FORNAX (ECLIPSE 2006-2) B.V.

(incorporated with limited liability in the Netherlands with registration number 34251226)

€545,134,000 Commercial Mortgage Backed Floating Rate Notes due 2019

FORNAX (ECLIPSE 2006-2) B.V. (the **Issuer**) will issue the €104,481,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class A Notes**), the €263,193,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class B Notes**), the €57,860,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class C Notes**), the €100,000 Class X Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class X Notes**), the €36,050,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class D Notes**), the €44,950,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class E Notes**), the €30,500,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class F Notes**) the €8,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class G Notes** and, together with the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes and the Class F Notes, the **Notes**) on 22 September 2006 (or such later date as the Issuer may agree with Barclays Bank PLC (the **Arranger** and the **Lead Manager**)) (the **Closing Date**).

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

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

			Anticipated Ratings						
Class	**Initial Principal Amount**	**Margin (% p.a.)**	**Fitch**	**Moody's**	**S&P**	**Estimated Average Life[1]**	**Expected Maturity Date**	**Final Maturity Date[1]**	**Issue Price**
Class A	€104,481,000	0.13	AAA	Aaa	AAA	5.1 years	February 2013	February 2019	100%
Class B	€263,193,000	0.18	AAA	Aaa	AAA	5.0 years	November 2013	February 2019	100%
Class C	€57,860,000	0.21	AAA	Aaa	AAA	5.9 years	November 2013	February 2019	100%
Class X	€100,000	0.13[2]	AAA	Aaa	AAA	7.2 years	November 2013	February 2019	100%
Class D	€36,050,000	0.27	AA	Aa2	AA	5.9 years	November 2013	February 2019	100%
Class E	€44,950,000	0.45	A	NR	A	5.9 years	November 2013	February 2019	100%
Class F	€30,500,000	0.85	BBB	NR	BBB	5.9 years	November 2013	February 2019	100%
Class G	€8,000,000	2.90[3]	BB	NR	BB	7.0 years	November 2013	February 2019	100%

Note

1 Based on 0% CPR and the further assumptions set out in "*Estimated Average Lives of the Notes and Assumptions*"on page 339, to which investors should refer.

2 The rated interest component of the Class X Note also includes the Expected Class X Excess Spread Rate. In addition the Class X Notes will be entitled to Class X Additional Amounts, the receipt of which will not be rated by any of the Rating Agencies.

3 Interest on the Class G Notes is subject to the Class G Available Funds Cap.

Interest on the Notes will be payable quarterly in arrear in euros on 20 February, 20 May, 20 August and 20 November in each year (subject to adjustment for non-Business Days as described herein) (each, a **Note Interest Payment Date**). The first Note Interest Payment Date will be the Note Interest Payment Date falling in November 2006. The interest rate applicable to each Class of Notes from time to time will be determined by reference to the Eurozone Interbank Offered Rate for three month euro deposits (or, in the case of the first Interest Period, the linear interpolation of two month and three month euro deposits) (**EURIBOR**) as further defined in Condition 5.3 (Rates of Interest) 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, the payment of interest on and principal in respect of the Notes will be made subject to such withholding or deduction. In such circumstances, neither the Issuer nor any other party will be obliged to pay any additional amounts as a consequence.

All Notes will be secured by the same security, subject to the priorities described in this Prospectus. The Class X Notes will additionally have the benefit of security over the amounts standing to the credit of the Class X Principal Account (as defined below). Notes of each Class will rank *pari passu* with, and without priority among, other Notes of the same Class. Unless previously redeemed in full, the Notes of each Class will mature on the Note Interest Payment Date falling in February 2019 (the **Final Maturity Date**). The Notes will be subject to mandatory redemption before such date in the specific circumstances and subject to the conditions more fully set out under "Transaction Summary – Principal features of the Notes". The Principal Amount Outstanding of the then outstanding most junior class of notes may be written down on any Note Interest Payment Date following an Adjusted Loan Principal Loss (as defined below) in accordance with Condition 6.8 (Principal Amount Outstanding and Write-Downs).

The securities offered hereby have not been approved or disapproved by the United States Securities and Exchange Commission (the **SEC**), any state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Prospectus. Any representation to the contrary is unlawful.

The Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the **Securities Act**), or any state securities laws, 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 and in accordance with applicable laws. Subject to certain exceptions, the Notes may not be offered, sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The Notes of each Class will each initially be represented on issue by a temporary global note in bearer form (each, a **Temporary Global Note**) for such Class of Notes, without interest coupons attached, which will be deposited on or about the Closing Date with a common depositary for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Each Temporary Global Note will be exchangeable for interests in a permanent global note in bearer form (each, a **Permanent Global Note**) representing the same Class of Notes, without interest coupons attached, not earlier than 40 days after the Closing Date (provided that certification as to non-U.S. beneficial ownership has been received). Ownership interests in the Temporary Global Notes and the Permanent Global Notes (together, the **Global Notes**) will be shown on, and transfers thereof will only be effected through, records maintained by Euroclear and Clearstream, Luxembourg and their respective participants. The Permanent Global Notes will be exchangeable for Definitive Notes in bearer form only in certain limited circumstances as set forth therein.

See "Risk Factors" at page 58 for a discussion of certain factors which should be considered by prospective investors in connection with an investment in any of the Notes.

Arranger, Lead Manager and Sole Bookrunner

BARCLAYS CAPITAL

The date of this Prospectus is 20 September 2006

THE NOTES AND INTEREST THEREON WILL BE OBLIGATIONS OF THE ISSUER ONLY. THE NOTES WILL NOT BE OBLIGATIONS OR RESPONSIBILITIES OF, NOR WILL THEY BE GUARANTEED BY, THE FINANCE PARTIES (OTHER THAN THE ISSUER), THE ARRANGER, THE LEAD MANAGER, THE SELLERS, THE MASTER SERVICER, THE SPECIAL SERVICER, THE TRUSTEE, THE CASH MANAGER, THE CORPORATE SERVICES PROVIDER, THE ISSUER PARENT, THE PAYING AGENTS, THE AGENT BANK, THE LIQUIDITY FACILITY PROVIDER, THE INTEREST RATE SWAP PROVIDER, THE ACCOUNT BANK, THE FRENCH CUSTODIAN, THE FRENCH MANAGEMENT COMPANY, THE FRENCH ACCOUNT BANK, THE FRENCH ISSUER, THE FRENCH SERVICER, THE FRENCH MASTER SERVICER, THE FRENCH SPECIAL SERVICER, THE ITALIAN ISSUER, THE ITALIAN ISSUER PARENT, THE REPRESENTATIVE OF THE ITALIAN NOTEHOLDERS, THE ITALIAN CUSTODIAN, THE ITALIAN COMPUTATION AGENT, THE ITALIAN PAYING AGENT, THE ITALIAN ACCOUNT BANK, THE ITALIAN SERVICER, THE ITALIAN MASTER SERVICER, THE ITALIAN SPECIAL SERVICER, THE ITALIAN CORPORATE SERVICES PROVIDER, THE ITALIAN ISSUER PARENT CORPORATE SERVICES PROVIDER, THE SPANISH SERVICER, THE SPANISH MASTER SERVICER, THE SPANISH SPECIAL SERVICER (AS EACH TERM IS DEFINED IN THIS PROSPECTUS) OR ANY COMPANY IN THE SAME GROUP OF COMPANIES AS ANY OF THEM

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

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

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

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

Other than the approval by the Irish Financial Services Regulatory Authority of this Prospectus as a prospectus in accordance with the requirements of the Prospectus Directive, no action has been or will be taken to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction. The distribution of this Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus (or any part of it) comes are required by the Issuer and the Lead Manager to inform themselves about and to observe any such restrictions. For a further description of certain restrictions on offers and sales of the Notes and distribution of this Prospectus, see "*Subscription and Sale*" at page 394.

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

All references in this document to **euros** or **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended, and **sterling**, **pounds**, **pounds sterling** or **£** are to the lawful currency for the time being of the United Kingdom of Great Britain and Northern Ireland.

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

TABLE OF CONTENTS

Page

Principal Characteristics of the Notes 5
Transaction Summary....6
Transaction Structure Diagram....13
The Issuer and its Related Parties....14
The French Issuer and its Related Parties....18
The Italian Issuer and its Related Parties....20
The Spanish Related Parties 23
Relevant Dates and Periods 24
Key Characteristics of the Loans and the Portfolio 26
Principal Features of the French Notes....38
Principal Features of the Italian Notes 41
Principal Features of the Notes....45
Risk Factors 58
Relevant Aspects of Austrian Law 85
Relevant Aspects of Belgian Law 99
Relevant Aspects of French Law....113
Relevant Aspects of German Law 132
Relevant Aspects of Italian Law....145
Relevant Aspects of Spanish Law 165
The Issuer 179
The Loans and the Loan Security 181
Description of the Loans and Related Properties 213
Description of the French Issuer, the French Issuer Related Parties, and the French Notes 261
Description of the Italian Issuer, the Italian Issuer Related Parties, and the Italian Notes....270
Transaction Documents 277
Cashflows 298
French, Italian and Spanish Servicing 311
Issuer Servicing 321
Seller/Interest Rate Swap Provider....331
Liquidity Facility Provider 333
Account Bank 334
Cash Management 335
Estimated Average Lives of the Notes and Assumptions....339
Use of Proceeds 345
Terms and Conditions of the Notes 346
Netherlands Taxation....391
Subscription and Sale 394
General Information 398

PRINCIPAL CHARACTERISTICS OF THE NOTES

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

Notes	**Class A Notes**	**Class B Notes**	**Class C Notes**	**Class X Notes**	**Class D Notes**	**Class E Notes**	**Class F Notes**	**Class G Notes**
Initial Principal Amount	€104,481,000	€263,193,000	€57,860,000	€100,000	€36,050,000	€44,950,000	€30,500,000	€8,000,000
Issue price	100%	100%	100%	100%	100%	100%	100%	100%
Interest rate	EURIBOR + 0.13% per annum	EURIBOR + 0.18% per annum	EURIBOR + 0.21% per annum	EURIBOR + 0.13% per annum[1]	EURIBOR + 0.27% per annum	EURIBOR + 0.45% per annum	EURIBOR + 0.85% per annum	EURIBOR + 2.90% per annum[2]
Expected Maturity Date	February 2013	November 2013	November 2013	November 2013	November 2013	November 2013	November 2013	November 2013
Final Note Maturity Date	February 2019	February 2019	Feburary 2019	February 2019	February 2019	February 2019	February 2019	February 2019
Estimated average life[3]	5.1 years	5.0 years	5.9 years	7.2 years	5.9 years	5.9 years	5.9 years	7.0 years
Day count	Actual/360							
Business day convention/Business Days	Modified following/ London, Dublin, Amsterdam and TARGET business days							
Note Interest Payment Dates	Quarterly on 20 February, 20 May, 20 August and 20 November							
Form of notes	Bearer							
Denomination[4]	€100,000 but tradeable in nominal amounts of €100,000 and integral multiples of €1,000 in excess thereof							
Clearing system	Euroclear and Clearstream, Luxembourg							
Credit enhancement (provided by other Classes of notes subordinated to the relevant Class)	Subordination of the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes	Subordination of the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes	Subordination of the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes	Subordination of the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes	Subordination of the Class E Notes, the Class FNotes and the Class G Notes	Subordination of the Class F Notes and the Class G Notes	Subordination of the Class G Notes	No Subordination
Listing	Irish Stock Exchange							
ISIN	XS0267553443	XS0267554334	XS0267554508	XS0267557196	XS0267554920	XS0267555570	XS0267555737	XS0267556032
Common Code	026755344	026755433	026755450	026755719	026755492	026755557	026755573	026755603
Expected rating – Fitch	AAA	AAA	AAA	AAA	AA	A	BBB	BB
Expected rating – Moody's	Aaa	Aaa	Aaa	Aaa	Aa2	NR	NR	NR
Expected rating – S&P	AAA	AAA	AAA	AAA	AA	A	BBB	BB

1 The rated interest component of the Class X Notes also include the Expected Class X Excess Spread Rate. In addition, the Class X Notes will be entitled to Class X Additional Amounts (if any) which will not be rated by any of the Rating Agencies.

2 Interest on the Class G Notes is subject to the Class G Available Funds Cap.

3 Based on 0% CPR and the further assumptions set out in "*Estimated Average Lives of the Notes and Assumptions*" on page 339, to which investors should refer.

4 See further **Condition 2.3** (*Trading in differing nominal amounts*) for certain restrictions in respect of holdings not in a multiple of €100,000 in nominal amount.

TRANSACTION SUMMARY

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

On the Closing Date the Issuer will issue the Notes and with the proceeds of such issuance (other than in respect of the Class X Notes) will acquire from:

(a) Barclays Bank PLC (in its capacity as the **Austrian Seller**) pursuant to the terms of an English law loan sale agreement to be entered into between the Austrian Seller, the Belgian Seller, the German Seller, the Italian Seller, the Spanish Seller, the Issuer, the Italian Issuer and the Trustee on or prior to the Closing Date (the **Master Loan Sale Agreement**), and an Austrian law loan trust agreement (*Treuhandvertrag*) to be entered into between the Austrian Seller, the Issuer and the Trustee on or prior to the Closing Date (the **Austrian Loan Trust Agreement** or the **Austrian Loan Sale Document**, as applicable):

(i) the beneficial interest (*Treugeberstellung*) in the Austrian Seller's rights as lender under the Finance Documents in respect of the Austrian Loans (the **Austrian Finance Documents**) including, without limitation, under the Austrian Credit Agreement (as defined below), in particular a beneficial interest in the receivables arising under the Austrian Loan (as defined below) (the **Austrian Loan Receivables**); and

(ii) a beneficial interest (*Treugeberstellung*) in the Austrian Seller's interests in the various security interests granted in respect of the Austrian Loan (the **Austrian Related Security**).

(b) Barclays Bank PLC (in its capacity as the **Belgian Seller**) pursuant to the terms of the Master Loan Sale Agreement, and an accession agreement (the **Belgian Accession Agreement**) to the trust agreement entered into between the Security Agent in respect of the Belgian Loan (the **Belgian Security Agent**) and the Belgian Finance Parties pursuant to which the Belgian Security Agent has agreed to hold the Belgian Parallel Debt (as defined below) and the security provided in respect of the Belgian Parallel Debt on trust for the Belgian Seller (in its capacity as lender) and other present and future Finance Parties (the **Belgian Security Trust** or the **Belgian Loan Sale Document** as applicable):

(i) the Belgian Loan (as defined below);

(i) the Belgian Seller's interests as beneficiary of the security trust (the **Belgian Security Trust**) created over the Belgian Parallel Debt (as defined below) and the various security interests granted in respect of such Belgian Parallel Debt (the **Belgian Related Security**); and

(ii) the rights of the Belgian Seller as lender under the Finance Documents in respect of the Belgian Loans (the **Belgian Finance Documents)** including, without limitation, under the Belgian Credit Agreement (as defined below);

(c) FCC Éclipse Partielle Compartment 2006-2 (in its capacity as the **French Issuer**) pursuant to the terms of a French law subscription agreement to be entered into between, amongst other, the French Issuer, the Issuer and the Trustee on or prior to the Closing Date (the **French Subscription Agreement**), the French Notes (as defined below);

(d) Barclays Bank PLC (in its capacity as the **German Seller**) pursuant to the terms of the Master Loan Sale Agreement, German law transfer certificates (the **German Transfer Certificates**), and a German law assignment agreement (the **German Law Assignment Agreement**) and certain German law accession agreements (**German Accession Agreements,** together with the German Transfer Certificates, the **German Loan Sale Documents**)), to be entered into between the German Seller and the Issuer on or about the Closing Date:

(i) the German Loans (as defined below);

(ii) by operation of law, the accessory security rights (*akzessorische Sicherheiten*) held by the German Seller under the accessory security agreements (the **German Accessory Security Agreements**) and administered by the relevant Security Agent pursuant to each German security trust agreement (each a **German Security Agent**) (which provides for the administration by the Relevant Security Agent of the German accessory security and for the Relevant Security Agent to hold and administer the German non-accessory security as trustee for the benefit of the German Finance Parties (the **German Security Trusts**) (the **German Security Trust Agreements** and each a **German Security Trust Agreement**); and

(iii) the benefit of the non-accessory security rights (*nicht akzessorische Sicherheiten*) (together with the accessory security rights, the **German Related Security**) granted to the German Security Agents under each non-accessory security agreement (the **German Non-Accessory Security Agreements**);

(e) Eclisse Parziale S.r.l., an Italian securitisation special purpose vehicle, (in its capacity as the **Italian Issuer**) pursuant to the terms of an Italian law subscription agreement to be entered into between, amongst other the Italian Issuer, the Representative of the Italian Noteholders the Issuer and the Trustee on or prior to the Closing Date (the **Italian Subscription Agreement**), the Italian Notes (as defined below); and

(f) Barclays Bank S.A. (in its capacity as the **Spanish Seller**) pursuant to the terms of the Master Loan Sale Agreement and a Spanish law subscription agreement to be entered into between the Spanish Seller, the Issuer and the Trustee on or prior to the Closing Date (the **Spanish Subscription Agreement** or the **Spanish Loan Sale Document**, as applicable), the *participación hipotecaria* (the **PH**) issued by the Spanish Seller providing:

(a) rights to any payments under the Spanish Loan; and

(b) any payment under the various security interests granted in respect of the Spanish Loan (the **Spanish Related Security**).

On the Closing Date, the French Issuer will use the proceeds of the issuance of the French Notes to acquire from Barclays Bank PLC (in its capacity as the **French Seller**) pursuant to the terms of a French law loan assignment agreement to be entered into between, amongst others, the French Seller, the French Management Company (representing the French Issuer) and the French Custodian (the **French Loan Sale Agreement** or the **French Loan Sale Document**, as applicable):

(a) the rights of the French Seller as lender under the Finance Documents in respect of the French Loans (the **French Finance Documents**) including, without limitation, under the French Credit Agreements (as defined below) (the **French Loan Receivables**); and

(b) the French Seller's interests as beneficiary of the security created over the various security interests granted in respect of each French Loan (the **French Related Security**).

On the Closing Date, the Italian Issuer will use the proceeds of the issuance of the Italian Notes to acquire from Barclays Bank PLC (Milan Branch) (in its capacity as the **Italian Seller**) pursuant to the terms of the Master Loan Sale Agreement and an Italian law loan assignment agreement to be entered into between, amongst others, the Italian Seller and the Italian Issuer (the **Italian Loan Assignment Agreement**) and certain accession agreements to certain Italian Security Agreements (as defined below) (together with the Italian Loan Assignment Agreement, the **Italian Loan Sale Documents** and, together with the Austrian Loan Sale Document, the Belgian Loan Sale Document, the French Loan Sale Documents, the German Loan Sale Documents, the Spanish Loan Sale Document and the Master Loan Sale Agreement, the **Loan Sale Documents** and each, a **Loan Sale Document**):

(a) the rights of the Italian Seller as lender under the Finance Documents in respect of the Italian Loans (the **Italian Finance Documents**) including, without limitation, under the Italian Credit Agreements (as defined below) (the **Italian Loan Receivables**); and

(b) the Italian Seller's interests in the various security interests granted in respect of each Italian Loan (the **Italian Related Security**).

The Issuer will use receipts of principal and interest received in respect of the Loans, the French Notes or the Italian Notes, as applicable, together with certain other funds available to it (as described elsewhere in this Prospectus) (other than Prepayment Fees, certain Break Costs and Interest Rate Swap Breakage Receipts or, as applicable, amounts representing such Prepayment Fees, Break Costs and Interest Rate Swap Breakage Receipts paid under the French Notes and the Italian Notes) to make payments of, among other things, principal and interest due in respect of the Notes.

The Loan Pool will consist of 19 Loans:

1. the **Austrian Loan** (being the ATU Austria Loan, as defined below), the terms of which are set out in a loan agreement governed by English law (the **Austrian Credit Agreement**) is secured by, among other things, a first ranking registered maximum amount mortgage (*Höchstbetragshypothek*) governed by Austrian law (for a simultaneous liability for a maximum amount of €18,800,000 in favour of the Lender) over eight mixed use properties (each an **Austrian Property** and together, the **Austrian Properties**), first ranking pledges over the Austrian Borrower Accounts (as defined below), an assignment for security purposes of the rent receivables under the Austrian Leases (as defined below), assignments for security purposes of certain claims in respect of acquisition agreements (**SPA Claims**) and property management claims, a first ranking pledge over the shares in the general partner of the Borrower in respect of the Austrian Loan (the **Austrian Borrower**), and first ranking pledges over the general and limited partnership interests in the Austrian Borrower;

2. the **Belgian Loan** (being the Century Center Loan, as defined below), the terms of which are set out in a loan agreement governed by Belgian law (the **Belgian Credit Agreement**) and which includes the Belgian Parallel Debt, which is secured by, among other things, a first ranking mortgage (*hypothèque/hypotheek*) in respect of 25% of the initial amount of the Belgian Parallel Debt (the remainder of the Belgian Parallel Debt being covered by a mortgage mandate (*mandat hypothécaire/hypothecair mandaat*) governed by Belgian law over the leasehold and the freehold interest in a retail property located in Belgium (the **Belgian Property**), a first ranking pledge over (i) the Belgian Borrower Accounts (as defined below), (ii) rent receivables under the Belgian Leases (as defined below), (iii) the insurance proceeds in relation to the Belgian Property, (iv) sums owing to the Borrower in respect of the Belgian Loan (the **Belgian Borrower**) under the guarantees relating to the Belgian Property or the liabilities of the vendors as set out in the acquisition documents under which the Belgian Property was acquired by the Belgian Obligors and under the guarantee in the form of a contractual undertaking set out in such acquisition documents granted by the vendors relating to the rent receivables with respect to the vacant space in the Belgian Property, (v) sums owing to the Belgian Borrower under inter-company loans entered into by the Belgian Borrower and (vi) first ranking pledges over the shares of the Belgian Obligors. All references to security in

relation to the Belgian Loan shall be taken as a reference to the security granted in respect of the Belgian Parallel Debt (for a further explanation of the Belgian Parallel Debt and the circumstances in which the mortgage mandate is exercised see "*Relevant Aspects of Belgian Law*" at page 99 and "*Description of the Loans and Related Properties – B. The Belgian Loan*" at page 216);

3. the seven **French Loans** (being the Nanterre Loan, the French Retail Loan, the French Retail VAT Loan, the Malakoff Loan, the Montrouge Loan, the Toulouse 1 Loan, and the Toulouse 2 Loan each as defined below), the terms of each of which are set out in separate loan agreements (except for the French Retail Loan and the French Retail VAT Loan which are included in a single loan agreement) governed by French law (each a **French Credit Agreement** and together, the **French Credit Agreements**) are secured by, among other things, in the case of the French Retail VAT Loan, assignments by way of security (*cessions de créances professionnelles à titre de garantie*) relating to the French Recoverable VAT (as defined below) and in respect of the other French Loans a lender's privilege (*privilège de prèteur de deniers*) over five retail and two office properties (each a **French Property** and together, the **French Properties**), a complementary mortgage (*hypothèque complémentaire*) (in the case of the French Retail Loan only), assignments by way of security (*cessions de créances professionnelles à titre de garantie*) relating to rental claims, seller's indemnity claims or hedging arrangement claims (as applicable), assignments by way of security (*cessions de créances professionnelles à titre de garantie*) or delegation (*délégation imparfaite*) of insurance indemnity claims (as applicable), pledges over the French Borrower Accounts (as defined below), pledges over the shares of the Borrowers in respect of the French Loans (the **French Borrowers** and each a **French Borrower**) or French Obligors (as applicable) and cash collateral arrangements (*gage-espèces*);

4. the seven **German Loans** (being the Flora Park Loan, the German Supermarket Portfolio Loan, the ATU Germany Loan, the Bielefeld/Berlin Portfolio Loan, the CRIPA Portfolio Loan, the Netto Portfolio Loan and the KingBu Portfolio Loan, each as defined below), the terms of each of which are set out in separate loan agreements governed by German law (each a **German Credit Agreement** and together, the **German Credit Agreements**) are secured by, among other things, first ranking certificated comprehensive mortgages (*Gesamtbriefgrund schulden*) (subject, in the case of certain of the German Loans, to completion of the registration process and issuance of the land charge certificate at the relevant land registers and subject to undertakings to delete any prior ranking security) governed by German law over 56 retail, 20 mixed use, 18 residential and one office property (each a **German Property** and together, the **German Properties**) and agreements between the Relevant Borrowers and the Relevant Security Agent on the security purpose of a mortgage (*Sicherungszweckerklärungen*) and first ranking pledges over the German Borrower Accounts (as defined below), an assignment for security purposes of the rent receivables under the German Leases (as defined below), an assignment for security purposes of the claims under the policies of insurance over the German Properties and first ranking pledges over the shares in the Borrowers in relation to the German Loans (the **German Borrowers** and each a **German Borrower**) or German Obligors, (as applicable);

5. the two **Italian Loans** (being the Cassina Plaza Loan and the Pomezia Loan, each as defined below), the terms of each of which are set out in separate loan agreements one governed by Italian law, the other by English law (each an **Italian Credit Agreement** and together, the **Italian Credit Agreements**) are secured by substantially first ranking mortgages governed by Italian law (*ipoteca di primo grado sostanziale*) over six office properties (each an **Italian Property** and together, the **Italian Properties**) and first ranking pledges over the shares/quotas of the Borrowers in respect of the Italian Loans (the **Italian Borrowers** and each an **Italian Borrower**). In addition, the Cassina Plaza Loan is secured by, among other things, pledges over the Italian Borrower Accounts (as defined below) and assignments relating, *inter alia*, to rental claims. In addition the Italian loans are secured by a loss payee agreement relating to the insurance coverage of the relevant Italian Properties; and

6. the **Spanish Loan** (being the Anec Blau Loan, as defined below), the terms of which are set out in a loan agreement (the **Spanish Credit Agreement**, and together with the Austrian Credit Agreement, the Belgian Credit Agreement, the French Credit Agreements, the German Credit Agreements and the Italian Credit Agreements, the **Credit Agreements** and each a **Credit Agreement**), is secured by, among other things, a first ranking mortgage governed by Spanish law over one retail property (the **Spanish Property**), first ranking pledges over the Spanish Borrower Accounts (as defined below) and an assignment of the rent receivables under the Spanish Leases,

(the **Loans**, each a **Loan** and together, the **Loan Pool**).

The Loans are made to different borrowers (each a **Borrower** and together, the **Borrowers** and in respect of each specific Loan, the **Relevant Borrower**) and, as at 11 August 2006 (the **Cut-Off Date**), the Loans had an aggregate outstanding principal balance of €545,034,575. As at the Cut-Off Date, 11 of the Loans representing 74.9% of the Loan Pool provide for the Relevant Borrower to pay a fixed rate of interest, six of the Loans representing 19.2% of the Loan Pool provide for the Borrower to pay a floating rate of interest. As at the Cut-Off Date, two of the Loans representing 5.9% of the Loan Pool, provide for the Borrower to pay a floating rate of interest and will, in certain circumstances, convert to a fixed rate. Further, each Loan is denominated in euro and constitutes a full recourse obligation of the Relevant Borrower (other than in respect of the KingBu Portfolio Loan where recourse of the Lender is limited to specified assets of the Relevant Borrower). The Austrian Related Security, the Belgian Related Security, the French Related Security, the German Related Security, the Italian Related Security and the Spanish Related Security granted in respect of each Loan or any parallel debt (the **Related Security** and in respect of all the Related Security, the **Loan Security**) is granted by the Relevant Borrower or, in the case of certain Loans, by one or more entities related to the Relevant Borrower (each, a **Chargor** and, together with the Borrowers, the **Obligors** and each, an **Obligor**). In relation to a Loan, the obligations of the Relevant Borrower may be guaranteed by one or more third parties (each, a **Guarantor** and together, the **Guarantors**).

