properties;
 - (C) any and all, present and future, claims of each Borrower arising under a property management agreement entered into with respect to Properties;
 - (D) any and all present and future, actual or contingent rights and claims of the Borrowers arising under or in connection with the Acquisition Agreement including, but not limited to, any warranty claims (*Gewährleistungsansprüche*), claims for reduction of the purchase price (*Minderung*), rights to rescission (*Rücktritt*) and restitution claims against the respective seller(s);
- (d) a first-ranking share pledge agreement over all the shares in the Borrowers, respectively (the "**German Share Pledge Agreement**"); and
- (e) a comfort letter issued by CAI AG according to which CAI AG undertakes to ensure that the Borrowers and CAI Germany Holding have sufficient means to fulfil its obligations under and in connection with the Credit Agreement up to an amount of €595,375,000.00 (the "**Comfort Letter**").

"German Issuer Accounts Pledge Agreement" means the German law governed account pledge agreement dated on or about the Closing Date and entered into between, *inter alios*, the Issuer and the Issuer Security Trustee in relation to the German Issuer Transaction Accounts.

"Global Notes" means (i) all of the Temporary Global Notes and the Permanent Global Notes, or the Temporary Global Note and the Permanent Global Note of a particular Class or (ii) any of the Temporary Global Notes or the Permanent Global Notes, as the context may require.

"ICR" or interest coverage ratio means, on each Loan Interest Payment Date, the projected net rental income of the Borrowers (including any proceeds from loss of rent insurance) as a percentage of projected annual interest costs under the Loan (excluding principal payments) for the following twelve months at that time.

"Income Deficiency" means the amount by which the Available Issuer Income is insufficient to meet payments due under items (a) to (j) of the Income Pre-Acceleration Priority of Payments.

"Income Deficiency Drawing" means a drawing made due to an Income Deficiency pursuant to and in accordance with the Liquidity Facility Agreement.

"Income Deficiency Loan" means a loan made pursuant to the Liquidity Facility Agreement, which is made as a result of an Income Deficiency Drawing.

"Income Pre-Acceleration Priority of Payments" means the Issuer Income Pre-Acceleration Priority of Payments set out in Clause 9.2 of the Issuer Trust Agreement.

"Initial Purchase Price" means the initial purchase price to be paid by the Issuer to the Seller as a consideration for the sale and transfer of the Loan and the Related Loan Security in an amount equal to the outstanding principal amount of the Loan as of the Effective Date.

"Instructing Majority" means, at any time, (i) the holders of at least 25 per cent. in the aggregate Principal Amount Outstanding of the most senior Class of Notes then outstanding or (ii) the holders of at least 25 per cent. of the Notes of each Class calculated on a class-by-class basis.

"Interest Amount" means the amount of interest payable on each Class of Notes for the following Note Interest Period.

"Interest Determination Date" means the day that is two (2) Note Business Days preceding (i) the first day of each Note Interest Period or (ii) in respect of a Liquidity Loan, the first day of the relevant Liquidity Interest Period.

"Interest Payment Date" means (i) in relation to the Loan, a Loan Interest Payment Date, and (ii) in relation to the Notes, a Note Interest Payment Date.

"Interest Period" means (i) in relation to the Loan, a Loan Interest Period, and (ii) in relation to the Notes, a Note Interest Period.

"International Central Securities Depository" or **"ICSD"** shall mean each of the operator of Euroclear System and Clearstream Banking, *société anonyme*.

"Irish Paying Agent" means AIB/BNY Fund Management (Ireland) Limited, acting through its office at Guild House, Guild Street, Dublin 1, Ireland, in its capacity as Irish paying agent under the Agency Agreement.

"Irish Stock Exchange" means The Irish Stock Exchange Limited, the registered address of which is 28 Anglesea Street, Dublin 2, Ireland.

"Issuer" means Opera Germany (No. 3) Limited, a limited company incorporated under the laws of Ireland on 12 March 2007 and registered under the registration number 436216.

"Issuer Accounts" means the Issuer Transaction Accounts and any Liquidity Stand-by Account, each an **"Issuer Account"**.

"Issuer Capital Proceeds Account" means a segregated account of the Issuer established with Allied Irish Bank for the sole purpose of holding the proceeds of the Issuer's share capital, payments representing the Issuer Profit and interest thereon (if any).

"Issuer Deed of Charge and Assignment" means a deed of charge and assignment entered into by the Issuer and the Issuer Security Trustee on or about the Closing Date pursuant to which the Issuer creates security in favour of the Issuer Security Trustee for itself and the benefit of the other Issuer Secured Creditors over its rights, title, interest in, to and under the Contracts, all sums of money to which the Issuer is or may be entitled and that are from time

to time standing to the credit of the Issuer English Accounts, and any Eligible Investments from time to time held by or on behalf of the Issuer to the extent governed by English law and any other assets (other than the Excepted Assets) governed by English law in which the Issuer may at any time acquire any right, title, interest or benefit.

"Issuer English Income Account" means the euro cash account opened and maintained in the United Kingdom for the English Account Bank in accordance with the provisions of the Account Bank Agreement in the name of the Issuer, into which all monies standing to the credit of the Issuer German Income Account will be swept on a daily basis.

"Issuer English Principal Account" means the euro cash account opened and maintained in the United Kingdom for the English Account Bank in accordance with the provisions of the Account Bank Agreement in the name of the Issuer, into which all monies standing to the credit of the Issuer German Principal Account will be swept on a daily basis.

"Issuer English Transaction Accounts" means the Issuer English Income Account and the Issuer English Principal Account and any other English account maintained by the Issuer in the United Kingdom.

"Issuer German Income Account" means the euro cash account opened and maintained in Germany for the German Account Bank in accordance with the provisions of the Account Bank Agreement in the name of the Issuer, into which, inter alia, all amounts of Available Issuer Income and any Income Deficiency Loan will be transferred.

"Issuer German Principal Account" means the euro cash account opened and maintained in Germany for the German Account Bank in accordance with the provisions of the Account Bank Agreement in the name of the Issuer, into which all amounts of Available Principal Amounts will be transferred.

"Issuer German Transaction Accounts" means the Issuer German Income Account and the Issuer German Principal Account and any other German account maintained by the Issuer in Germany.

"Issuer - ICSDs Agreement" means the agreement entered into by the Issuer, Clearstream Luxembourg and Euroclear dated on or about the Closing Date.

"Issuer Intercreditor Agreement" means the intercreditor agreement dated on or about the Closing Date and entered into between, inter alios, the Issuer, the Issuer Security Trustee and the Issuer Secured Creditors (except for the Noteholders).

"Issuer Interest Swap Agreement" means an interest rate swap transaction entered into on or about the Closing Date between the Issuer and the Issuer Swap Counterparty in order to hedge against the potential interest rate mismatches between the floating rate interest payments received by the Issuer under the Loan and the floating rate interest payment obligations of the Issuer under the Notes resulting from different determination dates being applicable to determine EURIBOR as the base rate for calculating the interest rates in respect of (i) the Loan and (ii) the Notes.

"Issuer Profit" means, on each Note Interest Payment Date, an amount equal to 0.01 per cent. *per annum* of the Available Issuer Income received by the Issuer during the period commencing on the second immediately preceding Calculation Date (inclusive) and ending on the immediately preceding Calculation Date (exclusive), to be paid on such date into the Issuer Capital Proceeds Account.

"Issuer Secured Creditors" means the Noteholders, the Issuer Security Trustee, the Servicer, the Special Servicer, the Corporate Services Provider, the Principal Paying Agent, the Irish Paying Agent, the Agent Bank, the Liquidity Bank, the Note Arranger, the Account Bank and the Issuer Swap Counterparty.

"Issuer Security" means the first-ranking security created by the Issuer in favour of the Issuer Security Trustee for itself and the benefit of the other Issuer Secured Creditors over:

- (a) all rights in, to and under the Loan purchased by the Issuer under, and in accordance with, the Loan Sale and Transfer Agreement;
- (b) the Related Loan Security and all claims and rights relating thereto, including without limitation the Mortgage which is transferred by the Originator to the Issuer pursuant to the Loan Sale and Transfer Agreement;
- (c) all (present and future) claims and rights the Issuer may have under any Transaction Documents;
- (d) all (present and future) claims and rights in relation to any amounts standing to the credit of the Issuer Accounts;
- (e) its interest in any Eligible Investments made by it or on its behalf; and
- (f) the claims of the Issuer against the Issuer Security Trustee.

"Issuer Security Documents" means each of the Issuer Trust Agreement, the German Issuer Accounts Pledge Agreement and the Issuer Deed of Charge and Assignment.

"Issuer Security Trustee" means The Bank of New York, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, in its capacity as security trustee under the Issuer Trust Agreement.

"Issuer Security Trustee Claim" means a separate claim of the Issuer Security Trustee pursuant to Clause 4.2 of the Issuer Trust Agreement.

"Issuer Swap Agreements" (and each of them an **"Issuer Swap Agreement"**) means the Issuer Interest Swap Agreement and the Contingent Issuer Swap Agreement.

"Issuer Swap Counterparty" means Eurohypo AG, in its capacity as Issuer Swap Counterparty under the Issuer Swap Agreements.

"Issuer Transaction Accounts" means the Issuer German Transaction Accounts, the Issuer English Transaction Accounts and any other bank account maintained by the Issuer, with the exception of the Issuer Capital Proceeds Account, in which the Issuer may at any time acquire any right, title, interest or benefit in accordance with the terms of the Transaction Documents from time to time.

"Issuer Trust Agreement" means the trust agreement dated on or about the Closing Date and entered into between the Issuer, the Originator, the Borrower Security Agent and the Issuer Security Trustee, as the same may be amended or restated from time to time.

"Joint Bookrunners" means together Citigroup Global Markets Limited and Bayerische Hypo- und Vereinsbank AG (and each of them a **"Joint Bookrunner"**).

"Land Hessen" means the German federal state (*Land*) of Hesse (*Hessen*).

"Lender" means until (but excluding) the Closing Date, Eurohypo AG in its capacity as the lender under the Credit Agreement, and from (and including) the Closing Date, the Issuer.

"Liquidation Fee" means a fee (exclusive of value added tax) the Special Servicer will be entitled to in respect of the Loan equal to an amount of 1.00 per cent. of the proceeds (net of all costs and expenses incurred as a result of the default of the Loan, enforcement and sale), if any, arising on the sale of a Property or on or out of the application of any other enforcement procedures or other actions taken by the Special Servicer in respect of the Loan.

"**Liquidity Bank**" means Lloyds TSB Bank plc, acting through its London branch located at 10 Gresham Street, London EC2V 7AE, United Kingdom, in its capacity as liquidity facility provider under the Liquidity Facility Agreement.

"**Liquidity Facility Agreement**" means the 364-day term liquidity facility agreement to be entered into by the Issuer, the Liquidity Bank and the Issuer Security Trustee on or about the Closing Date.

"**Liquidity Facility Commitment**" means the initially permitted drawings of up to an aggregate amount of €68,000,000 to be made by the Issuer pursuant to the Liquidity Facility Agreement, as such may be reduced from time to time in accordance with the terms of the Liquidity Facility Agreement.

"**Liquidity Stand-by Account**" means the Issuer Account with the Liquidity Bank (which will be established only if required pursuant to the terms of the Liquidity Facility Agreement).

"**Liquidity Subordinated Amounts**" are (i) any increased costs, mandatory costs and tax gross up amounts (other than those referred to in (ii) below) payable to the Liquidity Bank to the extent that such amounts exceed 0.125 per cent. *per annum* of the Liquidity Facility Commitment and (ii) any amounts applicable in or towards payment or discharge of increases in the Liquidity Facility Commitment fee directly attributable to the implementation of the Framework, but only to the extent that the aggregate amounts under (i) and (ii) above exceed 0.25 per cent. *per annum* of the Liquidity Facility Commitment.

"**Listing Agent**" means J & E Davy.

"**Loan**" means the loan made available to the Borrowers as of the Effective Date pursuant to the Credit Agreement.

"**Loan Business Day**" means a TARGET Day (other than a Saturday or a Sunday) on which banks are open for general business in Frankfurt am Main, Germany.

"**Loan Interest Payment Date**" means 20 January, 20 April, 20 July and 20 October of each year, with the first interest payment date being 20 April 2007, or, if such date is not a Loan Business Day, the next Loan Business Day immediately following such date unless it would thereby fall into the next calendar month, in which case the immediately preceding Loan Business Day.

"**Loan Interest Period**" means the successive quarterly interest periods commencing on (and including) each Loan Interest Payment Date and ending on (but excluding) the next succeeding Loan Interest Payment Date.

"**Loan Maturity Date**" means 20 January 2017.

"**Loan Origination Date**" means 22 December 2006.

"**Loan Sale and Transfer Agreement**" means a loan sale and transfer agreement entered into between the Originator and the Issuer on or about the Closing Date pursuant to which the Issuer purchases from the Originator the Loan together with the Related Loan Security.

"**Loan Security**" means the security created under the Loan Security Documents.

"**Loan Security Documents**" means the German Borrower Security Documents, the Austrian Share Pledge Agreement and the Deed of Assignment.

"**Loan Tranches**" means the BACA Hedged Tranche and the Eurohypo Hedged Tranche, and "**Loan Tranche**" means each of them.

"**local business day**" means, for the purposes of Condition 5(d) (*Payment Business Days*) of the Notes a day on which banks are open for business in the place of presentation of the relevant Note.

"**London Time**" means the official time in London, Great Britain.

"**LTV**" means the ratio of (i) the aggregate outstanding amounts of the Loan to (ii) the market value of the Properties determined in the last recent valuation.

"**Margin**" means an interest rate margin applicable to each Class of Notes.

"**Master Definitions Schedule**" means the master definitions schedule dated on or about the Closing Date and signed by, *inter alios*, the Issuer, the Originator and the Issuer Security Trustee.

"**Mortgage**" means the certificated joint land charge (*Gesamtbriefgrundschuld*) over the Properties ranking first in Section (*Abteilung*) III of the relevant land registers (*Grundbücher*) which secures the obligations of the Borrowers under the Credit Agreement.

"**New Notes**" has the meaning ascribed thereto in Condition 18(c) (*New Notes*) of the Notes.

"**Note Arranger**" means Eurohypo AG.

"**Note Business Day**" means a TARGET Day (other than a Saturday or a Sunday) on which banks are open for general business in London and Frankfurt am Main, Germany.

"**Note Event of Default**" means any of the events of default set forth in Condition 9 (*Note Events of Default*) of the Notes.

"**Note Interest Payment Date**" means 25 January, 25 April, 25 July and 25 October of each year, with the first note interest payment date falling in July 2007, or, if such date is not a Note Business Day, the next Note Business Day immediately following such date unless it would thereby fall into the next calendar month, in which case the immediately preceding Note Business Day.

"**Note Interest Period**" means the successive quarterly interest periods in which interest on the Notes will be payable, which will commence on (and include) each Note Interest Payment Date and end on (but exclude) the next succeeding Note Interest Payment Date, except for the first Note Interest Period, which will commence on (and include) the Closing Date and end on (but exclude) the first Interest Payment Date falling in July 2007.

"**Note Interest Shortfall**" has the meaning ascribed thereto in Condition 4(b) (*Interest Shortfall*) of the Notes.

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

"**Notes**" means the Class A Notes and the Class B Notes.

"**Operating Adviser**" means the adviser appointed by the Controlling Party in accordance with Condition 3(d) (*Operating Adviser*) of the Notes.

"**Originator**" means Eurohypo AG.

"**Paying Agents**" (and each of them, a "**Paying Agent**") means the Principal Paying Agent and the Irish Paying Agent.

"**Permanent Global Notes**" means the permanent global note of each Class of Notes.

"**Post-Acceleration Priority of Payments**" means the priority of payments as set out in Clause 22.1 of the Issuer Trust Agreement.

"Pre-Closing Proceeds" means, with respect to the Loan, any accrued but unpaid interest for the period between (and including) the Loan Origination Date and (but excluding) the Closing Date.

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

"Principal Paying Agent" means The Bank of New York, acting through its office at One Canada Square, Canary Wharf, London E14 5AL, United Kingdom, in its capacity as principal paying agent under the Agency Agreement.

"Principal Priority of Payments" means the pre-acceleration principal priority of payments set out in Clause 9.3 of the Issuer Trust Agreement.

"Priority Amounts" has the meaning ascribed to such term in Clause 9.1 of the Issuer Trust Agreement.

"Priority of Payments" means each of the Income Pre-Acceleration Priority of Payments, the Principal Priority of Payments and the Post-Acceleration Priority of Payments, and together, the **"Priorities of Payments"**.

"Proceedings" has the meaning ascribed thereto in Condition 18(c) (*New Notes*) of the Notes.

"Properties" (and each of them, a **"Property"**) means the 36 office properties owned by the Borrowers that are the subject of the Mortgage.

"Property Protection" means the amount required in order to make payments necessary for the maintenance and protection of the Properties (to the extent not already paid under the provisions of the Credit Agreement).

"Property Protection Drawing" means a drawing made in order to cover Property Protection pursuant to and in accordance with the Liquidity Facility Agreement.

"Property Protection Loan" means a loan made pursuant to the Liquidity Facility Agreement which is made as a result of a Property Protection Drawing.

"Prospectus" means this prospectus.

"Rate of Interest" has the meaning ascribed thereto in Condition 4(f) (*Determination of Interest and Calculation of the Interest Amount*) of the Notes.

"Rating Agencies" (and each of them, a **"Rating Agency"**) means S&P and Fitch.

"Reference Bank" means each of four major banks (together, the **"Reference Banks"**) in the Euro-zone interbank market as referred to in Condition 4 (*Interest*) of the Notes.

"Related Loan Security" means the Loan Security relating to the Loan.

"Rating Event Termination Event" means, with respect to each of the Borrower Hedging Arrangements, any occurrence of an additional termination event (as provided in the relevant Borrower Hedging Arrangement) following failure by the relevant Borrower Hedge Counterparty to take any of the required measures specified in the relevant Borrower Hedging Arrangement in relation to a relevant rating event affecting such Borrower Hedge Counterparty.