In respect of the Belgian Loan, some of the French Loans (the Malakoff Loan, the Toulouse 2 Loan) and the German Loans, the Loan Security is held on trust by either Barclays Bank PLC, or Barclays Capital Mortgage Servicing Limited (each in its capacity as a Security Agent) on behalf of the Finance Parties (which, after the Closing Date, will include the Issuer as set out below). The Related Security in respect of the Austrian Loan, the Italian Loans, the rest of the French Loans and the Spanish Loan is held by Barclays Bank PLC, Barclays Bank S.A. or Barclays Capital Mortgage Servicing Limited, as applicable, in its capacity as lender and (in certain cases) as facility agent, as applicable. Barclays Bank PLC, Barclays Bank S.A. and Barclays Capital Mortgage Servicing Limited each as trustee and/or facility agent under the relevant Security Agreement, Security Trust Agreement and/or Credit Agreement is referred to as a **Security Agent** and, as the context so requires, the **Relevant Security Agent**. Each Security Agent will, pursuant to the terms of the French Servicing Agreement, the Italian Servicing Agreement, the Spanish Servicing Agreement or the Servicing Agreement, as applicable (each a **Relevant Servicing Agreement**), delegate its duties and discretions as Security Agent to, in respect of the French Loans, the French Servicer, in respect of the Italian Loans, the Italian Servicer, in respect of the Spanish Loan, the Spanish Servicer and, in respect of the Austrian Loan, the Belgian Loan and the German Loans, the Master Servicer and the Special Servicer (each as defined below).

As at the Cut-Off Date there were a total of 118 properties constituting security for the Loans (the **Properties**, each a **Property** and together, the **Portfolio**). With the exception of one of the properties relating to the Pomezia Loan (which is currently vacant) and the non-completed properties in respect of the KingBu Portfolio Loan, the Properties are all substantially occupied by tenants (the **Tenants**), in the majority of cases under occupational leases (each an **Occupational Lease** and, together with any other lease granted in respect of the Properties, the **Leases**). The Tenants under the Leases make periodic rental payments in respect of the Properties. The terms of the Credit Agreements relating to the Loans require that the Relevant Borrower or the Relevant Security Agent, as applicable, establishes, among other accounts, a rent account (each a **Rent Account** and together with the other accounts of the Borrowers, the **Borrower Accounts** and each a **Borrower Account**) into which net rents or, in respect of certain of the loans, gross rents payable by

the Tenants are to be paid, either directly or indirectly. Following the acquisition of the beneficial interest under the Austrian Loan, the Belgian Loan, the German Loans and the PH by the Issuer, the French Loan Receivables by the French Issuer and the legal title of the Italian Loan Receivables by the Italian Issuer pursuant to the Loan Sale Documents, on or shortly after each payment date under each Credit Agreement (each a **Loan Interest Payment Date**), the Master Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, will, as agent or attorney for the Issuer, the French Issuer, the Italian Issuer, (in respect of the Austrian Loan) the Austrian Seller or the Relevant Security Agent (as applicable), transfer (to the extent funds are available for such purpose) all amounts then due to the Lender under such Credit Agreement (such amounts, collectively, the **Collections**) from each Borrower Account directly or indirectly, as the case may be, to an account with the Account Bank in the name of the Issuer (the **Issuer Transaction Account**) or, in respect of the French Loans, to an account with the French Account Bank in the name of the French Issuer (the **French Transaction Account)** or, in respect of the Italian Loans, to an account with the Italian Account Bank in the name of the Italian Issuer (the **Italian Transaction Account)**. Amounts standing to the credit of the French Transaction Account and the Italian Transaction Account will, subject to the payment of any amounts ranking in priority to the French Notes and the Italian Notes, be transferred on the French Note Interest Payment Date and the Italian Note Interest Payment Date, as applicable, to the Issuer Transaction Account.

Prior to each Calculation Date, the Master Servicer (acting on the basis of information provided by the Relevant Servicer as necessary) will identify both the amount of Collections and the extent to which such Collections are principal amounts (including any scheduled principal and any principal paid upon final redemption and/or prepayment of a Loan), interest amounts, Prepayment Fees, Break Costs, costs and other amounts. The Cash Manager on behalf of the Issuer will on each Note Interest Payment Date, after payment of those obligations of the Issuer having a higher priority under the relevant Priority of Payments, apply such Collections received by the Issuer together with amounts received by the Issuer representing Collections in respect of the French Notes and the Italian Notes and certain other funds available to the Issuer as described in this Prospectus (other than Prepayment Fees, certain Break Costs and Interest Rate Swap Breakage Receipts or, as applicable, amounts representing such Prepayment Fees, Break Costs and Interest Rate Swap Breakage Receipts paid under the French Notes and the Italian Notes) in payment of, among other things, interest and principal due on the Notes.

With a view to protecting the Issuer against interest rate mismatches arising as a result of certain Borrowers paying fixed rates of interest on the Loans and the Issuer being required to pay floating rates of interest on the Notes and different interest periods applicable under the Loans and the Notes, the Issuer, the French Issuer and the Italian Issuer will each enter into interest rate swap transactions in respect of each Loan with the Interest Rate Swap Provider or in the case of the French Issuer or the Italian Issuer, the Issuer (acting as interest rate swap counterparty).

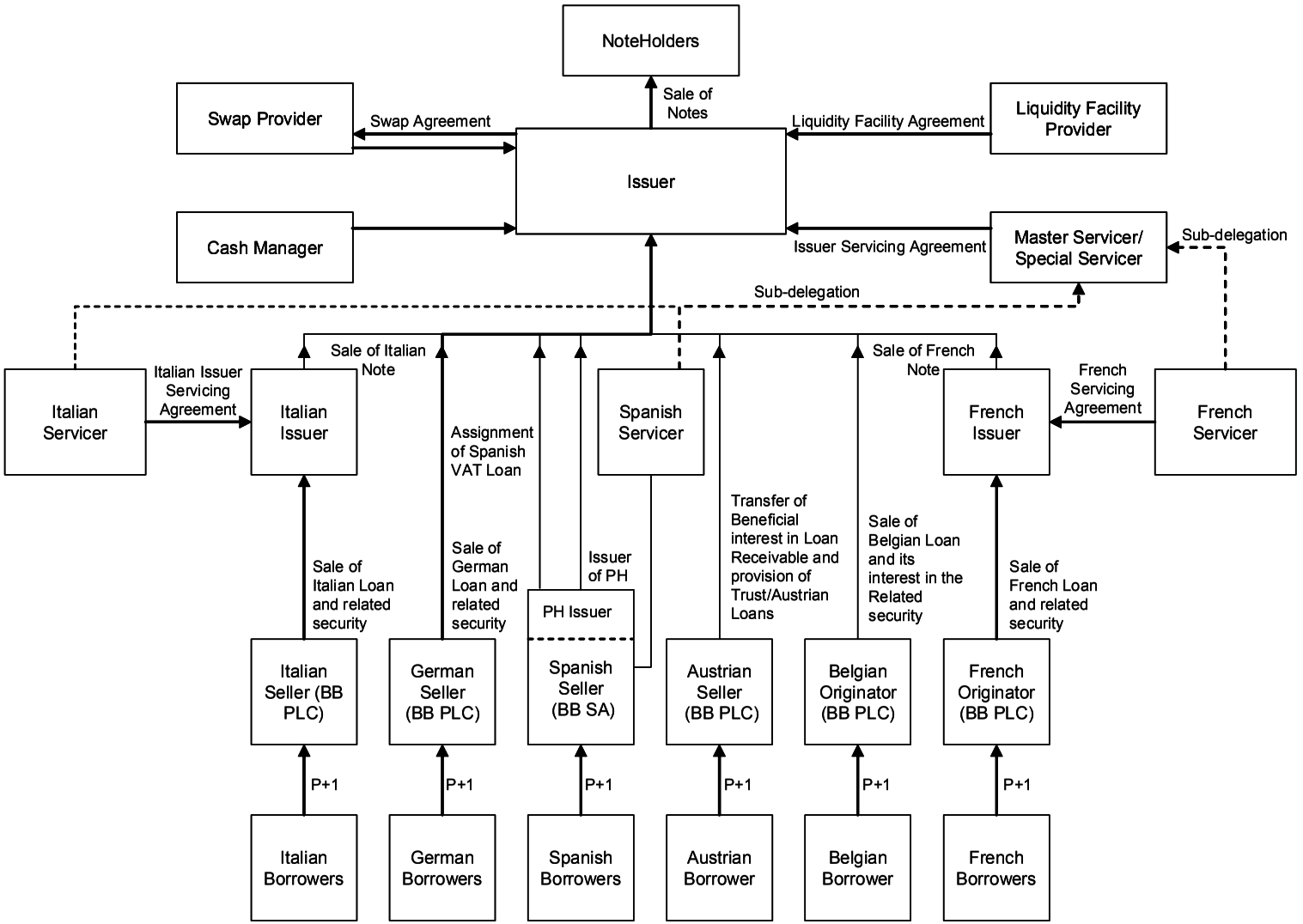
On or about the Closing Date, the Italian Issuer will execute: (a) an Italian law deed of pledge (the **Italian Deed of Pledge**) pursuant to which the Italian Issuer will create in favour of the Representative of the Italian Noteholders, the Italian Paying Agent, the Italian Computation Agent, , the Italian Account Bank, the Italian Servicer, the Italian Corporate Services Provider, the Italian Issuer Parent Corporate Services Provider, the Issuer (in its capacity as swap counterparty under the Italian Interest Rate Swap Agreement) and the Italian Noteholders (together the **Italian Issuer Secured Creditors**) concurrently with the issue of the Italian Notes, a first ranking pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Italian Issuer is entitled from time to time pursuant to the Italian Loan Assignment Agreement, the Master Loan Sale Agreement, the Italian Agency Agreement, the Italian Servicing Agreement, the Italian Intercreditor Agreement, the Italian Corporate Services Agreement and a quotaholders' agreement in relation to the Italian Issuer dated the Closing Date between the Italian Issuer, the Representative of the Italian Noteholders and the Italian Issuer Parent (the **Italian Shareholders' Agreement**); and (b) an English law deed of charge (the **Italian Deed of Charge** and the security created thereunder, together with the security created under the Italian Deed of Pledge, the **Italian Notes Security**) pursuant to which the Italian Issuer will grant in favour of the

Representative of the Italian Noteholders for itself and as trustee of Italian Noteholders and the other Italian Issuer Secured Creditors, *inter alia*: (a) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Master Loan Sale Agreement, the Italian Interest Rate Swap Agreement, the Italian Servicing Agreement, the Italian Bank Account Agreement and the Italian Issuer Parent Corporate Services Agreement and all other contracts, agreements, deeds and documents, present and future, governed by English law to which the Italian Issuer may become a party in relation to the Italian Notes and the Italian Loan Receivables; (b) a first fixed charge of its rights to all monies standing to the credit of the Italian Transaction Account; (c) a first fixed charge of its interest in any Eligible Investments or other investments made by it or on its behalf; and (d) a floating charge over all of the Italian Issuer's assets which are subject to the assignments or charges described under (a) to (c) above to the extent such assignments or charges do not effectively create a fixed charge.

As security for its obligations under (among other things) the Notes, the Issuer will grant fixed and floating security interests over all its assets and undertakings (which comprises, primarily, its rights in respect of the Issuer Loans assigned, or the beneficial interest in which has been transferred, to the Issuer and the relevant Related Security (other than the German Related Security), the Italian Notes, the PH and the security granted by the Italian Issuer as set out above) in favour of the Trustee under the Issuer Deed of Charge. The Issuer will also pledge the French Notes and the French Residual Unit held by it and issued by the French Issuer in favour of the Trustee under the French Note Pledge Agreement. In addition, the Issuer will declare a trust over any rights it acquires in respect of the German Related Security in favour of the Trustee. The Trustee will hold the benefit of this security and its interest in the trust declared by the Issuer in respect of the German Related Security on trust for itself, the Noteholders and the other Issuer Secured Creditors pursuant to the Issuer Deed of Charge and the Trust Deed. The priority of the claims of the Issuer Secured Creditors will be subject to the relevant Priority of Payments set out in the Cash Management Agreement. See "*Cashflows*" at page 298 and "*Terms and Conditions of the Notes*" at page 346.

There is no intention to accumulate any surplus funds in the Issuer as security for any future payments of interest and principal on the Notes.

TRANSACTION STRUCTURE DIAGRAM



THE ISSUER AND ITS RELATED PARTIES

Issuer: FORNAX (ECLIPSE 2006-2) B.V. (the **Issuer**) is a private company incorporated in The Netherlands with limited liability established as an SPE for the limited purposes as described in this Prospectus. The Issuer's company registration number is 34251226 and its registered office is at "Rivierstaete" building, Amsteldijk 166, 1079 LH Amsterdam, The Netherlands. The entire issued share capital of the Issuer is held by Stichting Eclipse Pan-European Holding.

Sellers: In respect of the Austrian Loan, the Belgian Loan, the French Loans and the German Loans, Barclays Bank PLC (acting in its capacities as the **Austrian Seller**, the **Belgian Seller**, the **French Seller** and the **German Seller** respectively), in respect of the Italian Loans, Barclays Bank PLC (Milan Branch) (the **Italian Seller**) and in respect of the Spanish Loan, Barclays Bank S.A. (the **Spanish Seller** as issuer of the PH and, together with the Austrian Seller, the Belgian Seller, the French Seller, the German Seller and the Italian Seller, the **Sellers** and each a **Seller** and, as the context so requires, the **Relevant Seller**).

Barclays Bank PLC is a public company incorporated in England and Wales with limited liability under registered number 1026167, whose registered office is 1 Churchill Place, London E14 5HP.

Security Agent: Barclays Bank PLC, Barclays Bank S.A. or Barclays Capital Mortgage Servicing Limited each as trustee and/or facility agent under the terms of the relevant Security Agreement, Security Trust Agreement and/or the relevant Credit Agreement is referred to as a **Security Agent** and, as the context so requires, the **Relevant Security Agent** holds all the Loan Security granted by the Obligors in respect of the Relevant Borrower's obligations under each relevant Loan on trust for or as agent of the relevant Finance Parties or, where such security is granted in favour of the lender acts as facility agent under the Credit Agreement. Each Security Agent will delegate its duties and discretions as Security Agent to (in respect of the Austrian Loan, the Belgian Loan and the German Loans) the Master Servicer and the Special Servicer, under the Servicing Agreement, (in respect of the French Loans) the French Servicer under the French Servicing Agreement, (in respect of the Italian Loans) the Italian Servicer under the Italian Servicing Agreement or (in respect of the Spanish Loan) the Spanish Servicer under the Spanish Servicing Agreement (as applicable).

Trustee: J. P. Morgan Corporate Trustee Services Limited, acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the **Trustee**) will be appointed pursuant to a trust deed to be entered into on or about the Closing Date by the Issuer and the Trustee (the **Trust Deed**) to represent the interests of the holders of the Notes and to hold the security granted or created, as the case may be, under the deed of charge to be entered into on or about the Closing Date by the Issuer and the Trustee, among others, (the **Issuer Deed of Charge**) on behalf of itself and any receiver or other appointee of the Trustee and the holders of the Notes, the Master Servicer, the Special Servicer, the Spanish Servicer, the Austrian Seller, the Belgian Seller, the German Seller, the Spanish Seller, the Corporate Services Provider, the Account Bank, the Cash Manager, the Interest Rate Swap Provider, the Liquidity Facility Provider, the Agent Bank, the

	Principal Paying Agent, the Italian Custodian, the Irish Paying Agent and any other paying agent appointed under the Agency Agreement, the French Issuer and the Italian Issuer (together, the **Issuer Secured Creditors**) and will be entitled to enforce the security granted or created, as the case may be, in its favour under the Issuer Deed of Charge.
Principal Paying Agent and Agent Bank:	JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT will be appointed to act as principal paying agent and agent bank under the Agency Agreement dated on or about the Closing Date between the Issuer, the Principal Paying Agent and the Agent Bank, among others (in these capacities, the **Principal Paying Agent** and the **Agent Bank**).
Irish Paying Agent:	J.P. Morgan Bank (Ireland) plc, acting through its branch at JPMorgan House, International Financial Services Centre, Dublin 1, Ireland will be appointed to act as paying agent in Ireland under the Agency Agreement (the **Irish Paying Agent**). The Irish Paying Agent, the Principal Paying Agent and any other paying agent(s) which may be appointed pursuant to the Agency Agreement are together referred to in this Prospectus as the **Paying Agents**.
Account Bank:	JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT will act as account bank for the Issuer under the Bank Account Agreement (in this capacity, the **Account Bank**).
Italian Custodian:	JPMorgan Chase Bank, N.A., acting through its branch at Milan, Via Catena, 4, 20122 Milan, Italy (in this capacity, the **Italian Custodian**) will be appointed by the Issuer as custodian for the Italian Notes.
Liquidity Facility Provider:	Danske Bank A/S (the **Liquidity Facility Provider**), acting through its London branch at 75 King William Street, London EC4N 7DT will make the Liquidity Facility available to the Issuer under the Liquidity Facility Agreement.
Corporate Services Provider:	Structured Finance Management (Netherlands) B.V. (the **Corporate Services Provider**) will provide certain corporate administration and secretarial services to the Issuer and the Issuer Parent under the Corporate Services Agreement.
Master Servicer:	Barclays Capital Mortgage Servicing Limited, acting through its offices at 1 Churchill Place, London E14 5HP will be appointed by the Issuer and the Trustee pursuant to the terms of the Servicing Agreement to carry out certain servicing functions in connection with the Austrian Loan, the Belgian Loan, the German Loans and the Related Security granted in respect of such Loans and will exercise certain rights and discretions of the Issuer in respect of the PH, the French Notes and the Italian Notes (in such capacities, the **Master Servicer** and together with the Special Servicer, the French Servicer, the French Master Servicer, the French Special Servicer, the Italian Servicer, the Italian Master Servicer, the Italian Special Servicer, the Spanish Servicer, the Spanish Master Servicer and the Spanish Special Servicer, the **Relevant Servicers** and each a **Relevant Servicer**).
Special Servicer:	Capmark Services UK Limited, acting through its offices at Norfolk House, 31 St James's Square, London SW1Y 4JJ, will be appointed by the Issuer and the Trustee pursuant to the terms of the Servicing Agreement to carry out certain

special servicing functions in connection with the Austrian Loan, the Belgian Loan, the German Loans and the Related Security granted in respect of such Loans and will exercise certain rights and discretions of the Issuer in respect of the PH, the French Notes and the Italian Notes (the **Special Servicer**).

The Master Servicer and the Special Servicer will, in respect of the Austrian Loan, the Belgian Loan and the German Loans, additionally be appointed to act directly or indirectly (by way of a sub-delegation) as agent of each Relevant Security Agent.

Pursuant to the terms of the French Sub-Servicing Agreement, the Italian Sub-Servicing Agreement and the Spanish Sub-Servicing Agreement, the French Servicer, the Italian Servicer and the Spanish Servicer will appoint the Master Servicer and the Special Servicer to carry out certain servicing functions in respect of the French Loans, the Italian Loans and the Spanish Loan, as applicable, and the relevant Related Security.

Operating Adviser: The Controlling Creditor (as defined below) will have the right to appoint and remove an adviser (the **Operating Adviser**) with respect to a Specially Serviced Loan or otherwise direct what action should be taken in respect of such a Loan. The Operating Adviser will, among other things, have certain rights with respect to certain material actions relating to the Loans. See "*Issuer Servicing – Appointment of the Operating Adviser*" at page 329.

Cash Manager: JPMorgan Chase Bank, N.A., acting through its office at Trinity Tower, 9 Thomas More Street, London E1W 1YT (the **Cash Manager**) will provide certain cash management services to the Issuer under the Cash Management Agreement to be dated on or about the Closing Date between the Issuer and the Cash Manager, among others.

Interest Rate Swap Provider: Barclays Bank PLC (the **Interest Rate Swap Provider**) will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association, Inc. (**ISDA**) 1992 Master Agreement (Multicurrency-Cross Border) to be dated on or prior to the Closing Date (the **Interest Rate Swap Agreement**) with the Issuer. The Issuer and the Interest Rate Swap Provider will enter into interest rate swap transactions in respect of each Loan (together with the schedules thereto, the **Interest Rate Swap Transactions** and each an **Interest Rate Swap Transaction**) under the Interest Rate Swap Agreement.

Issuer Parent: Stichting Eclipse Pan-European Holding, a foundation (*stichting*) established under the laws of The Netherlands registered number 34250238, whose registered office is "Rivierstaete" building Amsteldijk 166, 1079-LH Amsterdam (the **Issuer Parent**) will hold the entire issued share capital of the Issuer.

Finance Parties: The **Finance Parties** under any Credit Agreements include the lenders from time to time under that Credit Agreement (each, a **Lender**), where applicable, each Security Agent and each Loan Hedge Counterparty. The Finance Parties will include, in respect of the Belgian Loans and the German Loans, the Issuer, in respect of the French Loans, the French Issuer and, in respect of the Italian Loans, the Italian Issuer following the sale of the Loans on the Closing Date. In respect of the Spanish Loan, the Issuer as owner of the PH will under certain

circumstances have the right to direct the Spanish Seller, who will remain Lender of record under the Spanish Loan. The Spanish Seller in its capacity as Spanish Servicer will continue to service the Spanish Loan. The Austrian Seller will remain Lender of record in respect of the Austrian Loan and the Issuer will acquire the beneficial interest in respect of such Loan pursuant to the Master Loan Sale Agreement and the Austrian Loan Trust Agreement.

Issuer Related Parties: The Austrian Seller, the Belgian Seller, the German Seller, the Spanish Seller, the Trustee, the Principal Paying Agent, the Italian Custodian, the Agent Bank, the Irish Paying Agent, the Account Bank, the Liquidity Facility Provider, the Corporate Services Provider, the Master Servicer, the Special Servicer, the Spanish Servicer, the Cash Manager, the Interest Rate Swap Provider, the French Issuer (in its capacity as swap counterparty under the French Interest Rate Swap Agreement and recipient of the French Issuer Fee), the Italian Issuer (in its capacity as swap counterparty under the Italian Interest Rate Swap Agreement and as recipient of the Italian Issuer Fee) and the Issuer Parent, are together the **Issuer Related Parties** and each an **Issuer Related Party**.

THE FRENCH ISSUER AND ITS RELATED PARTIES

French Issuer:

FCC Éclipse Partielle Compartment 2006-2 (the **French Issuer**), the first compartment of FCC Éclipse Partielle (the **FCC**).

The FCC is a French mutual debt fund with compartments (*fonds commun de créances à compartiments*), governed by the provisions of articles L.214-5, L. 214-43 to L. 214-49, L. 231-7 and R.214-92 to R.214-115 of the French *Code monétaire et financier*, the general regulations entered into between the French Management Company and the French Custodian which govern the FCC, whichever compartment thereof (the **FCC General Regulations**), and all other legislative and regulatory provisions applicable to *fonds commun de créances*.

The French Issuer will be jointly established by the French Management Company and the French Custodian on the Closing Date. The French Issuer will be governed by the provisions of articles L. 214-5, L. 214-43 to L. 214-49, L. 231-7 and R. 214-92 to R. 214-115 of the French *Code monétaire et financier*, the FCC General Regulations, the compartment 2006-2 regulations entered into between the French Management Company and the French Custodian in relation to the French Issuer (the **Compartment 2006-2 Regulations**) and all other legislative and regulatory provisions applicable to French mutual debt funds (*fonds communs de créances*). The FCC General Regulations, together with the Compartment 2006-2 Regulations, are referred to as the **French Issuer Regulations**.

The French Issuer is a co-ownership (*copropriété*). Pursuant to the management strategy (*stratégie de gestion* within the meaning of Articles R. 214-92 to R. 214-115 of the French *Code monétaire et financier*) of the French Issuer, the French Issuer's activities pursuant to the French Issuer Regulations consist of (a) the purchase of the French Loan Receivables, together with the French Related Security and any other ancillary rights, and (b) the issue of the French Notes and the French Residual Units.

French Seller:

Each French Loan was originated by Barclays Bank PLC (in its capacity as the **French Seller**).

French Custodian:

Barclays Bank PLC, Paris Branch, licensed as a credit institution (é*tablissement de crédit*) under the French *Code monétaire et financier* whose branch office is at 32 Avenue George V, 75038 Paris Cedex 01, France (in such capacity, the **French Custodian**).

French Management Company:

France Titrisation (the **French Management Company**), a limited liability company (*société anonyme*) incorporated under and governed by the laws of France, whose registered office at 41, Avenue de l'Opéra, 75002 Paris, France. The French Management Company is licensed by, and subject to the supervision and regulation of, the French *Autorité des Marchés Financiers*.

French Servicer:

Barclays Bank PLC (in such capacity, the **French Servicer**) will, pursuant to a servicing agreement to be entered into on or about the Closing Date (the **French Servicing Agreement**), be appointed by the French Management Company (representing the French Issuer) in accordance with article L.214-46 of the French *Code monétaire et financier* to act as servicer in respect of the French

	Loan Receivables and the French Related Security. The services to be provided by the French Servicer will consist of managing and servicing the French Loan Receivables as well as preserving and enforcing the French Related Security in accordance and subject to the terms of the French Servicing Agreement.
French Master Servicer:	Pursuant to the terms of a sub-servicing agreement to be entered into on or around the Closing Date between, amongst others, the French Servicer, Barclays Capital Mortgage Servicing Limited (in its capacity as **French Master Servicer**) and the French Special Servicer (the **French Sub-Servicing Agreement**), the French Servicer will delegate the majority of its servicing functions to the French Master Servicer.
French Special Servicer:	Pursuant to the terms of the French Sub-Servicing Agreement, the French Servicer will delegate the majority of its special servicing functions to Capmark Services UK Limited (in this capacity, the **French Special Servicer**).
French Account Bank:	JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT (in this capacity the **French Account Bank**) will act as account bank for the French Issuer under the terms of a bank account agreement governed by English law to be entered into on or around the Closing Date between, amongst others, the French Management Company, the French Custodian and the French Account Bank (the **French Bank Account Agreement**).
French Interest Rate Swap Provider:	The Issuer (acting in its capacity as the **French Interest Rate Swap Provider**) will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association Inc. (ISDA) 1992 Master Agreement (Multicurrency Cross Border) to be dated on or prior to the Closing Date (the **French Interest Rate Swap Agreement**) with the French Issuer. The French Issuer and the French Interest Rate Swap Provider will enter into interest rate swap transactions in respect of the French Loans (together with the schedules thereto, the **French Interest Rate Swap Transactions** and each a **French Interest Rate Swap Transaction**) under the French Interest Rate Swap Agreement.
French Issuer Related Parties:	The French Seller, the French Custodian, the French Management Company, the French Servicer, the French Master Servicer, the French Special Servicer, the French Account Bank and the Issuer (in its capacity as French Interest Rate Swap Provider) are together the **French Issuer Related Parties** and each a **French Issuer Related Party**.

THE ITALIAN ISSUER AND ITS RELATED PARTIES

Italian Issuer: Eclisse Parziale S.r.l. (the **Italian Issuer**), is a limited liability company with a sole quotaholder (*società a responsabilità limitata con socio unico*) incorporated in the Republic of Italy under article 3 of law No. 130 of 30 April, 1999 (*legge sulla cartolarizzazione dei crediti*), (the **Italian Securitisation Law**). The Italian Issuer is registered with the companies registrar of Brescia under No. 08705601006, with the general register (*elenco generale*) held by *Ufficio Italiano dei Cambi* pursuant to article 106 of the Italian legislative decree No. 385 of 1 September 1993 (the **Banking Act**) under No. 37453 and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to article 107 of the Banking Act under ABI code No. 33138.9. The registered office of the Issuer is at Via Romanino, 1, 25122 Brescia, Italy and its tax identification number (*codice fiscale*) is 08705601006.

Italian Issuer Parent: The equity capital of the Italian Issuer is entirely held by Stichting Eclisse Holding, a Dutch foundation (*stichting*) established under the laws of The Netherlands, with its statutory seat at "Rivierstaete" building Amsteldijk 166, 1079 LH Amsterdam, The Netherlands (**Italian Issuer Parent**).

Italian Seller: Each Italian Loan was originated by Barclay's Bank PLC, acting through its branch at Via della Moscova, 18, 20121, Milan, Italy (the **Italian Seller**).

Representative of the Italian Noteholders: Barclays Capital Mortgage Servicing Limited is the representative of the holders of the Italian Notes pursuant to the Italian Intercreditor Agreement to be entered into on or around the Closing Date (in such capacity, the **Representative of the Italian Noteholders**).

Italian Account Bank: JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT (in this capacity the **Italian Account Bank**) will act as account bank for the Italian Issuer under the terms of a bank account agreement governed by English law to be entered into on or about the Closing Date between, amongst others, the Italian Issuer, the Italian Account Bank and the Representative of the Italian Noteholders (the **Italian Bank Account Agreement**).

Italian Computation Agent: Barclays Capital Mortgage Servicing Limited, acting through its offices at 1 Churchill Place, London E14 1HP, United Kingdom, or any other person for the time being acting as such, will be appointed as the computation agent of the Italian Issuer (in such capacity, the **Italian Computation Agent**) pursuant to the terms of an agency agreement to be entered into on or around the Closing Date between the Italian Issuer, the Italian Computation Agent, the Italian Paying Agent and the Representative of the Italian Noteholders (the **Italian Agency Agreement**). The Italian Computation Agent will provide the Italian Issuer with certain calculation services.

Italian Paying Agent: JPMorgan Chase Bank, N.A., acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT or any other person for the time being acting as such, will be appointed as the Italian paying agent (in such capacity, the **Italian Paying Agent**) pursuant to the terms of the Italian Agency Agreement. The Italian Paying Agent will act as paying agent for the Italian Notes.

Italian Corporate Services Provider: Structured Finance Management (Italy) S.r.1., a limited liability company (*società a responsabilità limitata*) incorporated and organised under the laws of the Republic of Italy, with registered office at Via Romanino, 1, 25122 Brescia, Italy, registered with the companies register of Brescia under No. 02508180987, VAT No. 02508180987, will be appointed as the corporate services provider to the Italian Issuer (in such capacity, the **Italian Corporate Services Provider**). Pursuant to the terms of a corporate services agreement to be entered into on or around the Closing Date between, amongst others, the Italian Issuer and the Italian Corporate Services Provider (the **Italian Corporate Services Agreement**), the Italian Corporate Services Provider has agreed to provide certain administrative and secretarial services to the Italian Issuer and the Representative of the Italian Noteholders.

Italian Issuer Parent Corporate Services Provider: Structured Finance Management (Netherlands) B.V. will be appointed as the corporate services provider to the Italian Issuer Parent (in such capacity, the **Italian Issuer Parent Corporate Services Provider**). Pursuant to the terms of a stichting corporate services agreement to be entered into on or around the Closing Date between, amongst others, the Italian Issuer Parent and the Italian Issuer Parent Corporate Services Agreement (the **Italian Issuer Parent Corporate Services Agreement**), the Italian Issuer Parent Corporate Services Provider has agreed to provide certain management, administrative and secretarial services to the Italian Issuer Parent.

Italian Servicer: Barclays Bank PLC, Milan Branch (in such capacity, the **Italian Servicer**), will, pursuant to a servicing agreement to be entered into on or about the Closing Date between, amongst others, the Italian Servicer, the Italian Issuer and the Representative of the Italian Noteholders (the **Italian Servicing Agreement**), act as servicer in respect of the Italian Loan Receivables and the Italian Related Security.

The Italian Servicer will act as servicer (*soggetto incaricato della riscossione dei crediti ceduti e dei servizi di cassa e di pagamento*) pursuant to article 2.3(c) and article 2.6 of the Italian Securitisation Law. The services to be provided by the Italian Servicer will consist of (a) administering and servicing the Italian Loans and the Italian Loan Receivables on behalf of the Italian Issuer as well as preserving and enforcing the Italian Related Security and (b) exercising on behalf of the Italian Issuer, certain contractual rights arising out of the Italian Credit Agreements and related finance documents.

Italian Master Servicer: Pursuant to the terms of a sub-servicing agreement to be entered into on or around the Closing Date between the Italian Servicer, Barclays Capital Mortgage Servicing Limited (in its capacity as the **Italian Master Servicer**) and the Italian Special Servicer (the **Italian Sub-Servicing Agreement**) the Italian Servicer will delegate the majority of its servicing functions to the Italian Master Servicer.

Italian Special Servicer:	Pursuant to the terms of the Italian Sub-Servicing Agreement, the Italian Servicer will delegate the majority of its special servicing functions to Capmark Services UK Limited (in this capacity, the **Italian Special Servicer**).
Italian Interest Rate Swap Provider:	The Issuer (acting in its capacity as **Italian Interest Rate Swap Provider**) will enter into an interest rate swap agreement in the form of an International Swaps and Derivatives Association, Inc (ISDA) 1992 Master Agreement (Multicurrency Cross Border) to be dated on or prior to the Closing Date (the **Italian Interest Rate Swap Agreement**) with the Italian Issuer. The Italian Issuer and the Issuer will enter into the interest rate swap transactions in respect of the Italian Loans (together with the schedules thereto, the **Italian Interest Rate Swap Transactions** and each an **Italian Interest Rate Swap Transaction**) under the Italian Interest Rate Swap Agreement.
Italian Issuer Related Parties:	The Italian Issuer Parent, the Italian Seller, the Representative of the Italian Noteholders, the Italian Account Bank, the Italian Computation Agent, the Italian Paying Agent, the Italian Corporate Services Provider, the Italian Issuer Parent Corporate Services Provider, the Italian Servicer, the Italian Master Servicer, the Italian Special Servicer and the Issuer (in its capacity as the Italian Interest Rate Swap Provider) are together the **Italian Issuer Related Parties** and each an **Italian Issuer Related Party**.

THE SPANISH RELATED PARTIES

Spanish Seller: Barclays Bank S.A., in its capacity as issuer of the PH in respect of the Spanish Loan (the **Spanish Seller**). Barclays Bank S.A. is a private company incorporated in Spain with limited liability and registered with Mercantile Registry in Madrid under registered number 3.755 foles 1 hoja 62.564, whose registered office is at Plaza de Colón, 1, 28046 Madrid, Spain.

Spanish Servicer: Barclays Bank S.A. (in such capacity, the **Spanish Servicer**) will, pursuant to a servicing agreement to be entered on or about the Closing Date between, amongst others, the Spanish Servicer, the Issuer and the Trustee (the **Spanish Servicing Agreement**), act as servicer in respect of the Spanish Loan.

Spanish Master Servicer: Pursuant to the terms of a sub-servicing agreement to be entered into on or around the Closing Date between the Spanish Servicer, Barclays Capital Mortgage Servicing Limited (in its capacity as **Spanish Master Servicer**) and the Spanish Special Servicer (the **Spanish Sub-Servicing Agreement**), the Spanish Servicer will delegate the majority of its servicing functions under the Spanish Servicing Agreement to the Spanish Master Servicer.

Spanish Special Servicer: Pursuant to the terms of the Spanish Sub-Servicing Agreement, the Spanish Servicer will delegate the majority of its special servicing functions to Capmark Services UK Limited (in this capacity, the **Spanish Special Servicer**).

RELEVANT DATES AND PERIODS

Cut-Off Date: The Cut-Off Date is 11 August 2006 (the **Cut-Off Date**). The Cut-Off Date is the date on which much of the information relating to the Loans, their Related Security and the Properties set out in this Prospectus is presented.

Closing Date: The Notes will be issued on or about 22 September 2006 (or such later date as the Issuer may agree with the Lead Manager) (the **Closing Date**).

Loan Interest Payment Date: Each of the Loans provides that payment of quarterly instalments of interest and principal (if applicable) are due on:

(a) in respect of the Cassina Plaza Loan, Pomezia Loan, Nanterre Loan, Toulouse 1 Loan, Malakoff Loan, Montrouge Loan, Toulouse 2 Loan, French Retail Loan, French Retail VAT Loan, Flora Park Loan, Century Center Loan and the Anec Blau Loan, the 10th day of February, May, August and November; and

(b) in respect of the CRIPA Portfolio Loan, Netto Portfolio Loan, ATU Germany Loan, Bielefeld/Berlin Portfolio Loan, German Supermarket Portfolio Loan, KingBu Portfolio Loan, ATU Austria Loan, the 25th day of January, April, July and October.

If, however, any such day is not a Local Business Day, payments will be made on the next Local Business Day in that calendar month (if there is one) or the preceding Local Business Day (if there is not) (the **Loan Interest Payment Date**). **Local Business Day** is any day other than a Saturday or Sunday on which banks are open for general business:

(i) in respect of the Austrian Loan, Dublin, Frankfurt, Vienna and London;

(ii) in respect of the Belgian Loan, Brussels and London and which is also a Target Day;

(iii) in respect of the French Loans, London and Paris and additionally Luxembourg in respect of the French Retail Loan, the Malakoff Loan and the Toulouse 1 Loan;

(iv) in respect of the Italian Loans, London and Milan;

(v) in respect of: the Flora Park Loan and the KingBu Portfolio Loan, London and Frankfurt and which is also a Target Day; the Netto Portfolio Loan, Frankfurt, London, Dublin and Geneva; in respect of the CRIPA Portfolio Loan, Frankfurt, and in respect of the other German Loans, London and Frankfurt; and

(vi) in respect of the Spanish Loan, London and Madrid.

Loan Interest Period: Interest accrues on a Loan from and including a Loan Interest Payment Date up to but excluding the next succeeding Loan Interest Payment Date (each a **Loan Interest Period**). Interest is payable quarterly in arrears on each Loan Interest Payment Date in respect of the immediately preceding Loan Interest Period.

Calculation Date: Three London Business Days prior to each Note Interest Payment Date (each such day, a **Calculation Date**) the Cash Manager will, based on information relating to Collections on the Loans and where applicable subsequent payments under the Italian Notes and the French Notes received from the Master Servicer, perform calculations in respect of the immediately preceding Collection Period and payments to be made to, among others, the holders of the Notes (the **Noteholders**) in accordance with the relevant Priority of Payments on the next Note Interest Payment Date.

Collection Period: Amounts available for payment on the Notes on any Note Interest Payment Date will depend on the Collections received with respect to the Loans during the immediately preceding Collection Period and any consequent payments under the French Notes and the Italian Notes, the payments received with respect to the Interest Rate Swap Agreement, the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement for the applicable Interest Period, amounts in respect of interest under the French Notes and the Italian Notes representing amounts received by the French Issuer or the Italian Issuer, as applicable, in respect of the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement for the applicable Interest Period any Loan Income Deficiency Drawings relating to such Note Interest Payment Date and any other amount standing to the credit of the Issuer Transaction Account other than any amount credited to the Tax Reserve Ledger (as defined below in each case without double counting). Each **Collection Period** will:

- relate to the Note Interest Payment Date, the French Note Interest Payment Date or the Italian Note Interest Payment Date, as applicable immediately following such Collection Period;
- start from (and include) the preceding Calculation Date (or in the case of the first Collection Period, the Closing Date); and
- end on (but exclude) the Calculation Date that occurs in the same month as the immediately following Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date, as applicable.

KEY CHARACTERISTICS OF THE LOANS AND THE PORTFOLIO

The Loans: Each Loan constitutes a full recourse obligation of the Relevant Borrower (other than in respect of the KingBu Portfolio Loan where recourse of the Lender is limited to specified assets of certain Obligors) and each Loan is secured by, among other things, (other than in the case of the French Retail VAT Loan (the **VAT Loan**) a first ranking mortgage or charge over all of the Relevant Borrower's or Chargor's interests in the Properties (other than in respect of the Belgian Loan where the security is limited to 25% of the initial amount of the Belgian Parallel Debt together with certain amounts due to third parties, the remainder being covered by a mortgage mandate, see further "*Relevant Aspects of Belgian Law*" at page 99 and "*Description of the Loans and Related Properties – B. The Belgian Loan*" at page 216) and first ranking security or an assignment by way of security of the Leases, and in certain circumstances insurance policies, hedging arrangements, bank accounts and rental income in respect of the Properties. Each Loan contains certain representations and warranties given by the Relevant Borrower and/or the Chargor, as the case may be.

The Borrowers: The Loans have been made to limited liability companies or limited liability partnerships, as applicable, incorporated in Austria, Belgium, France, Germany, Italy, Luxembourg, and Spain.

Properties: The Portfolio comprises 118 Properties of which eight are located in Austria, one is located in Belgium, seven are located in France, 95 are located in Germany, six are located in Italy and one is located in Spain. 63 are retail properties, 28 are mixed use (retail/industrial/warehouse), 18 are residential and 9 are office properties.

The Loans were originated by Barclays Bank PLC and, in respect of the Spanish Loan, Barclays Bank S.A. between 14 December 2004 and 3 April 2006. In connection with the origination of the Loans, Barclays Bank PLC ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making loans secured on commercial properties of this type, so as to evaluate the Borrowers' ability to service their Loan obligations and the quality of the Portfolio. For more information see "*The Loans and the Loan Security – Diligence in connection with the Loans*" at page 193.

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

Loan Name	Cut-Off Date Securitised Principal Balance Outstanding (€)	Cut-Off Date ICR (%)	Cut-Off Date DSCR (%)	Cut-Off Date LTV (%)	Maturity LTV[1] (%)	Remaining Estimated Term to Maturity (Years)
Flora Park	118,894,000	168	131	81.3	75.7	5.00
Anec Blau	53,410,000	288	288	48.9	48.9	4.50
Century Center	46,250,000	153	129	85.0	75.1	6.50
German Supermarket Portfolio	41,939,000	209	119	81.1	71.9	3.46
Cassina Plaza	39,888,550	164	164	60.8	60.8	7.25
ATU Germany	32,972,101	225	154	79.0	69.2	6.46
Bielefeld/Berlin Portfolio	26,900,000	136	118	86.0	74.8	9.46
Nanterre	23,926,020	292	144	72.4	60.2	4.25
Netto Portfolio	22,830,000	208	146	79.9	68.3	5.96
CRIPA Portfolio	22,657,250	154	108	81.2	66.1	9.46
KingBu Portfolio	21,280,875	177	119	83.7	70.0	6.21
French Retail	20,165,000	320	320	50.0	50.0	6.25
French Retail VAT	1,936,272	0	0	0	0	0.75
Malakoff	18,600,000	316	316	50.4	50.4	6.00
Montrouge	16,750,000	175	175	69.8	69.8	6.50
ATU Austria	15,121,768	225	155	77.3	67.7	6.46
Pomezia	11,143,740	212	103	63.4	52.8	4.25
Toulouse 1	6,170,000	341	341	50.0	50.0	6.50
Toulouse 2	4,200,000	340	340	50.6	50.6	5.50
Total	545,034,575	N/A	N/A	N/A	N/A	N/A
Minimum[2]	4,200,000	136	103	48.9	48.9	3.46
Maximum[6]	118,894,000	341	341	86.0	75.7	9.46
Average/Weighted Average[6]	30,172,128	207	167	73.0	66.4	5.84

For further information about the Loan Pool, please see the section entitled "*The Loans and the Loan Security*" at page 181.

There are over 600 Leases relating to the Properties. The Majority of these Leases relating to the Properties are triple-net leases under which substantially all of the economic liabilities arising in relation to the upkeep and operation of the relevant Property are borne by the individual Tenant, including the costs of repairing, maintaining and insuring the relevant property (or where a Lease does not include the structure of the building the Tenant pays a proportionate share of the landlord's cost of repairing and maintaining the structure and common areas). However, there are some exceptions which may limit the Obligor's ability to recover service charges and in respect of which the Obligor has an obligation to keep part of the structure in repair.

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

1 The French Retail VAT Loan has not been taken into account for the purposes of these calculations.
2 The French Retail VAT Loan has not been taken into account for the purposes of these calculations.

Loan Name	Valuation (€) of Properties as at Date of Valuation	Net Rent (€ p.a.)	Estimated Rental Value (ERV) (€ p.a.)	Yield (Net Rent over Valuation) (%)	Net Internal Area (sq. m.)
Flora Park	146,300,000	9,470,307	9,699,816	6.5	65,988
Anec Blau	109,165,000	5,696,167	6,444,105	5.2	27,664
Century Center	54,420,000	3,419,498	3,679,909	6.3	26,110
German Supermarket Portfolio	51,720,000	3,887,963	3,817,526	7.5	39,383
Cassina Plaza	65,642,000	2,795,027	4,821,972	4.3	41,755
ATU Germany	41,720,000	3,449,662	3,341,077	8.3	28,606
Bielefeld/Berlin Portfolio	31,275,000	1,782,619	1,800,410	5.7	28,844
Nanterre	33,060,000	2,692,394	2,681,050	8.1	14,099
Netto Portfolio	28,560,000	2,219,530	2,219,527	7.8	22,371
CRIPA Portfolio	27,900,000	1,640,270	1,645,487	5.9	11,001
KingBu Portfolio	25,420,000	1,938,735	1,938,735	7.6	9,779
French Retail	40,330,000	2,405,920	2,405,920	6.0	16,929
French Retail VAT	-	-	-	0.0	-
Malakoff	36,890,000	2,180,742	2,626,193	5.9	16,401
Montrouge	24,000,000	1,446,302	1,460,200	6.0	5,005
ATU Austria	19,570,000	1,582,209	1,472,075	8.1	11,329
Pomezia	17,570,000	927,602	1,509,068	5.3	21,600
Toulouse 1	12,340,000	780,756	646,408	6.3	638
Toulouse 2	8,300,000	537,270	537,270	6.5	666
Total	774,182,000	48,852,974	52,746,748	N/A	388,168

Valuation: In relation to each Loan (other than the VAT Loan), as a condition precedent to making an advance to the Relevant Borrowers, Barclays Bank PLC (in its capacity as the **Originator**) obtained an independent valuation of the relevant Property or Properties constituting security for such Loan (each, a **Valuation** and together, the **Valuations**). In this Prospectus, the **Valuer** means the valuer in respect of each Valuation, as applicable.

The circumstances in which additional valuations will be obtained under the Credit Agreements are limited.

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

See further "*The Loans and the Loan Security*" at page 181.

Austrian Related Security: As security for the repayment of the Austrian Loan, the relevant Obligor or Obligors and the Relevant Security Agent have, on or about the closing date in respect of the Loan (the **Austrian Loan Closing Date**) entered into agreements (each an **Austrian Security Agreement** and together the **Austrian Security Agreements**), pursuant to which the Relevant Borrower has granted security over the relevant Properties located in Austria and all related interests and assets including but not limited to:

(a) a first ranking registered maximum amount mortgage (*Höchstbetragshypothek*) over the Austrian Properties for a simultaneous liability for a maximum amount of €18,800,000 in favour of the Lender;

(b) an assignment agreement for security purposes regarding lease receivables;

(c) first ranking pledges over the Borrower Accounts in relation to the Austrian Loan (the **Austrian Borrower Accounts**) (including the Rent Account);

(d) assignments for security purposes in respect of the receivables regarding SPA Claims and property management claims;

(e) pledges over the interests in the Austrian Borrower whereby the general partner and the limited partners of the Austrian Borrower pledge their partnership interests in the Austrian Borrower; and

(f) a pledge over the shares in the general partner of the Austrian Borrower.

See further "*The Loans and the Loan Security – The Loan Security – The Austrian Related Security*" at page 208.

Belgian Related Security: As security for the repayment of the Belgian Parallel Debt, the relevant Obligor or Obligors and the Belgian Security Agent have, on or about the closing date in respect of the Belgian Loan (the **Belgian Loan Closing Date**) entered into security agreements (the **Belgian Security Agreements**), pursuant to which the Relevant Borrower or the Chargor, as appropriate, has granted security over the relevant Property located in Belgium and all related interests and assets including but not limited to:

(a) a first legal mortgage (*hypothèque/hypotheek)* over the leasehold and freehold interest in the Belgian Property covering 25% of the initial amount of the Belgian Parallel Debt (the remainder of the Belgian Parallel Debt being governed by mortgage mandate (*mandat hypothécaire/hypothecair mandaat*)) over the leasehold and freehold interest in the Belgian Property;

(b) a first ranking pledge over the shares of the Belgian Borrower and the other Obligor in respect of the Belgian Loan; and

(c) a first ranking pledge of (i) the lease receivables in respect of rent payable by the Borrower's Tenants, (ii) the Borrower Accounts in respect of the Belgian Loans (the **Belgian Borrower Accounts**), (iii) the insurance proceeds in relation to the Belgian Property, (iv) sums owing to the Belgian Borrower under the guarantees relating to the Belgian Property or the liabilities of the vendors as set out in the acquisition documents under which the Belgian Property was acquired by the Belgian Obligors and under the guarantee in the form of a contractual undertaking set out in such acquisition documents granted by the vendors relating to the rent receivables with respect to the vacant space in the Belgian Property, and (v) sums owing to the Belgian Borrower under intercompany loans entered into by the Belgian Borrower

All references to Belgian Related Security or the security in relation to the Belgian Loan shall be taken as a reference to the security granted in respect of the Belgian Parallel Debt.

The Security Agent has granted a trust over the Belgian Parallel Debt and the Belgian Related Security and any enforcement proceeds and the proceeds of any Belgian Parallel Debt for the benefit of the Finance Parties, which after the Closing Date will include the Issuer, pursuant to the terms of the Belgian Security Trust.

See further "*The Loans and the Loan Security – The Loan Security – The Belgian Related Security*" at page 209.

French Related Security:

As security for the repayment of each French Loan, the relevant Obligor or Obligors and the Security Agent in respect of the French Loans (the **French Security Agent**) have, on or about the closing date in respect of the French Loan (each, a **French Loan Closing Date** and together, the **French Loan Closing Dates**), entered into a security agreement (each a **French Security Agreement** and together, the **French Security Agreements**), pursuant to which the Relevant Borrower or the Chargor, where appropriate, has granted security over (other than in respect of the French Retail VAT Loan) the relevant Property or Properties located in France and all related interests and assets including, but not limited to:

(a) lender's privileges (*privilèges de prêteur de deniers*) over the French Properties;

(b) in the case of the French Retail Loan only, a complementary legal mortgage (*hypothèque complémentaire*) over the relevant French Properties;

(c) Dailly law assignments by way of security (*cession de créances professionnelles à titre de garantie*) relating to rental claims;

(d) pledges (*nantissements de soldes de comptes bancaires*) over the Borrower Accounts in respect of the French Loans (the **French Borrower Accounts**) (including the Rent Account where the Rent Account has been opened in the name of the Relevant Borrower);

(e) pledges of shares (*nantissements de parts sociales*) over the French Borrowers and/or any Obligor in respect of the French Loan (a **French Obligor**);

(f) cash collateral (*gage-espèce*) over sums credited to the French Lender's accounts;

(g) Dailly law assignments by way of security (*cession de créances professionnelles à titre de garantie*) relating to certain indemnity claims;

(h) assignment by way of security (*cession de créances professionnelles à titre de garantie* or *délégation imparfaite*) of the insurance indemnity claims arising from insurance contracts or policies of the relevant Chargor; and

(i) in respect of the Toulouse 2 Loan, a Dailly law assignment by way of security (*cession de créances professionnelles à titre de garantie*) of the relevant French Borrower's interest in related loan hedge arrangements and its funding account.

In respect of the French Retail VAT Loan, the Relevant Borrower, has granted a Dailly law assignment by way of security, over its rights under the French Recoverable VAT.

See further "*Loans and the Loan Security – The Loan Security – The French Related Security*" at page 209.

German Related Security:

As security for the repayment of each German Loan, the relevant Obligor or Obligors have, on or about the closing date in respect of each German Loan (each, a **German Loan Closing Date** and together, the **German Loan Closing Dates**) granted German accessory security rights and German non-accessory security rights in relation to the relevant Property or Properties located in Germany and all related interests and assets including, but not limited to:

(a) a first ranking certificated (comprehensive) land charge or charges (as applicable) over the German Properties (subject, in the case of certain of the German Loans, to completion of the registration process and issuance of the land charge certificate at the relevant land registers and subject to undertakings to delete any prior ranking security);

(b) first ranking account pledges (subject to the pledge granted pursuant to the general business conditions of the account bank of the Borrower) governed by German law in respect of the bank accounts, including but not limited to the Borrower Accounts in relation to the German Loans (the **German Borrower Accounts**) (including the Rent Accounts, held by the Relevant Borrower);

(c) an assignment in respect of lease receivables governed by German law in respect of rent payable by the Relevant Borrower's tenants of the German Properties;

(d) an assignment of proceeds of payment under insurance policies governed by German law covering the Relevant Borrower's Properties between each Borrower (as assignors) and the Security Agent;

(e) an assignment in respect of receivables regarding SPA Claims in respect of the Obligor in relation to the relevant German Loans (the **German Obligor**);

(f) pledges over the partnership interests or shares in the Relevant Borrower (in respect of the Flora Park Loan, the German Supermarket Portfolio Loan, the ATU Germany Loan, the Netto Portfolio Loan and the KingBu Portfolio Loan) subject to certain pledge conditions;

(g) pledges over shares in the relevant general partners of the applicable Borrower, subject to certain pledge conditions (in respect of the German Supermarket Portfolio Loan and the Bielefeld/Berlin Portfolio Loan);

(h) (in respect of the KingBu Portfolio Loan) an assignment governed by English law in respect of the relevant Borrower's interest in the related Loan Hedging Arrangements and its funding account in favour of the Security Agent; and

(i) an assignment of rights and claims under certain subordinated loans.

See further "*The Loans and the Loan Security – The Loan Security – The German Related Security*" at page 210.