"Replacement Notes" has the meaning ascribed thereto in Condition 18(b) (*Replacement Notes*) of the Notes.

"S&P" means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc., Main Tower, Neue Mainzer Strasse 52, 60311 Frankfurt am Main, Germany.

"**Seller**" means Eurohypo AG in such capacity under the Loan Sale and Transfer Agreement.

"**Servicer**" means Eurohypo, London Branch, in its capacity as the servicer under the Servicing Agreement.

"**Servicing Agreement**" means the servicing agreement dated on or about the Closing Date between, *inter alios*, the Issuer, the Servicer, the Special Servicer and the Issuer Security Trustee.

"**Servicing Fee**" means the fee that the Issuer will pay on each Note Interest Payment Date to the Servicer, equal to 0.03 per cent. *per annum* (inclusive of value added tax) of the aggregate Principal Amount Outstanding on that date

"**Share Trust Deed**" means a share trust deed dated 13 April 2007 pursuant to which SFM Corporate Services Limited, 35 Great St. Helen's, London EC3A 6AP, United Kingdom (the "**Share Trustee**") will hold its interest in the shares of the Issuer on trust for charitable purposes.

"**Special Servicer**" means Eurohypo, London Branch, in its capacity as the special servicer under the Servicing Agreement.

"**Special Servicing Fee**" means the fee that the Issuer will be required to pay to the Special Servicer pursuant to the Servicing Agreement, if the Loan is designated to be specially serviced, equal to 0.25 per cent. *per annum* (exclusive of value added tax) of the principal balance of the Loan then outstanding.

"**Subordinated Swap Amount**" means any and all amounts due and payable to the Issuer Swap Counterparty under the Issuer Swap Agreements following an early termination of the Issuer Swap Agreements as a result of an event of default under the Issuer Swap Agreements in respect of which the Issuer Swap Counterparty is the defaulting party.

"**Subscription Agreement**" means a subscription agreement for the Notes dated on or about the date of the Prospectus between, *inter alios*, the Issuer, Eurohypo and the Joint Bookrunners.

"**Substitute Debtor**" means any company that substitutes the Issuer as principal debtor in respect of all obligations arising in connection with the Notes in accordance with Condition 15 (*Substitution of the Issuer*) of the Notes.

"**Temporary Global Notes**" means a temporary global notes without coupons to be issued in respect of each Class of Notes in the initial principal balance of €300,000,000 for the Class A Notes and €250,000,000.

"**Transaction Documents**" means the Prospectus, the Loan Sale and Transfer Agreement, the Issuer Trust Agreement, the Issuer Deed of Charge and Assignment, the German Issuer Accounts Pledge Agreement, the Issuer Intercreditor Agreement, the Servicing Agreement, the Corporate Services Agreement, the Notes, the Agency Agreement, the Issuer - ICSDs Agreement, the Issuer Swap Agreements, the Liquidity Facility Agreement, the Account Bank Agreement, the Subscription Agreement, the Master Definitions Schedule and any other documents relating to the transaction envisaged in the above mentioned documents.

"**Workout Fee**" means a fee in respect of the Loan in addition to the Special Servicing Fee and the Liquidation Fee (if any) that the Special Servicer will be entitled to receive in consideration of providing services in relation to the Loan when it is designated to be corrected.

THE MAIN PROVISIONS OF THE ISSUER TRUST AGREEMENT

The following sets out the main provisions of the Issuer Trust Agreement. The full text of the Issuer Trust Agreement (excluding any Schedules thereto) constitutes Appendix B to the Terms and Conditions and forms an integral part of the Terms and Conditions. The text of the recitals and Clause 1 (*Definitions and Construction*) of the Issuer Trust Agreement as well as all attachments have been omitted from the following.

2. Duties of the Issuer Security Trustee

The Issuer Trust Agreement sets out the general rights and obligations of the Issuer Security Trustee which govern the performance of its functions under the Issuer Trust Agreement. The Issuer Security Trustee shall perform the activities and services set out in the Issuer Trust Agreement or contemplated to be performed by the Issuer Security Trustee pursuant to the terms of any other Transaction Document to which the Issuer Security Trustee is a party. Unless otherwise stated herein or in the Transaction Documents to which the Issuer Security Trustee is a party, the Issuer Security Trustee is not obliged to supervise the discharge by the Issuer of its payment and other obligations arising from the Notes or any other relevant Transaction Document or to carry out duties which are the responsibility of the Issuer or any other party.

3. Position of the Issuer Security Trustee in Relation to the Issuer Secured Creditors

3.1 The Issuer Security Trustee shall acquire and hold the security granted to it under the Issuer Trust Agreement and the other Issuer Security Documents and exercise its rights (other than its rights under Clauses 27 to 30 of the Issuer Trust Agreement which are for its own benefit only) and discharge its duties under the Transaction Documents as a trustee (*Treuhänder*) for the benefit of itself and the other Issuer Secured Creditors. Without prejudice to the Post-Acceleration Priority of Payments pursuant to Clause 22 of the Issuer Trust Agreement, the Issuer Security Trustee shall exercise its duties under the Issuer Trust Agreement with regard to the most senior Class of Notes then outstanding, in particular (i) as long as any of the Class A Notes are outstanding, only to the interests of the Class A Noteholders, (ii) if no Class A Notes are outstanding, only to the interests of the Class B Noteholders and (iii) if no Notes remain outstanding, only to the interests of the other Issuer Secured Creditors ranking highest in the Post-Acceleration Priority of Payments to whom any amounts are owed.

3.2 In exercising its duties under the Issuer Trust Agreement, the Issuer Security Trustee (i) shall have regard to the interests of the Class A Noteholders and the Class B Noteholders, each as a Class and in accordance with Condition 9 (Note Events of Default) of the Notes and (ii) shall not have regard to the consequences of such exercise for individual Noteholders. The Issuer Security Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer, any indemnification or payment in respect of any tax or other consequence of any such exercise upon such individual Noteholder. In addition, the Issuer Security Trustee shall have regard to the interests of the other Issuer Secured Creditors, provided that in case of a conflict of interest between the Issuer Secured Creditors the priorities of payments set forth in Clauses 9 and 22 of the Issuer Trust Agreement shall determine which interests of which Issuer Secured Creditor prevails.

3.3 The Issuer Trust Agreement constitutes a genuine contract for the benefit of third parties (*echter Vertrag zugunsten Dritter*) pursuant to Section 328 subsection 1 of the German Civil Code (*Bürgerliches Gesetzbuch*) in respect of the obligations of the Issuer Security Trustee contained herein to act as trustee (*Treuhänder*) for the benefit of present and future Issuer Secured Creditors. The rights of the Issuer pursuant to Clause 4.2 of the Issuer Trust Agreement in the event of an enforcement of the Trustee Claim shall remain unaffected.

4. Position of the Issuer Security Trustee in Relation to the Issuer

4.1 With respect to its own claims against the Issuer under the Issuer Trust Agreement or otherwise, in particular with respect to any fees, and with respect to the Trustee Claim the Issuer Security Trustee shall, in addition to the other Issuer Secured Creditors, be a secured party (*Sicherungsnehmer*) with respect to the Issuer Security (as defined in Clause 7 of the Issuer Trust Agreement).

In the event of the existence of any insolvency grounds (*Insolvenzgrund*) in respect of the Issuer Security Trustee, the Issuer Security Trustee shall promptly transfer any Security held by it to a New Security Trustee appointed in accordance with the Issuer Trust Agreement.

The Issuer undertakes to authorise the relevant New Security Trustee, appointed in accordance with the Issuer Trust Agreement for the purposes set out herein, to enforce (and demand delivery (*Herausgabe*) or transfer, as applicable, of the underlying asset to the New Security Trustee) any claim for segregation (*Aussonderung*) the Issuer may have in an insolvency of the Issuer Security Trustee with respect to the Issuer Trust Agreement and the Issuer Security to the relevant New Security Trustee.

4.2

- (a) The Issuer grants the Issuer Security Trustee a separate claim (the **Trustee Claim**), entitling the Issuer Security Trustee to demand from the Issuer:
- (i) that any present or future, actual or contingent obligation of the Issuer in relation to any Noteholder under any Note be fulfilled; and
 - (ii) that any present or future, actual or contingent obligation of the Issuer in relation to any Issuer Secured Creditor under any other Transaction Document to which the Issuer is a party be fulfilled.
- (b) The obligation of the Issuer to make payments to the relevant Issuer Secured Creditor shall remain unaffected by the provisions of Clause 4.2(a) of the Issuer Trust Agreement. The Trustee Claim may be enforced separately from the Issuer Secured Creditor's claim in respect of the same payment obligation of the Issuer. The Issuer Security Trustee agrees with the Issuer to pay any sums received from the Issuer pursuant to Clause 4.2 of the Issuer Trust Agreement to the relevant Issuer Secured Creditors in accordance with the Post-Acceleration Priority of Payments (as such term is defined in Clause 22 of the Issuer Trust Agreement) following the delivery of an Acceleration Notice; the relevant Issuer Secured Obligations shall only be deemed fulfilled when the payment due has been made by the Issuer Security Trustee upon receipt of sums from the Issuer to the relevant Issuer Secured Creditor.

4.3 If the Loan has become Specially Serviced in accordance with the Servicing Agreement, then the Issuer Security Trustee acting on behalf of the Issuer, upon the Issuer being so instructed by the Controlling Party and the Issuer Security Trustee being informed thereof by the Issuer, the Issuer shall exercise its right under the Servicing Agreement to appoint a substitute or successor special servicer in respect of such Loan subject to the conditions of the Servicing Agreement.

Controlling Party means, at any time:

- (a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date; or

- (b) if no Class of Notes then has a Principal Amount Outstanding greater than 25 per cent. of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes,

excluding, in each case, any Class of Notes the entire Principal Amount Outstanding of which is held by, or for the benefit of or on behalf of the Borrowers and/or any one or more of its affiliates (the **Excluded Class**).

In the event that the Excluded Class would be (but for the preceding paragraph) determined to be the Controlling Party, the Class of Notes ranking immediately in priority in point of security to the Excluded Class and satisfying the test above will be the Controlling Party.

5. Transfer for Security Purposes of the Assigned Security

5.1 Subject to the receipt of the Initial Purchase Price by the Seller as set out in the Loan Sale and Transfer Agreement, the Issuer assigns and transfers as security the following rights and claims governed by German law (including any contingent rights (*Anwartschaftsrechte*) to such rights and claims) (together, the **Assigned Security**) to the Issuer Security Trustee for the security purposes set out in Clause 7 of the Issuer Trust Agreement:

- (a) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to, from or in relation to the Loan (to the extent governed by German law) together with any Related Loan Security and all rights, claims and interests relating thereto, including, without limitation, the Mortgage (such assignment to be substantially in the form of Schedule 2 (*Form of Assignment of Mortgage*) of the Issuer Trust Agreement);
- (b) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to the Originator and/or any other party pursuant to or in respect of the Loan Sale and Transfer Agreement (to the extent governed by German law);
- (c) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to, from or in relation to any party pursuant to or in respect of the Issuer Intercreditor Agreement;
- (d) all present and future rights, claims and interests, which the Issuer is now or may hereafter become entitled to from or in relation to the Servicer, the Special Servicer and/or any other party pursuant to or in respect of the Servicing Agreement;
- (e) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to from or in relation to any of the Agents and/or any other party pursuant to or in respect of the Agency Agreement; and
- (f) all present and future rights, claims and interests which the Issuer is now or may hereafter become entitled to under any other Transaction Documents (to the extent governed by German law),

in each case of (a) to (f) above including any and all related non-ancillary (*selbständige*) and ancillary (*unselbständige*) rights to determine unilaterally legal relationships (*Gestaltungsrechte*), including any termination rights (*Kündigungsrechte*).

The Issuer covenants in favour of the Issuer Security Trustee that it will assign and/or transfer any future assets received by it as security for any of the foregoing or otherwise in connection with the Transaction Documents, in particular such assets which it receives from any of its counterparties in relation to any of the Transaction Documents as collateral for the obligations of such counterparty towards the Issuer, to the Issuer Security Trustee. The Issuer will perform such covenant in accordance with the provisions of the Issuer Trust Agreement.

5.2 The Issuer Security Trustee accepts the assignment and the transfer of the Assigned Security and any security related thereto and the covenants of the Issuer hereunder.

5.3 The existing Assigned Security shall be transferred to the Issuer Security Trustee on the date on which the Issuer Trust Agreement becomes effective, and any future Assigned Security shall be directly transferred to the Issuer Security Trustee on the date on which such Assigned Security arises, and in each case at the earliest at the time at which the Issuer has acquired the rights and claims of which the Assigned Security consists.

5.4 The Issuer undertakes to assign and transfer to the Issuer Security Trustee, on the terms and conditions and for the purposes set out herein, any rights and claims under any future Transaction Documents or further agreements relating to the Transaction Documents upon execution of such documents.

5.5 To the extent that title to the Assigned Security cannot be transferred by mere agreement between the Issuer and the Issuer Security Trustee as effected in Clauses 5.1 through 5.4 of the Issuer Trust Agreement, or by transfer of the Mortgage Certificate as set out in Clause 5.9 of the Issuer Trust Agreement, the Issuer and the Issuer Security Trustee agree that:

- (a) any notice to be given in order to effect transfer of title in the Assigned Security shall immediately be given by the Issuer in such form as the Issuer Security Trustee requires and the Issuer agrees that if it fails to give such notice, the Issuer Security Trustee is irrevocably authorised to give such notice on behalf of the Issuer; and
- (b) any other thing to be done or form or registration to be effected to perfect a first-priority security interest in the Assigned Security for the Issuer Security Trustee in favour of itself and the other Issuer Secured Creditors shall be immediately done and effected by the Issuer at its own costs.

5.6 With respect to the Account Bank Agreement pursuant to which an express or implied current account relationship (*echtes oder unechtes Kontokorrentverhältnis*) exists or is later established between the Issuer and any third party, the Issuer assigns to the Issuer Security Trustee (without prejudice to the generality of the provisions in Clause 5.1 of the Issuer Trust Agreement) the right to receive a periodic account statement and the right to receive payment of present or future balances and the right to demand the drawing of a balance (including a final net balance determined upon the institution of any insolvency proceedings in respect of the assets of the Issuer), as well as the right to terminate the current account relationship and the right to receive payment of the closing net balance upon termination. The Issuer shall notify the Issuer Security Trustee of any future current account relationship it enters into in accordance with the Transaction Documents.

5.7 The Issuer shall notify all parties to the Transaction Documents assigned pursuant to Clause 5 of the Issuer Trust Agreement (such notice to be substantially in the form of Schedule 3 (*Form of Notification of Assignment*) of the Issuer Trust Agreement), that the rights and claims of the Issuer which constitute the Assigned Security and which have arisen under contracts and agreements between the Issuer and the parties to such Transaction Documents and which are owed by such parties, are assigned to the Issuer Security Trustee and that the Issuer is entitled to continue to exercise and collect such rights and claims only in accordance with the provisions of and subject to the restrictions contained in the Issuer Trust Agreement. Upon notification of the occurrence of a Note Event of Default to any party to the Transaction Documents by the Issuer Security Trustee, the Issuer Security Trustee shall be entitled to exercise the rights of the Issuer under the Transaction Documents referred to in Clause 5.1(a) to 5.1(f) of the Issuer Trust Agreement, including, without limitation, the right to give instructions to each such party pursuant to the relevant Transaction Document. Each such party will be bound by instructions of the Issuer Security Trustee given pursuant to the

relevant Transaction Document upon execution and delivery of the acknowledgement of assignment (substantially in the form of Schedule 2 (*Form of Notification of Assignment*) of the Issuer Trust Agreement) to the Issuer and the Issuer Security Trustee.

5.8 The Issuer shall create security for the benefit of the Issuer Secured Creditors in its rights under the Issuer Swap Agreements, the Loan Sale and Transfer Agreement (to the extent governed by English law), the Liquidity Facility Agreement and the Subscription Agreement pursuant to the Issuer Deed of Charge and Assignment in accordance with the laws of England and Wales.

5.9 The transfer of the Mortgage shall be effected by physical delivery (*Übergabe*) of the Mortgage Certificate from the Issuer to the Issuer Security Trustee on the Closing Date or, if the Mortgage Certificate has not been issued by the competent land registry, by way of assignment of the Issuer's delivery claim (*Abtretung des Herausgabeanspruchs*) against the competent land registry, as established between the Originator and the Issuer pursuant to the Loan Sale and Transfer Agreement, if applicable.

5.10 The Originator consents to the assignment of the Mortgage and the transfer of the Mortgage Certificate to the Issuer Security Trustee. The Issuer Security Trustee shall possess the Mortgage Certificate for itself (*Eigenbesitz*) and on behalf of the other Issuer Secured Creditors.

5.11

(a) Under a German law-governed pledge agreement (the **German Issuer Accounts Pledge Agreement**) the Issuer will grant a first-priority pledge (*erstrangiges Pfandrecht*) over the Issuer German Transaction Accounts.

(b) Security with respect to the Issuer English Transaction Accounts will be taken under the Issuer Deed of Charge and Assignment.

5.12 The Issuer assigns with full title guarantee all its rights, title, interest in, to and under the Austrian Share Pledge Agreement to the Issuer Security Trustee the **Assigned Austrian Security**). The Issuer Security Trustee accepts each such assignment. The Issuer shall take all necessary steps to perfect this assignment of the pledged shares to the Issuer Security Trustee, including by causing (i) CAI International Holding to inform CAI Germany Holding of the assignment of the Austrian Share Pledge Agreement to the Issuer Security Trustee and that the shares are, forthwith, pledged to the Issuer Security Trustee, and CAI Germany Holding to acknowledge such assignment and pledge, and (ii) CAI International Holding to make an annotation in its books that the shares are, forthwith, pledged to the Issuer Security Trustee (all of the aforesaid, to be effected by the same means and in the same manner – subject to the aforementioned modifications – as provided for under the Austrian Share Pledge Agreement).