Italian Related Security: As security for the repayment of the Italian Loans, the relevant Obligors and Barclays Bank PLC (as Lender) have, on or about the closing date in respect of the Italian Loans (the **Italian Loan Closing Date**) entered into a number of security agreements (the **Italian Security Agreements**), pursuant to which the Relevant Borrower has granted security over the Italian Properties and all related interest and assets including but not limited to:

(a) substantially first ranking mortgages governed by Italian law (*atto di costituzione di ipoteca di primo grado sostanziale*) over the Italian Properties;

(b) a first ranking pledge over the quota granted by the shareholders of the relevant Italian Borrower representing the entire corporate capital of the relevant Italian Borrower;

(c) loss payee agreement relating to the insurance coverage of the relevant Property;

(d) in respect of the Cassina Plaza Loan, pledges over the Italian Borrower Accounts including the Rent Account;

(e) in respect of the Cassina Plaza Loan, assignments of receivables in respect of rent payable by the relevant Borrower's Tenants of the Italian Properties; and

(f) in respect of the Cassina Plaza Loan, assignments of claims under the relevant Property purchase agreements.

See further "*The Loans and the Loan Security – The Loan Security – The Italian Related Security*" at page 211.

Spanish Related Security: As security for the repayment of the Spanish Loan, the relevant Obligor or Obligors and the Securty Agent in respect of the Spanish Loan (the **Spanish Security Agent** have on or after the closing date in respect of the Spanish Loan (the **Spanish Loan Closing Date** and together with the Austrian Loan Closing Date, the Belgian Loan Closing Date, each French Loan Closing Date, each German Loan Closing Date and the Italian Loan Closing Date, the **Loan Closing Dates** and, each a relevant **Loan Closing Date**) entered into certain security instruments (the **Spanish Security Agreements**), pursuant to which the Borrower in respect of the Spanish Loan (the **Spanish Borrower** or the Chargor, has granted security over the relevant Property or Properties located in Spain and all related interests and assets including but not limited to:

(a) a first legal mortgage over the Spanish Property;

(b) a first ranking pledge over SPA Claims in respect of the relevant Obligor in respect of the Spanish Loan (the relevant **Spanish Obligor**);

(c) a pledge of the Lease documentation and rental income;

(d) first ranking pledges over the Borrower Accounts in reslation to the Spanihs Loan (the **Spanish Borrower Accounts** (including the Rent Account); and

(e) an assignment in respect of the Borrower's interest in the related Loan Hedging Arrangements (governed by English law) (obtained prior to the Closing Date).

See further "*The Loans and the Loan Security – The Loan Security – The Spanish Related Security*" at page 211.

Related Security: The Related Security in respect of each Loan will also include, where relevant, the benefit of the following:

(a) a subordination agreement, under which any other debt of the Relevant Borrower (if any), subject to certain customary exceptions, is subordinated to the debt owed by the Relevant Borrower in respect of the relevant Loan (each a **Subordination Agreement** and, together the **Subordination Agreements**);

(b) other than in respect of the Spanish Loan and the German Loans, a duty of care letter entered into by the Relevant Borrower, the Relevant Security Agent or Lender and the independent managing agent or agents appointed by the Relevant Borrower or Obligor in respect of a relevant Property or Properties, which contain novations in the relevant management agreement pursuant to which the Lender is a third party beneficiary (each a **Duty of Care Agreement** and, together the **Duty of Care Agreements**). In respect of the Spanish Loan the relevant property manager has given certain undertakings in favour of the Lender in the relevant Property Management Agreement (as defined below). In respect of the German Loans the terms of the relevant Property Management Agreements state that all rights and claims of the Borrower under such management agreements are also for the benefit of the Finance Parties;

(c) a pledge over all of the shares of a Chargor (each a **Share Charge** and, together the **Share Charges**); and

(d) an assignment of the Relevant Borrower's interest in any Loan Hedging Arrangements.

Interest rate: 11 of the Loans bear a fixed rate of interest, six of the Loans bear a floating rate of interest calculated as the sum of three month EURIBOR plus a specified margin in each case calculated in accordance with the relevant Credit Agreement under which that Loan was made and two of the Loans (Pomezia Loan and KingBu Portfolio Loan) are initially floating rate with a fixed element. The Pomezia Loan comprises a floating rate loan which converts to a fixed rate loan on a specified Conversion Date (as defined below). The KingBu Portfolio Loan bears a floating rate of interest, however if three-months EURIBOR rises above a specified amount, the Borrower's obligation in respect of the floating rate will be capped at such amount. All references in this Prospectus to the floating rate loans will, save where expressly stated to the contrary, include a reference to Pomezia Loan and the KingBu Portfolio Loan.

Repayment: Some of the Loans are subject to scheduled repayment on each Loan Interest Payment Date in accordance with the terms of the relevant Credit Agreement. To the extent not repaid or prepaid earlier, all the Loans are repayable in full at their respective final maturity dates (each such date a **Loan Maturity Date**).

Voluntary prepayment: Each Loan may be prepaid by the Relevant Borrower in whole or in part (but if in part, in a minimum amount) on any Loan Interest Payment Date upon giving a minimum number of Local Business Days' prior notice to the Lender. Amounts prepaid may not be redrawn. The Italian Loans contain certain restrictions in relation to prepayments within 18 months of the relevant utilisation date.

Certain prepayments by the Relevant Borrower may be subject to prepayment fees in connection therewith (**Prepayment Fees**). The Relevant Borrower will additionally be required to pay any Break Costs (as defined below) to the Lender and the Lender may, in respect of certain Loans be required to pay Break Gains (as defined below).

Mandatory prepayment: Prepayment of a Loan (in whole or in part) must or (in the case of paragraph (c)) may be made in certain circumstances (in each case as set out in and subject to the specific terms of the relevant Credit Agreement), including the following:

(a) if a Lender or, if applicable, the Security Agent notifies the Relevant Borrower that it is unlawful in any jurisdiction for the Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the Loan;

(b) in the case of some of the Loans, on the occurrence of a change of control of the Relevant Borrower or, in certain cases, its shareholder (although in the case of certain other Loans, a change in control may be a Loan Event of Default);

(c) if the Relevant Borrower is required to withhold or deduct any amount in respect of tax or pay any increased costs to the Lender or following a reduction in the rate of return or other amounts due to a Lender under the relevant Credit Agreement; or

(d) on the sale or disposal of a Property or Properties unless, in certain cases, where the proceeds have been invested in one or more substitute properties after a specified period set out in the relevant Credit Agreement.

In the event of prepayment of all or part of a Loan in any of the above circumstances (other than paragraphs (a) and (c)), Prepayment Fees will be payable by the Relevant Borrower (subject to any relevant mandatory law provisions).

Finance Documents includes, in relation to the Loan Pool, any Credit Agreement, any Security Agreement, any Subordination Agreement, any Transfer Certificate, any Loan Hedging Arrangement, any Duty of Care Agreement, any Share Charge and any other document designated as such by the parties to any Credit Agreement (each a **Finance Document**). The Finance Documents relating to a specific Loan are referred to in this Prospectus as relevant Finance Documents (each a **relevant Finance Document**). In relation to a Finance Document, **Finance Party** generally means a Lender (which, after the Closing Date, will, in the case of the Belgian Loan and the German Loans, be the Issuer, in the case of the Austrian Loan, will remain as the Austrian Seller (subject to the Issuer's rights under the Austrian Loan Trust Agreement), in the case of the French Loans, the French Issuer, in the case of the Italian Loans, the Italian Issuer and, in the case of the Spanish Loan will remain as the Spanish Seller (subject to the rights of the Issuer as holder of the PH), the relevant Loan Hedge Counterparty or the Relevant Security Agent.

Further advances: As at the date of this Prospectus, none of the French Issuer, the Italian Issuer or the Issuer are required or entitled to make any further advance of principal to any Borrower under the terms of any of the Credit Agreements. Additionally, none of the French Servicer, the Italian Servicer, the Spanish Servicer, the Master Servicer or the Special Servicer are permitted under any of the Servicing Agreements to agree to an amendment of the terms of a Credit Agreement that would require the French Issuer, the Issuer, the Italian Issuer

or the Spanish Seller to make a further advance of principal to any Borrower without, in the case of the Loans (other than the French Loans and Italian Loans) among other things, confirmation from the Rating Agencies that the same would not have a material adverse effect on the then current ratings of the Notes. However, to the extent that the relevant Credit Agreement permits the Lender to pay sums due from the Borrower to third parties if the Borrower fails to do so, the Issuer (or the Master Servicer, the Special Servicer or the Spanish Servicer acting on its behalf) may pay such amounts to the relevant third parties, thereby increasing the amount owed by the Borrower to the Issuer, by making a Loan Protection Advance (as defined below). The Master Servicer or, if the Loan is a Specially Serviced Loan, the Special Servicer, or, in respect of the Spanish Loan, the Spanish Servicer will pay the proceeds of such Loan Protection Advance to the relevant third parties in accordance with the terms of each Credit Agreement and the Servicing Agreement. For further details, see "*Servicing – Loan Protection Advances*" at page 324. Neither the French Issuer nor the Italian Issuer may make any further advance to the Relevant Borrower nor will either the French Servicer or the Italian Servicer be entitled to make Loan Protection Advances on behalf of the French Issuer or the Italian Issuer, as applicable.

Loan Hedging Arrangements: In respect of the Floating Rate Loans the Relevant Borrowers (other than the Borrower under the KingBu Portfolio Loan) have entered into interest rate hedging agreements with Barclays Bank PLC in its capacity as a Loan Hedge Counterparty (each a **Loan Hedging Arrangement** and together the **Loan Hedging Arrangements**) to address interest rate risk arising in connection with the payment by the Relevant Borrower of a floating rate of interest. The counterparty to the Loan Hedging Arrangement is referred to in this Prospectus as the **Loan Hedge Counterparty**. The Loan Hedge Counterparty will not novate its swap position to the Issuer. However, the Relevant Borrower's interests in the Loan Hedging Arrangement will, if applicable, form part of the Related Security on the Closing Date.

The Borrower in respect of the KingBu Portfolio Loan will pay a floating rate of interest based on EURIBOR. The Borrower's obligation to pay interest under the KingBu Portfolio Loan will be capped to the extent that EURIBOR rises above certain specified levels. On or prior to the Closing Date the Issuer will enter into an interest rate cap with the Interest Rate Swap Provider to protect its position should EURIBOR rise above such specified levels.

For a more detailed description of the provisions of the Loan Hedging Arrangement, see "*The Loans and the Loan Security – The Credit Agreements – Undertakings*" at page 203

Insurance: Each Borrower or Chargor has undertaken pursuant to the relevant Credit Agreement, to maintain insurance of the relevant Property or Properties on a full reinstatement value basis, including not less than three years' loss of rent or in the case of the CRIPA Portfolio Loan two years' loss of rent on all Leases together with insurance against acts of terrorism, where in certain cases, such insurance is generally available in the relevant insurance market on commercially reasonable terms, and to procure that the Relevant Security Agent or the Lender is either named as co-insured, their interests are noted on all relevant insurance policies or in respect of certain of the Loans, including the German Loans, a certificate of third party interest (*Sicherungsschein* in the case of the German Loans) is obtained (as defined below).

All insurances required under the Credit Agreements must be with an insurance company or underwriter that is acceptable to the Lender (in some cases, acting

reasonably) or which complies with minimum ratings requirements.

Representations and warranties: The Master Loan Sale Agreement and the French Loan Sale Agreement will contain certain representations and warranties given by the Relevant Seller in respect of the Loans and the Loan Security (the **Loan Warranties**). The Loan Warranties are summarised in the section entitled "*Transaction Documents – Loan Sale Documents*" at page 277.

If a Material Breach of Loan Warranty in respect of a French Loan is not capable of remedy or is not remedied within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from this French Issuer the sole remedy of the French Issuer will be the recission of the transfer of the affected French Loan provided that no enforcement action has been taken in respect of the Related Security. If a Material Breach of Loan Warranty in respect of the Austrian Loan, the Belgian Loan, the German Loans, the Italian Loans or the Spanish Loan is not capable of remedy or (if capable of remedy) is not remedied within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from the Issuer or the Trustee in respect of the Austrian Loan, the Belgian Loan, German Loan and Spanish Loan or, in respect of the Italian Loans, the Italian Issuer and the Representative of the Italian Noteholders or such longer period as may be agreed between the applicable parties, the Relevant Seller will be required to repurchase the relevant Loan or, in respect of the Spanish Loan, the PH and, if applicable, the interest in the Related Security (provided that no enforcement action has been taken in respect of the Related Security). The recission or repurchase must occur on a date not later than the second Note Interest Payment Date following the demand to rescind or repurchase, as applicable.

The consideration payable in these circumstances will be an amount equal to the principal balance of the relevant Loan then outstanding (or, if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date the consideration payable will be the higher of (x) the outstanding principal balance of the relevant Loan as at such date or (y) the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer, the French Issuer or the Italian Issuer, as applicable, in respect of such Loan) plus in all cases any accrued but unpaid interest thereon up to and including the date of repurchase or recission or, if such date is not a Note Interest Payment Date or, in respect of the French Loans, a French Note Interest Payment Date or, in respect of the Italian Loans, an Italian Note Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full and, in respect of the Italian Loans, a notice serviced by the Representative of the Italian Noteholders following an event of default under an event of default under an Italian Loan (an **Italian Issuer Acceleration Notice**) has not been served or the Italian Notes have not otherwise become due and repayable in full, the immediately following Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date, as applicable, together with any additional costs and expenses incurred by the French Issuer, the Italian Issuer or the Issuer, as applicable, in respect of such Loan as a direct result of the Material Breach of Loan Warranty, or which has become irrecoverable as a result of it (including any swap termination payments due to the Interest Rate Swap Provider or the French Interest Rate Swap Provider or the Italian Interest Rate Swap Provider, as applicable, arising as a result of the recission or repurchase) and any amounts advanced by or on behalf of the Issuer in respect of the relevant Loan as a Loan Protection Advance, to the extent such amounts have not been capitalised as outstanding principal of the relevant Loan or recovered from the Relevant Borrower.

Any repurchase of a Loan or, in the case of the Spanish Loan, the relevant PH will result (in the case of the French Loans and the Italian Loans through a redemption of the French Notes and Italian Notes as applicable) in the redemption of the Notes in accordance with Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*).

PRINCIPAL FEATURES OF THE FRENCH NOTES

French Notes: The French Notes will be issued by the French Issuer on the Closing Date pursuant to the French Issuer Regulations and the Terms and Conditions of the French Notes (see "*Summary of Terms and Conditions of the French Notes*" at page 265) in an aggregate principal amount of €91,747,291 and in denominations of €1. The French Notes will be subscribed for by the Issuer pursuant to the terms of the French Subscription Agreement.

Form of the French Notes: The French Notes will be held in nominative form (*forme nominative*). Title to the French Notes will be evidenced by book entry in accordance with Article L.211-4 of the French *Code monétaire et financier*. No physical certificate or document of title will be issued in respect of the French Notes.

Ranking: The French Notes will rank at all times *pari passu* without any preference or priority amongst themselves.

Limited Recourse: The French Notes will constitute direct, unsecured and limited recourse obligations of the French Issuer.

The French Notes will not be the obligation or responsibility of or be guaranteed by Barclays Bank PLC, any of the French Issuer Related Parties or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the French Issuer to make payments of any amounts due in respect of the French Notes.

Claims against the French Issuer by the Issuer as holder of the French Notes (the **French Noteholder**) will be limited to the value of the amounts received or recovered from time to time in respect of the French Issuer's rights in relation to the French Loans and the French Related Security, the Transaction Documents to which the French Issuer is a party (including the French Interest Rate Swap Agreement), the French Transaction Account and any Eligible Investments or other investments purchased from amounts standing to the credit of the French Transaction Account and any other assets of the French Issuer in respect of the French Loans and the French Related Security and the issue of the French Notes (the **French Issuer Assets**).

The proceeds of realisation of the French Issuer Assets may, after paying or providing for all prior-ranking claims of the French Issuer, be less than the sums expected by the Issuer as French Noteholder in respect thereof. All claims in respect of such shortfall after realisation of the French Issuer Assets will be extinguished.

Rating and Listing: The French Notes will not be rated by any of the Rating Agencies nor by any other rating agency, nor will they be listed on any stock exchange.

Interest and Interest Period:	The French Notes will bear interest on the **French Note Principal Amount Outstanding** (being at any time the nominal amount of the French Notes on the Closing Date less any amounts of principal prepaid thereon from time to time) from and including the Closing Date to (but excluding) the first French Note Interest Payment Date (as defined below) and subsequent interest periods (a **French Note Interest Period**) will run from (and including) a French Note Interest Payment Date to (but excluding) the next French Note Interest Payment Date. The amount of such interest in respect of the French Notes will be based upon the amount of interest, Prepayment Fees and Break Costs received by the French Issuer in respect of the French Loans, any amount received in respect of the French Interest Rate Swap Agreement from the Issuer and any amounts received by the French Issuer in respect of the French Issuer Fee less amounts payable by the French Issuer in respect of certain expenses and amounts due to the Issuer as French Interest Rate Swap Provider and the costs and expenses due by the French Issuer (other than in respect of the French Notes) in accordance with the French Revenue Priority of Payments. Such interest will be payable if and to the extent that funds are available to the French Issuer for these purposes.
Expenses:	In consideration for the French Issuer issuing the French Notes, the Issuer will undertake pursuant to the French Subscription Agreement to pay the French Issuer a fee (the **French Issuer Fee**) equal to all the costs and ongoing expenses due and payable by the French Issuer on each French Note Interest Payment Date under items (a) to (e) of the French Revenue Priority of Payments (as defined below), but in respect of amounts due to the French Interest Rate Swap Provider, only to the extent that such amounts are not funded from French Available Issuer Income and any amounts paid by the French Issuer to third parties during the immediately preceding French Note Interest Period, to the extent not provided for on the previous French Note Interest Payment Date (disregarding for these purposes any French Available Issuer Income representing the French Issuer Fee).
French Note Interest Payment Date:	Interest in respect of the French Notes will be payable quarterly in arrear on 20 February, 20 May, 20 August and 20 November in each year, unless the same is not a Business Day in which case it shall be postponed to the following Business Day in the same calendar month (if there is one), or brought forward to the previous Business Day (as defined below) if there is not (each a **French Note Interest Payment Date**).
Mandatory Redemption in whole or in Part:	The French Notes will be subject to mandatory redemption in part on each French Note Interest Payment Date to the extent that there is French Available Principal (as defined below) available for such purpose.
Redemption in whole for taxation:	The French Notes will be mandatorily redeemed in full if (a) by virtue of a change in law after the Closing Date, payments on the French Notes become subject to any withholding or deduction for tax, or (b) by virtue of a change in law after the Closing Date, the amounts receivable by the French Issuer under or in respect of the French Loans, the French Related Security or the French Interest Rate Swap Agreement are reduced, subject to the French Issuer having sufficient funds available to it to discharge all liabilities connected with the French Notes.

Final Redemption: Unless previously redeemed in full the French Notes will mature on the French Note Interest Payment Date falling in February 2016 (the **French Note Maturity Date**).

Source of Funds: The payment of interest on, the repayment of principal of and the payment of costs, fees and other amounts in respect of the French Loans, amounts received under the French Interest Rate Swap Agreement, amounts received in respect of the French Issuer Fee, interest on amounts standing to the credit of the French Transaction Account and income received on Eligible Investments or other investments made by or on behalf of the French Issuer will provide the only source of funds for the French Issuer to make payments of interest on and the repayments of principal of the French Notes.

On each French Loan Payment Date, the French Servicer will transfer from each Rent Account opened in its name or where the Rent Account is opened in the name of the relevant Borrower, from each Debt Service Account opened in its name, in each case in respect of a French Loan to the French Transaction Account an amount in respect of interest, principal, fees and other amounts, if any, then payable under the applicable French Credit Agreement.

Governing Law: The French Notes will be governed by French law.

PRINCIPAL FEATURES OF THE ITALIAN NOTES

Italian Notes: The Italian Notes will be issued by the Italian Issuer on the Closing Date in an aggregate principal amount of €51,032,290 and in denominations of €50,000 and integral multiples of €1 in excess thereof. The Italian Notes will be subscribed for by the Issuer pursuant to the terms of the Italian Subscription Agreement.

Form and denomination of the Italian Notes: The Italian Notes will be represented by a physical registered certificate (*certificato nominativo*) as indicated in the Terms and Conditions of the Italian Notes (as defined below). Title to the Italian Notes will at all times be evidenced on such physical registered certificate and on the register held by the Italian Corporate Services Provider on behalf of the Italian Issuer.

Limited Recourse: The Italian Notes will constitute direct, secured and limited recourse obligations of the Italian Issuer.

The Italian Notes will not be the obligation or responsibility of, or be guaranteed by, Barclays Bank PLC, any of the Italian Issuer Related Parties or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the Italian Issuer to make payments of any amounts due in respect of the Italian Notes.

Claims against the Italian Issuer by the Issuer (as holder of the Italian Notes, the **Italian Noteholder**) or the Representative of the Italian Noteholders will be limited to the value of the actual amounts received or recovered from time to time by or on behalf of the Italian Issuer or the Representative of the Italian Noteholders, in each case subject to and as provided in the Italian Intercreditor Agreement, the terms and conditions of the Italian Notes (the **Terms and Conditions of the Italian Notes** and each an **Italian Condition**) and the other Italian Law Transaction Documents.

The proceeds of realisation of such amounts may, after paying or providing for all prior-ranking claims of the Italian Issuer, be less than the sums expected by the Issuer as Italian Noteholder. All claims in respect of such shortfall after realisation of such amounts will be extinguished.

Rating and Listing: The Italian Notes will not be rated by any of the Rating Agencies nor by any other rating agency, nor will they be listed on any stock exchange.

Interest and Interest Period: The Italian Notes will bear interest on the **Italian Note Principal Amount Outstanding** (being at any time the nominal amount of the Italian Notes on the Closing Date less any amounts of principal prepaid thereon from time to time) from and including the Closing Date to (but excluding) the first Italian Note Interest Payment Date and subsequent interest periods (each an **Italian Note Interest Period**) will run from (and including) the Italian Note Interest Payment Date to (but excluding) the next Italian Note Interest Payment Date. The amount of such interest in respect of the Italian Notes will be based upon the amount of interest, Prepayment Fees and Break Costs received by the Italian Issuer in respect of the Italian Loans, any amount received in respect of the Italian Interest Rate Swap Agreement from the Issuer and any amounts received by the Italian Issuer in respect of the Italian Issuer Fee less amounts payable by the Italian Issuer in respect of certain expenses and amounts due to the Issuer as Italian

Interest Rate Swap Provider and the costs and expenses due by the Italian Issuer (other than in respect of the Italian Notes) in accordance with the relevant Italian Priority of Payments. Such interest will be payable if and to the extent that funds are available to the Italian Issuer for these purposes.

Expenses: In consideration for the Italian Issuer issuing the Italian Notes, the Issuer will undertake pursuant to the Italian Subscription Agreement to pay the Italian Issuer a fee (the **Italian Issuer Fee**) equal to all costs and ongoing expenses due and payable by the Italian Issuer on each Italian Note Interest Payment Date under items (a) to (g) of the Italian Revenue Priority of Payments (as defined below) or, as applicable the Italian Post-Enforcement Priority of Payments (as defined below) but in respect of amounts due to the Italian Interest Rate Swap Provider only to the extent such amounts are not funded from Italian Available Issuer Income and any amounts paid by the Italian Issuer to third parties during the immediately preceding Italian Note Interest Payment Date, to the extent not provided for on the previous Italian Note Interest Payment Date (disregarding for these purposes any Italian Available Issuer Income representing the Italian Issuer Fee).

Italian Note Interest Payment Date: Interest in respect of the Italian Notes will be payable quarterly in arrear on the 20 February, 20 May, 20 August and 20 November in each year, unless the same is not a Business Day in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (as defined below) if there is not (each an **Italian Note Interest Payment Date**).

Security for the Italian Notes: By operation of Italian law, the Italian Issuer's rights, title and interest in and to the Italian Loan Receivables and the Italian Related Security will be segregated from all other assets of the Italian Issuer and amounts deriving therefrom will only be available, both prior to and following a winding-up of the Italian Issuer, to satisfy the obligations of the Italian Issuer to the Italian Noteholders, each of the Other Italian Issuer Secured Creditors (as defined below) and any third-party creditor to whom the Italian Issuer has incurred taxes, costs, fees, expenses or liabilities in relation to the issue of the Italian Notes.

On or about the Closing Date, the Italian Issuer will execute:

(a) an Italian law deed of pledge (the **Italian Deed of Pledge**) pursuant to which the Italian Issuer will create in favour of the Representative of the Italian Noteholders, the Italian Paying Agent, the Italian Computation Agent, the Italian Account Bank, the Italian Servicer, the Italian Corporate Services Provider, the Italian Issuer Parent Corporate Services Provider, the Issuer (in its capacity as swap counterparty under the Italian Interest Rate Swap Agreement) and the Italian Noteholders (the **Italian Issuer Secured Creditors**) concurrently with the issue of the Italian Notes, a first ranking pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Italian Issuer is entitled from time to time pursuant to the Italian Loan Assignment Agreement, the Italian Agency Agreement, the Italian Intercreditor Agreement, the Italian Corporate Services Agreement and the Italian Shareholders' Agreement; and

(b) an English law deed of charge (the **Italian Deed of Charge** and the security created thereunder, together with the security created under the Italian Deed of Pledge, the **Italian Notes Security**) pursuant to which the Italian Issuer will grant in favour of the Representative of the Italian Noteholders for itself and as trustee for the benefit of the Italian Noteholders and the other Italian Issuer Secured Creditors, *inter alia*: (i) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Italian Interest Rate Swap Agreement, the Master Loan Sale Agreement, the Italian Servicing Agreement, the Italian Account Bank Agreement and the Italian Issuer Parent Corporate Services Agreement and all other contracts, agreements, deeds and documents, present and future, governed by English law to which the Italian Issuer may become a party in relation to the Italian Notes and the Italian Loan Receivables; (ii) a first fixed charge of its rights to all monies standing to the credit of the Italian Transaction Account; (iii) a first fixed charge of its interest in any Eligible Investments or other investments made by it or on its behalf; and (iv) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (i) to (iii) above to the extent such assignments or charges do not effectively create a fixed charge.

The Italian Intercreditor Agreement: On or about the Closing Date, the Italian Issuer, the Italian Issuer Secured Creditors, other than the Italian Noteholders, (the **Other Italian Issuer Secured Creditors**) and the Lead Manager (which is a party to the Italian Intercreditor Agreement exclusively for the purpose of appointing the Representative of the Italian Noteholders) have entered into an intercreditor agreement (the **Italian Intercreditor Agreement**) pursuant to which the Other Italian Issuer Secured Creditors have agreed to the limited recourse nature of the obligations of the Italian Issuer and to the Italian Priority of Payments described below. The Italian Intercreditor Agreement is governed by Italian law.

The Italian Mandate Agreement: Pursuant to the terms of a mandate agreement to be entered into on or about the Closing Date between the Italian Issuer and the Representative of the Italian Noteholders (the **Italian Mandate Agreement**), the Representative of the Italian Noteholders is permitted to take such action in the name of the Italian Issuer, *inter alia*, following the delivery of an Italian Issuer Acceleration Notice, as the Representative of the Italian Noteholders may deem necessary to protect the interests of the Italian Noteholders and the Other Italian Issuer Secured Creditors. The Italian Mandate Agreement is governed by Italian law.

Mandatory Redemption: The Italian Notes will be subject to mandatory redemption in part on each Italian Note Interest Payment Date to the extent that there is Italian Available Principal (as defined below) available for such purpose.