6. Pledge

6.1 The Issuer pledges (*Verpfändung*) to the Issuer Security Trustee all its present and future claims against the Issuer Security Trustee arising under the Issuer Trust Agreement in order to prevent any first ranking pledge of such claims in favour of third parties.

6.2 The Issuer Security Trustee accepts the pledge.

6.3 The Issuer gives notice to the Issuer Security Trustee of such pledge and the Issuer Security Trustee confirms receipt of such notice. The Issuer Security Trustee is under no obligation to enforce any claims of the Issuer against the Issuer Security Trustee pledged to the Issuer Security Trustee pursuant to this Clause 5.12 of the Issuer Trust Agreement.

6.4 Waiving Section 418 of the German Civil Code (*Bürgerliches Gesetzbuch*), the parties to the Issuer Trust Agreement agree that the security created hereunder shall not be affected by any transfer or assumption of the claims pledged under Clause 6.1 of the Issuer Trust Agreement to, or by, any third party.

7. Security Purpose

The transfer for security purposes of rights and claims pursuant to Clause 5 of the Issuer Trust Agreement and the pledge pursuant to Clause 5.12 of the Issuer Trust Agreement (the Assigned Security together with the pledge over the claims under Clause 6.1 of the Issuer Trust Agreement are referred to therein as the **Security**, and together with the security interest established under (i) the German Issuer Accounts Pledge Agreement in respect of the Issuer German Transaction Accounts, (ii) the Issuer Deed of Charge and Assignment in respect of the Issuer's rights and interests in and to the Issuer English Transaction Accounts, the Issuer Swap Agreements, the Loan Sale and Transfer Agreement (to the extent governed by English law), the Liquidity Facility Agreement and the Subscription Agreement, the **Issuer Security**) serve to secure the Trustee Claim.

In addition, the transfer and/or pledge for security purposes of the Security is made for the purpose of securing the due payment and performance by the Issuer of any and all obligations (present and future, actual and contingent) which are (or are expressed to be) or become owing by the Issuer to the Noteholders under the Notes and the other Issuer Secured Creditors or any of them (including any future Issuer Secured Creditor following a transfer or assignment, accession, assumption of contract (*Vertragsübernahme*) or novation of certain rights and obligations in accordance with the relevant provisions of the relevant current or future Transaction Documents) under or in connection with any of the Transaction Documents, as each may be amended, novated, supplemented or extended from time to time, and which shall, for the avoidance of doubt, include, without limitation, (i) any fees to be paid by the Issuer to any Issuer Secured Creditor in connection with the Transaction Documents irrespective of whether such fees are agreed or determined in the Transaction Documents or in any fee arrangement relating thereto, (ii) any obligations incurred by the Issuer on, as a consequence of or after the opening of any insolvency proceedings and (iii) any potential obligations on the grounds of any invalidity or unenforceability of any of the Transaction Documents, in particular claims on the grounds of unjustified enrichment (*ungerechtfertigte Bereicherung*) and tort (*unerlaubte Handlung*) (the **Issuer Secured Obligations**).

8. Collection Authorisation; Further Transfer

8.1

- (a) The Issuer shall be authorised (*ermächtigt*) to collect or, have collected in the ordinary course of business or otherwise exercise or deal with (which term shall, for the avoidance of doubt, include the enforcement of any security by the Borrower Security Agent) the rights transferred for security purposes under Clause 5 of the Issuer Trust Agreement and the rights pledged pursuant to Clause 5.12 of the Issuer Trust Agreement and shall be authorised to grant a sub-authority to the Servicer and the Special Servicer, as applicable, or, with the consent of the Issuer Security Trustee, to any other third party the Issuer Security Trustee thinks fit to exercise the rights conferred on the Issuer pursuant to Clause 8.1(a) of the Issuer Trust Agreement.
- (b) The authority and consents provided in Clause 8.1(a) of the Issuer Trust Agreement, are deemed to be granted only to the extent that all obligations of the Issuer are fulfilled in accordance with Condition 6 (*Redemption*) of the Notes and the requirements under the Issuer Trust Agreement.

(c) The authority and consents contained in Clause 8.1(a) of the Issuer Trust Agreement may be revoked by the Issuer Security Trustee if, in the Issuer Security Trustee's opinion, such revocation is necessary in order to avoid an adverse effect on the Issuer Security or their value which the Issuer Security Trustee considers material, and the Issuer Security Trustee gives notice thereof to the Issuer. The authority and consents contained in Clause 8.1(a) of the Issuer Trust Agreement shall automatically terminate upon the delivery of an Acceleration Notice to the Issuer.

8.2 The Issuer Security Trustee shall be authorised to transfer the Assigned Security in the event that the Issuer Security Trustee is replaced and the Issuer Security is to be transferred to the New Security Trustee pursuant to Clauses 30.1 and 32.1 of the Issuer Trust Agreement.

8.3 The Issuer shall be entitled to retain an amount of up to the Issuer Profit in each calendar year for its free disposal from the Security.

8.4 Following the occurrence of a Loan Event of Default but in the absence of a Note Event of Default, the Issuer shall, for the purpose of enforcing the relevant Related Loan Security, be entitled to request from the Issuer Security Trustee the release and, if applicable, the retransfer of the Related Loan Security including, but not limited to, the Mortgage and the relating Mortgage Certificate, to itself or, at the Issuer's direction, to the Borrower Security Agent or any third party appointed for such purpose in connection with the enforcement of the Related Loan Security. The Originator herewith consents to any retransfer of the Related Loan Security to the Issuer and the Issuer Security Trustee undertakes to promptly, upon request by the Issuer, deliver the Mortgage Certificate to the Issuer or to its order. The costs of such transfer shall be borne by the Issuer Security Trustee and shall constitute an expense to be reimbursed pursuant to item (a) of the Income Pre-Acceleration Priority of Payments or, if applicable, the Post-Acceleration Priority of Payments.

9. Pre-Acceleration Priority of the Payments

9.1 Prior to the enforcement of the Issuer Security, funds standing to the credit of the Issuer English Income Account and, if such funds are not sufficient then the funds standing to the credit of the Issuer English Principal Account, may be applied towards payment of sums due to third parties (other than the Servicer, the Liquidity Bank, the Special Servicer, the Corporate Services Provider, the Issuer Security Trustee, the Paying Agents, the Agent Bank or the Account Banks), including the Issuer's liability, if any, to taxation or for any Pre-Closing Proceeds (the **Priority Amounts**), on a date other than a Note Interest Payment Date under obligations incurred without breach of obligations under the Transaction Documents in the course of the Issuer's business.

9.2 Prior to the enforcement of the Issuer Security, on each Note Interest Payment Date, Available Issuer Income (after the payment of any Priority Amounts) shall be applied from the Issuer Income Account in the following order of priority (the **Income Pre-Acceleration Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

- (a) *firstly*, in or towards payment, *pro rata* and *pari passu*, of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee and any other person appointed to act in a similar capacity by the Issuer under the Issuer Trust Agreement and/or any Transaction Document to which the Issuer Security Trustee is a party;
- (b) *second*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer on such Interest Payment Date to the Paying Agents and the Agent Bank under the Agency Agreement;

- (c) *third*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer on such Interest Payment Date to the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith);
- (d) *fourth*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer on such Interest Payment Date to:
 - (i) the Corporate Services Provider under the Corporate Services Agreement; and
 - (ii) the Account Banks under the Account Bank Agreement;
- (e) *fifth*, in or towards payment of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (f) *sixth*, in or towards payment of any amounts due and payable by the Issuer to the Issuer Swap Counterparty in accordance with the Issuer Swap Agreements (other than the Subordinated Swap Amounts);
- (g) *seventh*, in or towards payment or discharge, *pro rata* and *pari passu*, of sums due to third parties (other than Priority Amounts) under obligations incurred in the course of the Issuer's business;
- (h) *eighth*, in or towards payment of any arrangement fee payable to the Note Arranger;
- (i) *ninth*, in or towards payment of interest due and interest overdue on the Class A Notes;
- (j) *tenth*, in or towards payment of interest due and interest overdue on the Class B Notes;
- (k) *eleventh*, in or towards payments of any Liquidity Subordinated Amounts payable to the Liquidity Bank;
- (l) *twelfth*, in or towards payment of any Subordinated Swap Amount payable to the Issuer Swap Counterparty;
- (m) *thirteenth*, in or towards payment of an amount to the Issuer English Principal Account equal to the amount of the Available Principal Amounts previously applied by the Issuer towards the payment of Priority Amounts and/or investment into the Eligible Investments;
- (n) *fourteenth*, in or towards payment, *pro rata* and *pari passu*, of any amounts payable by the Issuer on such Note Interest Payment Date to the Special Servicer in respect of the Liquidation Fee or the Workout Fee;
- (o) *fifteenth*, in or towards payment of any Deferred Purchase Price payable to the Originator; and
- (p) *sixteenth*, any surplus to the Issuer.

9.3 Unless previously redeemed in full, the Notes are subject to mandatory early redemption in part on each Note Interest Payment Date by applying an amount equal to the Available Principal Amounts to the Notes *pro rata* as follows:

- (a) in or towards repayment of any principal on the Class A Notes until the Class A Notes have been redeemed in full; and
- (b) in or towards repayment of any principal on the Class B Notes until the Class B Notes have been redeemed in full.

9.4 On the date on which the Notes are redeemed in full, any amount standing to the credit of the Issuer Principal Account following the redemption of the Notes in full shall be transferred to the Issuer Income Account for payment in accordance with the Income Pre-Acceleration Priority of Payments or, if applicable, the Post-Acceleration Priority of Payments.

10. Release of Security

10.1 Upon the full and final discharge of the Issuer Secured Obligations and the Trustee Claim and to the extent the Security has not been previously released pursuant to the Issuer Trust Agreement, and in particular pursuant to Clause 10.2 of the Issuer Trust Agreement, the Issuer Security Trustee shall promptly release and, to the extent applicable, transfer back to the Issuer or to the Issuer's order the Issuer Security transferred to it under the Issuer Trust Agreement and the other Issuer Security Documents.

10.2 With respect to the Loan, the Security Trustee shall, upon the date on which all obligations under, and in relation to, the Loan have been finally and unconditionally discharged in full (each a **Discharge Date**), retransfer the relevant Non-Accessory Security Rights to the Issuer (or to its order) and shall do all steps necessary to effect such retransfer.

Non-Accessory Security Rights means the Mortgage and all other non-accessory security rights (*nicht-akzessorische Sicherheiten*) created under the Loan Security Documents.

10.3 Upon the discharge of all or any part of the Issuer Secured Obligations and the Trustee Claim any accessory security rights will, in the amount being discharged, cease to exist by operation of law.

11. Representations of the Issuer with Respect to Issuer Security; Covenants

11.1 The Issuer represents, covenants and warrants with the Issuer Security Trustee by way of an independent guarantee undertaking (*selbständiges Garantieversprechen*) according to Section 311 of the German Civil Code (*Bürgerliches Gesetzbuch*) that it has (and will have, insofar as future rights and claims are concerned) full and unaffected title to the Issuer Security and any related security thereto which is assigned or pledged or pursuant to the other Issuer Security Documents and that such Issuer Security and such related security is (and will be insofar as future rights and claims are concerned) free and clear from any encumbrances and adverse rights and claims of any third parties, always subject only to the rights and encumbrances created under the Issuer Trust Agreement and the other Issuer Security Documents.

11.2 The Issuer shall be liable (without prejudice to Clause 46 of the Issuer Trust Agreement) to pay damages (*Schadenersatz wegen Nichterfüllung*) in the event that any Issuer Security purported to be transferred for security purposes in accordance with the Issuer Security Documents proves to be invalid or if the transfer itself proves to be invalid.

11.3 The Issuer covenants with the Issuer Security Trustee to notify the Issuer Security Trustee of the issue of any Notes within ten (10) Note Business Days from the date of issue thereof by way of notice in substantially the form set out in Schedule 1 (*Form of Note Identification Notice*) of the Issuer Trust Agreement.

12. Representations and Warranties of the Issuer Security Trustee

12.1 The Issuer Security Trustee represents to the Issuer that it has the legal capacity and is in a position to perform its duties and obligations hereunder in accordance with the

provisions of the Issuer Trust Agreement and the other Transaction Documents and that, at the time of concluding the Issuer Trust Agreement, a reason for terminating the Issuer Trust Agreement pursuant to Clauses 30 or 31 of the Issuer Trust Agreement has neither occurred nor, to the best of its knowledge, is foreseeable.

12.2 It is agreed (without prejudice to the other provisions of the Issuer Trust Agreement, and in particular Clauses 31 and 32.1 of the Issuer Trust Agreement) that, in the event that any grounds for terminating the Issuer Trust Agreement pursuant to Clauses 30 or 31 of the Issuer Trust Agreement exist or come into existence, or if the Issuer Security Trustee does not possess any authorisation or licence which is required for the performance of its duties and obligations hereunder, the Issuer Security Trustee shall, without undue delay remedy any such grounds, use reasonable endeavours to obtain such authorisations and licences without undue delay, and any other obligations of the Issuer Security Trustee and the other provisions of the Issuer Trust Agreement shall not be affected by the Issuer Security Trustee failing to remedy such grounds or to have obtained such authorisations or licences.

13. Receipt and Custody of Documents; Notices

13.1 The Issuer Security Trustee shall take delivery of and keep in safe custody the Mortgage Certificate and the documents which are delivered to it under the Transaction Documents and shall:

- (a) keep such documents for one year after the termination of the Issuer Trust Agreement; or
- (b) forward the documents to the New Security Trustee if the Issuer Security Trustee is replaced in accordance with Clauses 31 and 32 of the Issuer Trust Agreement.

13.2 In the event that the Issuer Security Trustee becomes aware of any variations in writing of the Transaction Documents, it shall immediately give notice thereof to the Rating Agencies.

14. Consent of the Issuer Security Trustee

If the Issuer requests that the Issuer Security Trustee grant its consent pursuant to Clause 37 of the Issuer Trust Agreement, the Issuer Security Trustee may grant or withhold the requested consent at its discretion taking into account what the Issuer Security Trustee believes to be the interests of the Issuer Secured Creditors. The Issuer Security Trustee shall not give such consent unless the Rating Agencies have confirmed that such action would not negatively affect or result in a downgrading or withdrawal of the rating of any Note.

15. Breach of Obligations by the Issuer

15.1 If the Issuer Security Trustee in the course of its activities obtains knowledge that the existence or the value of the Issuer Security is at risk due to any failure of the Issuer to properly discharge its obligations under the Issuer Trust Agreement or the other Transaction Documents to which it is a party, the Issuer Security Trustee shall, at its discretion, take or initiate all actions which in the opinion of the Issuer Security Trustee are desirable or expedient to avert such risk. To the extent that the Issuer, in the opinion of the Issuer Security Trustee, does not duly discharge its obligations pursuant to Clause 32 of the Issuer Trust Agreement in respect of the Issuer Security, the Issuer Security Trustee shall in particular be authorised and obliged to exercise all rights arising under the relevant Transaction Documents on behalf of the Issuer.

15.2 The Issuer Security Trustee shall only be obliged to intervene in accordance with Clause 15.1 of the Issuer Trust Agreement if, and to the extent that, it is satisfied that it will be fully indemnified (either by reimbursement of costs, its ranking under the relevant Priority of Payments or in any other way it deems appropriate) against all costs and expenses resulting

from its activities (including fees for retaining counsel, banks, auditors or other experts as well as the expenses of retaining third parties to perform certain duties) and against all liabilities (except for liabilities which arise from its own negligence), obligations and attempts to bring any action in or outside court. Clause 33 of the Issuer Trust Agreement shall remain unaffected.

15.3 Notwithstanding Clause 15.1 of the Issuer Trust Agreement, the Issuer Security Trustee shall have no obligation nor be liable to ensure the adequacy, perfection or preservation of the Issuer Security or the value thereof.

16. Further Obligations

16.1 The Issuer Security Trustee shall perform its tasks and obligations under the other Transaction Documents to which it is a party in accordance with the Issuer Trust Agreement.

16.2 The Issuer Security Trustee shall, unless otherwise provided for under the Issuer Trust Agreement, decide on any consents or approvals to be given by it pursuant to the other Transaction Documents in its reasonable discretion in accordance with the Issuer Trust Agreement (in particular Clause 34 of the Issuer Trust Agreement).

17. Power of Attorney

The Issuer grants the Issuer Security Trustee power of attorney, waiving the restrictions of Section 181 of the German Civil Code (*Bürgerliches Gesetzbuch*) and any similar restrictions under the laws of any other countries, with the right to grant substitute power of attorney, to act in the name of the Issuer with respect to all rights of the Issuer arising under the Transaction Documents to which it is a party (except for the rights *vis-à-vis* the Issuer Security Trustee). Such power of attorney shall be irrevocable. It shall expire as soon as a New Security Trustee has been appointed pursuant to Clauses 30 and 31 of the Issuer Trust Agreement and the Issuer has issued a power of attorney to such New Security Trustee having the same contents as the power of attorney previously granted in accordance with the provisions of Clause 17 of the Issuer Trust Agreement. The Security Trustee shall only act under this power of attorney in connection with the exercise of its rights and obligations under the Issuer Trust Agreement.

18. Enforcement of Security

18.1 The Issuer Security may be subject to enforcement upon the occurrence of a Note Event of Default. The Issuer Security Trustee shall promptly, upon obtaining knowledge of a Note Event of Default, give notice thereof to the Noteholders and the Rating Agencies. The Issuer Security Trustee shall be entitled to assume, in the absence of notice provided to it by another party that no Note Event of Default has occurred and is continuing.

18.2 Upon becoming aware of the occurrence of a Note Event of Default, the Issuer Security Trustee:

- (a) may deliver an acceleration notice (the **Acceleration Notice**) to the Issuer specifying the occurrence of the relevant Note Event of Default and, if applicable, the date determined by the Issuer Security Trustee as being the date on which such Note Event of Default first occurred and enforce or cause enforcement of the Issuer Security in a manner determined at its reasonable discretion; or
- (b) shall deliver an Acceleration Notice to the Issuer specifying the occurrence of the relevant Note Event of Default and, if applicable, the date determined by the Issuer Security Trustee as being the date on which such Note Event of Default first occurred and enforce or cause enforcement of the Issuer Security following receipt of written instructions by (i) the holders of at least 25 per cent. in the aggregate Principal Amount Outstanding of the most senior Class of the Notes then outstanding or (ii) the

holders of at least 25 per cent. of the Notes of each Class calculated on a class-by-class basis (the *Instructing Majority*).

In the event that the Issuer Security Trustee fails, after having been instructed in accordance with Clause 18.2(b) of the Issuer Trust Agreement, to deliver an Acceleration Notice to the Issuer or otherwise fails to enforce the Issuer Security (in each case, within a reasonable period of time following notice of such failure by the Instructing Majority) the Instructing Majority shall be entitled to deliver an Acceleration Notice to the Issuer and to enforce the Issuer Security in accordance with the Issuer Trust Agreement and the other Issuer Security Documents. No Issuer Secured Creditor is entitled to require the Issuer Security Trustee to take any action or proceedings under or in relation to the Issuer Trust Agreement and the other Issuer Security Documents or to exercise any of the rights or powers of discretion conferred on the Issuer Security Trustee by the Issuer Trust Agreement and the other Issuer Security Documents.

19. Payments Upon Occurrence of A Note Event of Default

Upon the occurrence of a Note Event of Default:

- (a) the Issuer Security may be exercised, collected, claimed and enforced exclusively by the Issuer Security Trustee; it shall be at the sole discretion of the Issuer Security Trustee how such enforcement shall be effected;
- (b) the Issuer Security Trustee shall deposit the proceeds of any enforcement which it receives in any of the Issuer Accounts, or, in the event that the Issuer Security Trustee has opened an operating account in its own name, such account;
- (c) payments on the obligations of the Issuer may not be made as long as, in the opinion of the Issuer Security Trustee, there is a risk that such payment will jeopardise the fulfilment of any later-maturing obligation of the Issuer that ranks higher on the Post-Acceleration Priority of Payments, as applicable;
- (d) the Issuer Security Trustee shall make payments out of the proceeds of any enforcement of Issuer Security in accordance with Clause 22 of the Issuer Trust Agreement; and
- (e) after all Issuer Secured Obligations have been satisfied in full, the Issuer Security Trustee shall pay out any remaining amounts to the Issuer.

20. Continuing Duties

Without affecting general applicable law with respect to any continuing effect of any other provisions of the Issuer Trust Agreement, it is agreed that Clauses 13 to 17 of the Issuer Trust Agreement shall continue to apply after the occurrence of a Note Event of Default.

21. Issuer Accounts

21.1 The Issuer Accounts of the Issuer set up and maintained pursuant to the Account Bank Agreement, the Liquidity Documents and the Issuer Trust Agreement shall be used for receipt of amounts relating to the Transaction Documents and for the fulfilment of the payment obligations of the Issuer.

21.2 The Issuer shall ensure that all payments made to the Issuer be made by way of a bank transfer to or deposit in the Issuer Accounts. Should any amounts payable to the Issuer be paid in any way other than by deposit or bank transfer to the Issuer Accounts, the Issuer shall promptly credit such amounts to the Issuer Accounts. Clause 9 and Clause 22 of the Issuer Trust Agreement shall remain unaffected.

21.3 The Issuer shall not open any new bank account in addition to or as a replacement of any Issuer Account, unless it has pledged any and all rights relating thereto to the Issuer Security Trustee in accordance with the Issuer Trust Agreement, the German Issuer Accounts Pledge Agreement or the Issuer Deed of Charge and Assignment, as applicable, and only after having obtained the consent of the Issuer Security Trustee in accordance with the Issuer Trust Agreement. Upon notification to the Servicer by the Issuer Security Trustee in respect of the occurrence of a Note Event of Default, the Issuer Security Trustee shall be entitled to exercise the rights of the Issuer under the Servicing Agreement assigned to the Issuer Security Trustee in accordance with the Issuer Trust Agreement, including, without limitation, the right to give instructions to the Servicer pursuant to the Servicing Agreement.

22. Post-Acceleration Priority Of Payments

22.1 Following acceleration of the Notes, the Issuer Security Trustee will be required to apply all funds received or recovered by it in accordance with the following order of priority (the **Post-Acceleration Priority of Payments** and, together with the Income Pre-Acceleration Priority of Payments, the **Priorities 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) *firstly*, in or towards payment, *pro rata* and *pari passu*, of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Issuer to the Issuer Security Trustee and any other person appointed to act in a similar capacity by the Issuer under the Issuer Trust Agreement and/or any Transaction Document to which the Issuer Security Trustee is a party (including, but not limited to, the appointment of a Receiver under the Issuer Deed of Charge and Assignment);
- (b) *second*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Paying Agents and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders and not paid by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents or the Agent Bank pursuant to the Agency Agreement;
- (c) *third*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Servicer in respect of the Servicing Fee and any other amounts due to the Servicer pursuant to the Servicing Agreement (including any substitute servicer appointed in accordance therewith) and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Special Servicer pursuant to the Servicing Agreement (including any substitute special servicer appointed in accordance therewith) (other than any amounts payable by the Issuer to the Special Servicer in respect of the Liquidation Fee or the Workout Fee);
- (d) *fourth*, in or towards payment, *pro rata* and *pari passu*, of any amounts due and payable by the Issuer to the Corporate Services Provider under the Corporate Services Agreement and the Account Bank under the Account Bank Agreement;
- (e) *fifth*, in or towards payment of any amounts due and payable by the Issuer to the Liquidity Bank under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);
- (f) *sixth*, in or towards payment of any amounts due and payable by the Issuer to the Issuer Swap Counterparty in accordance with the Issuer Swap Agreements (other than the Subordinated Swap Amounts);
- (g) *seventh*, in or towards payment of any unpaid arrangement fee payable to the Note Arranger;

- (h) *eighth*, in or towards payment of interest due and interest overdue on the Class A Notes;
- (i) *ninth*, in or towards payment of all amounts of principal due or overdue on the Class A Notes and all other amounts (excluding interest) due in respect of the Class A Notes;
- (j) *tenth*, in or towards payment of interest due and interest overdue on the Class B Notes;
- (k) *eleventh*, in or towards payment of all amounts of principal due or overdue on the Class B Notes and all other amounts (excluding interest) due in respect of the Class B Notes;
- (l) *twelfth*, in or towards payment of any Liquidity Subordinated Amounts;
- (m) *thirteenth*, in or towards payment of any Subordinated Swap Amounts;
- (n) *fourteenth*, in or towards payment of any amounts payable by the Issuer to the Special Servicer in respect of the Liquidation Fee or the Workout Fee; and
- (o) *fifteenth*, in or towards payment of any Deferred Purchase Price payable to the Originator.

Upon enforcement of the Issuer Security, the Issuer Security Trustee shall have recourse only to the rights of the Issuer in respect of the Loan and the Related Loan Security and all other assets constituting the Issuer Security.

22.2 After the service of an Acceleration Notice, all amounts standing to the credit of the Liquidity Stand-by Account and those Eligible Investments purchased from monies standing to the credit of the Liquidity Stand-by Account shall be applied in or towards repayment of any Liquidity Stand-by Drawings under the Liquidity Facility Agreement. Amounts standing to the credit of the Liquidity Stand-by Account will not be available to the Issuer or any of the Issuer Secured Creditors (other than the Liquidity Bank) at any time after the service of an Acceleration Notice.

23. Relation to Third Parties

23.1 In relation to the Issuer Security, the Post-Acceleration Priority of Payments shall, subject to applicable law, be binding on all creditors of the Issuer, provided that in relation to any other assets of the Issuer, the Post-Acceleration Priority of Payments shall only apply internally between the Issuer, the Issuer Security Trustee and the other Issuer Secured Creditors. In third party relationships, the rights of the Issuer Security Trustee and the other Issuer Secured Creditors shall have equal rank to those of third party creditors of the Issuer.

23.2 The Post-Acceleration Priority of Payments shall also apply if the Secured Obligations are transferred to third parties by way of assignment, subrogation into a contract or otherwise. Prior to such transfer, such third parties shall accede to the Issuer Intercreditor Agreement.

24. Retaining Third Parties

24.1 In individual instances, the Issuer Security Trustee may, at market prices (if appropriate, after obtaining several offers), retain the services of a suitable law firm, accounting firm or credit institution or seek information and advice from legal counsel, financial consultants, banks and other experts in Germany, or elsewhere (and irrespective of whether such persons are already retained by the Issuer, the Issuer Security Trustee or any other Issuer Secured Creditor, or any other person involved in the transactions in connection with the Transaction Documents), to assist it in performing the duties assigned to it under the

Issuer Trust Agreement, by delegating the entire or partial performance of the following duties:

- (a) enforcement of the Issuer Security pursuant to the Issuer Security Documents;
- (b) the settlement of payments under Clause 19 of the Issuer Trust Agreement; and
- (c) any other duty of the Issuer Security Trustee under the Issuer Trust Agreement if the delegation of the entire or partial performance of such duty is not, in the discretion of the Issuer Security Trustee, subject to Clause 3.1 of the Issuer Trust Agreement, materially prejudicial to the interests of the Issuer Secured Creditors.

Any fees, costs, charges and expenses, indemnity claims and any other amounts payable by the Issuer Security Trustee to such third parties or advisers shall be reimbursed by the Issuer.

24.2 Subject to Clause 33 of the Issuer Trust Agreement, the Issuer Security Trustee may rely on such third parties and any information and advice obtained therefrom without having to make its own investigations. The Issuer Security Trustee shall not be liable for the wilful misconduct or negligence of such persons (*Vorsatz und Fahrlässigkeit*).

24.3 The Issuer Security Trustee shall be liable for any damages or losses caused by its reliance on such third parties or acting in reliance on information or advice of such advisers only in accordance with Clause 33 of the Issuer Trust Agreement.

24.4 The Issuer Security Trustee may sub-contract or delegate the performance of some (but not all) of any of its obligations other than those referred to in Clause 24.1 of the Issuer Trust Agreement provided that the Issuer Security Trustee shall not thereby be released or discharged from and shall remain responsible for the performance of such obligations and the performance or non-performance, and the manner of performance, of any sub-contractor or delegate of any of such delegated obligations shall not affect the Issuer Security Trustee's obligations. Any breach in the performance of the delegated obligations by such sub-contractor or delegate shall not be treated as a breach of obligation by the Issuer Security Trustee pursuant to Section 278 of the German Civil Code; however, the Issuer Security Trustee shall remain liable for diligently selecting and supervising such sub-contractors and delegates in accordance with Clause 33 of the Issuer Trust Agreement.

24.5 The Issuer Security Trustee shall promptly notify in writing the Rating Agencies of every retainer of a third party made pursuant to Clause 24 of the Issuer Trust Agreement (such notice to include the name of the third party).

25. Representation and Warranties of the Issuer

The Issuer represents and warrants by way of an independent guarantee undertaking (*selbständiges Garantieverprechen*) according to Section 311 of the German Civil Code that, at the date hereof:

- (a) it is a company duly incorporated under the laws of Ireland with power to enter into the Issuer Trust Agreement and each other document and agreement relating hereto, to issue the Notes and to exercise its rights and perform its obligations hereunder and thereunder and all corporate and other action required to authorise the execution of and the performance by the Issuer of its obligations hereunder and thereunder has been duly taken;
- (b) it is a company which is managed and administered from Ireland, it maintains its actual place of business in Ireland and takes its decisions and board resolutions in Ireland; it is a tax resident of Ireland and it has no fixed place of business or "establishment" (within the meaning of Article 2 (h) of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000) elsewhere;

- (c) under the laws of Ireland in force at the date hereof, it will not be required to make any deduction or withholding from any payment it may make under the Issuer Trust Agreement or any other document or agreement relating thereto to which it is expressed to be a party;
- (d) in any proceedings taken in Germany in relation to all or any of the Issuer Trust Agreement and each other document and agreement relating hereto it will not be entitled to claim for itself or any of its assets immunity from suit, execution, attachment or other legal process;
- (e) the choice of the laws of Germany or any other relevant law as the governing law of the Issuer Trust Agreement and any such other document and agreement relating hereto and any judgment obtained in Germany or in any other relevant country will be recognised in Ireland;
- (f) all acts, conditions and things required to be done, fulfilled and performed in order (i) to enable it lawfully to enter into, exercise its rights under and perform and comply with the obligations expressed to be assumed by it in the Issuer Trust Agreement and each other document and agreement relating hereto and (ii) to ensure that the obligations expressed to be assumed by it herein and therein are legal, valid and binding have been done, fulfilled and performed;
- (g) the Issuer has received confirmation from CAI International Holding that (i) CAI Germany Holding has acknowledged the assignment and pledge of the Austrian Share Pledge Agreement to the Issuer Security Trustee and that (ii) CAI International Holding maintains annotations in its books that the shares are pledged to the Issuer Security Trustee (all of the aforesaid as provided for in Clause 5.12 of the Issuer Trust Agreement).
- (h) under the laws and revenue practice of Ireland in force at the date hereof, it is not necessary that any of the Issuer Trust Agreement or any other document or agreement relating hereto (other than the Issuer Security Documents, details of which need to be filed with the Irish Companies Registration Office) be filed, recorded or enrolled with any court or other authority in Ireland or that any stamp, registration or similar tax be paid on or in relation to any of the Issuer Trust Agreement and each other document and agreement relating thereto;
- (i) under the laws of Ireland in force at the date hereof the obligations expressed to be assumed by it in the Issuer Trust Agreement and each other document and agreement relating hereto are (assuming that such obligations are legal and valid under German law or any other relevant governing law) legal and valid obligations binding on it in accordance with the terms hereof and thereof save as the same may be limited by bankruptcy, insolvency, examinership or other similar laws of general application;
- (j) it has not taken any corporate action nor have any other steps been taken or legal proceedings been started or (to the best of its knowledge and belief) threatened against it for its winding-up, dissolution or re-organisation or for the appointment of an insolvency administrator, liquidator, examiner, sequestrator or similar officer of it or of any or all of its assets or revenues and it is not unable to pay its debts when they fall due;
- (k) no action or administrative proceeding of or before any court or agency has been started or (to the best of its knowledge and belief) threatened as to which, in its judgment there is a likelihood of an adverse judgment which would have a material adverse effect on its business or financial condition or on its ability to perform its

obligations under any of the Issuer Trust Agreement or the other documents and agreements relating thereto;

- (l) save for the Issuer Security Documents it has not created any encumbrance over all or any of its present or future revenues or assets and the execution of the Issuer Trust Agreement and each other document and agreement relating thereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder will not result in the existence of nor oblige it to create any encumbrance over all or any of its present or future revenues or assets except as provided therein;
- (m) the execution of the Issuer Trust Agreement and each other document and agreement relating thereto and the exercise by it of its rights and performance of its obligations hereunder and thereunder do not constitute and will not result in any breach of any agreement or contract to which it is a party or which is binding upon it;
- (n) the execution of the Issuer Trust Agreement and each other document and agreement relating hereto constitute, and the exercise of its rights and performance of its obligations hereunder and thereunder will constitute, private and commercial acts done and performed for private and commercial purposes;
- (o) no Note Event of Default has occurred and is continuing;
- (p) its obligations hereunder were entered into on arm's length terms; and
- (q) it has not actively solicited its services to advance loans to German borrowers and/or marketed its products/services (other than the Notes) in Germany.

26. Fees

The Issuer shall pay the Issuer Security Trustee a fee as separately agreed upon between the Issuer and the Issuer Security Trustee in a fee letter dated on or about the date hereof.

27. Reimbursement Of Expenses

In addition to the remuneration of the Issuer Security Trustee, the Issuer shall pay all reasonable out-of-pocket costs, charges and expenses (including, without limitation, legal and travelling expenses and fees and expenses of its agents, delegates and advisors) that the Issuer Security Trustee properly incurs in connection with the negotiation, preparation and execution of the Issuer Trust Agreement and the other Transaction Documents, any action taken by it under or in relation to the Issuer Trust Agreement or any of the other Transaction Documents or any amendment, renewals or waivers made in accordance with the Transaction Documents in respect thereof.

28. Right To Indemnification

28.1 The Issuer shall indemnify the Issuer Security Trustee in respect of all proceedings (including claims and liabilities in respect of taxes other than on the Issuer Security Trustee's own overall net profits, income or gains and subject to Clause 29.2 of the Issuer Trust Agreement), losses, claims and demands and all costs, charges, expenses, and liabilities to which the Issuer Security Trustee (or any third party pursuant to Clause 24 of the Issuer Trust Agreement) may be or become liable or which may be incurred by the Issuer Security Trustee (or any such third party) in respect of anything done or omitted in relation to the Issuer Trust Agreement and any of the other Transaction Documents, unless such costs and expenses are incurred by the Issuer Security Trustee due to a breach of the duty of care provided for in Clause 33 of the Issuer Trust Agreement.

For the avoidance of doubt, it is agreed that any indemnities shall be owed by the Issuer and that the Issuer Security Trustee has no right of indemnification against the Issuer Secured

Creditors hereunder unless it has received instruction from the Instructing Majority in accordance with Clause 18.2 of the Issuer Trust Agreement.

28.2 The Issuer Security Trustee shall not be bound to take any action under or in connection with the Issuer Trust Agreement or any other Transaction Document or any document executed pursuant to any of them including, without limitation, forming any opinion or employing any agent, unless in all cases, it is fully indemnified (including under the Priority of Payments), and is reasonably satisfied that the Issuer will be able to honour any indemnity in accordance with the Priority of Payments, 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 with them for which purpose the Issuer Security Trustee may require payment in advance of such liabilities being incurred of an amount which it considers (without prejudice to any further demand) sufficient to indemnify it or security satisfactory to it.