Redemption in whole for taxation: The Italian Notes will be mandatorily redeemed in full if, (i) by virtue of a change in law after the Closing Date, payments on the Italian Notes become subject to any withholding or deduction for tax, or (ii) by virtue of a change in law after the Closing Date, the amounts receivable by the Italian Issuer under or in respect of the Italian Loans, the Italian Related Security or the Italian Interest Rate Swap Agreement are reduced, subject to the Italian Issuer having sufficient funds available to it to discharge all liabilities connected with the Italian Notes.

Final Redemption: Unless previously redeemed in full, the Italian Notes will mature on the Italian Note Interest Payment Date falling in November 2017 (the **Italian Note Maturity Date**).

Source of Funds: The payment of interest on, the repayment of principal of and the payment of costs, fees and other amounts in respect of the Italian Loans, amounts received under the Italian Interest Rate Swap Agreement, amounts received in respect of the Italian Issuer Fee, interest earned on amounts standing to the credit of the Italian Transaction Account and income received on Eligible Investments or other investments made by or on behalf of the Italian Issuer will provide the only source of funds for the Italian Issuer to make payments of interest on and repayments of principal of the Italian Notes.

On each Italian Loan Payment Date, the Italian Servicer will transfer from each Rent Account (in respect of the Italian Loans) to the Italian Transaction Account an amount in respect of interest, principal, fees and other amounts, if any, then paid under the applicable Italian Credit Agreement.

Governing Law: The Italian Notes will be governed by Italian law.

PRINCIPAL FEATURES OF THE NOTES

Notes: The Notes will comprise:

(a) €104,481,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2019;

(b) €263,193,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2019;

(c) €57,860,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2019;

(d) €100,000 Class X Commercial Mortgage Backed Floating Rate Notes due 2019;

(e) €36,050,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2019;

(f) €44,950,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2019;

(g) €30,500,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2019; and

(h) €8,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2019.

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

Status and priority: On enforcement of the Issuer Security and following service of an Acceleration Notice, payments of interest and repayments of principal in respect of the Class A Notes will rank ahead of payments of interest and repayments of principal in respect of the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Payments of interest and repayments of principal in respect of the Class B Notes will rank ahead of payments of interest and repayments of principal in respect of the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Payments of interest and repayments of principal in respect of the Class C Notes will rank ahead of payments of interest and repayments of principal in respect of the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Payments of interest in respect of the Class X Notes will rank in respect of interest (although principal for the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account) ahead of payments of interest of the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Payments of interest and repayments of principal in respect of the Class D Notes will rank ahead of payments of interest and repayments of principal in respect of the Class E Notes, the Class F Notes and the Class G Notes. Payments of interest and repayments of principal in respect of the Class E Notes will rank ahead of

payments of interest and repayments of principal in respect of the Class F Notes and the Class G Notes. Payments of interest and repayment of principal in respect of the Class F Notes will rank ahead of payments of interest and repayments of principal on the Class G Notes.

Notwithstanding the above, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be entitled to receive both sequential and *pro rata* distribution of principal subject to and in accordance with Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*). On any Note Interest Payment Date, where a Sequential Trigger Event (as defined below) does not exist on the immediately preceding Calculation Date, the Class A Notes will be entitled to receive Available Limited Sequential Principal (as defined below) only. On any Note Interest Payment Date where a Sequential Trigger Event exists on the immediately preceding Calculation Date, payments of principal in respect of the Class A Notes will rank ahead of payments of principal in respect of the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes . The Class X Notes will not be redeemed on any Note Interest Payment Date unless all other Classes of Notes are being redeemed in full pursuant to Condition 6 (*Redemption*). Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest and repayments of principal in respect of the Notes will be paid in accordance with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

See further *"Cashflows"* at page 298 and *Condition* 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 365.

Form of the Notes: Each Class of Notes will be in bearer form. The Temporary Global Note and the Permanent Global Note of each Class will be held by JPMorgan Chase Bank, N.A., as common depositary for Euroclear and Clearstream, Luxembourg. The Notes will be in denominations of €100,000.

For so long as the Notes are represented by Global Notes and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes will be tradeable in minimum nominal amounts of €100,000 and integral multiples of €1,000 in excess thereof. However, there will be certain restrictions in respect of holdings above a multiple of €100,000 in nominal amount. See further Condition 2.3 (*Trading in differing nominal amounts*) at page 350.

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

Class	Fitch	Moody's	S&P
Class A Notes	AAA	Aaa	AAA
Class B Notes	AAA	Aaa	AAA
Class C Notes	AAA	Aaa	AAA
Class X Notes	AAA	Aaa	AAA
Class D Notes	AA	Aa2	AA
Class E Notes	A	NR	A
Class F Notes	BBB	NR	BBB
Class G Notes	BB	NR	BB

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

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

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

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

Liquidity Facility: On or before the Closing Date, the Issuer, the Trustee and the Liquidity Facility Provider, among others, will enter into an agreement (the **Liquidity Facility Agreement**) pursuant to which the Liquidity Facility Provider will make available to the Issuer a facility which the Issuer can draw on to fund certain shortfalls in available funds (including scheduled amounts due under the Loans) from time to time (as described further under "*Transaction Documents – Liquidity Facility Agreement*" at page 284).

Interest Rate Swap Agreement: The Interest Rate Swap Provider will enter into the Interest Rate Swap Agreement with the Issuer. The Issuer and the Interest Rate Swap Provider will, on the Closing Date, enter into one or more swap confirmations with respect to each Loan (each an **Interest Rate Swap Confirmation**) evidencing the terms of the Interest Rate Swap Transactions entered into pursuant thereto. See further "*Transaction Documents – The Interest Rate Swap Agreement*" at page 289.

Final redemption: Unless previously redeemed in full, the Notes will mature on the Final Maturity Date.

Mandatory redemption in part: Unless an Acceleration Notice has been served or the Notes have otherwise become due and repayable in full and to the extent that the Issuer receives principal payments in respect of the Loans or amounts in respect of the French Notes and the Italian Notes representing amounts in respect of principal payments in respect of a Loan (including scheduled repayments, final repayments, prepayments, the proceeds of any repurchase by the Relevant Seller, the Master Servicer, the Special Servicer or a Local Servicer, as applicable) and the proceeds of redemption of the French Notes or the Italian Notes, the Notes will be subject to mandatory redemption in part on each Note Interest Payment Date in the manner described in Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*).

Receipts of principal will be applied by the Issuer sequentially and on a *pro rata* basis subject to the allocation rules set out in Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 365.

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

(a) on or before the occasion of the next Note Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;

(b) on the occasion of the next Note Interest Payment Date, the Issuer or a person acting on behalf of the Issuer, would be required to make any withholding or deduction for or on account of any Taxes from any payment of principal or interest in respect of any of the Notes;

(c) on or before the occasion of the next Note Interest Payment Date, the Issuer, the Italian Issuer or the French Issuer, as applicable, would suffer any withholding or deduction from any payment in respect of a Loan for or on account of any Taxes;

(d) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer, to allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement; or

(e) an Interest Rate Swap Tax Event occurs and:

(i) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it;

(ii) the Interest Rate Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Interest Rate Swap Tax Event; and

(iii) the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use reasonable efforts to find a replacement interest rate swap provider).

Redemption upon exercise of Servicer Call Option:

The Master Servicer or the Special Servicer, as applicable, may prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, subject as provided in Condition 6.4 (*Redemption upon exercise of Servicer Call Option*) upon (i) the Master Servicer or the Special Servicer, as applicable, giving written notice to the Issuer and the Trustee; and (ii) the Issuer giving not more than 60 and not less than 30 days' prior written notice to the Trustee and the Noteholders, purchase the Issuer Loans, the French Notes, the Italian Notes and the PH on any Interest Payment Date in accordance with the terms of the Servicing Agreement and provided that the Master Servicer or the Special Servicer, as applicable, has satisfied the Trustee that as a consequence of the purchase of the Issuer Loans, the French Notes, the Italian Notes and the PH the Issuer will have sufficient funds available to redeem all, but not some only, of the Notes (other than the Class X Notes) in full at their Principal Amount Outstanding together with the accrued interest on the Notes and any amount required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank pari passu with, or in priority to, amounts due in respect of the Notes under the relevant Priority of Payments.

On the exercise of the Servicer Call Option the Class X Notes will be redeemed from amounts standing to the credit of the Class X Principal Account.

Principal Amount Outstanding and Write-Downs:

Principal Amount Outstanding means, in respect of any Note at any time, the principal amount represented by that Note as at the Closing Date as reduced by (i) any payment of principal to the holder of the Note up to (and including) that time; and (ii) the aggregate amount of all Allocated Loan Principal Write-Down Amounts (as defined below) in respect of such Note that have arisen on or prior to such date of calculation.

Following an Adjusted Loan Principal Loss (as defined below) in relation to a relevant Loan, the Principal Amount Outstanding of the most junior class of notes (other than the Class X Notes) may, in certain circumstances, be subject to write-downs (see Condition 6.8 (*Principal Amount Outstanding and Write-Downs*) at page 378).

No purchase of Notes by the Issuer:

The Issuer will not be permitted to purchase any of the Notes.

Interest rates: Each Class of Notes will initially bear interest calculated as the sum of EURIBOR (as defined in Condition 5.3 (*Rates of Interest*)) plus the relevant Margin plus, in the case of the Class X Notes, the Expected Class X Excess Spread Rate.

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

Class	Margin (% p.a.)
Class A Notes	0.13
Class B Notes	0.18
Class C Notes	0.21
Class X Notes	0.13[1]
Class D Notes	0.27
Class E Notes	0.45
Class F Notes	0.85
Class G Notes	2.90[2]

Interest Payments: Interest will be payable on the Notes quarterly in arrear on 20 February, 20 May, 20 August and 20 November in each year, unless the same is not a Business Day, in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (if there is not) (each, a **Note Interest Payment Date**). For these purposes, **Business Day** means a day (other than Saturday or Sunday) on which commercial banks and foreign exchange markets are open for business and settle payments in London, Dublin and Amsterdam and is a TARGET Business Day. The Noteholders will be entitled to receive a payment of interest only in accordance with the relevant Priority of Payments (as described in *"Cashflows"* at page 298).

Interest on the Class G Notes: Notwithstanding any other provisions of any Transaction Document or the Conditions of the Notes, (including, without limitation, with regard to any deferral of interest), if the amount of interest that would be otherwise due and payable in respect of the Class G Notes is in excess of the Class G Adjusted Interest Payment and such difference has arisen as a consequence of a reduction in the interest bearing balance of a Loan as a result of prepayment, the interest payable in respect of the Class G Notes will be subject to a cap (the **Class G Available Funds Cap**) and will be capped at the Class G Adjusted Interest Payment.

To the extent that there is a difference between the interest that would have been payable but for the paragraph above and the Class G Adjusted Interest Payment, such difference (the **AFC Excess Interest Amounts**) will be extinguished on such Note Interest Payment Date and the affected Noteholder will have no further claim against the Issuer in respect of such amounts.

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1 Interest on the Class X Notes will also comprise Class X Excess Spread Amounts. For further details on how this is calculated see *Principal Features of the Notes - Interest on the Class X Notes"* at page *51*

2 Interest on the Class G Notes is subject to the Class G Available Funds Cap.

The ratings from the Rating Agencies do not address the likelihood of receipt by any Class G Noteholder of any AFC Excess Interest Amounts.

Class G Adjusted Interest Payment will be an amount equal to:

(a) as applicable on that Note Interest Payment Date, Adjusted Available Issuer Income available for application under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable on that Note Interest Payment Date or funds available for application under the Post-Acceleration Priority of Payments for distribution on any other date following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full; minus

(b) the sum of all amounts payable out of, as applicable, Adjusted Available Issuer Income under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments in priority to payments of interest on the Class G Notes in accordance with the applicable Priority of Payments.

Interest on the Class X Notes:

Interest on the Class X Notes will be an amount equal to the aggregate of:

(a) the Class X Floating Rate Amount; and

(b) the Expected Class X Excess Spread Amount;

Class X Floating Rate Amount will be the amount of interest in respect of the Class X Notes on the relevant Note Interest Payment Date calculated in accordance with Condition 5.3(a) (*Rates of Interest*).

Expected Class X Excess Spread Amounts will be an amount equal to:

(a) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Expected Available Issuer Income after deducting Administrative Costs and amounts of interest due and payable on the Notes (which, for the avoidance of doubt, will not include any Class X Additional Amounts), subject to, in the case of Expected Class X Excess Spread Amounts in respect of the Note Interest Payment Date falling in November 2006, a cap (the **Class X Initial Cap**) of €600,000; or

(b) on any day following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the available receipts after deducting amounts required to pay Administrative Costs and all amounts of interest and principal due in respect of the Notes (which, for the avoidance of doubt, will not include any Class X Additional Amounts).

Expected Available Issuer Income means with respect to an Interest Period the amount of Available Issuer Income that would have been available on the Note Interest Payment Date falling at the end of such Interest Period assuming full

and timely payment by the Borrower of amounts due and payable under the Loans on the relevant Loan Interest Payment Date falling in the relevant Collection Period and by the French Issuer and the Italian Issuer on the immediately following French Note Interest Payment Date and Italian Note Interest Payment Date, as applicable, without double counting.

Expected Class X Excess Spread Rate means with respect to each Interest Period, the percentage calculated by multiplying a fraction, the numerator of which is the Expected Class X Excess Spread Amounts and the denominator of which is the Principal Amount Outstanding of the Class X Note, by 100.

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

The amount of Administrative Costs payable with respect to any Note Interest Payment Date will vary to the extent that some are payable on an annual basis while other fees are payable on a quarterly basis and the actual Administrative Cost may vary from the estimate of Administrative Costs as determined on each Interest Determination Date and, in respect of any shortfall resulting therefrom in respect of items (a) to (i) of the Pre-Acceleration Revenue Priority of Payments and the Post-Enforcement/Pre Acceleration Revenue Priority of Payments and items (a) to (g) of the Post-Acceleration Priority of Payments (together the **Senior Administrative Costs**): (i) funds may be drawn from amounts standing to the credit of the Administrative Cost Reserve Account; and (ii) to the extent that the amounts standing to the credit of the Administrative Cost Reserve Account are insufficient to cover such shortfall, the Cash Manager may make an Administrative Cost Shortfall Drawing under the Liquidity Facility Agreement.

Class X Additional Amounts:

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

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

(a) any amount identified as Class X Excess Spread Additional Amounts in accordance with the Pre-Acceleration Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments;

(b) all amounts received or recovered by or on behalf of the Issuer in

respect of any Prepayment Fees or any amounts representing Prepayment Fees received or recovered by or on behalf of the French Issuer or the Italian Issuer and paid under the French Notes or the Italian Notes, as applicable; and

(c) any Break Costs received by or on behalf of the Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period that are remaining after the application of such Break Costs in or towards payment of any amount due and payable by the Issuer on such date to the Interest Rate Swap Provider under the Interest Rate Swap Agreement as a result of the termination of all or part of any Interest Rate Swap Transaction or any amounts paid in respect of the French Notes or the Italian Notes representing Break Costs received by or on behalf of the French Issuer or the Italian Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period that are remaining after the application of such Break Costs in or towards payment of any amount due and payable by the French Issuer or the Italian Issuer on such date to the French Interest Rate Swap Provider under the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Provider under the Italian Interest Rate Swap Agreement and any termination payments paid out of Break Costs paid by the French Issuer to the Issuer under the French Interest Rate Swap Agreement or the Italian Issuer under the Italian Interest Rate Swap Agreement in each case as a result of the termination of all or part of any French Interest Rate Swap Transaction or Italian Interest Rate Swap Transaction due to the prepayment by such Borrower of all or part of such Loan.

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

Deferral of Interest: Failure by the Issuer to pay interest on the Class A Notes (or the Most Senior Class of Notes which is still outstanding (as defined in the Conditions (other than Class X Notes))) when due and payable (after a grace period has passed) will result in a Note Event of Default which may result in the Trustee serving an Acceleration Notice. To the extent that funds available to the Issuer on any Note Interest Payment Date, after paying any interest then accrued due and payable on the Most Senior Class of Notes then outstanding, are insufficient to pay in full interest otherwise due on any one or more classes of more junior-ranking Notes then outstanding, the shortfall in the amount then due will not be paid on such Note Interest Payment Date but will be deferred and will only be paid, in accordance with the Priority of Payments on subsequent Note Interest Payment Dates if and when permitted by subsequent cash flows which are available after the Issuer's higher priority liabilities have been discharged. Any interest not paid on the Notes when due will accrue interest and will be paid only to the extent that there are funds available on a subsequent Note Interest Payment Date in accordance with the relevant Priority of Payments (as described in "*Cashflows*") at page 298.

Interest Periods: The first Interest Period will run from (and including) the Closing Date to (but excluding) the first Note Interest Payment Date and subsequent Interest Periods will run from (and including) a Note Interest Payment Date to (but excluding)

the next Note Interest Payment Date.

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

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

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

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

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

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

The Class F Notes will be issued at 100% of their aggregate initial Principal Amount Outstanding.

The Class G Notes will be issued at 100% 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 "*The Netherlands Taxation*" at page 391.

Security for the Notes: The Notes will be secured pursuant to a deed of charge made between, amongst others, the Issuer and the Trustee and dated on or before the Closing Date (the **Issuer Deed of Charge**).

The Trustee will hold the security granted under the Issuer Deed of Charge, the French Note Pledge Agreement and its rights as a beneficiary of the trust created by the Issuer over any interest it acquires in respect of the German Related Security on trust for itself and the other Issuer Secured Creditors.

The Issuer will grant the following security interests under or pursuant to the Issuer Deed of Charge (and, together with the security granted under the French Note Pledge Agreement and the trust created over the rights of the Issuer under the German Security Agreements and the Related Security, the **Issuer Security**):

(a) a first ranking assignment of its rights in respect of the Issuer Loans, the Related Security (other than the German Related Security), the Italian Notes and the Italian Notes Security;

(b) a first ranking assignment of its rights under the other Transaction Documents to which it is a party;

(c) a first fixed charge of its rights to all monies standing to the credit of the Issuer Accounts (other than the Issuer Share Capital Account);

(d) a first fixed charge of its interest in any Eligible Investments or other investments made by it or on its behalf; and

(e) a first floating charge over the whole of its undertaking and of its property and assets not already subject to fixed security or the trust in respect of the German Related Security.

The Issuer will also pledge the French Notes and the French Residual Units held by it and issued by the French Issuer in favour of the Trustee pursuant to the terms of a French Note Pledge Agreement between the Issuer and the Trustee to be dated on or prior to the Closing Date (the **French Note Pledge Agreement**).

In addition, the Issuer will declare a trust over all of its rights, title, interest and benefit present and future under its interest in any German Related Security in favour of the Trustee pursuant to an English law trust (the **German Related Security Trust**), dated prior to the Closing Date.

Transaction Documents:

Austrian Law Transaction Documents means the Austrian Loan Trust Agreement, any Finance Document governed by Austrian law, the Austrian Security Power of Attorney and any other document designated as such by the Issuer and the Trustee.

Belgian Law Transaction Documents means the Belgian Loan Sale Documents, the Belgian Security Trust, the Belgian Security Power of Attorney, any Finance Document governed by Belgian law and any other document designated as such by the Issuer and the Trustee.

English Law Transaction Documents means the Trust Deed, the Issuer Deed of Charge, the Servicing Agreement, the Cash Management Agreement, the Bank Account Agreement, the Master Loan Sale Agreement, the Liquidity Facility Agreement, the Interest Rate Swap Agreement, the Agency Agreement, the Subscription Agreement, the Master Definitions Schedule, the Italian Deed of Charge, the Italian Interest Rate Swap Agreement, the Italian Issuer Parent Corporate Services Agreement, the Italian Servicing Agreement, the Italian Sub-Servicing Agreement, the Italian Bank Account Agreement, the French Interest Rate Swap Agreement, the French Bank Account Agreement, the German Related Security Trust, any Finance Document governed by English law and any other document designated as such by the Issuer and the Trustee (each an **English Law Transaction Document**).

French Law Transaction Documents means the French Loan Sale Agreement, the French Issuer Regulations, the French Subscription Agreement, the French Note Pledge Agreement, the French Servicing Agreement, the French Sub-Servicing Agreement any Finance Document governed by French law and any other document designated as such by the Issuer and the Trustee.

German Law Transaction Documents means the German Loan Sale Documents, any Finance Document governed by German law and any other document designated as such by the Issuer and the Trustee.

Italian Law Transaction Documents means the Italian Loan Sale Documents, the Italian Corporate Services Agreement, the Italian Intercreditor Agreement, the Italian Mandate Agreement, the Italian Agency Agreement, the Italian Subscription Agreement, the Italian Shareholders' Agreement, the Italian Deed of Pledge, any Finance Document governed by Italian law and any other document designated as such by the Issuer and the Trustee.

Netherlands Law Transaction Documents means the Corporate Services Agreement and any other document designated as such by the Issuer and the Trustee.

Spanish Law Transaction Documents means the Spanish Subscription Agreement, the Spanish Servicing Agreement, the Spanish Sub-Servicing Agreement, the Spanish Servicing Power of Attorney, any Finance Document governed by Spanish Law and any other document designated as such by the Issuer and the Trustee.

The English Law Transaction Document, the Netherlands Law Transaction Documents, the Italian Law Transaction Documents, the French Law Transaction Documents, the German Law Transaction Documents, the Austrian Law Transaction Documents, the Belgian Law Transaction Documents and the Spanish Law Transaction Documents together with the Finance Documents and any other document designated as such by the Issuer and the Trustee are the **Transaction Documents** and each a **Transaction Document**.

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments of interest in respect of each Class of Notes will rank in accordance with the Pre-Acceleration Revenue Priority of Payments and payments of principal will rank in accordance with the Pre-Acceleration Principal Priority of Payments (as described in "*Cashflows*" at page 298 and Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 365). If the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) shall make payments in respect of each Class of Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments (as described in "*Cashflows*" at page 298). Upon the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, payments in respect of each Class of Notes will rank in accordance with the Post-Acceleration Priority of Payments (as described in "*Cashflows*" at page 298).

Payments of principal in respect of the Class X Notes will be made from amounts standing to the credit of the Class X Principal Account unless all the other Classes of Notes have been redeemed in full. On the Note Interest Payment Date falling in November 2006, the Issuer or the Cash Manager on its behalf, will apply €80,000, solely from amounts standing to the credit of the Class X Principal Account in partial redemption of the Class X Notes.

Limited Recourse: On enforcement of the Issuer Security, the Trustee and the Noteholders will only

have recourse to the Issuer Security. To the extent that the proceeds of such enforcement are insufficient (after payment of all other claims ranking in priority to or *pari passu* with amounts due in respect of the Notes) to pay all principal and interest due on the Notes then the Issuer's obligations to pay such amounts will be extinguished and the Noteholders will have no further claim against the Issuer in respect of such amounts.

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

Governing law: The Notes will be governed by English law.

RISK FACTORS

Set out in this section is a summary of certain issues of which prospective Noteholders should be aware before making a decision whether or not to invest in Notes of any Class. This summary is not intended to be exhaustive and in particular prospective holders of the Notes should consider the information set out in "Relevant Aspects of Austrian Law" at page *85, "Relevant Aspects of Belgian Law"* at page *99, "Relevant Aspects of French Law"* at page *113, "Relevant Aspects of German Law" at page 132, "Relevant Aspects of Italian Law*" at page *145 and "Relevant Aspects of Spanish Law"* at page 165 . *Therefore, prospective holders of the Notes should also read the detailed information set out elsewhere in this Prospectus and form their own views before making any investment decision.*

1. Considerations relating to the Notes

Liability under the Notes

The Issuer is the only entity which has obligations to pay any amount due 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) any Relevant Seller, the Arranger, the French Issuer, the French Issuer Related Parties, the Issuer Related Parties, the Italian Issuer, the Italian Issuer Related Parties or any of their respective affiliates or advisers.

Limited Recourse to 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 directly or indirectly dependent primarily upon the receipt by it of principal and interest from the Borrowers under the Loans (see further "*The Loans and the Loan Security"* at page 181), the aggregate amounts representing principal and interest paid under the French Notes and the Italian Notes (in each case without double counting), the receipt of funds (if available to be drawn) under the Liquidity Facility Agreement, the receipt of funds from the Interest Rate Swap Provider, the Italian Issuer under the Italian Interest Rate Swap Agreement and the French Issuer under the French Interest Rate Swap Agreement. Other than the foregoing, and any interest earned by the Issuer in respect of its bank accounts, the Issuer is not expected to have any other funds available to it to meet its obligations under the Notes.

Upon enforcement of the security for the Notes, the Trustee or any receiver and the Noteholders will have recourse only to the Loans (or to the French Notes in respect of the French Loans, or to the Italian Notes in respect of the Italian Loans) and to the PH in respect of the Spanish Loan), the Issuer's interest in the relevant Related Security, the Italian Note Security and the French Issuer Assets and to any other assets of the Issuer then in existence as described in this document. In the event that the proceeds of enforcement against the Issuer Security or, in respect of the German Related Security Trust, the property held on trust pursuant to the German Related Security Trust, are insufficient (after payment of all other claims ranking higher in priority to or *pari passu* with amounts due under the Notes), then the Issuer's obligation to pay such amounts will cease and the Noteholders will have no further claim against the Issuer in respect of such unpaid amounts, in which event the Issuer's liability to discharge the then unpaid amounts will be extinguished. Enforcement of the security created pursuant to the Issuer Deed of Charge and the French Note Pledge Agreement and the rights of the Trustee pursuant to the German Related Security Trust, are, therefore, the only remedy available for the purpose of recovering amounts owed in respect of the Notes. It should be noted that in certain limited circumstances (including acceleration, of the Notes), the Issuer will not be able to make any further drawings under the Liquidity Facility Agreement.

Ratings of the Notes

The ratings assigned to each Class of the Notes by the Rating Agencies are based primarily on the Loans, the Loan Security, the Portfolio and other relevant structural features of the transaction, including, among other things, the short term unsecured, unguaranteed and unsubordinated debt ratings of the Liquidity Facility Provider, the Interest Rate Swap Provider, the Account Bank, the French Account Bank and the Italian Account Bank. These ratings reflect only the views of the Rating Agencies.

The ratings do not represent any assessment of the yield to maturity that a Noteholder may experience or the possibility that Noteholders may not recover their initial investments if unscheduled receipts of principal result from a prepayment, a default and acceleration or from the receipt of funds with respect to the compulsory purchase of a Property or Properties.

The ratings address the likelihood of full and timely receipt by any of the Noteholders of interest on the Notes (subject in the case of the Class G Notes to the Class G Available Funds Cap) and the likelihood of receipt by any Noteholder of principal of the Notes by the Final Maturity Date. The ratings from the Rating Agencies do not address the likelihood of receipt by any Class X Noteholder of the Class X Additional Amounts. There can be no assurance that any such ratings will continue for any period of time or that they will not be reviewed, revised, suspended or withdrawn entirely by any of the Rating Agencies as a result of changes in 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 other ratings, the market value and/or liquidity of the Notes of any Class.