28.3 The Issuer Security Trustee shall be entitled to enter into any commercial transaction with any party to any Transaction Document, including, without limitation, the Issuer, without having to account for any profit resulting from such commercial transaction.

29. Taxes

29.1 The Issuer shall bear all stamp duties, transfer taxes and other similar taxes, duties or charges which are imposed in the Federal Republic of Germany on or in connection with (i) the creation of, holding of, or enforcement of the Issuer Security, (ii) any action taken by the Issuer Security Trustee pursuant to the terms and conditions of the Notes or the other Transaction Documents and (iii) the issue of the Notes or the conclusion of Transaction Documents.

29.2 All payments of fees and reimbursements of expenses to the Issuer Security Trustee shall include any turnover taxes, value added taxes or similar taxes, other than taxes on the Issuer Security Trustee's net profits, overall income or gains, which are imposed in the future on the services of the Issuer Security Trustee.

30. Resignation

30.1 The Issuer Security Trustee may resign from its office as Issuer Security Trustee at any time by giving two months prior written notice, provided that upon or prior to the last Note Business Day of such notice period a reputable accounting firm or financial institution which is experienced in the business of trusteeship in the context of securitisations of assets originated in Germany and which has obtained all required authorisations and licences (an **Eligible Institution**) has been appointed by the Issuer as successor (the **New Security Trustee**) and such appointee assumes all rights and obligations arising from the Issuer Trust Agreement and the other Issuer Security Documents and which has been furnished with all authorities and powers that have been granted to the Issuer Security Trustee. The Issuer Security Trustee shall promptly notify in advance and in writing the Issuer and the Rating Agencies of its intention of resignation. The Issuer shall, upon receipt of the written notice of resignation referred to in the first sentence of this Clause 30.1, promptly appoint an Eligible Institution as New Security Trustee. The Issuer Security Trustee shall have the right (but no obligation) to nominate a New Security Trustee for appointment by the Issuer. The Issuer shall have the right to veto any nomination of a New Security Trustee by the resigning Issuer Security Trustee if such New Security Trustee is not an Eligible Institution or if any other Eligible Institution has been appointed by the Issuer to be the New Security Trustee and has accepted such appointment. The proposed appointment of the New Security Trustee shall further be subject to Clauses 30.2 and 32.4 of the Issuer Trust Agreement.

30.2 Any termination of the appointment of the Issuer Security Trustee shall not become effective unless (i) the Issuer has been liquidated, the proceeds of liquidation have been

distributed to the Noteholders and the other Issuer Secured Creditors in accordance with the Issuer Trust Agreement and all Issuer Security has been released or, if earlier, no obligations under the Notes and the other Issuer Secured Obligations are outstanding and all Issuer Security has been released, or (ii) a New Security Trustee has been appointed and has accepted such trusteeship (subject to Clause 32.4 of the Issuer Trust Agreement).

30.3 Notwithstanding a termination pursuant to Clause 30.1 of the Issuer Trust Agreement, the rights and obligations of the Issuer Security Trustee shall continue until the appointment of the New Security Trustee has become effective and the assets and rights have been assigned to it pursuant to Clause 32.1 of the Issuer Trust Agreement. None of the provisions of Clause 30 of the Issuer Trust Agreement shall affect the right of the Issuer Security Trustee to resign from its office for good cause (*aus wichtigem Grund*) with immediate effect.

31. Replacement of the Issuer Security Trustee

The Issuer shall be authorised and obliged to replace the Issuer Security Trustee with an Eligible Institution, if (a) the Issuer has been so instructed in writing by (i) the Instructing Majority or (ii) if no Notes remain outstanding, any Issuer Secured Creditor (other than any Noteholder) or Issuer Secured Creditors (other than any Noteholders) representing at least 25 per cent. of the amount outstanding to all Issuer Secured Creditors (other than any Noteholders), unless Issuer Secured Creditors representing at least 50 per cent. of all Issuer Secured Creditors (other than any Noteholders) to which any amounts are owed instruct the Issuer not to replace the Issuer Security Trustee or (b) the Issuer Security Trustee fails to comply with its obligations under Clause 12.2 of the Issuer Trust Agreement. Any replacement of the Issuer Security Trustee shall be notified by the Issuer to the Rating Agencies by giving not less than 30 calendar days notice.

32. Transfer of Issuer Security

32.1 In the case of a replacement of the Issuer Security Trustee pursuant to Clause 30 or Clause 31 of the Issuer Trust Agreement, the Issuer Security Trustee shall forthwith transfer the Issuer Security and other assets and other rights it holds as fiduciary (*Treuhänder*) under any Issuer Security Document, as well as its Trustee Claim under Clause 4 of the Issuer Trust Agreement and the Pledges to the New Security Trustee. Without prejudice to this obligation, the Issuer shall be irrevocably authorised to effect such transfer on behalf of the Issuer Security Trustee as set out in the first sentence and is for that purpose exempted from the restrictions under Section 181 of the German Civil Code and any similar provisions contained in the laws of any other country.

32.2 In the event of a replacement of the Issuer Security Trustee pursuant to Clause 30 or Clause 31 of the Issuer Trust Agreement, the Issuer Security Trustee shall reach an agreement with the New Security Trustee that the New Security Trustee assumes the obligations of the Issuer Security Trustee's obligations under each Issuer Security Document.

32.3 The costs incurred in connection with replacing the Issuer Security Trustee pursuant to Clause 30 or Clause 31 of the Issuer Trust Agreement shall be borne by the Issuer. If such replacement is due to the conduct of the Issuer Security Trustee constituting good cause (*wichtiger Grund*) for termination, the Issuer shall be entitled, without prejudice to any additional rights, to claim damages from the Issuer Security Trustee in the amount of such costs.

32.4 The appointment of a New Security Trustee in accordance with Clause 30 or Clause 31 of the Issuer Trust Agreement shall be notified by the Issuer to the Rating Agencies. Any such appointment shall be subject to the confirmation from each Rating Agency that such appointment would not result in the then current rating of the Notes being downgraded or withdrawn. Following such confirmation from each Rating Agency, the appointment of the

New Security Trustee shall take effect and shall be published without delay in accordance with the Conditions of the Notes or, if this is not possible, in any other appropriate way.

32.5 The Issuer Security Trustee shall be obliged to account to the New Security Trustee for its activities under or with respect to each Issuer Security Document and shall promptly transfer to the New Security Trustee any accounts, records, books or files it may have concerning such activities.

33. Standard of Care

The Issuer Security Trustee shall be liable for breach of its obligations under the Issuer Trust Agreement only if it fails to meet the standard of care of a prudent businessman (*Sorgfalt eines ordentlichen Kaufmanns*).

34. General

34.1 The Issuer Security Trustee shall not be liable for (i) any action or failure to act of the Issuer or of any other party to the Transaction Documents, (ii) the Transaction Documents (including any security interest created thereunder) not being legal, valid, binding or enforceable, (iii) the fairness of the provisions of the Transaction Documents and (iv) a loss of documents related to the Issuer Security not attributable to the negligence of the Issuer Security Trustee.

34.2 The Issuer Security Trustee may call for and shall be at liberty to accept a certificate signed by any director of the Issuer as sufficient evidence of any fact or matter or the expediency of any transaction or thing, and to treat such a certificate to the effect that any particular dealing or transaction or step or thing is, in the opinion of the person so certifying, expedient or proper as sufficient evidence that it is expedient or proper, and the Issuer Security Trustee shall not be bound in any such case to call for further evidence or be responsible for any loss or liability that may be caused by acting on any such certificate.

34.3 The Issuer Security Trustee shall (save as otherwise expressly provided herein) as regards all the powers, authorities and discretions vested in it by or pursuant to any Transaction Document (including the Issuer Trust Agreement) to which the Issuer Security Trustee is a party or conferred upon the Issuer Security Trustee by operation of law (the exercise of which, as between the Issuer Security Trustee and the Issuer Secured Creditors, shall be conclusive and binding on the Issuer Secured Creditors) have discretion as to the exercise or non-exercise thereof and, provided it shall not have acted in violation of its standard of care as set out in Clause 35, the Issuer Security Trustee shall not be responsible for any loss, costs, damages, expenses or inconvenience that may result from the exercise or non-exercise thereof.

34.4 The Issuer Security Trustee, as between itself and the Issuer Secured Creditors, shall have full power to determine all questions and doubts arising in relation to any of the provisions of any Transaction Document and every such determination, whether made upon a question actually raised or implied in the acts or proceedings of the Issuer Security Trustee, shall be conclusive and shall bind the Issuer Security Trustee and the Issuer Secured Creditors. In particular, the Issuer Security Trustee may determine whether or not any event described in the Issuer Trust Agreement or the Conditions is, in its opinion, materially prejudicial to the interests of Issuer Secured Creditors and if the Issuer Security Trustee shall certify that any such event is materially prejudicial, such certificate shall be conclusive and binding upon the Issuer and the relevant Issuer Secured Creditors.

34.5 The Issuer Security Trustee may determine whether or not a default in the performance by the Issuer of any obligation under the provisions of any Transaction Document is capable of remedy and, if the Issuer Security Trustee shall certify that any such

default is, in its opinion, not capable of remedy, such certificate shall be conclusive and binding upon the Issuer and the Issuer Secured Creditors.

34.6 Any consent given by the Issuer Security Trustee for the purposes of any Transaction Document may be given on such terms and subject to such conditions (if any) as the Issuer Security Trustee may think fit in its discretion and, notwithstanding anything to the contrary contained in any Transaction Document, may be given retrospectively. If a consent or approval of the Issuer Security Trustee is not to be given pursuant to the Conditions, the Issuer Trust Agreement or any other Transaction Document unless the Rating Agencies have confirmed that the relevant action subject of the consent or approval would not negatively affect or result in a downgrading or withdrawal of the then current rating of any Note, the Issuer Security Trustee shall seek such confirmation from the Rating Agencies without undue delay.

34.7 The Issuer Security Trustee shall not be responsible for recitals, statements, warranties or representations of any party (other than those relating to or provided by it) contained in any Transaction Document or other document entered into in connection therewith and (absent actual knowledge to the contrary) may rely on the accuracy and correctness thereof and shall not be responsible for the execution, legality, effectiveness, adequacy, genuineness, validity or enforceability or admissibility in evidence of any such agreement or other document or security thereby constituted or evidenced. The Issuer Security Trustee may accept without enquiry, requisition or objection such title as the Issuer may have to the Issuer Security or any part thereof from time to time and shall not be bound to investigate or make any enquiry into the title of the Issuer to the Issuer Security or any part thereof from time to time.

34.8 The Issuer Security Trustee shall not be liable for any error of judgement made in good faith by any officer or employee of the Issuer Security Trustee assigned by the Issuer Security Trustee to administer its corporate trust matters unless such officer or employee has failed to observe the standard of care provided for in Clause 33 of the Issuer Trust Agreement.

34.9 No provision of the Issuer Trust Agreement shall require the Issuer Security Trustee to (a) do anything which may be illegal or contrary to applicable law or regulation or (b) expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties, or in the exercise of any of its rights or powers or otherwise in connection with any Transaction Document (including, without limitation, forming any opinion or employing any legal, financial or other adviser), if it determines in its reasonable discretion that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.

34.10 The Issuer Security Trustee shall not be responsible for the genuineness, validity, effectiveness or suitability of any Transaction Documents or any other documents entered into in connection therewith or any other document or any obligation or rights created or purported to be created thereby or pursuant thereto or any security or the priority thereof constituted or purported to be constituted thereby or pursuant thereto, nor shall it be responsible or liable to any person because of the invalidity of any provision of such documents or the unenforceability thereof, whether arising from statute, law or decisions of any court and (without prejudice to the generality of the foregoing) the Issuer Security Trustee shall neither have any responsibility for nor have any duty to make any investigation in respect of or in any way be liable whatsoever for:

- (a) the nature, status, creditworthiness or solvency of the Issuer or any other person or entity who has at any time provided any security or support whether by way of guarantee, charge or otherwise in respect of any advance made to the Issuer;

- (b) the execution, legality, validity, adequacy, admissibility in evidence or enforceability of any Transaction Document or any other document entered into in connection therewith;
- (c) the scope or accuracy of any representations, warranties or statements made by or on behalf of the Issuer or any other person or entity who has at any time provided any Transaction Document or in any document entered into in connection therewith;
- (d) the performance or observance by the Issuer or any other person of any provisions or stipulations relating to Notes or contained in any other Transaction Document or in any document entered into in connection therewith or the fulfilment or satisfaction of any conditions contained therein or relating thereto or as to the existence or occurrence at any time of any default, event of default or similar event contained therein or any waiver or consent which has at any time been granted in relation to any of the foregoing;
- (e) the existence, accuracy or sufficiency of any legal or other opinions, searches, reports, certificates, valuations or investigations delivered or obtained or required to be delivered or obtained at any time in connection with the Transaction Documents;
- (f) the failure by the Issuer to obtain or comply with any licence, consent or other authority in connection with the Issuer Security or the Transaction Documents or the failure to effect or procure registration of or to give notice to any person in relation to or otherwise protect the security created or purported to be created by or pursuant to any of the Issuer Security or the Transaction Documents or other documents entered into in connection therewith; or
- (g) any accounts, books, records or files maintained by the Issuer or any other person (other than the Issuer Security Trustee) in respect of any of the Issuer Security or the Transaction Documents.

34.11 The Issuer Security Trustee may, in the absence of actual knowledge to the contrary, assume without enquiry that the Issuer and each of the other parties to the Transaction Documents is duly performing and observing all of the provisions of those documents binding on or relating to it and that no event has happened which constitutes a Note Event of Default.

34.12 The Issuer Security Trustee may rely on any report, engagement letter or other document or information from professional advisers or other experts regardless of whether or not such report, engagement letter or other document or information entered into by the Issuer Security Trustee and the relevant person in connection thereto contains any monetary or other limit on the liability of the relevant professional adviser or expert.

35. Undertakings of the Issuer In Relation to the Issuer Security

The Issuer undertakes to the Issuer Security Trustee:

- (a) not to sell, transfer or otherwise dispose of the Issuer Security and to refrain from all actions and omissions to act (excluding, for the avoidance of doubt, the collection and enforcement of the Issuer Security in the ordinary course of business or otherwise dealing with the Issuer Security in accordance with the Transaction Documents) that may result in a significant (*wesentlichen*) decrease in the aggregate value or in a loss of the Issuer Security;
- (b) to promptly notify the Issuer Security Trustee upon of becoming aware that the rights of the Issuer Security Trustee in the Issuer Security have been impaired or jeopardised by way of any attachment, seizure or other action of any third party, by sending a copy of the attachment or seizure order or of any other document on which the enforcement claim of the third party is based and which it has received, as well as

any further documents available to it which may be required or useful to enable the Issuer Security Trustee to file proceedings and take other action in defence of its rights. In addition, the Issuer shall promptly inform the attachment creditor and any other relevant third parties in writing of the rights of the Issuer Security Trustee in the Issuer Security; and

- (c) to permit the Issuer Security Trustee or its representatives to inspect its books and records at any time during usual business hours for purposes of verifying and enforcing the Issuer Security, to give any information necessary for such purpose and to make the relevant records available for inspection.

36. Other Undertakings of the Issuer

36.1 The Issuer undertakes:

- (a) to promptly notify the Issuer Security Trustee and the Rating Agencies in writing upon the occurrence of a Note Event of Default;
- (b) to give the Issuer Security Trustee at any time such other information as may be available to it which the Issuer Security Trustee may reasonably have demanded for the purpose of performing its duties under the Transaction Documents;
- (c) to send to the Issuer Security Trustee one copy of any balance sheet, any profit and loss accounts, any schedule on the origin and the allocation of funds, any report or notice or any other memorandum sent out by the Issuer to its shareholders, either at the time that any such document is distributed to its shareholders or as soon as practicable thereafter;
- (d) to send or have sent to the Issuer Security Trustee a copy of any notice given or to be given to the Noteholders in accordance with the Conditions as soon as possible but in no event later than on the day of the publication of such notice;
- (e) to ensure that the Principal Paying Agent, the Irish Paying Agent and the Servicer notify the Issuer Security Trustee and the Rating Agencies immediately if they do not receive the monies needed to discharge in full any obligation to pay or repay any amount of principal or interest due and payable to the Noteholders under the Notes on any Interest Payment Date;
- (f) to notify the Issuer Security Trustee of any written amendment to any Transaction Document under which rights of the Issuer Security Trustee arise and to which the Issuer Security Trustee is not a party;
- (g) to have always two independent directors, whereby for the purpose of this undertaking, **independent director** means a duly appointed director of the Issuer who, at the time of the appointment is not, and has not been at any time during the preceding five (5) years (i) a direct or indirect legal or beneficial shareholder in the Issuer or any of its affiliates (excluding *de minimis* ownership interests), (ii) a creditor, supplier, employee, officer, director, family member, manager or contractor of such entity or its affiliates (which shall include without limitation including the Originator, the Issuer Security Trustee, the Liquidity Bank or any other Issuer Secured Creditor or (iii) a person who controls (whether directly, indirectly or otherwise) the Issuer or any of its affiliates or any creditor, supplier, employee, officer, manager or contractor of the Issuer or any of its affiliates (excluding directorships in affiliates in the framework of corporate services for other special purpose entities);
- (h) to make or cause to be made all filings with and submissions or registrations to the Irish Companies Registration Office as may be necessary under Irish law in connection with the Transaction Documents and the transaction set out therein;

- (i) to comply with all applicable corporate requirements and the formalities required by its constitutional documents;
- (j) not to acquire any obligations of its shareholders;
- (k) to pay its debts out of own funds; and
- (l) not to enter into any profit and loss or domination agreements (*Beherrschungs- oder Gewinnabführungsverträge*).

36.2 At all times during the continuance of the Issuer Trust Agreement when carrying out its business activities, the Issuer represents, warrants, covenants and/or agrees that:

- (a) it shall not co-mingle or intermingle its business or assets with the business or assets of any other person, or permit its business or assets to be so co-mingled or intermingled;
- (b) when carrying out its business, it shall act for its own benefit and not that of any other person;
- (c) it shall act as principal and not as an agent, fiduciary, trustee or representative on behalf of any other person;
- (d) it shall maintain books, records and accounts reflecting its own activities and not those of any other person;
- (e) it shall maintain its corporate existence and its books, records and accounts in accordance with applicable law;
- (f) it shall not take part in the management or administration of any other company or corporation;
- (g) it shall not make itself or hold itself out as responsible for the debts of liabilities of any other person;
- (h) it shall not apply to become part of any group for the purposes of section 8 of the Value Added Tax Act, 1972 of Ireland (as amended) with any other company or group of companies, or any such act, regulations, order, statutory instrument or directive which may from time to time re-enact, replace, amend, modify, vary, codify, consolidate or repeal the Value Added Tax Act, 1972 of Ireland (as amended);
- (i) it shall not have any other business establishment or other fixed establishment (including any establishment for the purposes of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000) other than in Ireland;
- (j) it shall not prejudice its status as a qualifying company within the meaning of section 110 of the Taxes Consolidation Act, 1997 of Ireland, as amended;
- (k) it shall not make an election pursuant to subsection (6)(b) of section 110 of the Taxes Consolidation Act, 1997 of Ireland, as amended, if its cash flows would be affected adversely thereby;
- (l) it shall conduct its business and affairs such that, at all times, its centre of main interests for the purposes of the EU Insolvency Regulation (EC) No. 1346/2000 of 29 May 2000 shall be and remain in Ireland; and
- (m) it has made its own commercial, financial, investment, legal and, as applicable, tax analysis and assessment (or received advice on the foregoing from its own advisers) in relation to its entry into and performance of the Issuer Trust Agreement and any other agreement referred to in the Issuer Trust Agreement, and all such agreements are being entered into on arms length terms, for its own benefit and for which it has,

or will, receive adequate consideration on its own account in return for such entry into and performance.

37. Actions Of The Issuer Requiring Consent

So long as any part of the Notes remains outstanding, the Issuer shall not be entitled, without the prior written approval of the Issuer Security Trustee (such approval shall not be given unless the Rating Agencies have confirmed that such action would not negatively affect or result in a downgrading or withdrawal of the rating of any Note) or unless required by applicable law, to engage in any business or any other activities other than:

- (a) the performance of its obligations under the Notes and the other Transaction Documents to which it is a party and under any other agreements which have been entered into in connection with the issue of the Notes or the other Transaction Documents;
- (b) the enforcement of its rights;
- (c) the performance of any acts which are necessary or desirable in connection with (a) or (b) above; and
- (d) the execution of all further documents and undertaking of all other actions, at any time and to the extent permitted by law, which, in the opinion of the Issuer Security Trustee, are necessary or desirable having regard to the interests of the Noteholders in order to ensure that the terms and conditions of the Notes are always valid.

38. Amendments, Remedies and Waivers

38.1 No amendment of the Issuer Trust Agreement shall be effective unless in writing, unless expressly provided otherwise. Waivers of this requirement as to form shall also be made in writing. Any requirement of a written form (*Schriftformerfordernis*) agreed between the parties to the Issuer Trust Agreement shall not prevent the parties from making a reference to any other agreement or document which is not attached as such to the Issuer Trust Agreement. The Issuer and the Issuer Security Trustee shall immediately inform the Rating Agencies in writing of any amendment of the Issuer Trust Agreement.

38.2 The Conditions and/or the terms of the Issuer Trust Agreement or the other Transaction Documents may be changed, amended or otherwise modified:

- (a) without the consent of the Noteholders or any other person, provided that such change, amendment or modification shall not, as evidenced by a legal opinion of counsel from an international law firm of recognised standing appointed by the Issuer and delivered to the Issuer Security Trustee, materially and adversely affect the interests of the Issuer Security Trustee, the Noteholders, the Liquidity Bank, the Agents or the Issuer Swap Counterparty and provided further that if any of the amendments relate to the amount, the currency or the timing of the cashflow received by the Issuer under the Loan, the application of such cashflow by the Issuer, or the ranking of the Issuer Swap Counterparty in the Priorities of Payment, then the consent of the Issuer Swap Counterparty will be required. In addition, any amendment which materially and adversely affects the interests of the Issuer, the Issuer Security Trustee, the Liquidity Bank, the Agents or the Issuer Swap Counterparty shall require the consent of the party that is materially and adversely affected; and
- (b) with the consent of the Noteholders evidencing not less than 75 per cent. of the votes cast of the aggregate outstanding principal amount of the outstanding Notes, voting as a single class, for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Conditions, the Issuer Trust

Agreement or any other Transaction Document or of modifying in any manner the rights of the Noteholders; provided that (i) no such amendment shall (x) reduce the interest rate or principal amount of any Note or delay the Final Maturity Date of any Note without the consent of the holder of such Note, or (y) reduce the percentage of the aggregate outstanding principal amount of the outstanding Notes, the holders of which are required to consent to any matter, without the consent of the holders of at least that percentage of the aggregate outstanding principal amount of the outstanding Notes that is required to consent to such matter before giving effect to such amendment, and (ii) if any of the amendments, changes or modifications relate to the amount, the currency or the timing of the cashflow received by the Issuer under the Loan, the application of such cashflow by the Issuer or the ranking of the Issuer Swap Counterparty in the Priorities of Payment, then the consent of the Issuer Swap Counterparty will be required.

- (c) it will not be necessary for the consent of Noteholders to approve the particular form or text of any proposed change, amendment, modification or consent, but it will be sufficient if such consent approves the substance thereof. The manner of obtaining such consents (and any other consents of Noteholders provided for in the Issuer Trust Agreement) and of evidencing the authorisation of the execution thereof by Noteholders will be subject to such reasonable requirements as the Issuer Security Trustee may determine, including the establishment of record dates.

38.3 Prior to the execution of any change, amendment or modification to the Issuer Trust Agreement, any other Transaction Document or the Conditions, the Issuer Security Trustee shall be entitled to receive and conclusively rely upon an opinion of counsel addressed to the Issuer Security Trustee stating that the execution of such change, amendment or modification is authorised or permitted by the Issuer Trust Agreement and that all conditions precedent to the execution and delivery of such amendment have been satisfied.

38.4 No failure to exercise, nor any delay in exercising, on the part of any party hereto, any right or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise thereof or the exercise of any other right or remedy.

38.5 The rights and remedies herein provided are cumulative and not exclusive of any rights or remedies provided by law or any other Transaction Document.

39. Notices

39.1 Any communication in connection with the Issuer Trust Agreement shall be in writing and, unless otherwise stated, may be given in person, by post or by fax. Unless it is agreed to the contrary, any consent or agreement required under the Issuer Trust Agreement must be given in writing.

39.2

- (a) Except as provided below, the contact details of each party hereto for all communications in connection with the Issuer Trust Agreement are those notified by that party for this purpose to the Issuer Security Trustee on or before the date it becomes a party.
- (b) Any party hereto may change its contact details by giving five Note Business Days' notice to the Issuer Security Trustee or (in the case of the Issuer Security Trustee) to the other parties.
- (c) Where a party nominates a particular department or officer to receive a notice, a notice will not be effective if it fails to specify that department or officer.

39.3

- (a) Except as provided below, any notice in connection with the Issuer Trust Agreement shall be deemed to be given as follows:
 - (i) if delivered in person, at the time of the delivery;
 - (ii) if posted, five days after being deposited in the post, postage prepaid, in a correctly addressed envelope; and
 - (iii) if by fax, when received in legible form.
- (b) A communication given under Clause 39.1 of the Issuer Trust Agreement but received on a non-working day or after business hours in the place of receipt shall only be deemed to be given on the next working day in that place.
- (c) A communication to the Issuer Security Trustee shall only be effective on actual receipt by it.

40. Language

40.1 Any notice given in connection with the Issuer Trust Agreement shall be in English.

40.2 Any other document provided in connection with the Issuer Trust Agreement shall be:

- (a) in English; or
- (b) (unless the Issuer Security Trustee agrees otherwise) accompanied by a certified English translation, in which case, the English translation shall prevail unless the document is a statutory or other official document; or
- (c) in the language of, or contemplated by, the relevant Finance Documents.

41. Entire Agreement

41.1 The Issuer Trust Agreement sets out the entire agreement and understanding between the Parties in respect of the subject matter thereof.

41.2 There are no oral subsidiary arrangements (*mündliche Nebenabreden*). Any oral subsidiary arrangements (other than under the Transaction Documents) are herewith explicitly cancelled (*ausdrücklich aufgehoben*).

42. Severability

42.1 If a provision of the Issuer Trust Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction:

- (a) the legality, validity or enforceability of any other provision of the Issuer Trust Agreement; and
- (b) the legality, validity or enforceability in other jurisdictions of that or of any other provision of the Issuer Trust Agreement,

shall not be affected.

42.2 Any illegal, invalid or unenforceable provision shall have the effect of a provision that would be valid, the purpose of which conforms to the first-mentioned provision to such an extent that it must be assumed that such provision would have been included in the Issuer Trust Agreement if the first-mentioned provision had been omitted in view of its illegality, invalidity or unenforceability.

42.3 The same applies *mutatis mutandis* to any gap in the Issuer Trust Agreement.

43. Counterparts

The Issuer Trust Agreement may be executed in one or more counterparts.

44. No Liability and No Right to Petition and Limitation on Payments

44.1 All payment obligations of the Issuer hereunder constitute obligations exclusively to make payments in an amount limited to any available funds of the Issuer and proceeds received by the Issuer Security Trustee under the collateral held pursuant to the Issuer Trust Agreement, the German Issuer Accounts Pledge Agreement and the Issuer Deed of Charge and Assignment and in each case the proceeds thereof or any other distributable assets of the Issuer (*sonstiges freies Vermögen*) which the Issuer is entitled to apply thereto pursuant to, and in accordance with the relevant Priority of Payments. The Issuer Trust Agreement shall not give rise to any payment obligation in excess of the foregoing and recourse shall be limited accordingly.

44.2 To the extent that such assets, or the proceeds from the realisation thereof, prove ultimately insufficient to satisfy the claims of the parties hereto (other than the Issuer) in full, then any shortfall arising shall be extinguished and the parties hereto (other than the Issuer) shall have no further claims against the Issuer and its respective officers or directors, provided that the foregoing shall be without prejudice to any termination or early redemption rights. Such assets and proceeds shall be deemed to be "ultimately insufficient" at such time when, in the reasonable opinion of the Issuer Security Trustee, no further assets are available and no further proceeds can be realised therefrom to satisfy any outstanding claims of the parties hereto (other than the Issuer), and neither assets nor proceeds will be so available thereafter.

44.3 Each of the parties hereto shall not (other than provided in the Issuer Trust Agreement and the other Issuer Security Documents) petition or take any other step or action for the winding up, examinership, bankruptcy, liquidation or dissolution of the Issuer, nor for the appointment of a liquidator, examiner, administrator, receiver or other person in respect of the Issuer or its assets until after the expiry of a period of one year and one day following the payment of all amounts payable under the Notes.

44.4 To the fullest extent permitted by mandatory law, no recourse under any obligation, covenant, or agreement of the Issuer contained in the Issuer Trust Agreement shall be held against any shareholder, officer, agent or director of the Issuer as such, by the enforcement of any obligation or by any proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that the Issuer Trust Agreement is a corporate obligation of the Issuer and no liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Issuer as such, or any of them, under or by reason of any of the obligations, covenants or agreements of the Issuer contained in the Issuer Trust Agreement, or implied therefrom, and that any and all personal liability for breaches by the Issuer of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent or director is expressly waived by the other parties hereto as a condition of and consideration for the execution of the Issuer Trust Agreement. The aforementioned limitations shall not release or restrict any liabilities that may arise in case of gross negligence or wilful misconduct of a shareholder, officer, agent or director of the Issuer.

45. Law and Jurisdiction

45.1 The Issuer Trust Agreement is governed by, and shall be construed in accordance with, German law save for Clause 5.12, which is governed by, and shall be construed in accordance with, Austrian law.

45.2 Each of the parties hereto irrevocably agrees that the courts of Frankfurt am Main shall have exclusive jurisdiction to hear and determine any suit, action or proceeding, and to

settle any disputes, which may arise out of or in connection with the Issuer Trust Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts.

45.3 The restrictions set forth in Section 181 German Civil Code shall not apply to any party hereto in respect of its powers, authorisations, rights and obligations hereunder.

45.4 The Issuer shall at all times maintain an agent for service of process for proceedings in Germany or any other proceedings in connection with the Transaction Documents. Such agent shall initially be SFM Structured Finance Management (Deutschland) GmbH, with its business address at Eysseneckstraße 4, 60322 Frankfurt am Main, Germany, and any writ, judgment or other notice of legal process shall be sufficiently served on the Issuer if delivered to such agent at its address for the time being.

46. Condition Precedent

The parties to the Issuer Trust Agreement agree that the Issuer Trust Agreement and the rights and obligations thereunder shall only become effective upon fulfilment of the condition precedent (*aufschiebende Bedingung*) that the Issuer has issued the Notes.

TAXATION

General

The following is a general discussion of certain German and Irish tax consequences of the acquisition and ownership of Notes. This discussion does not purport to be a comprehensive description of all tax considerations, which may be relevant to a decision to purchase Notes. In particular, this discussion does not consider any specific facts or circumstances that may apply to a particular purchaser. This outline is based on the laws of Germany and Ireland currently in force and as applied on the date of this Prospectus, which are subject to change, possibly also with retroactive or retrospective effect.

PROSPECTIVE PURCHASERS OF NOTES ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF NOTES AND THE RECEIPT OF INTEREST THEREON, INCLUDING THE EFFECT OF ANY STATE OR LOCAL TAXES, UNDER THE TAX LAWS OF GERMANY AND EACH COUNTRY OF WHICH THEY ARE RESIDENTS OR CITIZENS.

Taxation of Noteholders in Germany

Tax Residents

Payments of interest on the Notes to persons or entities who are tax residents in Germany (that is, persons or entities whose residence, habitual abode, statutory seat or place of effective management and control is located in Germany) are subject to German personal income tax (*Einkommensteuer*) or corporate income tax (*Körperschaftsteuer*) (plus solidarity surcharge (*Solidaritätszuschlag*) at a rate of 5.5 per cent. on the tax payable). Such interest payments may also be subject to trade tax (*Gewerbesteuer*) if the Notes form part of the property of a German trade or business. Individuals may in addition be subject to German church tax (*Kirchensteuer*).

Upon the disposition of a Note carrying interest a holder of the Note will also have to include in his taxable income any consideration invoiced separately for such portion of the interest of the current interest payment period that is attributable to the period up to the disposition of the Note ("**Accrued Interest**"). Accrued Interest paid upon the acquisition of the Notes may be declared as negative income if the Note is held as a non-business asset. If for the determination of the issue price of the Note the redemption amount is reduced by a discount or if the redemption amount is increased as compared with the issue price of the Note (as, for example, in the case of a discounted Note or a Note with accrued interest added), the difference between the redemption amount and the issue price of the Note ("**Original Issue Discount**") realised when a Note held as a non-business asset is redeemed will be taxable investment income but only if the Original Issue Discount exceeds certain thresholds; in such case, the Note qualifies as a financial innovation under German tax law.

If a Note qualifies as a financial innovation (*Finanzinnovation*) (including, *inter alia*, zero coupon notes or other discounted notes or notes with accrued interest added) and is assigned or disposed of while outstanding or redeemed at maturity, such portion of the proceeds from the disposition of the Note or of the redemption amount of the Note that corresponds to the initial yield to maturity of the Note attributable to the period over which the holder has held such Note, minus interest, including Accrued Interest, already taken into account, will be subject to income tax (plus a solidarity surcharge on such tax), provided that the holder of the Note is an individual not holding the Note as business asset in a German or non-German business. The yield to maturity will be determined by taking into account the Original Issue Discount. If the Notes do not have a predetermined yield to maturity, the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Note will be subject to income tax (plus solidarity surcharge on such tax) in the year of

the disposition, assignment, or redemption of the Note unless the holder or the tax authority evidences that there is a different yield to maturity.

Where a Note is held as a business asset in a trade or business, in each fiscal year the yield to maturity of the Note to the extent attributable to such period has to be taken into account as interest income (if such amount is fixed at the time of the acquisition) and is subject to personal or corporate income tax (plus solidarity surcharge on such tax) and may also be subject to trade tax.

Capital gains from the disposition of Notes, other than income described in the preceding paragraphs, are only taxable to a German tax-resident individual if the Notes are disposed of within one year after their acquisition or form part of the property of a trade or business. In the latter case the capital gains may also be subject to trade tax. Capital gains derived by German-resident corporate holders of Notes will be subject to corporate income tax (plus the solidarity surcharge thereon) and trade tax, even if the Notes do not qualify as financial innovations. Losses incurred upon the sale or redemption of the Notes may give rise to negative income which, depending on the circumstances of the Noteholders may be offset against positive income of such Noteholder from other sources.

A 30 per cent. tax deduction on interest payments (*Zinsabschlag*), plus a 5.5 per cent. solidarity surcharge on such tax, will be levied, resulting in a total tax charge of 31.65 per cent. of the gross interest payment if the Notes are held in a custodial account which the Noteholder maintains with a German branch of a German or non-German bank or financial services institution (the "**Disbursing Agent**"). Such tax is also to be deducted from Accrued Interest and from the difference between the proceeds from the disposition, assignment or redemption and the issue or purchase price of the Notes if the Notes qualify as financial innovations, as explained above.

If the Notes have been transferred into the custodial account with the Disbursing Agent only after their acquisition by the Noteholders, tax at the aforementioned rate will be deducted on a lump-sum basis on 30 per cent. of the proceeds from the disposition, assignment or redemption of the Notes.