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

Ratings confirmations

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

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

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

Absence of secondary market; limited liquidity

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

Denominations and trading

The Notes of each class will be issued in the denomination of €100,000. However, for so long as the Notes of any relevant class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes will be tradeable in minimum nominal amounts of €100,000 and integral multiples of €1,000 in excess thereof. However, if Definitive Notes for that Class of Notes are required to be issued and printed, any Noteholder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the denomination of €100,000 will not be entitled to receive a Definitive Note in respect of such Notes and will not therefore be able to receive principal or interest in respect of such Notes.

Furthermore, at any meeting of Noteholders of any class while the Notes of that class are represented by a Global Note, any vote cast will be valid only if it is in respect of €100,000 in nominal amount. The quorum requirements for meetings of Noteholders will also disregard any holdings to the extent that they cannot be represented by a holding of €100,000.

Availability of Liquidity Facility

Under the Liquidity Facility Agreement, the Liquidity Facility Provider will (prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) make available to the Issuer the €45,000,000 Liquidity Facility which will decrease as the outstanding principal balance of the Loans decrease in accordance with the terms of the Liquidity Facility Agreement but will not decrease below the lower of €45,000,000 and 11% of the outstanding principal balance of the Loans at any time or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes. The Liquidity Facility will be available to the Issuer if, amongst other things, a Borrower fails to make payments of scheduled interest under the Loans and in respect of the payment of certain revenue items of the Issuer (including the French Issuer Fee and the Italian Issuer Fee), certain costs of the Borrowers and where the Senior Administrative Costs on a Note Interest Payment Date are in excess of the estimated Senior Administrative Costs (such estimation occurring on the Interest Determination Date falling prior to the immediately preceding Note Interest Period). Liquidity Drawings under the Liquidity Facility will therefore assist the Issuer in making payments of, among other things, interest in respect of the Notes.

The initial Liquidity Facility will expire 364 days after the Closing Date, although it is extendable for successive periods of up to 364 days. The Liquidity Facility Provider is not obliged to extend or renew the Liquidity Facility at its expiry, but if it does not renew or extend the Liquidity Facility on request then the Issuer will, subject to certain terms, be required to make a Liquidity Stand-by Drawing and place the proceeds of that drawing on deposit in the Liquidity Stand-by Account. See further "*Transaction Documents – Liquidity Facility Agreement*" at page 284.

The Liquidity Facility Provider 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 may ultimately reduce the amount available for distribution to Noteholders).

Interest Payments on the Class G Notes

On each Note Interest Payment Date, the maximum amount of interest then due and payable on the Class G Notes will be limited to the amount equal to the lesser of (a) interest due on the Class G Notes calculated in accordance with Condition 5.3(a) (*Rates of Interest*) on the Note Interest Payment Date (the **Class G Interest Amount**), and (b) the Class G Adjusted Interest Amount on such Note Interest Payment Date. If the difference between the Class G Interest Payment and the Class G Adjusted Interest Payment on a Note Interest Payment Date is attributable to a reduction in the interest-bearing balance of the Loans as a result of prepayments, the debt that would otherwise be represented by such difference will be extinguished on such Note Interest Payment Date, and the affected Noteholders will have no claim against the Issuer in respect of such difference.

Principal Losses

The Principal Amount Outstanding of each Note (other than the Class X Notes) will be reduced by the corresponding amount of any Adjusted Loan Principal Losses that are applied against each Note (other than the Class X Notes) of the relevant class. Noteholders will have no claim against the Issuer in respect of the amount by which the Principal Amount Outstanding of any Notes (other than the Class X Notes) has been so reduced.

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

After enforcement of the security for the Notes under the Issuer Deed of Charge, the French Note Pledge Agreement and the exercise by the Trustee of its rights in respect of the German Related Security Trust, following service of an Acceleration Notice, payments of principal and interest in respect of the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be subordinated to payments of principal and interest in respect of the Class A Notes. Payments of principal and interest in respect of the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be subordinated to payments of principal and interest in respect of the Class B Notes. Payments of principal and interest in respect of the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be subordinated to payments of principal and interest in respect of the Class C Notes. Payments of interest in respect of the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes will be subordinated to payments of interest in respect of the Class X Notes (although principal on the Class X Notes will be repaid solely from amounts standing to the credit of the Class X Principal Account). Payments of principal and interest in respect of the Class E Notes, the Class F Notes and the Class G Notes will be subordinated to payments of principal and interest in respect of the Class D Notes. Payments of principal and interest in respect of the Class F Notes and the Class G Notes will be subordinated to payments of principal and interest in respect of the Class E Notes. Payments of principal and interest in respect of the Class G Notes will be subordinated to payments of principal and interest in respect of the Class F Notes.

If, on any Note Interest Payment Date when there are Class A Notes outstanding, the Issuer has sufficient funds (including any funds available to be drawn for that purpose under the Liquidity Facility Agreement) to make payment in full of interest due on the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes,

then the Issuer will be entitled under Condition 16 (*Subordination by Deferral*) to defer payment of that amount (to the extent of the insufficiency) until the following Note Interest Payment Date. This will not constitute a Note Event of Default. If there are no Class A Notes then outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes only. If there are no Class B Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes only (except as provided below). If there are no Class C Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes only (except as provided below). If there are no Class X Notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class E Notes, the Class F Notes and the Class G Notes (except as provided below). If there are no Class D notes outstanding, the Issuer will be entitled to defer payments of interest in respect of the Class F Notes and the Class G notes only (except as provided below). If there are no Class E Notes outstanding, the Issuer will only be entitled to defer payments if interest in respect of the Class G Notes. If there are no Class F Notes outstanding, the Issuer will not be entitled to defer payments of interest in respect of the Class G Notes.

The terms on which the Issuer Security will be held will provide that, both before and after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, certain payments (including all amounts payable to any receiver, the Trustee, all amounts due to the Master Servicer, the Special Servicer, the Spanish Servicer, the Cash Manager, the Corporate Services Provider, the Account Bank, the Paying Agents, the Agent Bank, all amounts due to the French Issuer and the Italian Issuer in respect of the French Issuer Fee and the Italian Issuer Fee, as applicable, all payments due to the French Issuer under the French Interest Rate Swap Agreement, all payments due to the Italian Issuer under the Italian Interest Rate Swap Agreement, all payments due to the Liquidity Facility Provider under the Liquidity Facility (other than in respect of Liquidity Subordinated Amounts), all payments due to the Interest Swap Provider under the Interest Swap Agreement (other than Subordinated Swap Amounts)) will be made in priority to payments in respect of interest and principal on the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes. Upon service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, all amounts owing to the Class A Noteholders will rank higher in priority to all amounts owing to the Class B Noteholders, all amounts owing to the Class B Noteholders will higher in priority to the Class C Noteholders, all amounts owing to the Class C Noteholders will rank in priority to amounts owing to the Class X Noteholders, all amounts owing to the Class X Noteholders will rank *pari passu* and *pro rata* amongst themselves in respect of interest and (other than in respect of principal, which will be paid solely from amounts standing to the credit of the Class X Principal Account) will rank higher in priority to all amounts owing to the Class D Noteholders; all amounts owing to the Class D Noteholders will rank higher in priority to all amounts owing to the Class E Noteholders; all amounts owing to the Class E Noteholders will rank higher in priority to all amounts owing to the Class F Noteholders; and all amounts owing to the Class F Noteholders will rank higher in priority to all amounts owing to the Class G Noteholders.

Conflict of interests between Classes of Noteholders

The Trustee will be required, in performing its duties as trustee under the Trust Deed, to have regard to the interests of all the Classes of Noteholders together. However, if (in the sole opinion of the Trustee) there is a conflict between the interests of the holders of one or more Classes of Notes and the interests of the holders of one or more other Classes of Notes, then the Trustee will be required in certain circumstances to have regard only to the interests of the holders of the Most Senior Class of Notes then outstanding unless specifically stated otherwise (for example in respect of any matter

concerning a particular category of Loan, unless a Sequential Trigger Event is outstanding). For all purposes when the Trustee performs its duties under the Trust Deed, the Issuer Deed of Charge, the French Note Pledge Agreement and the German Related Security Trust, the interests of individual Noteholders will be disregarded and the Trustee will determine interests viewing the holders of any particular Class of Notes as a whole.

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

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

Withholding or deduction under the Notes

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

Yield and prepayment considerations

The yield to maturity of the Notes of each Class will depend on, among other things, the applicable rate of interest on each Class of the Notes, the amount and timing of receipt by the Issuer, the French Issuer and the Italian Issuer of amounts of principal and interest in respect of the Loans. Such yield may be affected by one or more prepayments in respect of any of the Loans. In addition, Noteholders should be aware that it is expected that the French Retail VAT Loan will be repaid within 6 months of the Closing Date.

The yield to maturity on the Class X Notes will be highly sensitive to the rate and timing of principal payments and collections (including by reason of a voluntary or involuntary prepayment, or a default and liquidation) on the Loans. Investors in the Class X Notes should fully consider associated risks, including the risk that a faster than anticipated rate of principal payments and collections could result in a lower than expected yield, and an early liquidation of the Loans could result in the failure of such investors to fully recoup their initial investments in respect of any premium above the €100,000 initial Principal Amount Outstanding of the Class X Notes as of the Closing Date.

Each Borrower has the option to prepay its Loan at any time, although, if a Borrower chooses to do so before the end of the relevant period as set out in the relevant Credit Agreement, it may be required to pay certain Prepayment Fees and Break Costs. Any Prepayment Fees or amounts of interest representing Prepayment Fees paid in respect of the French Notes and the Italian Notes will go towards payments of certain Class X Additional Amounts in respect of the Class X Notes and will not be available to make any payments in respect of the Notes (other than the Class X Notes).

Certain Break Costs or amounts of interest representing such Break Costs paid in respect of the French Notes and the Italian Notes or received by the Issuer in its capacity as French Interest Rate Swap Provider or Italian Interest Rate Swap Provider, as applicable, will be applied in accordance with the Break Costs Priority of Payments primarily to fund any termination costs due to the Interest Rate Swap Provider as a result of such prepayment and thereafter will be applied as Class X Additional Amounts. For further information, see "*Cashflows*" at page 298.

Subject as stated below, if a Relevant Borrower prepays a Loan in whole or in part, the French Issuer will effect a redemption of the French Notes (in accordance with the Terms and Conditions of the French Notes), the Italian Issuer will effect a redemption of the Italian Notes (in accordance with the Terms and Conditions of the Italian Notes) and/or the Issuer will effect a redemption of the Notes (in accordance with Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) at page 365).

2. Considerations relating to the Italian Notes

Risk Relating to Redemption of the Italian Notes

In the event that the Italian Notes are redeemed in whole or in part prior to the 18 months from the Closing Date, the Italian Issuer will be required to pay a tax under Italian law corresponding to an amount equal to 20% of the interest accrued on the early redeemed Italian Notes up to the time of such early redemption. As such, during the period between the Closing Date and the Italian Note Interest Payment Date immediately following the date falling 18 months plus one day after the Closing Date (the **Italian Accumulation Period**) any amount of principal received in respect of the Italian Loans may only be used to redeem the Italian Notes at the discretion of the Representative of the Italian Noteholders as directed by the Master Servicer as agent of the Issuer (as Italian Noteholders). The Italian Loans contain certain restrictions on the Italian Borrowers to make voluntary prepayments of the Italian Loans within 18 months of the relevant Italian Loan Closing Date. However, in the event that an Italian Borrower makes a mandatory prepayment under the relevant Italian Loan or the Related Security in respect of the relevant Italian Loan is enforced, any amounts received or recovered during the Italian Accumulation Period will to the extent that the Representative of the Italian Noteholders (as directed by the Issuer) has not allocated such amounts be used to redeem the Notes, be deposited in the Italian Transaction Account until the expiry of the Italian Accumulation Period. The interest earned on amounts standing to the credit of the Italian Transaction Account will be applied as interest on the Italian Notes but is likely to be significantly less than interest that would otherwise be due on the Italian Loans. In such circumstances no assurance can be given that the Issuer will receive sufficient interest from the French Notes, the Italian Notes and the Loans (other than the French Loans and the Italian Loans) to pay interest due on the Notes and, in particular, the Class X Notes.

3. Considerations relating to the Loans and the Loan Security

Late payment or non-payment of rent

There is a risk that rental payments due under a Lease on or before the relevant Loan Interest Payment Date will not be paid on the due date or will not be 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 Relevant Borrower to make payments to the French Issuer, the Issuer or the Italian Issuer as applicable, under the relevant Loan. Such a default by a Borrower may not itself result in a Note Event of Default since the Issuer will have access to other resources as mentioned above

(specifically, payments made by the Relevant Borrowers, to the French Issuer, the Issuer or the Italian Issuer, as applicable, in relation to other Loans and funds made available under the Liquidity Facility in respect of any shortfall in the amount of scheduled interest due under the Loans), 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.

Prepayment of the Loans

Borrowers may be obliged, in certain circumstances, to prepay a Loan in whole or in part prior to the Loan Maturity Date. These circumstances include on disposal of all or part of a relevant Property (where such Property has not been substituted (where such substitution is permitted in accordance with the terms of the relevant Credit Agreement)), on a change of control of the Relevant Borrower in certain cases or its shareholder (where relevant), on a reimbursement of the French Recoverable VAT, or refusal by the French tax authorities to refund the French Recoverable VAT (with respect to the French VAT) and where it would be unlawful for the Relevant Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in the relevant Loan and are more particularly set out in "*Transaction Summary – Key Characteristics of the Loans and the Portfolio – Mandatory prepayment*" at page 34 . These events are beyond the control of the Borrowers, the Italian Issuer, the French Issuer and the Issuer. Any such prepayment may result in the Notes being prepaid earlier than anticipated.

Refinancing risk

All of the Loans are expected to have substantial remaining principal balances as at their respective maturity dates. However, some of the Loans will be subject to scheduled amortisation throughout the term of the relevant Loan. For further information in relation to Loan amortisation see "*The Loans and the Loan Security"* at page 181.

Unless previously repaid, each Loan will be required to be repaid by the Relevant Borrower in full on the relevant Loan Maturity Date. The ability of a Relevant Borrower to repay a Loan in its entirety on the Loan Maturity Date will depend, among other things, upon its having sufficient available cash or equity and upon its ability to find a lender willing to lend to the Relevant Borrower (secured against some or all of the relevant Properties) sufficient funds to enable repayment of the Loan. Such lenders will generally include banks, insurance companies and finance companies. The availability of funds in the credit market fluctuates and no assurance can be given that the availability of such funds will remain at or increase above, or will not contract below current levels. In addition, the availability of assets similar to the Properties, and competition for available credit, may have a significant adverse effect on the ability of potential purchasers to obtain financing for the acquisition of the Properties.

The French Issuer, the Issuer, the Italian Issuer and the Sellers are under no obligation to provide any refinancing or enter into new hedging arrangements and there can be no assurance that a Borrower would be able to refinance a Loan.

If the Relevant Borrower cannot find such a lender, then the Relevant Borrower may be forced, in circumstances which may not be advantageous, into selling some or all of the Properties it owns in order to repay its Loan. Failure by the Relevant Borrower to refinance its Loan or to sell the Properties on or prior to the Loan Maturity Date may result in the Relevant Borrower defaulting on that 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 or if

an Adjusted Loan Principal Loss has occurred, the Principal Amount Outstanding of the Notes (other than the Class X Notes) will be written down in accordance with Condition 6.8 (*Principal Amount Outstanding and Write-Downs*).

Limited payment history

13 of the Loans, representing 75.1% of the initial aggregated balance of the Loan Pool were originated within 12 months of the Closing Date. As such, the majority of the Loans do not have a long standing payment history and there can be no assurance that required payments will be made or, if made, will be made on a timely basis.

Recent acquisition of the Properties

In respect of certain of the Loans, the relevant Obligor acquired or in respect of the Non-Completed properties in respect of the KingBu Portfolio Loan, will acquire, its Related Property or Properties (as the case may be) contemporaneously with the origination of the relevant Loan. Accordingly, such Obligors have limited experience in operating the Properties and, therefore, there is a risk that the net operating income and cash flow of such Properties may vary significantly from the operations, net operating income and cash flow generated by the Properties under prior ownership and management.

Sufficiency of Obligors' assets

Payments in respect of the Notes are directly or indirectly dependent on, the receipt of funds under the Loans and, where necessary and applicable, the Liquidity Facility Agreement and the Interest Rate Swap Agreement. In turn, recourse on the Loans is generally limited to the Borrowers and any other Obligors, whose assets (in each case the Properties and other assets security over which has been created to secure the Loans) will be limited and whose business activities, in the case of each Borrower (other than the Borrower in respect of the KingBu Portfolio Loan), are limited to owning, financing and otherwise dealing with such assets. In addition in certain cases the recourse against the Relevant Borrower is limited to the secured assets and there is no recourse to any other assets that the Relevant Borrower or Obligor may own. However, the Lender has full recourse against the Relevant Borrower's Property or Properties (other than in respect of the VAT Loan), as applicable, and the Relevant Borrower has given full security against its interests in the relevant Property or Properties (or, in relation to the Belgian Property, an irrevocable mandate to take security over such Property that was not already secured on the Loan Closing Date) and all its rights and assets held in relation to that Property or Properties other than in respect of the security for the KingBu Portfolio Loan where recourse of the Lender is limited to specified assets of certain Obligors. Consequently, the ability of the Borrowers to make payments on the Loans (other than the VAT Loan) prior to their respective maturity dates, and, therefore, the ability of the Issuer to make payments on the Notes prior to the Final Maturity Date, is dependent primarily on the sufficiency of the net operating income of the Properties. The ability of the Borrower to make payments on the VAT Loan will depend on the receipt of any Recoverable VAT.

If, following the occurrence of a Loan Event of Default and following the exercise by the Relevant Servicer of all available remedies in respect of the relevant Loan and any Related Security, the French Issuer, the Issuer or the Italian Issuer does not receive the full amount due from the Relevant Borrower, then Noteholders (or the holders of certain Classes of Notes) may receive by way of principal repayment an amount less than expected and the Issuer may be unable to pay in full interest due on the Notes. In addition, following an Adjusted Loan Principal Loss (as defined below) the Principal Amount Outstanding of the most junior Class of Notes (other than the Class X Notes) may in certain circumstances be subject to write-down (see Condition 6.8 (*Principal Amount Outstanding*

and Write-Downs)). Noteholders will have no claim against the Issuer in respect of any write-down of the Principal Amount Outstanding of the Notes.

Hedging risks

The Interest Rate Swap Transactions

A number of the Loans bear interest at a fixed rate while each Class of the Notes bears interest at a rate based on three-month EURIBOR plus a margin. In addition the Loan Interest Periods under the Loans with a floating rate of interest will not match the Interest Periods under the Notes. In order to hedge interest rate risk, the Issuer will enter into the Interest Rate Swap Transactions pursuant to the Interest Rate Swap Agreement and the French Issuer and the Italian Issuer will enter into the French Interest Rate Swap Transactions and the Italian Interest Rate Swap Transactions under the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement, as applicable. In addition, in respect of the KingBu Portfolio Loan, the Borrower is required to pay a floating rate of interest based on three-month EURIBOR plus a margin. However the interest payable by the Borrower is capped, such that if three-month EURIBOR exceeds a specified amount, the Borrower will not have any obligation to pay amounts in excess of the cap, to the Issuer. In order to hedge the interest rate risk in relation to the KingBu Portfolio Loan, the Issuer will enter into an interest rate cap with the Interest Rate Swap Provider, pursuant to which the Interest Rate Swap Provider will pay an amount based on three-month EURIBOR to the Issuer, if EURIBOR rises above the specified level. There can be no assurance, however, that the Interest Rate Swap Transactions will adequately address unforeseen interest rate hedging risks. In certain circumstances, the Interest Rate Swap Agreement may be terminated and as a result the Issuer may be unhedged if replacement interest rate swap transactions cannot be entered into. In particular, Noteholders may suffer a loss if, as a result of a default by a Borrower under the relevant Credit Agreement, the Interest Rate Swap Transactions are terminated and the Issuer is, as a result of such termination, required to pay amounts to the Interest Rate Swap Provider. Certain of such amounts payable on an early termination rank senior to any payments to be made to the Noteholders both before enforcement of the Issuer Security and after enforcement of the Issuer Security.

Loan Hedging Arrangements

Interest is payable on the French Loans (other than the Nanterre Loan), the Pomezia Loan, the Anec Blau Loan and the KingBu Portfolio Loan (the **Floating Rate Loans**) at a floating rate of interest. The Pomezia Loan is a floating rate loan which converts to a fixed rate when EURIBOR for three-month deposits rises above certain levels specified in the relevant Credit Agreement or on the date falling 18 months after the utilisation date. The income to be applied in repayment of the Floating Rate Loans (comprising, primarily, rental income in respect of the Properties) does not vary according to prevailing interest rates. Therefore, in order to address this interest rate risk the Borrowers under the Floating Rate Loans, other than the Borrower in respect of the KingBu Portfolio Loan, have entered into and (under the terms of the relevant Credit Agreement) are required to maintain, the Loan Hedging Arrangements. See further "*The Loans and the Loan Security – Hedging Obligations*

The Borrower in respect of the KingBu Portfolio Loan will pay a floating rate of interest up to a specified amount. The Issuer will enter into an interest rate cap with the Interest Rate Swap Provider to protect its position should EURIBOR rise above the capped levels.

If the Borrowers under the Floating Rate Loans were to default in their obligations to maintain suitable hedging arrangements, or if the relevant Loan Hedge Counterparty were to default in its obligations to the Relevant Borrower, then the Relevant Borrower may have insufficient funds to

make payments due at that time in respect of the relevant Loan. In the circumstances the Issuer may have insufficient funds to make payments in full on the Note and Noteholders could, accordingly suffer a loss.

4. Considerations relating to the Obligors

Special purpose entity

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

All of the Loans contain provisions that require the Relevant Borrower to conduct itself in accordance with certain SPE covenants, which may include some or all of the foregoing. However, there can be no assurance that the Relevant Borrower will be able to comply with the SPE covenants. In addition, there can be no assurance that all or most of the restrictions customarily imposed on SPEs by institutional lenders and recognised statistical ratings organisations will be complied with by the Borrowers, and even if all or most of such restrictions have been complied with by the Borrowers, there can be no assurance that such Borrowers will not nonetheless become insolvent.

The majority of the Obligors were incorporated or formed for the purposes of acquiring (or refinancing the acquisition of) and holding interests in the property charged as security for the relevant Loan, or for acquiring the entire issued share capital in other companies owning the legal and beneficial interests in such property (whether directly or indirectly).

The relevant Obligor in respect of the Flora Park Loan and the KingBu Portfolio Loan own the Flora Park Properties and the KingBu Portfolio Properties respectively but were not formed for the purpose of acquiring or refinancing the relevant Properties and had held interests in the relevant Properties for a considerable period prior to the relevant Loan Closing Date. However, in respect of each Loan the relevant Credit Agreement contains a covenant to the effect that the relevant Obligor has not traded or carried on any business since the date of its incorporation, except as permitted under that Credit Agreement. In addition, the Borrower in respect of the CRIPA Portfolio Loan was formed for the purpose of acquiring or refinancing the relevant Properties but owns other properties other than the CRIPA Portfolio Properties and has entered into third party indebtedness with third party lenders (which may include the Seller) where such indebtedness is, as in the case of the CRIPA Portfolio Loan, limited to the relevant financial assets acquired in respect of such indebtedness.

Insolvency of an Obligor

Although most of the Obligors have generally been incorporated as SPEs they may, nonetheless, become insolvent or subject to moratorium proceedings (where applicable) under the relevant law. The French Issuer, the Issuer and the Italian Issuer as holder of, or a beneficiary of, the security interest granted in connection with the transfer of the Loan Sale Documents, will have certain rights under the relevant Loan Sale Documents if a Borrower or Obligor becomes insolvent or subject to a

moratorium, and certain rights to enforce its security. However the rights of a creditor are limited by the law of the relevant jurisdiction.

An insolvency of any Borrower or Obligor (provided that it is coupled with another default in respect of the Spanish Loan and, in respect of the Belgian Loan, subject to the exception set out below regarding a judicial composition), would result in a Loan Event of Default with respect to the related Loan giving rise to an acceleration of such Loan and/or an enforcement of the relevant Loan Security. In the event of such a default, the Issuer may be unable to pay to the Noteholders, or the holders of certain Classes of Notes, (i) by way of principal repayment, the entire face value of their Notes and (ii) by way of interest payment, the full amount due on the Notes. **Loan Event of Default** means an event of default under any Loan as defined in the relevant Credit Agreement.

Under Belgian law, an application for judicial composition by a Belgian Obligor or a Belgian Obligor becoming the subject of a judicial composition procedure may not result in an acceleration of the relevant debt. Under Spanish law, insolvency of a borrower, in the absence of any other default can not result in an acceleration of the relevant debt.

The rights of creditors and the creditor enforcement process will be restricted in some jurisdictions more than others. See further:
"*Relevant Aspects of Austrian Law – Insolvency*" at page 85,
"*Relevant Aspects of Belgian Law – Insolvency*" at page 108,
"*Relevant Aspects of French Law – Insolvency*
" at page 125,
"*Relevant Aspects of German Law – Insolvency*" at page 143,
"*Relevant Aspects of Italian Law – Insolvency*" at page 145 and
"*Relevant Aspects of Spanish Law – Insolvency*" at page 165.

Collection and Enforcement Procedures

The Relevant Servicer is required, in accordance with the terms of the Relevant Servicing Agreement, to recover amounts due from the Borrowers. The Relevant Servicer must ensure that its default and enforcement procedures meet the requirements of the Relevant Servicing Agreement. Such procedures may involve the appointment of a non-administrative receiver or the adoption of the appropriate court proceedings or may involve the deferral of formal enforcement procedures and the restructuring of the Loan by an amendment or waiver of certain provisions, subject to any restrictions in the Relevant Servicing Agreement. See further "*French, Italian and Spanish Servicing*" at page 311 and "*Issuer Servicing*" at page 321.

Litigation

There may be pending or threatened legal proceedings against any of the Obligors and their affiliates. To the knowledge of the Sellers, as at the Closing Date, there is no litigation pending or threatened against any Obligors in respect of the Properties. Each relevant Credit Agreement and/or Security Agreement includes an obligation by the relevant Obligor to notify the Relevant Seller or Relevant Security Agent of any legal proceedings which might or could reasonably be expected to have (or, in respect of certain Loans, legal proceedings which are reasonably likely to be adversely determined and, if adversely determined, are reasonably likely to have) a material adverse effect on the ability of the Borrower to make payments under a Loan and consequently the Issuer's ability to make payments under the Notes.

5. Considerations relating to the Properties

Commercial lending generally

The Loans (other than in the case of the VAT Loan) and in respect of the Belgian Loan, the Belgian Parallel Debt, are secured by, among other things, first ranking security over the relevant Property or Properties subject to certain reservations of law and, in case of the Belgian Property a mortgage which covers only 25% of the initial amount of the Belgian Parallel Debt (the remainder of the amount of the Belgian Parallel Debt being covered by a mortgage mandate) and, in the case of the Cassina Plaza Loan and the German Loans, undertakings to remove any existing security. Commercial mortgage lending is generally viewed as exposing a lender to a greater risk of loss than residential mortgage lending since the repayment of loans secured by income-producing properties is typically dependent upon the successful operation of the related property. If the cash flow from the property is reduced (for example, if leases are not obtained or renewed or if tenants default in their obligations under the leases), a Borrower's ability to repay a relevant Loan may be impaired.