In computing the tax to be deducted the Disbursing Agent may deduct from the basis of the withholding tax any Accrued Interest paid by the holder of a Note to the Disbursing Agent during the same calendar year. In general, no tax deduction will be levied if the holder of a Note is an individual (i) whose Note neither forms part of the property of a German trade or business nor gives rise to income from the letting and leasing of property and (ii) who has filed a deduction exemption certificate (*Freistellungsauftrag*) with the Disbursing Agent but only to the extent the interest income derived from the Note together with other investment income does not exceed the maximum exemption amount shown on the deduction exemption certificate. Similarly, no tax will be deducted if the holder of the Note has submitted to the Disbursing Agent a certificate of non-assessment (*Nichtveranlagungsbescheinigung*) issued by the relevant local tax office.

The Issuer is not obliged to compensate any tax amounts deducted (see also Condition 7 (*Taxation*) of the Terms and Conditions of the Notes). The tax deduction and the solidarity surcharge on such deduction are, however, credited as prepayments against the German personal or corporate income tax and the solidarity surcharge liability of the German resident. Amounts over-deducted will entitle the holder of a Note to a refund, based on an assessment to tax.

It is expected that a German resident Noteholder will not be viewed as having acquired in substance units of a foreign investment fund, i.e., an asset that represents units in respect of a portfolio of assets within the meaning of the German Investment Act (*Investmentgesetz*).

Non-Residents

Interest, including Accrued Interest and (in the case of financial innovations) Original Issue Discount, and capital gains are not subject to German taxation, unless (i) the Notes form part of the business property of a permanent establishment, including a permanent representative, or a fixed base maintained in Germany by the holder of a Note or (ii) the interest income otherwise constitutes German source income. If the non-resident of Germany is subject to German taxation with income from the Notes, a tax regime similar to that explained above under "Tax Residents" applies; capital gains from the disposition of Notes are, however, only taxable in the case of (i).

Under German domestic tax law, any non-German resident creditor of obligations that are (in)directly secured by German-situs real property would be subject to German taxation levied by way of tax assessment. However, it is expected that non-resident Noteholders will not become subject to such German taxation (although the obligations under the Notes may arguably be regarded for German tax purposes as indirectly "secured" by German property) because the Notes (within their respective class) should qualify as fungible debt instruments (*Teilschuldverschreibungen*) and, therefore, should fall within the scope of the relevant "securitised debt exemption" (§ 49 para. 1 no. 5 lit c. sub-paragraph aa, second sentence of the German Income Tax Act). For the same reasons it is expected that it would not be justified for the German tax authorities to require the Issuer to withhold deduct German tax from its payments to Noteholders.

Non-residents of Germany are, in general, exempt from German withholding tax deduction on interest and the solidarity surcharge on such deduction. However, where the interest is subject to German taxation as set forth in the second paragraph above and the Notes are held in a custodial account with a Disbursing Agent, withholding tax is levied deducted as explained above at "Tax Residents".

Purchasers of Notes should note that the Issuer is not obliged to compensate any tax amounts withheld (see also Condition 7 (*Taxation*) of the Terms and Conditions of the Notes) nor will the Paying Agent assume any liability for taxes withheld from payments under the Notes, nor will either make any additional payments in regard of such taxes even if withholding tax were imposed.

Inheritance or Gift Tax

No inheritance or gift taxes with respect to any Note will arise under the laws of Germany, if, in the case of inheritance tax, neither the decedent nor the beneficiary, or, in the case of gift tax, neither the donor nor the donee, is a resident of Germany and such Note is not attributable to a German trade or business for which a permanent establishment is maintained, or a permanent representative has been appointed, in Germany. Exceptions from this rule apply to certain German expatriates.

Possible Introduction of a Flat Tax (*Abgeltungssteuer*) on Investment Income and Private Capital Gains

Based upon a draft bill dated 14 March 2007 of a Corporate Income Tax Reform Act 2008, a flat tax (*Abgeltungssteuer*) on investment income and private capital gains as elements of a corporate income tax reform might be introduced. It is planned that the bill should be passed in June 2007. The proposed provisions of such Corporate Income Tax Reform Act 2008 would apply from 2008 unless specific other dates apply. However, this is merely a tentative date and further amendments might occur to the draft bill, even on short notice.

The flat tax would be levied as a withholding tax deduction, *inter alia*, on interest income and capital gains from the disposal of securities held by private individuals (as non-business, non-leasing, non-self employment or non-farming and forestry assets), irrespective of any holding

period. Payment of the flat tax would satisfy any tax liability in respect of investment income or private capital gains from securities. In principle, the envisaged tax would be levied at a rate of 25 per cent. (plus the 5.5 per cent. solidarity surcharge on the tax deducted and, if applicable, church tax) from gross income. According to the draft bill, the flat tax would take effect for interest and dividends that accrue after 31 December 2008 as well as capital gains derived from securities acquired after 31 December 2008.

Other Taxes

No stamp, issue, registration or similar taxes or duties will be payable in Germany in connection with the issuance, delivery or execution of the Notes. Currently, net assets tax is not levied in Germany.

EU Savings Tax Directive

On June 3, 2003 the Council of the European Union approved a directive regarding the taxation of savings income in the form of interest payments (the "**EU Savings Tax Directive**"). Accordingly, each EU Member State must require paying agents (within the meaning of such directive) established within its territory to provide to the competent authority of this state details of the payment of interest made to any individual resident in another EU Member State as the beneficial owner of the interest. The competent authority of the EU Member State of the paying agent (within the meaning of the EU Savings Tax Directive) is then required to communicate this information to the competent authority of the EU Member State of which the beneficial owner of the interest is a resident.

For a transitional period, Austria, Belgium and Luxembourg may opt instead to withhold tax from interest payments within the meaning of the EU Savings Tax Directive at a rate of 15 per cent. for the first three years from application of the provisions of such directive, of 20 per cent. for the subsequent three years, and of 35 per cent. from the seventh year after application of the provisions of such directive.

In conformity with the prerequisites for the application of the EU Savings Tax Directive, Switzerland, Liechtenstein, San Marino, Monaco and Andorra have confirmed that from 1 July 2005 they will apply measures equivalent to those contained in such directive, in accordance with agreements entered into by them with the European Community. It has also been confirmed that certain dependent or associated territories (the Channel Islands, the Isle of Man and certain dependent or associated territories in the Caribbean) will apply from that same date an automatic exchange of information or, during the transitional period described above, a withholding tax in the described manner. Consequently, the Council of the European Union noted that the conditions have been met to enable the provisions of the EU Savings Tax Directive to enter into force as from 1 July 2005.

By legislative regulations dated January 26, 2004 the German Federal Government enacted the provisions for implementing the EU Savings Tax Directive into German law. These provisions apply as of 1 July 2005.

Holders who are individuals should note that the Issuer will not pay additional in respect of any withholding tax imposed as a result of the EU Savings Tax Directive.

German Taxation of the Issuer

The income and gains derived by the Issuer would only be subject to German tax if the Issuer has its place of effective management and control or maintains a permanent establishment, or appoints a permanent representative, for its business in Germany. It is expected that the Issuer will not be treated as having its place of effective management and control, as maintaining a permanent establishment or as having appointed a permanent representative in Germany.

It is expected that neither the Servicer nor the Special Servicer, will constitute a fixed place of management (*Ort der Geschäftsleitung*) or a permanent establishment (*Betriebsstätte*) of the Issuer in Germany, if:

- they will not perform any functions on behalf of the Issuer other than those which are expressly conferred on it by the Servicing Agreement,
- all such services will be performed out of the Servicer's and the Special Servicer's London branch (the sub-servicing arrangements as provided in the Servicing Agreement are expected not to have an adverse effect because of the limitations set out in the Servicing Agreement that aim to ensure that only ancillary services can be performed in Germany), and
- they will not allocate any space in their premises specifically to the functions which it they respectively perform under the Servicing Agreement or otherwise place any location in Germany at the disposal of the Issuer. The performance by the Servicer and the Special Servicer under the Servicing Agreement should not necessarily involve placing a geographical location in Germany at the disposal of the Issuer, and
- the Issuer maintains management function within the meaning of § 10 of the German General Tax Code (*Abgabenordnung*) for its residual business activities exclusively outside Germany.

This expectation is supported by a decision of the German Federal Fiscal Court (*Bundesfinanzhof* – "**BFH**") (dated 12 February 2004 – IV R 29/02). The court held that for purposes of determining where the place of effective management and control of an entity that is engaged in leasing activities is located, the procuring of the financing of an asset acquisition outweighs the day-to-day business decisions taken with respect to the acquisition of the assets themselves, with the consequence that the decisions that are relevant for such re-financing drive the determination of the principal place of business. Since the decisions relating to the Notes are not taken within Germany, this decision would support the analysis that the Issuer does not have a permanent establishment or principal place of management in Germany.

No additional guidance is available on this point. However, even in a worst-case analysis that assumes that the Issuer is subject to German taxation, such subjection to tax should only have the following consequences:

German corporation tax

German corporation tax of the Issuer would be based on the Issuer's "profits of the year" (*Jahresüberschuss*) as derived from the Issuer's German GAAP financial statements for the accounting period ending in the respective tax year (such profits would be adjusted for tax purposes by certain items to derive the taxable profit for corporation tax purpose):

- Broadly speaking, such profits of the year would be the difference between all current income and capital gains derived in that period less all expenses and capital losses (from impairment of an asset) economically connected with that period. Consequently a possible exposure of the Issuer to corporate income tax would likely be small as its relevant expenses attributable to Germany will likely reduce its net income to close to zero over the term of the transaction.
- However, under German tax law, the Issuer will not be entitled to fully offset the relevant loss or expense against its income or gains if, for German tax purposes, the loss is deemed to arise (i) in the period after the relevant income has arisen, since a loss carry-back for German corporate income tax purposes is only permitted in an amount of up to €511,500 to the immediately preceding assessment period; or (ii) in

a period before the relevant income will arise, since the Issuer will only be able to use any loss carried forward in the amount of €1 million in full, and any excess will offset only 60 per cent of the later year's income. (*Mindestbesteuerung*). In this respect there are two potential issues that may arise for the Issuer:

- For German tax and accounting purposes the period in which an impairment loss is recognised by the Issuer may not be identical to the period in which the income resulting from a (corresponding) reduction of the Issuer's liabilities under the Notes is to be recognised. There are good arguments that under German tax principles (as well as under German GAAP) "principal losses" and "income" from release of obligations under the Notes should always be allocable to the same period. In addition, the transaction at hand is structured in a manner such that any acceleration of the lending to the Borrowers (that is the relevant event for a potential "write down" of the claims under the loan and, hence, the potential "loss") will have a "mirroring effect" in respect of the legal claims of the Noteholders under the Notes which will need to be reflected by accounting for a profit from the reduction of the claims of the Noteholders in the same accounting period.
- Further, there is a certain risk that the proceeds from the issuance of the Notes could be regarded as taxable income of the Issuer (with a deduction of payments of principal on the Notes as and when they fall due, creating losses that could be carried back in full) pursuant to an interpretation of § 5 (2a) of the German Income Tax Act (*Einkommensteuergesetz*). However, § 5 (2a) of the German Income Tax Act would be applicable only if the obligation of the Issuer to pay interest and principal under the Notes were legally dependent upon whether the Issuer incurs any revenues or profits in the future. It is expected that this would not be the case here. The Issuer has rather entered into a legally binding paying obligation vis-à-vis the Noteholders and the Noteholders have full recourse to all assets of the Issuer. Although the assets of the Issuer are limited and, consequently, the amount of the payments to be made under the Notes depends commercially upon the development of certain receivables, the payment obligation under the Notes itself is, in a legal sense, not conditional upon the Issuer having incurred any revenues or profits. The fact that the right to payment of interest and principal of the Class B Notes is subordinated and that the Notes of all Classes are given only limited recourse to the underlying receivables should not change this analysis. The subordination of claims and the agreement of a limited recourse are legal concepts which are, in economic terms, not comparable to the dependency of a claim upon certain revenues or profits of an issuer and which should, therefore, not give rise to an application of § 5 (2a) of the German Income Tax Act. At least with respect to the subordination of claims, this view is supported by a recent decision of the BFH dated November 10, 2005 – IV-R-13/04) which explicitly stated that even a so-called "qualified subordination" (*qualifizierter Rücktritt*), according to which a creditor basically ranks *pari passu* with the shareholders of company, would not, by itself and in each and any event, trigger the applicability of § 5 (2a) of the German Income Tax Act. The German tax authorities have commented on this court decision in a Circular issued by the German Ministry of Finance (*Bundesfinanzministerium* – "**BMF**") on September 8, 2006 (IV-B2-S2133 – 10/06) by confirming the view that neither the simple, nor the qualified subordination would trigger the applicability of § 5 (2a) of the German Income tax Act. Based thereon even in the case of an insolvency remote entity there

seems to be a rather remote risk only that the limited recourse provisions may lead to an applicability of § 5 (2a) of the German Income Tax Act.

- Furthermore, the German tax authorities should not be able to argue that the income from the Loan should be allocated to a German permanent establishment of the Issuer whilst the interest payable on the Notes (and the other expenses connected with such issuance) would be regarded as expense items of the Irish permanent establishment of the Issuer (with the consequence that these expense items were not tax deductible against the interest income of the Issuer under the Loan). Under a the required functional analysis the Issuer would expect that the income from the Loan and the related expense item from the refinancing of the acquisition of the Loan will be allocated to the same permanent establishment of the Issuer.

German Trade Tax

German trade tax will, in principle, arise with respect to taxable income of the Issuer attributable to its German (residency) permanent establishment. Pursuant to § 8 no. 1 of the German Trade Tax Act (*GewStG – Gewerbesteuergesetz*) only half of the interest payable on so-called long-term indebtedness would generally be deductible from the trade tax base. However, it is expected that the Issuer would be able to rely on § 19 (3) of the German Trade Tax Ordinance (*GewStDV - Gewerbesteuerdurchführungsverordnung*) which contains a special rule for the computation of long-term indebtedness incurred by financial institutions by limiting long-term debt to the value of certain fixed assets that would also be applicable to the Issuer as an entity that is engaged in the issuing of debentures for the purpose of funding solely the acquisition of bank-originated loan payment claims. Based on § 19(3) of the German Trade Tax Ordinance the Issuer's trade tax base would likely not be different from its corporate income tax base.

German permanent representative

It is expected that neither the Servicer nor the Special Servicer should be regarded as a permanent representative of the Issuer in Germany since and if both will be acting through the London branch and, consequently, cannot constitute a taxable presence in Germany (it is expected that the sub-servicing through the German branch will not change this view because of the ancillary nature of the services that may be performed in Germany under the Servicing Agreement). Furthermore, Article II (1) (g) (v) of the double taxation treaty between Germany and Ireland provides that a representative that is acting in the ordinary course of its business cannot result in a taxable presence in Germany. The Servicer and the Special Servicer – i.e., Eurohypo Aktiengesellschaft – will act in the ordinary course of its business since the roles as Servicer and Special Servicer are normally carried out by a facility agent (*Konsortialführer*) or a security agent (*Sicherheitentreuhänder*) and, therefore, would fall into the ordinary banking business of Eurohypo Aktiengesellschaft. Even if the role of Eurohypo Aktiengesellschaft as Servicer or Special Servicer were to be regarded as (German) permanent representative (*ständiger Vertreter*) of the Issuer the Issuer expects this not to have major adverse consequences for the Issuer since German tax principles would only attribute the "functional profit" to such "agency permanent establishment" over and above the servicing fee paid to the Servicer or the Special Servicer. Such functional profit should be small since the economic benefit created over and above the servicing fee will be limited.

German VAT on the servicing activities

The servicing activities performed by the Originator should not be subject to German value added tax (*Umsatzsteuer*) because Section 18 para 9 sent. 4 of the German VAT Guidelines (*Umsatzsteuerrichtlinie*) provides that the seller of a receivable is not viewed as making VAT-able supplies to its purchaser if the seller retains the collection right and acts in its own interest and there is no separate servicing agreement. If the collection activity is based upon a

separate agreement the activities of the seller constitute services ancillary to the exempt supply of the receivable itself and therefore remains exempt from VAT.

It is expected that the supply of services under the Servicing Agreement should not be subject to German VAT since the services are performed where received (§ 3a (3) and (4) of the German VAT Act ("**UStG**")), i.e., in Ireland, since the Issuer should be regarded as entrepreneur for German VAT purposes and/or the services supplied by any facility agent and/or any security agent should be regarded as a (VAT exempt) supply to the Borrowers as ancillary service to the lending (*Leistungskommission*).

Taxation in Ireland

The following is an outline based on the laws and practices currently in force in Ireland regarding the tax position of investors beneficially owning their Notes and should be treated with appropriate caution. Particular rules may apply to certain classes of taxpayers holding Notes. The outline does not constitute tax or legal advice and the comments below are of a general nature only. Prospective investors in the Notes should consult their professional advisers on the tax implications of the purchase, holding, redemption or sale of the Notes and the receipt of interest thereon under the laws of their country of residence, citizenship or domicile.

Corporation Tax

In general, Irish companies must pay corporation tax on their income at the rate of 12.5 per cent. in relation to trading income and at the rate of 25 per cent. in relation to income that is not income from a trade. However, § 110 of the TCA 1997 provides for different treatment in relation to qualifying companies. It is expected that the Issuer will be a qualifying company for this purpose. A qualifying company for this purpose means a company:

- (a) which is resident in Ireland;
- (b) which either acquires qualifying assets from a person, holds, manages, or both holds and manages qualifying assets as a result of an arrangement with another person, or has entered into a legally enforceable arrangement with another person which itself constitutes a qualifying asset;
- (c) which carries on in Ireland a business of holding qualifying assets or managing qualifying assets or both;
- (d) which, apart from activities ancillary to that business, carries on no other activities; and
- (e) which has notified an authorised officer of the Revenue Commissioners in the prescribed format that it intends to be such a qualifying company; provided that the market value of all qualifying assets held, managed or both held and managed by the company or the market value of all qualifying assets in respect of which the company has entered into legally enforceable arrangements is not less than €10,000,000 on the day on which the qualifying assets are first acquired, first held, or a legally enforceable arrangement in respect of the qualifying assets is entered into (which is itself a qualifying asset), but a company shall not be a qualifying company if any transaction is carried out by it otherwise than by way of a bargain made at arm's length apart from where that transaction is the payment of consideration for the use of principal (other than where that consideration is paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance).