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

The net operating income and value of the Properties may be adversely affected by a number of factors, including, but not limited to, national, regional and local economic conditions (which may be adversely affected by business closures or slowdowns and other factors), national or local property market conditions (such as an oversupply of commercial space, including market demand), perceptions by prospective Tenants, retailers and shoppers of the safety, convenience, condition, services and attractiveness of the Properties, the proximity, attractiveness and availability of competing alternatives to the Properties, the willingness and ability of the owners of the Properties to provide capable management and adequate maintenance, an increase in the capital expenditure needed to maintain a Property or make improvements to it, demographic factors, consumer confidence, unemployment rates, consumer tastes and preferences, retroactive changes to building or similar regulations, and increases in operating expenses (such as energy costs). In addition, other factors may adversely affect the Properties' value without affecting their current net operating income, including: changes in governmental regulations, fiscal policy and planning/zoning or tax laws, potential environmental legislation or liabilities or other legal liabilities, the availability of refinancing, and change in interest rate levels or yields required by investors in income-producing commercial properties. The age, construction quality and design of a particular Property may affect its occupancy level as well as the rents that may be charged for individual Leases over time. The adverse effects of poor construction quality will increase over time in the form of increased maintenance and capital improvements needed to maintain the Property. Even good construction will deteriorate over time if the property managers do not schedule and perform adequate maintenance in a timely fashion. If, during the term of the Loans, competing properties of a similar type are built in the areas where the Properties are located or similar properties in the vicinity of the Properties are substantially updated and refurbished, the value and net operating income of such Properties could be reduced. Some of the Loans permit the Borrower to make permitted developments, subject to the specific terms of the relevant Credit Agreement, including certain consent provisions.

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

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

Any one or more of the above described factors could operate to have an adverse effect on the income derived from, or able to be generated by, a particular Property, which could in turn cause a Borrower in respect of such Property to default on the relevant Loan or may impact a Borrower's ability to refinance the relevant Loan or sell the Properties or repay the relevant Loan and may consequently affect the Issuer's ability to make payments under the Notes.

Borrowers' dependence on Tenants

The Borrowers' ability to meet their obligations under the relevant Credit Agreement will depend upon their continuing to receive a significant level of aggregate rent from the Tenants under the Leases. Borrowers' ability to make payments in respect of the relevant Credit Agreement could be adversely affected if occupancy levels at the Properties were to fall or if a significant number of Tenants were unable to meet their obligations under the Leases.

The ability to attract the appropriate types and number of Tenants paying rent levels sufficient to allow a Borrower to make payments due under the relevant Credit Agreement will depend on, among other things, the performance generally of the commercial property market. Continued global instability (resulting from economic and/or political factors, including the threat of global terrorism) may adversely affect the economies of the relevant jurisdictions.

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

Concentration of Loans

The effect of mortgage pool loan losses will be more severe if the pool is comprised of a small number of loans, each with a relatively large principal balance or if the losses relate to loans that account for a disproportionately large percentage of the pool's aggregate principal balance. Because there are 19 Loans, losses on any Loan may have a substantial adverse effect on the repayment profile of the Notes. The relative approximate percentages of the 19 Loans are:

Loan	Percentage of Cut-Off Date Securitised Principal Balance*
Flora Park	21.8%
Anec Blau	9.8%
Century Center	8.5%
German Supermarket Portfolio	7.7%
Cassina Plaza	7.3%
ATU Germany	6.0%
Bielefeld/Berlin Portfolio	4.9%
Nanterre	4.4%
Netto Portfolio	4.2%
CRIPA Portfolio	4.2%
KingBu Portfolio	3.9%
French Retail	3.7%
French Retail VAT	0.4%
Malakoff	3.4%
Montrouge	3.1%
ATU Austria	2.8%
Pomezia	2.0%
Toulouse 1	1.1%
Toulouse 2	0.8%
Total	**100.0 %**

* Percentages may not total 100% due to rounding.

In addition, the repayment, in whole or in part, of any Loan will affect the concentration of the Loans.

Geographic concentration; The economies of Austria, Belgium, France, Germany, Italy and Spain

Based upon the principal balance of the Loans as at the Cut-Off Date (the **Cut-Off Date Balance**), (other than the Cut-Off Balance in respect of the VAT Loan) 8 properties, representing 2.5% of the Properties by value are located in Austria, one property, representing 7.0% of the Properties by value is located in Belgium, seven properties, representing 20.0% of the Properties by value are located in France, 95 properties, representing 45.6% of the Properties by value are located in Germany, six properties, representing 10.7% of the Properties by value are located in Italy, and one property, representing 14.1% of the Properties by value is located in Spain. Repayments under the Loans and the market value of the Properties could be adversely affected by national and local conditions in the property markets where the Properties are located, acts of nature, including floods (which may result in uninsured losses), and other factors which are beyond the control of the Borrowers. In addition, the performance of the Properties will be dependent upon the strength of the economies of the local areas where such properties are located.

Tenant concentration

Deterioration in the financial condition of a Tenant can be particularly significant if a Property is leased to a small number of Tenants or a sole Tenant. Properties leased to a small number of Tenants, or a sole Tenant, also are more susceptible to interruptions of cash flow if a Tenant fails to renew its Lease. This is so because: (a) the financial effect of the absence of rental income may be

severe, (b) more time may be required to re-lease the space, and (c) substantial capital costs may need to be incurred to make the space appropriate for replacement Tenants. In respect of the Nanterre Loan, the Montrouge Loan, the Toulouse 1 Loan, the Toulouse 2 Loan and one of the Properties in respect of the Pomezia Loan the Properties have sole tenants.

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

Risks relating to office properties

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

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

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

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the Borrowers and any other Obligors under the Loans secured by such Properties will be unable to meet their obligations under such Loans and may consequently affect the Issuer's ability to make payments under the Notes.

Risks relating to industrial properties

The income from and market value of an industrial property and a Borrower's ability to meet its obligations under a Loan secured by such a property are subject to a number of risks. One of the most important risks relates to the continued access to, and proximity of, the building to a major road network. Any interruption in the road access to an industrial property could result in a shortfall in

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

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

Each of the foregoing risks may individually or in the aggregate affect the income from and market value of the industrial and car park properties and thereby increase the probability that the Borrower or any Obligor will be unable to meet its obligations under the Loan secured by such Properties and may consequently affect the Issuer's ability to make payments under the Notes.

Risks relating to retail properties

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

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

Other key factors affecting the value of retail properties include the quality of management of the properties, the attractiveness of the properties and the surrounding neighbourhood to tenants and their customers, the public perception of the level of safety in the neighbourhood, access to public transportation and major roads and the need to make major repairs or improvements to satisfy major tenants.

Each of the foregoing circumstances and events may, individually or in the aggregate, adversely affect the income from and market value of the Properties and thereby increase the possibility that the Borrowers or any other obligors under the Loans secured by such Properties will be unable to meet their obligations under such Loans and may consequently affect the Issuer's ability to make payments under the Notes.

Borrowers' liability to provide services

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

The liability of the Borrowers to provide the relevant services is, however, generally not conditional upon all such contributions being made and consequently any failure by any Tenant to pay the service charge contribution on the due date or at all would oblige the Relevant Borrowers to provide for the shortfall from its own monies. The Borrowers would also need to pay from their own monies service charge contributions in respect of any vacant units, which would reduce amounts available to make payments on the relevant Loan and consequently adversely affect the Issuer's ability to make payments on the Notes. In certain of the leases the relevant Obligor does not have an ability to recover service charges from a tenant and will be obliged to keep part of the structure in repair. Any amounts expended by, or on behalf of an Obligor by the Relevant Servicer or the Relevant Security Agent, in respect of its obligations to maintain and/or repair the Property, may reduce amounts available to meet a Borrower's obligation in respect of the relevant Loan and may consequently affect the Issuer's ability to make payments under the Notes.

Maintenance obligations

Under the relevant law of each jurisdiction, the landlord has a responsibility for certain maintenance obligations which at the very least require the landlord to maintain the property fit for the use assigned to them in the lease agreement unless in certain cases stated to the contrary. Accordingly, the Borrowers will be required to apply some of their rental income in discharging their maintenance and repair obligations in priority to discharging their obligations under the relevant Loan. Any amount of non-urgent maintenance has, if applicable, been identified in the respect of the relevant Loan and has also been budgeted by the Borrowers and will be implemented as part of their general capex maintenance programme. These costs were, where applicable, taken into account in preparation of the relevant Valuation and have been modelled in the Loan cash flows.

See "*Relevant Aspects of Austrian Law – Maintenance obligations*" at page 92;
"*Relevant Aspects of Belgian Law – Maintenance obligations*" at page 105;
"*Relevant Aspects of French Law – Maintenance obligations*" at page 120;
"*Relevant Aspects of German Law – Maintenance Obligations*" at page 141;
"*Relevant Aspects of Italian Law – Maintenance obligations*" at page 152; and
"*Relevant Aspects of Spanish Law – Maintenance obligations*" at page 171.

Terms of the Leases

Leases granted by an Obligor may terminate earlier than anticipated if the relevant Tenant surrenders its Lease or defaults in the performance of its obligations. Further, Leases contain break clauses which, if exercised, will lead to a termination of that Lease. In such circumstances, the Relevant Borrowers will have to seek to renew such tenancies or to find new Tenants for the vacated premises.

Under the terms of the Credit Agreements, the relevant Obligor may not grant or agree to grant a new Lease except in accordance with the terms of the relevant Credit Agreement and no existing Lease may be amended, waived, surrendered, sub-leased or assigned (unless the assignor remains bound by the terms of the Lease for the remainder of the term or the assignor is able to demonstrate to the Lender (acting reasonably) that the financial conditions and covenant of the assignee is no worse than that of the occupational tenant as at the date of the relevant Credit Agreement) except in accordance with the terms of the relevant Credit Agreement and no downward rent review may be agreed in relation to any Lease without, in respect of certain of the Loans, the consent of the Relevant Lender.

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

Any of these factors may result in a decline in the income produced by the Properties or the incurrence by the Borrowers of unforeseen liabilities, which may in turn adversely affect the ability of the Borrowers to meet their obligations in respect of the Loans and hence the ability of the Issuer to make payments on the Notes.

Property management

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

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

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

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

Statutory rights of tenants

In certain circumstances, a tenant of a property may have legal rights enforceable against its landlord that may delay the payment of rent or reduce the amount of rent payable. Any such reduction or

delay may adversely affect the ability of the Issuer to make payments on the Notes. For more information see:

"Relevant Aspects of Austrian Law – Statutory Rights of Tenants" at page 92;
"Relevant Aspects of Belgian Law – Statutory Rights of Tenants" at page 105;
"Relevant Aspects of French Law – Statutory Rights of Tenants" at page 122;
"Relevant Aspects of German Law – Statutory Rights of Tenants" at page 141;
"Relevant Aspects of Italian Law – Statutory Rights of Tenants" at page 154; and
"Relevant Aspects of Spanish Law – Statutory Rights of Tenants" at page 172.

Leasing parameters

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

Limitations of valuations

The aggregate valuations of the Properties as at the dates of their respective Valuations were €774,182,000. 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 that would be reached if a different valuer were appraising the same property. Furthermore, valuations seek to establish the amount which 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 Relevant Borrower. However, there can be no assurance that the market value of the Properties will continue to equal or exceed such valuation. As the market value of the Properties fluctuates, there can be no assurance that the market value of the Properties will be equal to or greater than the unpaid principal and accrued interest and any other amounts due under the Credit Agreements. If any Property is 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 relevant Credit Agreement. In particular, it should be noted that some of the Properties are specialised property assets for which no ready market may exist.

Insurance

The Credit Agreements provide that the Relevant Security Agent or Lender is named as co-insured under, or its interest is noted on, the insurance policies maintained by each Borrower or in respect of certain loans (including the German Loans) a certificate of third party interest (in respect of the German Loans, *Sicherungsschein*) has been issued (each, an **Insurance Policy** and together, the **Insurance Policies**).

If a claim under an Insurance Policy is made, but the relevant insurer fails to make payment in respect of that claim on a timely basis or at all, this could prejudice the ability of the Relevant Borrower to make payments in respect of a Loan, which would in turn prejudice the ability of the Issuer to make payments in respect of the Notes. Under the terms of the Credit Agreements, the Relevant Borrower is required to maintain the Insurance Policies with an insurance company or

underwriter that is acceptable to the Lenders or, where applicable, the Relevant Security Agent and, where applicable, the insurance policies may not be amended without the prior consent of the Lender.

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

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

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

Uninsured losses

The Credit Agreements also contain provisions requiring the Relevant Borrower to carry or procure the carrying of insurance with respect to the relevant Properties in accordance with specified terms (as to which, see further "*The Loans and the Loan Security – The Credit Agreements – Undertakings*" at page 203). There are, however, certain types of losses (such as losses resulting from war and terrorism (which, within certain limits are currently covered by some of the existing insurances), nuclear radiation, radioactive contamination and heave or settling of structures) which may be or become either uninsurable or not insurable at economically viable rates or which for other reasons are not covered, or required to be covered, by the required Insurance Policies. The Relevant Borrower's ability to repay the relevant Loan (and, consequently, the Issuer's ability to make payments on the Notes) might be affected adversely if such an uninsured or uninsurable loss were to occur, to the extent that such loss is not the responsibility of the Tenants pursuant to the terms of their Leases.

Risks Relating to Planning

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

Local planning authority may have a pre-emption right in the event of a property in its area being sold. Such a right would impact on the price at which a property could be sold. The due diligence

undertaken at the time the relevant Loans were originated did not reveal the existence of any such right in respect of the Properties securing the Loans.

See further:

"Relevant Aspects of Austrian Law – Planning and Safety Regulations" at page 94;
"Relevant Aspects of Belgian Law – Planning and Safety Regulations" at page 107;
"Relevant Aspects of French Law – Planning and Safety Regulations" at page 124;
"Relevant Aspects of German Law – Planning and Safety Regulations" at page 142;
"Relevant Aspects of Italian Law – Planning and Safety Regulations" at page 157; and
"Relevant Aspects of Spanish Law – Planning and Safety Regulations" at page 172.

Compulsory purchase and Expropriation of Property

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

Each jurisdiction has its own rules relating to compulsory purchase; however, if a compulsory purchase order is made in respect of a Property (or part of a Property), compensation would be payable on the basis of a market value of all of the Relevant Borrower's and the Tenants' proprietary interests in that Property (or part thereof). Following such a purchase the Tenants would cease to be obliged to make any further rental payments under the relevant Lease (or rental payments would be reduced to reflect the compulsory purchase of a part of that Property, if applicable). Following payment of compensation, the Relevant Borrower may be required to prepay all or part of the amounts outstanding under the relevant Credit Agreement in an amount equal to the compensation payment, which prepayment will be used by the Issuer to redeem the Notes (in part). The risk to Noteholders is that the amount received from the proceeds of purchase of a Property or an interest in a Property may be less than the original value ascribed to such Property and of the corresponding Principal Amount Outstanding of the Notes together with accrued interest.

Force Majeure

Each relevant jurisdiction recognises the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of the contractual obligation. There can be no assurance that the tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of rental income and hence the ability of the relevant Borrower to pay interest on or repay the principal of the relevant Loans or its portion of the relevant Loans which may adversely affect the ability of the Issuer to make payments under the Notes.

6. General Considerations

Risks relating to conflicts of interest

There will be no restrictions on the Relevant Servicers preventing them from acquiring Notes or on any of the Relevant Servicers restricting them from servicing loans for third parties, including loans similar to the Loans. The properties securing any such loans may be in the same market as the Properties. Consequently, personnel of a Relevant Servicer may perform services on behalf of the Issuer, the Italian Issuer or the French Issuer, as applicable, with respect to the Loans at the same time as they are performing services on behalf of other persons with respect to similar loans.

Despite the requirement on the Relevant Servicers to perform their respective servicing obligations in accordance with the terms of the Relevant Servicing Agreement (including the Servicing Standard as defined below), such other servicing obligations may pose inherent conflicts for each of the Relevant Servicers.

The relevant Servicing Agreements will require the Relevant Servicer to service the Loans in accordance with, among other things, the Servicing Standard. Certain discretions are given to the Relevant Servicer in determining how and in what manner to proceed in relation to the Loans. Furthermore, as the Relevant Servicer may each acquire Notes, any of them could, at any time, hold any or all of the most junior Class of Notes outstanding from time to time. In addition, there are no limitations preventing the Relevant Servicers or any of their affiliates from purchasing an interest in the Loans. As holder of that Class of Notes or that interest in a Loan, the Relevant Servicers may have interests which conflict with the interests of the holders of the more senior Classes of Notes from time to time. However, each of the Relevant Servicers will be required under the relevant Servicing Agreements to perform its duties and to act in the best interests of the Issuer, the French Issuer or the Italian Issuer as applicable, generally and without regard to any fees or compensation to which it is entitled, its ownership or the ownership of any of its affiliates of an interest in the Notes or any relationship it, or any of its affiliates, may have with any Borrower, Obligor or other Transaction Party.

Each Seller may currently, and at any time in the future, act (with or without other parties and directly or via affiliates) as financiers under additional credit facilities made available to any Borrower. Their interests as financiers in these circumstances may differ from the interests of Noteholders, and the Sellers will not be limited in the way that it exercises its rights under or in respect of those facilities.

Pursuant to the terms of the Servicing Agreements, the Relevant Security Agent will delegate some or all of its duties and discretions under the Credit Agreements to the Relevant Servicer.

Appointment of substitute Servicer

Prior to or contemporaneously with any termination of the appointment of the Master Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, it would first be necessary for the French Issuer, the Italian Issuer and/or the Issuer, as applicable, to appoint a substitute servicer approved by the French Management Company, the Trustee or the Representative of the Italian Noteholders (to the extent permitted by law), as applicable. The ability of any substitute servicer to administer the Loans 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 Loans at a commercially reasonable fee, or at all, on the terms of the Relevant Servicing Agreement (even though the Relevant 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.

Restructuring Fees and Liquidation Fees

In the event that a Specially Serviced Loan becomes a Corrected Loan and certain other conditions are met, the Special Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, will be entitled to all or part of a Restructuring Fee for so long as such Loan remains a Corrected Loan. In addition, upon the sale of any Property following enforcement of the related Specially Serviced Loan, the Special Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, will be entitled to receive all or part of a Liquidation Fee.

Restructuring Fees and Liquidation Fees may not in all cases be recoverable from the Borrowers under the relevant Credit Agreements. Payments of Restructuring Fees and Liquidation Fees will be made by the Issuer in accordance with the relevant Priority of Payments or in respect of amounts due in respect of the French Loans and the Italian Loans will be made by the French Issuer and the Italian Issuer in accordance with the relevant priority of payments and will be made in priority to amounts due to the Noteholders or the Issuer, as French Noteholder and Italian Noteholders, as applicable, and therefore payment of any such fees may reduce amounts payable to the Noteholders.

See further:
"Issuer Servicing" - "French, Italian and Spanish Servicing – Fees" at page 316; and
"Issuer Servicing – Fees" at page 325.

Reliance on warranties

Except as described under "*The Loans and the Loan Security – Diligence in connection with the Loans*" at page 193, neither the French Issuer, the Italian Issuer, the Representative of the Italian Noteholders, the Issuer nor the Trustee has undertaken or will undertake any investigations, searches or other actions in relation to the Loans and each will, instead, rely solely on the warranties to be given by the Relevant Seller in respect of such matters in the Master Loan Sale Agreement and/or the relevant Loan Sale Documents (see further "*Transaction Documents - The Loan Sale Documents*" at page 277).

In the event of a Material Breach of Loan Warranty (as defined under "*Transaction Documents – The Loan Sale Documents*" at page 277) which has not been remedied within the prescribed cure period or is not capable of remedy, the sole remedy of the French Issuer will be the recission of the transfer of the affected French Loan and the sole remedy of each of the Italian Issuer, the Representative of the Italian Noteholders, the Issuer and the Trustee against the Relevant Seller will be to require the Relevant Seller either to repurchase the interest acquired by the Issuer or the Italian Issuer, as applicable, in the affected Loans together with any Related Security or, in respect of the Spanish Loan the relevant PH (provided that in each case enforcement action has not already been undertaken) or, if the breach affects fewer than all of the Properties securing an affected Loan (as determined by the Relevant Servicer on behalf of the Italian Issuer, the Issuer or the Trustee), to repurchase the relevant Loan together with any Related Security or, in respect of the Spanish Loan the relevant PH, (provided that in each case enforcement action has not already been undertaken) in that portion of the affected Loan relating to the Property or Properties affected by the breach, or, in respect of the Spanish Loan to repurchase the PH and issue a new PH in an amount equal to that portion of the Loan that is not affected by the breach, provided in each case that this will not limit any other remedies available to the Issuer and/or the Trustee if the Relevant Seller fails to repurchase all or a portion of the affected Loan and its Related Security or, in respect of the Spanish Loan the relevant PH when obliged to do so.

Forward-Looking Statements

Certain matters contained herein are forward-looking statements. Such statements appear in a number of places in this Prospectus, including with respect to assumptions on prepayment, calculations in respect of, among other things, expected average lives of the Notes, DSCR, ICR (which are calculated on an annualised basis from cashflows as at the Cut-off Date), Maturity LTVs and certain other characteristics of the Loans, and reflect significant assumptions and subjective judgments by the Issuer that may not prove to be correct. Such statements may be identified by reference to a future period or periods and/or the use of forward-looking terminology such as "may", "will", "could", "believes", "expects", "anticipates", "continues", "intends", "plans", or similar terms. Consequently, future results may differ from the Issuer's expectations due to a variety of factors,

including (but not limited to) the economic, environmental and regulatory changes. Moreover, past financial performance should not be considered a reliable indicator of future performance and purchasers of the Notes are cautioned that any such statements are not guarantees of performance and involve risks and uncertainties, many of which are beyond the control of the Issuer. In addition Noteholders should note that the expected average lives of the Notes are based on assumptions that can not be known as at the date of this Prospectus. Prospective purchasers should therefore not place undue reliance on any of these forward-looking statements. Neither the Issuer nor the Lead Manager assumes any obligation to update these forward-looking statements or to update the reasons for which actual results could differ materially from those anticipated in the forward-looking statements.

Consents to variations of the Transaction Documents, the Finance Documents and other matters

In relation to certain matters, including any variation of the terms of the Finance Documents and the Transaction Documents, the consent of the Relevant Servicer (as agent for the Issuer, the French Issuer, the Italian Issuer or the Relevant Security Agent, as the case may be) and the Trustee (as appropriate) will be required. The Relevant Servicer (as agent for the Issuer, the French Issuer, the Italian Issuer or the Relevant Security Agent, as the case may be) or the Trustee (as appropriate) may be obliged to give such consent if certain conditions are met, such as receipt of written confirmation from the Rating Agencies that the Notes will not be downgraded below their then current ratings. Where the consent of a Local Servicer is required, the relevant Local Servicer will act at the direction of the Master Servicer or the Special Servicer, as applicable.

Where a particular matter (including the determination of material prejudice to the Noteholders or any Class of Noteholder) involves the Rating Agencies being requested to confirm the then current ratings of the Notes, such confirmation may or may not be given, at the sole discretion of the Rating Agencies. Any such confirmation, if given, will be given on the basis of the facts and circumstances prevailing at the relevant time. Any confirmation of ratings represents only a restatement of the ratings given at the Closing Date and should not be construed as advice for the benefit of any parties to the transaction. No assurance can be given that a requirement to seek a ratings confirmation will not have a subsequent impact upon the business of any of the Borrowers.

European Union Directive on the Taxation of Savings Income

Under the EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from 1 July 2005, 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.

Implementation of Basel II risk-weighted asset framework

On 14 November 2005, the Basel Committee on Banking Supervision published an updated version of the text of new capital adequacy standards for international banks, under the title, "Basel II: International Convergence of Capital Management and Capital Standards: a Revised Framework" (the **Framework**). This Framework, which has recently been published in a consolidated version substantially revises and expands the existing Basel Capital Accord first issued in 1988, and includes

more sophisticated approaches to applying capital requirements based on risk, addresses more types of risk (including operational risk) and places enhanced emphasis on market discipline and banks' internal systems and controls. The Framework serves 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. The will be implemented in Europe through the EU Capital Requirements Directive, in stages, some from year-end 2006; the most advanced at year-end 2007. As and when implemented, the Framework could affect risk-weighting of the Notes in respect of certain investors if those investors are subject to the new Framework following its implementation. As a result, investors should consult their own advisers as to the consequences for them of the proposed implementation of the new Framework. No predictions can be made as to the precise consequences of the implementation of the Framework.

Security granted in respect of the Issuer Bank Accounts

Under the Issuer Deed of Charge and the Italian Issuer Deed of Charge, the Issuer and the Italian Issuer, as applicable, will grant security over all of its bank accounts, which security will be expressed to be fixed security.

Although the Issuer bank accounts and the Italian Transaction Account are stated to be subject to various degrees of control (for example, the Trustee and the Representative of the Italian Noteholders is to have sole signing rights over the Issuer Transaction Account and the Italian Transaction Account, as applicable), there is a risk that, if the Trustee or the Representative of the Italian Noteholders does not exercise the requisite degree of control over the Issuer Accounts and the Italian Transaction Account in practice, a court could determine that the security interests granted in respect of those accounts take effect as floating security interests only notwithstanding that the security interests are expressed to be fixed.

Tax Position of the Issuer

As a Dutch resident company, the Issuer will be subject to income tax in The Netherlands at the rate applicable to all Dutch resident companies. Any change in the tax laws of The Netherlands or in its administrative practice could impact the yield on the Notes to the holders. See *Netherlands Taxation*" at page 391. In addition the Issuer may, as a result of certain changes in tax law, whether in the Netherlands or otherwise, receive less income than expected under amongst other things the Loans or the Interest Rate Swap Agreement. In such circumstances the Issuer may redeem the notes subject to and in accordance with Condition 6.2 (Redemption for Taxation or Other Reasons).

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

The Issuer believes that the risks described above and in the Section headed "Relevant Aspects of Austrian Law" at page 85*, "Relevant Aspects of Belgian Law"* at page 99*, "Relevant Aspects of French Law"* at page 113*, "Relevant Aspects of German Law"* at page 132*, "Relevant Aspects of Italian Law"* at page 145 *and "Relevant Aspects of Spanish Law"* at page 165 *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.

RELEVANT ASPECTS OF AUSTRIAN LAW

This section summarises certain Austrian law aspects and practices in force at the date hereof relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to the Loan and the Loan Security

Issuer has only beneficial ownership (*Treugeberstellung*) of the Claims under the Austrian Loan and the security interest granted in respect of the Austrian Loan

Legal title to the Austrian Loan and its Related Security will not be transferred to the Issuer on the Closing Date. Under the terms of the Master Loan Sale Agreement and the Austrian Loan Trust Agreement, the Austrian Seller will sell and transfer to the Issuer the beneficial ownership (*Treugebereigentum*) of the Austrian Seller's rights as lender under the Austrian Finance Documents, in particular in the receivables under the Austrian Loan, the beneficial interest in the security granted in respect of the Austrian Loan (together, the **Austrian Claims**) and will, pursuant to the terms of the Master Loan Sale Agreement and the Austrian Loan Trust Agreement, hold the legal title to the Austrian Claims under the Austrian Loan on trust (*treuhändig*) for the Issuer. Any court proceeding to collect moneys due under the Austrian Loan and any enforcement proceedings in relation to the Austrian Related Security requires the participation of the holder of legal title to the Austrian Claims. However, the Austrian Seller will undertake for the benefit of the Issuer and the Trustee that it or any of its agents will take such steps as may reasonably be required by the Issuer or the Trustee in relation to, any legal proceedings to be brought in respect of the Austrian Loan and its Related Security.