A qualifying asset is a financial asset or an interest in a financial asset (such as a Loan).

If a company is a qualifying company for the purpose of § 110 of the TCA 1997, then profits arising from its activities shall be chargeable to corporation tax under Case III of Schedule D (which is applicable to non-trading income) at a rate of 25 per cent. However, for that purpose those profits shall be computed in accordance with the provisions applicable to Case I of that Schedule (which is applicable to trading income). On this basis and on the basis that the interest on the Notes is either:

- a) not dependant on the results of the Issuer's business nor in excess of an arm's length rate; or
- b) is not paid to certain companies within the charge of Irish corporation tax as part of a scheme of tax avoidance, then the interest in respect of the Notes will be deductible in determining the taxable profits of the Issuer.

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 § 64 TCA 1997 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 Revenue Commissioners of Ireland (Euroclear and Clearstream Luxembourg 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 this effect 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 and/or Clearstream Luxembourg, 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 regardless of where the Noteholder is resident.

Separately, § 246 TCA 1997 ("**§ 246**") provides certain exemptions from this general obligation to withhold tax. § 246 provides an exemption in respect of interest payments made by a qualifying company within the meaning of § 110 of the TCA 1997 to a person resident in a relevant territory except where that person is a company and the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. Also § 246 provides an exemption in respect of interest payments made by a company in the ordinary course of business carried on by it to a company resident in a relevant territory except where the interest is paid to the company in connection with a trade or business carried on in Ireland by that company through a branch or agency. A relevant territory for this purpose is a Member State of the European Communities, other than Ireland, or not being such a Member State, a territory with which Ireland has entered into a double tax treaty that is in effect. As of the date hereof, Ireland has entered into a double tax treaty with each of Australia, Austria, Belgium, Bulgaria, Canada, China, Chile (signed but not yet in effect), Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Israel, India, Italy, Japan, Korea (Rep. of), Latvia, Lithuania, Luxembourg, Malaysia, Mexico, the Netherlands, New Zealand, Norway, Pakistan, Poland,

Portugal, Romania, Russia, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, U.S.A. and Zambia. New treaties with Argentina, Egypt, Kuwait, Malta, Morocco, Tunisia, Turkey, Ukraine and Vietnam are in the course of being negotiated.

Irish tax will be required to be withheld at the standard rate from interest on any quoted Eurobond, where such interest is realised or collected by an agent in Ireland on behalf of any Noteholder who is Irish resident. This is unless the beneficial owner of the Note that is entitled to the interest is not resident in Ireland and makes a declaration in the required form. This is provided that such interest is not deemed, under the provisions of Irish tax legislation, to be the income of another person that is resident in Ireland.

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 (i) the Notes are quoted Eurobonds and are exempt from withholding tax as set out above (ii) 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 § 110 of the TCA 1997, or (iii) 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.

Interest on the Notes which does not fall within the above exemptions may be within the charge to Irish income tax to the extent that a double tax treaty does not exempt the interest.

If the above exemption does not apply there is a long standing unpublished practice of the Revenue Commissioners of Ireland whereby no action will be taken to pursue any liability to such Irish tax in respect of persons who are regarded as not being resident in Ireland except where such persons:

- (a) are chargeable in the name of a person (including a trustee) or in the name of an agent or branch in Ireland having the management or control of the interest; or
- (b) seek to claim relief and/or repayment of tax deducted at source in respect of taxed income from Irish sources; or
- (c) are chargeable to Irish corporation tax on the income of an Irish branch or agency or to income tax on the profits of a trade carried on in Ireland to which the interest is attributable.

There can be no assurance that the Revenue Commissioners of Ireland will continue to apply this practice in the case of the holders of Notes and, as mentioned above, there is a statutory obligation to account for Irish tax on a self-assessment basis and there is no requirement for the Revenue Commissioners of Ireland to issue or raise an assessment.

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 or permanent establishment to which or to whom the Notes are attributable.

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. Bearer notes are generally regarded as situated where they are physically located at any particular time, but the Notes may be regarded as situated in Ireland regardless of their physical location 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.

For the purposes of capital acquisitions tax, under current legislation a non-Irish domiciled person will not be treated as resident or ordinarily resident in Ireland for the purposes of the applicable legislation except where the person has been resident in Ireland for the purposes of Irish tax for the 5 consecutive years of assessment immediately preceding the year of assessment in which the date of the gift or inheritance falls.

Stamp Duty

If the Issuer is a qualifying company within the meaning of § 110 of the TCA 1997, as amended, (and it is expected that the Issuer will be such a qualifying company) no Irish stamp duty will be payable on either the issue or transfer of the Notes, provided that the money raised by the issue of the Notes is used in the course of the Issuer's business.

EU Savings Directive

On 3rd June 2003, the European Council of Economics and Finance Ministers adopted the European Union Council Directive 2003/48/EC on the taxation of savings income ("**EU Directive**"). The Directive has been enacted into Irish legislation. Where any person in the course of a business or profession carried on in Ireland makes an interest payment to, or secures an interest payment for the immediate benefit of, the beneficial owner of that interest, where that beneficial owner is an individual, that person must, in accordance with the methods prescribed in the legislation, establish the identity and residence of that beneficial owner. Where such a person makes such a payment to a "*residual entity*" then that interest payment is a "*deemed interest payment*" of the "*residual entity*" for the purpose of this legislation. A "*residual entity*", in relation to "*deemed interest payments*", must, in accordance with the methods prescribed in the legislation, establish the identity and residence of the beneficial owners of the interest payments received that are comprised in the "*deemed interest payments*".

"**Residual entity**" means a person or undertaking established in Ireland or in another Member State or in an "associated territory" to which an interest payment is made for the benefit of a beneficial owner that is an individual, unless that person or undertaking is within the charge to corporation tax or a tax corresponding to corporation tax, or it has, in the prescribed format for the purposes of this legislation, elected to be treated in the same manner as an undertaking for collective investment in transferable securities within the meaning of the UCITS Directive 85/611/EEC, or it is such an entity or it is an equivalent entity established in an "*associated territory*", or it is a legal person (not being an individual) other than certain Finnish or Swedish legal persons that are excluded from the exemption from this definition in the Directive.

Procedures relating to the reporting of details of payments of interest (or similar income) made by any person in the course of a business or profession carried on in Ireland, to

beneficial owners that are individuals or to residual entities resident in another Member State or an "*associated territory*" and procedures relating to the reporting of details of deemed interest payments made by residual entities where the beneficial owner is an individual resident in another Member State or an "*associated territory*", apply in Ireland. For the purposes of these paragraphs "*associated territory*" means Aruba, The Netherlands Antilles, Jersey, Gibraltar, Guernsey, the Isle of Man, Anguilla, the British Virgin Islands, the Cayman Islands, Andorra, Liechtenstein, Monaco, San Marino, the Swiss Confederation, Montserrat and the Turks and Caicos Islands.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, whose registered office is at Citigroup Centre, Canada Square, London E14 5LB, United Kingdom, and Bayerische Hypo- und Vereinsbank AG whose registered office is at Arabellastrasse 12, 81925 Munich, Federal Republic of Germany (together, the "**Joint Bookrunners**"), pursuant to a subscription agreement dated on or about the date of the Prospectus (the "**Subscription Agreement**"), between, *inter alios*, the Joint Bookrunners, the Issuer and Eurohypo, have agreed, jointly and severally, subject to certain conditions, to subscribe and pay, or procure subscription and payment, for the Class A Notes at 100 per cent. of the initial principal amount of such Notes and the Class B Notes at 100 per cent. of the initial principal amount of such Notes.

The Issuer has agreed to reimburse or procure the reimbursement of the Joint Bookrunners for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement is subject to a number of conditions and may be terminated by the Joint Bookrunners in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the offer and sale of the Notes.

United States of America

Each of the Joint Bookrunners has represented and agreed with the Issuer that the Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except in accordance with Regulation S under the Securities Act or pursuant to an exemption from the registration requirements of the Securities Act. Each of the Joint Bookrunners has represented and agreed that it has offered and sold the Notes, and will offer and sell the Notes (i) as part of its distribution at any time and (ii) otherwise until 40 calendar days after the completion of the distribution of all the Notes only in accordance with Rule 903 of the Regulation S under the Securities Act. Neither any of the Joint Bookrunners, its respective affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts with respect to the Notes, and it and they have complied and will comply with the offering restrictions requirements of Regulation S under the Securities Act. At or prior to confirmation of sale of Notes, it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Notes from it during the restricted period a confirmation or notice to substantially the following effect:

"The Securities covered hereby have not been registered under the U.S. 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 (i) as part of their distribution at any time or (ii) otherwise until 40 calendar days after the completion of the distribution of the Securities as determined and certified by the Joint Bookrunners, except in either case in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them in Regulation S under the Securities Act."

Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Further, each of the Joint Bookrunners has represented and agreed that:

- (a) except to the extent permitted under U.S. Treas. Reg. § 1.163-5 (c)(2)(i)(D) (the "**TEFRA D Rules**"), (i) it has not offered or sold, and during the restricted period will not offer or sell, directly or indirectly, Notes in bearer form to a person who is within the United States or its possessions or to a United States person, and (ii) it has not

delivered and will not deliver, directly or indirectly, within the United States or its possessions definitive Notes in bearer form that are sold during the restricted period;

- (b) it has and throughout the restricted period will have in effect procedures reasonably designed to ensure that its employees or agents who are directly engaged in selling Notes in bearer form are aware that such Notes may not be offered or sold during the restricted period to a person who is within the United States or its possessions or to a United States person, except as permitted by the TEFRA D Rules;
- (c) if it was considered a United States person, that it is acquiring the Notes for purposes of resale in connection with their original issuance and agrees that if it retains Notes in bearer form for its own account, it will only do so in accordance with the requirements of U.S. Treas. Reg. § 1.63-5 (c)(2)(i)(D)(6); and
- (d) with respect to each affiliate that acquires from it Notes in bearer form for the purpose of offering or selling such Notes during the restricted period that it will either (i) repeat and confirm the representations and agreements contained in sub-clauses (a), (b) and (c); or (ii) obtain from such affiliate for the benefit of the Issuer the representations and agreements contained in sub-clauses (a), (b) and (c).

Terms used in sub-clauses (a), (b), (c) and (d) above have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder, including the TEFRA D Rules.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the regulator (each, a "**Relevant Member State**"), each of the Joint Bookrunners has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented or applied in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in the last annual or consolidated accounts; or
- (c) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

Italy

The offering of the Notes has not been cleared by CONSOB (the Italian Securities Exchange Commission) pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to the Notes be distributed in the Republic of Italy, except:

- (a) to professional investors ("**operatori qualificati**"), as defined in Article 31, second paragraph, of CONSOB Regulation No. 11522 of July 1, 1998, as amended; or
- (b) in circumstances which are exempted from the rules on solicitation of investments pursuant to Article 100 of Legislative Decree No. 58 of February 24, 1998 (the "**Financial Services Act**") and Article 33, first paragraph, of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Each Joint Bookrunner has represented and agreed that any offer, sale or delivery of Notes or distribution of the Prospectus or any other documents relating to the Notes in the Republic of Italy under (a) or (b) above must be:

- (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act and Legislative Decree No. 385 of September 1, 1993 (the "**Banking Act**"); and
- (ii) in compliance with any other applicable laws and regulations.

United Kingdom

Each of the Joint Bookrunners has represented and agreed that:

- (a) (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and, prior to the expiry of the period of six months from the Closing Date, will not offer or sell any Notes to persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**");
- (b) it has complied and will comply with all applicable provisions of the FSMA, with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer.

France

Each of the Issuer and the Joint Bookrunners has represented and agreed that Notes have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France, and that it has not 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. Nevertheless, the Notes can be offered or sold and the Prospectus or any amendment, supplement or replacement thereto or any material relating to the Notes may be distributed or caused to be distributed to any French Qualified Investor (*investisseur qualifié*) as defined by

articles L.411-2-II and D.411-1 to D.411-3 of the French Monetary and Financial Code (*Code Monétaire et Financier*) and in compliance with all relevant regulations issued from time to time by the French financial market authority (*i.e. Autorité des Marchés Financiers*).

Investors in France are informed that:

- (i) neither the offer and sale of the Notes nor the Prospectus have been submitted for clearance to the French financial market authority (*Autorité des Marchés Financiers*);
- (ii) investors or entities described in article L.411-2-II-4° of the French Monetary and Financial Code (*Code Monétaire et Financier*) can only acquire Notes for their own account and in accordance with the provisions of articles D.411-1, D.411-2, D.734-1, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code (*Code Monétaire et Financier*); and the direct and indirect distribution or sale to the public of the Notes acquired by them can only be made in compliance with articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code (*Code Monétaire et Financier*).

Ireland

Each of the Joint Bookrunners has represented and agreed that:

- (a) it has not offered and will not offer or sell any Notes other than in compliance with the provisions of the Market Abuse (Directive 2003/6/EC) Regulations 2005 of Ireland, the Prospectus Directive and implementing measures in Ireland and the Companies Acts 1963 to 2006 of Ireland.
- (b) in connection with offers or sales of Notes, it has only issued or passed on, and will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on; and
- (c) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland with respect to anything done by it in relation to the Notes or operating in, or otherwise involving, Ireland and, in the case of a Joint Bookrunner acting under and within the terms of an authorisation to do so for the purposes of EU Council Directive 93/22/EEC of 10 May, 1993, it has complied with any codes of conduct made under the Investment Intermediaries Acts, 1995 to 2000 of Ireland and, in the case of a Joint Bookrunner acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March, 2000, it has complied with any codes of conduct or practice made under Section 117(1) of the Central Bank Act, 1989 of Ireland.

General

Other than the approval by the Financial Regulator in Ireland of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, application having been made for the Notes to be admitted to the Official List of the Irish Stock Exchange and to trading on the regulated market of the Irish Stock Exchange and the delivery of a copy of this Prospectus to the Registrar for Companies in Ireland for registration in accordance with the regulations implementing the Prospectus Directive 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 Joint Bookrunners 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 to the best knowledge and belief of such Joint Bookrunner result in compliance with applicable laws and regulations thereof and that will not impose any obligations on the Issuer except as set out in the Subscription Agreement.

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the board of directors of the Issuer passed on 16 April 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 20 April 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 sterling and for delivery on the third working day after the day of the transaction.
3. The Notes have been accepted for clearance through Euroclear and Clearstream Luxembourg as follows:

	Common Code	ISIN	WKN
Class A	029359849	XS0293598495	AØNQØA
Class B	029359911	XS0293599113	AØNQØB

The estimated total expenses related to the admission to trading are €20,000.

4. The net and gross proceeds from the issue of the Notes will be approximately €550,000,000, and this sum will be applied by the Issuer towards the purchase of the Loan from the Originator on the Closing Date pursuant to the Loan Sale and Transfer Agreement.
5. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.
6. The Issuer is not, and has not been, engaged in any governmental, litigation or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) that may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.
7. Since the date of its incorporation, the Issuer has not entered into any contract other than in its ordinary course of business.
8. Save as disclosed herein, since 12 March 2007 (being the date of incorporation of the Issuer), there has been (a) no material adverse change in the financial position or prospects of the Issuer and (b) no significant change in the trading or financial position of the Issuer.
9. The Issuer Trust Agreement will provide that the Issuer Security Trustee may rely on reports or other information from professional advisors or other experts, whether or not such report or other information, engagement letter or other document entered into by the Issuer Security Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.
10. The Issuer intends to publish on a quarterly basis reports providing qualitative and quantitative information on the Loan and the Properties, including details of any material changes that could affect credit quality.

DOCUMENTS ON DISPLAY

Copies of the following documents may be physically inspected during usual business hours on any week day (excluding Saturdays, Sundays, and public holidays) at the offices of the Issuer at 25-26 Windsor Place, Lower Pembroke Street, Dublin 2, Ireland and at the specified offices of the Irish Paying Agent in Dublin for the life of this Prospectus:

- (a) the Memorandum and Articles of Association of the Issuer;
- (b) the articles of association (*Gesellschaftsvertrag*) of each Borrower;
- (c) the opening balance sheet of each Borrower;
- (d) the resolution of the board of directors of the Issuer approving the issue of the Notes;
- (e) all notices given to the Noteholders pursuant to the Terms and Conditions;
- (f) the Subscription Agreement referred to in this Prospectus;
- (g) the Prospectus and the following documents referred to in this Prospectus:
 - (i) the Loan Sale and Transfer Agreement;
 - (ii) the following Loan Security Documents:
 - (1) the Mortgage Deed;
 - (2) the Security Purpose Agreement;
 - (3) the Accounts Pledge Agreement;
 - (4) the Assignment Agreement;
 - (5) the German Share Pledge Agreement;
 - (6) the Austrian Share Pledge Agreement;
 - (7) the Comfort Letter; and
 - (8) the Deed of Assignment;
 - (iii) the following Issuer Security Documents
 - (1) Issuer Trust Agreement;
 - (2) the German Issuer Accounts Pledge Agreement; and
 - (3) the Issuer Deed of Charge and Assignment;
 - (iv) the Issuer Intercreditor Agreement;
 - (v) the Servicing Agreement;
 - (vi) the Corporate Services Agreement;
 - (vii) the Share Trust Deed;
 - (viii) the Notes;
 - (ix) the Agency Agreement;
 - (xi) the Issuer - ICSDs Agreement;
 - (xi) the Issuer Interest Swap Agreement;
 - (xii) the Contingent Issuer Swap Agreement;
 - (xiii) the Liquidity Facility Agreement;
 - (xiv) the Account Bank Agreement; and

(xv) the Master Definitions Schedule.

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AUDITORS OF THE ISSUER

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ACCOUNT BANK

The Bank of New York

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--	--

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