To protect the interests of the Issuer under the Austrian Loan Trust Agreement, the Austrian Seller has granted an English law governed security power of attorney (the **Austrian Security Power of Attorney**) to the Issuer (with power to sub-delegate such power to the Master Servicer, Special Servicer and the Trustee) which will enable the Issuer or the Master Servicer, the Special Servicer or the Trustee to exercise the *in rem* rights of the Austrian Seller against the Austrian Borrower. Any challenge of the Austrian Security Power of Attorney, on procedural grounds, by the Austrian Borrower would be unlikely to succeed though Noteholders should be aware that there is no direct precedent on such matters in Austria.

Security Interests

Austrian Mortgages

Under Austrian law a mortgage (*Hypothek*) constitutes a collateral right granted by the mortgagee (*Hypothekargläubiger*) to the mortgagor (*Hypothekarschuldner*) relating to real property which the latter owns or in which it has a legal interest, in order to secure payment of a debt owed by the mortgagor to the mortgagee.

A mortgage may be enforced against any third party once it is registered with the land register competent for the judicial district where the relevant property is located. Unregistered mortgages are only enforceable against the contracting party. The beneficiary of a mortgage ranks senior to all unsecured creditors of the grantor as regards satisfaction from the enforcement proceeds of the pledged property. A mortgage is valid as long as it is registered in the land register. If a mortgage ceases to exist, it needs to be deleted from the land register.

The mortgagor and the mortgagee are in general required to agree on the amount of the mortgage which is then registered in the land register so that it is available to other creditors and potential creditors. However,

it is possible to register a maximum amount mortgage (*Höchstbetragshypothek*). A maximum amount mortgage does not only secure a single receivable but all receivables arising from a contractual relationship, up to the specified maximum amount registered in the land register so the liability of a debtor cannot be determined from an examination of the land register.

The mortgagor and mortgagee may agree that more than one property of the mortgagor be pledged jointly, thus constituting a mortgage with simultaneous liability (*Simultanhypothek*) over all pledged properties. In case of enforcement, the mortgagee may freely decide which property shall be sold (or compulsorily administrated). For further details to enforcement please see " *Relevant Aspects of Austrian Law*" - "*Enforcement*" at page 87.

Security Rights over Rental Payments

On the Closing Date, the lease agreements in respect of the Properties will be subject to partial application (*Teilanwendungsbereich*) of the Austrian Rental Act (*Mietrechtsgesetz*).

Rent receivables (other than those which are fully governed (*Vollanwendungsbereich)* by the Austrian Rental Act) may be subject to a contractual security interest. The rent receivables relating to the Austrian Properties have been assigned as security in favour of the Security Agent in respect of the Austrian Loan (the **Austrian Security Agent**). The assignment will become effective on notification of the debtors. However, even upon perfection, in the event of an insolvency of the Austrian Borrower, the assignment will not cover rental payments falling due after the first rent payment date following the institution of insolvency. The Austrian Security Agent is authorised to notify the debtors upon the occurrence of certain trigger events, and will do so upon the occurrence of a Loan Event of Default.

Security over Insurance Proceeds

The Austrian Borrower has granted a "*Vinkulierung*" to the Austrian Seller, the effect of which is that, in the event of loss, proceeds from the insurance policy will only be paid at the direction of the Austrian Seller as the beneficiary of the "*Vinkulierung*" (though this is not a security interest and would not survive the insolvency of the Austrian Seller). The Austrian Borrower's insurance policy, together with the general terms of business of the insurance company that provided the insurance policy, provide that if the replacement value (*Neuwert*) of a property is higher than the current value (*Zeiwert*) of the property, payment to the Austrian Borrower of the difference depends on the Austrian Borrower rebuilding the Austrian Properties. The payment of the current value is not subject to the rebuilding obligation of the Austrian Borrower.

Only if at the relevant time it is agreed separately between the Austrian tenants and the Austrian Borrower will the Austrian Borrower have an obligation to rebuild a damaged or destroyed property. Where such an obligation is agreed between the parties this will not restrict the ability to exercise the *Vinkulierung* over insurance payments relating to a destroyed property, however the use of proceeds will be restricted to rebuilding the property.In these circumstances although a *Vinkulierung* over insurance proceeds will be validly created, the Austrian Security Agent will not be entitled to freely appropriate such proceeds to discharge any of the secured obligations.

By special statutory provision, a registered mortgage also extends to the fire insurance proceeds paid in case of the loss or damage of a building on such property. In such a case, the insurance proceeds will take the place of the destroyed or damaged building, thereby continuing to secure the mortgagee.

Security over bank accounts

The Austrian Borrower has, in accordance with the terms of the Austrian Credit Agreement, established Borrower Accounts into which, among other things, rental income and disposal proceeds in respect of

Austrian Properties must be paid (see "*The Loans and the Loan Security – Borrower Accounts*" at page 198). The Austrian Borrower has granted a pledge over the present and future credit balance on each of its accounts (as defined in the Austrian account pledge agreement, governed by German law) including all interest payable thereon, together with all ancillary rights and claims associated with these accounts and all existing and future rights and claims in respect of a current account relationship.

Under the general business terms (*allgemeine Geschäftsbedingungen*) of banks, the bank where the account is held is granted a senior pledge and a senior right to set-off over the relevant accounts and credit balance of the Austrian Borrower. However, pursuant to the Account Pledge Agreement the Account Bank has subordinated its rights in this respect.

Enforcement

Enforcement of security interests prior to insolvency proceedings

After the occurrence of a Loan Event of Default the Austrian Security Agent may enforce the mortgages, in the name of the Austrian Seller and for the account of the Issuer. Enforcement is possible on the basis of, among other things, an enforceable judgment of a competent court, rendered against the Austrian Borrower upon an action filed with the court by the Austrian Security Agent.

Enforcement of the mortgages will be carried out by the court upon application by the Austrian Security Agent in accordance with the Austrian Enforcement Code (*Exekutionsordnung*) (the **EO**). The EO provides for two different types of enforcement of the mortgages:

(a) compulsory sale of the Austrian Properties; and/or

(b) compulsory administration of the Austrian Properties.

Compulsory Sale

In case of a compulsory sale (*Zwangsversteigerung*), the court will organise a public auction of the relevant property. The organisation of such auction and the timing of the sale of the property will depend primarily on the workload of the court. The Austrian Security Agent will be required to pay an upfront deposit to cover the enforcement costs.

If the highest bid at the auction is less than 75% of the market value of the mortgaged property estimated by the court, any person may within 14 days after the public announcement of the sale of the property offer to pay a price (*Überbot*) of at least 25% more than the bid price, thereby rendering the initial bid void. The initial bidder has three days to raise its initial bid to such higher price, thereby maintaining its right to buy the property.

In no event may the court dispose of the mortgaged property if the highest bid in the auction does not reach 50% of the estimated value of the mortgaged property. Any leases relating to the mortgaged property will continue during the enforcement procedure.

Where a compulsory sale has been approved by the court, the debtor whose property is to be sold may apply to the court to stay the sale procedure if the average annual surplus generated by the property which is to be sold is sufficient to at least cover the repayments of principal together with the interest payments. Likewise, a stay may be granted where a creditor's claim (together with ancillary claims) could be discharged from the estimated surplus generated by the property within a year.

Upon the compulsory sale of a property, the enforcement proceeds will be paid out by the court in accordance with a statutory distribution scheme. The ranking of payments is determined in accordance with the following classes:

(a) Class 1: In the event of a compulsory administration during the auction process, the costs of such compulsory administration and the expense claims in relation to maintenance or necessary improvements of the property;

(b) Class 2: Taxes and public charges on the property including arrears of the last three calendar years, provided these are secured by a public pledge or preference right, including any interest thereon;

(c) Class 3: Certain claims pursuant to the Austrian Apartment Property Act (*Wohnungseigentumsgesetz*);

(d) Class 4: Rights registered in the land register, in accordance with their rank, including certain court and enforcement costs, arrears of interest and other periodic charges (*wiederkehrende Leistungen*) of the last three calendar years, except that interest arrears of more than three years are also covered by this class if they are secured by maximum amount mortgages. This class includes rights which are registered in the land register relating to the property, e.g. claims which are secured by mortgages, claims of the enforcing creditor, even if not secured by a mortgage (if such creditor applied for a compulsory administration, the date of the registration of the compulsory administration will determine the rank, provided that such compulsory administration has not ended as of the date of the compulsory sale of the property), compensation claims for registered rights which are not or not fully assumed by the acquirer, and any other registered rights ranking junior to these claims;

(e) Class 5: The claims of Class 2 for any arrears not covered thereunder; and

(f) Class 6: The claims of Class 4 for any arrears not covered thereunder.

The remainder will be paid to the Austrian Borrower. Creditors whose claims fall within a certain class will only be paid upon satisfaction in full of the claims of creditors falling within higher classes.

In a compulsory sale of an Austrian Property the secured obligation secured by the mortgage over the Austrian Property will rank in Class 4 (as described above). Therefore, creditors falling into Classes 1 to 3 (if any) and creditors having prior-ranking rights in the respective Austrian Property falling into Class 4 must be fully satisfied out of the proceeds of the compulsory sale before amounts may be paid to satisfy the relevant secured obligations. The court may in certain circumstances decide to deviate from the above order.

In principle, the claims within each class rank *pari passu* amongst themselves. Satisfaction of the claims in Classes 4 and 6 will occur in the order in which such claims rank amongst themselves. Any claim will be satisfied in the order of interest, then costs and finally, principal.

Duration of Compulsory Sale

The average time required to realise a mortgage depends on the workload of the competent court and any appeals made. However, in the event of an insolvency of the Austrian Borrower, the insolvency receiver has in certain limited circumstances the right to apply to the competent court for a preliminary stay with respect to the enforcement of the mortgage, namely if the mortgaged Property is required for the continuation of the Austrian Borrower's business. Such compulsory stay may last up to 90 days from the opening of bankruptcy proceedings. In the event that the business of the insolvent Austrian Borrower's business is not continued, the stay would be required to be lifted with immediate effect. Additionally, where the stay would result in severe personal or economic disadvantage to the secured party, the stay should not be imposed.

Compulsory Administration

A compulsory administration (*Zwangsverwaltung*) may be instituted by the court upon the application of a creditor whose claims are due and payable and remain unpaid. It may be instituted together with a compulsory sale in order to allow the creditors to receive the income (after deduction of certain costs and preferential rights) generated by the property until the effectiveness of the sale of the Property; in such case, the creditor applying for the compulsory administration is entitled to participate in the distribution of the proceeds of the compulsory sale in accordance with the rank of the registration of the compulsory administration in the land register.

The Austrian Security Agent may also apply for the appointment of a compulsory administrator over the Austrian Properties or the enterprise of the Austrian Borrower in order to satisfy its claims. A compulsory administrator may also be appointed over the enterprise of the Austrian Borrower.

In a compulsory administration, the court appoints an administrator of the property to manage the property for the court. The administrator is chosen and appointed by the court and must be a person with sufficient expertise to conduct its tasks and duties as administrator. The court may at its discretion also replace the administrator by another person at any time.

The compulsory administrator alone is entitled to receive all income generated from the mortgaged property, including all rents. The owner of the property is instructed by the court not to use, administer or manage the respective property during the compulsory administration. However the property owner retains the right to sell or otherwise dispose of the administered property. The right of the administrator to collect rents takes priority over all other third party rights relating to the rent stream including the pledge of rent receivables.

In respect of an assignment of receivables even if the assignment of the receivables has been perfected, the security interest created by the assignment would cease to exist upon the institution of compulsory administration proceedings over such property. In such a case, the Austrian Security Agent would only retain a right to be satisfied from the rent receivables if it had applied for the institution of the compulsory administration proceedings itself (see below "*Austrian Tenancy Issues*").

Expenses incurred in connection with the compulsory administration and the ordinary use of the Property are to be paid directly by the administrator in the following order:

(a) costs of the compulsory administration (excluding the remuneration of the administrator), and the expenses in relation to maintenance of the administrated property;

(b) insurance premiums concerning the administrated property;

(c) remuneration claims of personnel servicing the property that become due during the compulsory administration and arrears of up to one calendar year;

(d) allocation to a reserve covering the remuneration claim of the administrator;

(e) social security claims that become due during the compulsory administration and arrears of up to one calendar year;

(f) taxes and public charges on the property including any arrears for the last three calendar years, including any interest thereon;

(g) expenses in relation to necessary improvements of the administrated property;

(h) periodic charges (*wiederkehrende Leistungen*) pursuant to claims secured by a mortgage which are due in the compulsory administration and arrears of such claims of up to one year. This includes in particular interest payments; principal repayments are covered only in case of annuities. Annuities are payments of an identical amount on a repeating basis, covering both the payment of interest and the repayment of principal. Annuities need to be paid at least on an annual basis.

The surplus that remains after the above expenses have been discharged will be distributed to the creditors in the following order:

(a) remuneration claims of the administrator;

(b) claims described in (a) to (c), (e), (f) and (h) above, insofar as they have not been discharged already, ranking amongst themselves in the order described above;

(c) claims of the enforcing creditor relating to principal, costs and interest arrears of up to three years; amongst themselves, these rank in accordance with the receipt of the enforcement application by the court;

(d) arrears of taxes and public charges on the property of more than three calendar years, including any interest thereon;

(e) claims described in (h) above, to the extent these rank junior to the rights of the enforcing creditors;

(f) the remainder, if any, is to be paid out to the owner of the administered property.

Where compulsory administration is initiated by a third party creditor, the administrator would be required to discharge (after deductions for preferential claims in accordance with the EO) due interest payments and interest arrears for up to three years under the Austrian Loan prior to making any payment on the claims of such enforcing third party creditor. However, with regard to the principal repayment claims under the Austrian Loan, the Austrian Security Agent would not rank prior to such enforcing third party creditor and would only be entitled to receive payments after such third party creditor has been fully satisfied.

If bankruptcy proceedings were opened and a bankruptcy receiver appointed for the Austrian Borrower prior to the appointment of a compulsory administrator, a compulsory administrator could not be appointed thereafter.

The duration of compulsory administration may be as long as it takes to settle the debt for the discharge of which the compulsory administration was instituted, though the administrator is required to report at least annually to the court and effect distributions of the accumulated surplus.

In order to minimise the possibility that the Borrowers will be the subject of bankruptcy proceedings, the Credit Agreement contains standard SPE covenants as noted above. (See further "*Risk Factors – Considerations relating to the Obligors – Special purpose entity*" at page 68.

Enforcement of security interests in insolvency proceedings

In case of an institution of insolvency proceedings (*Konkurs and Ausgleich*) over the assets of the Austrian Borrower, a receiver would be appointed by the court. Upon application of such receiver, the Austrian Security Agent could be barred from enforcing its security for a maximum period of 90 days, which would be decided by a court after considering if such enforcement would jeopardise the continuation of the debtor's business by the bankruptcy receiver. The court will, in considering this position, also take into account whether such prohibition would cause the secured creditors any substantial economic damage.

In case of a bankruptcy, the receiver would be required to liquidate under the supervision of the insolvency court the assets of the Austrian Borrower, including the real estate which has been pledged to the Austrian Seller. Such real estate could be sold either in a private sale (to which the creditors' meeting and the court need to consent to) or by court auction. The Austrian Seller as the legal owner of the Austrian Loan and the relating mortgages would be entitled to recover its due claims from the sale proceeds prior to any other unsecured creditor. For further information on Austrian insolvency law considerations, see below.

Share Pledges and the Partnership Pledge

Upon the enforcement of such pledge, the shares may be sold in a private sale or in public auction. Pursuant to the Real Estate Transfer Laws (*Grundverkehrsgesetze*) of the Austrian federal provinces, the transfer of shares in the Austrian Borrower and in the general partner of the Austrian Borrower to non-Austrians may be subject to a notice and/or approval requirement by the public land transfer authorities (*Grundverkehrsbehörden*) which could delay and/or impede the sale of the shares in the Austrian Borrower to foreigners or third persons controlled by foreigners.

Rank of the Mortgages

The Austrian Loan is secured by a first ranking registered maximum amount mortgage (*Höchstbetragshypothek*) of EUR 18,800,000 which secures all amounts due under the Austrian Credit Agreement.

Excessive security

In relation to a maximum amount mortgage there may be a legal risk with regard to overcollateralisation (*Übersicherung*) which means that the value of the granted collateral grossly exceeds the value of the secured claim. As of the date of this Prospectus, no specific law or case law exists in Austria in relation to overcollateralisation. However, the Austrian Supreme Court (*Oberster Gerichtshof*) has shown a certain tendency in the past to take into account German precedents in its findings.

The security granted pursuant to the Austrian Finance Documents should not be deemed to be excessive because the security has been sized according to the value of the Austrian Loan, plus interest as well as anticipated costs and fees (including, among other things, anticipated enforcement costs), which is in line with commercial lending practices and is based on expected foreclosure proceeds.

Under German law, security contracts which deprive the debtor of any possibility to carry out its business (*Knebelung*) are deemed to be contrary to public policy (*sittenwidrige Verträge*). As a consequence, such contracts may be considered to be null and void if the amount of the secured claim is grossly disproportionate to the value of the collateral. There are no certain percentages of overcollateralisation which would automatically trigger such prohibition. According to German scholars, disproportionateness may be presumed if the value of the collateral exceeds the secured amount by at least 100% If the overcollateralisation occurs at a later stage (e.g. by an increase in value of the collateral or a reduction of the secured claim) and was not predictable at the time the contract was entered into, excessive collateral should be released as soon as the collateral exceeds 110% or, if the collateral can not be easily evaluated, 150% of the secured claim. Therefore, although no Austrian precedents exist to date, there is a risk that these principles will also be applied to the Austrian mortgages.

(B) Risks relating to Property

Commercial Property Leases

The Austrian Properties are partially covered by the Austrian Rental Act. Therefore, only certain provisions of the Austrian Rental Act apply, in particular the restriction of the landlord's termination right. All other

aspects (e.g. rent rates and increases) are subject to contractual agreement (*Parteienautomomie*) which is restricted only in certain circumstances. If any aspect is not covered by the contractual agreement between the parties, the Austrian General Civil Code (*Allgemeines Bürgerliches Gesetzbuch*) is to be applied (see below for further details).

Statutory rights of Tenants

Rent Rates and Rent Increases

As the Austrian tenancy agreement is not fully subject to the Austrian Rental Act, restrictions concerning rent rates and rent increases do not apply and the Austrian Borrower may freely set and adjust the rent rates in accordance with the terms of the tenancy agreement (e.g. adjustment on the basis of the consumer price index (*Verbraucherpreisindex* 1996). The Austrian Borrower is in determining the rent rate restricted only by general principles of the Austrian Civil Law, e.g. *laesio enormis* and usury. The Issuer has no reason to believe that the rates agreed between the Austrian Borrower and the Austrian tenant are inappropriate rates for the Austrian Properties.

Operating Costs

Unless agreed otherwise between the parties, the Austrian Borrower is obliged to pay all operating costs in connection with the Austrian Properties. However, the parties of the Austrian tenancy agreement have agreed that the Austrian Borrower, as landlord, may pass on to the tenant certain operating costs listed in the Austrian Rental Act. The Austrian Rental Act contains a conclusive list of costs which may be invoiced to the tenant. The tenant has a right to claim back any operating cost factors in excess of the legally permissible costs within three years after having been charged. Therefore, there is a risk that the Austrian Borrower might face claims from the tenant to recover parts of the operating costs paid in the past or the Austrian Borrower might have to assume additional costs previously invoiced to the tenant.

Maintenance obligations

As the Austrian Rental Act is not fully applicable to the Austrian Properties, the maintenance obligations of the landlord are set out in the Austrian General Civil Code (*Allgemeines Bürgerliches Gesetzbuch*). Thereunder the landlord is under an obligation to maintain the property and to perform any necessary maintenance and refurbishment works as well as useful improvements of the property. However, in accordance with the Austrian tenancy agreement the Austrian Borrower has passed on the maintenance obligations to the tenant for the Austrian Properties.

Rebuilding Obligation

In cases where the Austrian Rental Act does not fully apply (as is the case with the Austrian Properties), the Austrian General Civil Code (*Allgemeines Bürgerliches Gesetzbuch*) stipulates that the Austrian Borrower has an obligation to repair a damaged property unless it was damaged by force majeure or completely destroyed. In such case, the landlord is not obliged to rebuild the property and the tenant is not obliged to pay the rent.

Term and Termination of Tenancy Agreements

The Austrian Borrower and the tenant have agreed that the tenancy agreements are concluded for an indefinite period of time. The tenant is granted the right to terminate the tenancy agreements on 30 June and 31 December of each year with 12 months' prior notice. However, the tenant has waived his right to terminate the tenancy agreement until 31 May 2020 which is admissible under Austrian law. Nevertheless, even if the right to terminate the tenancy agreement has been waived for a certain period, the tenant can

terminate the tenancy agreement at any time upon good cause (see "*Extraordinary Termination of Tenancy Agreements*" below).

The termination rights of the landlord are restricted where the Austrian Rental Act fully or partially (as is the case with the Austrian Properties) applies. In general the landlord may only terminate the lease for good cause such as a failure of the tenant to pay the rent, and with three months' notice.

Extraordinary Termination of Tenancy Agreements

Even if a tenant has waived its right to terminate a tenancy agreement for a specific time period, it may terminate a lease nonetheless at any time if the property cannot be used in the agreed manner, provided that the tenant has not caused the damage itself. This may result in early termination of leases and could affect the rental income of the Austrian Borrower, in particular where substantial rental income is derived from individual tenants and it is not possible to immediately find a successor tenant.

Compulsory Purchase; Expropriation

In Austria, a property may be subject to expropriation (*Enteignung*) by the state or the federal provinces, provided that the acquisition is in the public interest. An expropriation is not only permissible for the benefit of the state or the federal provinces but may also be effected by one of these public authorities for the benefit of private persons (e.g. railway companies). Except in limited extraordinary circumstances, the expropriated person must receive appropriate cash compensation for the disadvantage caused. The compensation received in respect of an expropriation and the loss of rent in respect of Properties so disposed of may result in a shortfall in the funds the Austrian Borrower has available to satisfy its obligations under the Austrian Loan Trust Agreement, which may impact the Issuer's ability to pay interest and repay principal on the Notes.

Pre-emption rights

As of the Closing Date the Austrian Borrower is not aware that any pre-emption rights in connection with the Austrian Properties are registered with the Austrian land register. However, pre-emption rights may have been agreed with third parties on a contractual basis. In such case the respective pre-emption right restricts the Austrian Borrower (but no successor) and may lead to tort claims against the Austrian Borrower.

Environmental Laws

The Issuer is not aware of any existing pollution or contamination (including pollution of soil, subsoil, water, groundwater or air) with respect to the Austrian Properties. This however does not exclude the possibility that pollution or contamination will be discovered or caused after the Closing Date. In most cases the Austrian Borrower will have agreed on or received representations and warranties from the sellers in respect of the Austrian Properties in a form and scope which is customary to cover any liability that may be caused by the contamination of the Property with any hazardous substance. However, such warranties are limited in time and even if such liabilities are valid, a seller may not be able to meet its obligations under such warranty so that the Obligors' indemnification claims may be frustrated.

There are several laws and regulations on the federal as well as on the provincial level dealing with the issue of environmental contamination and clean-up orders or orders to carry the costs of such clean up orders by public authorities, in case of such a contamination. In practice, the most frequently relied on environmental laws for clean-up orders by authorities are the Austrian Water Rights Act (*Wasserrechtsgesetz*) and the Federal Waste Management Act (*Abfallwirtschaftsgesetz*).

According to the Austrian Water Rights Act and the Federal Waste Management Act, the (legal or natural) person causing the pollution is primarily responsible for carrying out necessary clean-up activities or bearing the costs of such activities. However, according to the Austrian Water Rights Act, the owner of real property

is liable for any clean-up activities or bearing the costs of such activities and any damage caused by contamination if it consented to or voluntarily tolerated measures causing contamination or if it fails to take measures against the event causing contamination. The applicable statutory provisions also provide for an unlimited s liability of the legal successor of an owner of real property if such successor knew or should have known about a contamination of the site or about events causing contamination by applying a proper level of diligence. The Federal Waste Management Act contains regulations similar to the Austrian Water Rights Act, also providing for a subsidiary liability of the owner of the real property. Should the Austrian Borrower be held liable under any of these statutory provisions such liability could be unlimited.

Under the Austrian Credit Agreement, the Austrian Borrower provided certain representations, warranties and covenants to the Austrian Seller and the Austrian Security Agent in relation to their compliance with environmental laws and approvals. See further "*Transaction Documents - The Loan Sale Documents*"at page 277.

To the extent that an environmental liability is not insured, this may adversely affect such Property and the Austrian Borrower's business (either because of cost implications for the Austrian Borrower or because of disruption to services provided at the Property). It may also result in a reduction in the value of the Property or affect the Austrian Borrower's ability to dispose of the relevant Property.

Planning and Safety Regulations

Licences, Authorisations etc.

Federal and provincial statutes in Austria provide for a variety of permits, consents and approvals required for and notifications to be made prior to the construction, operation and/or modification of buildings. If the Austrian Borrower does not comply with such statutes or other regulations, it is likely that they are liable to make the appropriate changes and/or to pay fines. Furthermore, the Austrian Properties are subject to a multitude of federal and provincial statutes and public regulations which *inter alia* regulate the construction, use, maintenance, security, safety, waste disposal and destruction of the Austrian Properties. The Issuer is not aware of any failure by the Austrian Borrower to comply with any statute or public order or any material non-compliance with local planning requirements.

In accordance with the Austrian tenancy agreement the Austrian Borrower and the tenant have agreed that the tenant is only allowed to make changes to the Austrian Properties if the Austrian Borrower has approved the intended change. However, the Austrian Borrower may only refuse to approve such change upon good cause.

The Borrower has given a representation in the Credit Agreement that all properties and buildings are built and used in all material respects in accordance with applicable laws.

(C) Considerations relating to the Borrower

In order to minimise the risk that the Austrian Borrower is or will become insolvent at any time prior to the repayment of the loan, the activities of the Austrian Borrower have been restricted, through appropriate negative covenants in the Austrian Finance Documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that the Austrian Borrower's exposure to liabilities is minimised to those relating to the relevant Austrian Loan and the relevant Austrian Property. See further "*Transaction Documents - The Loans and the Loan Security Lending Criteria*" at page 190.

Insolvency Proceedings

General

Austrian insolvency law is contained in (a) the Austrian Bankruptcy Act (*Konkursordnung*), (b) the Austrian Composition Act (*Ausgleichsordnung*), and (c) the Austrian Business Reorganisation Act (*Unternehmensreorganisationsgesetz*).

In respect of an insolvent debtor or an "over-indebted" debtor, the Austrian Bankruptcy Act regulates liquidation proceedings in which the debtor's assets are realised and the proceeds are distributed among the creditors. The Austrian Composition Act on the other hand, contains provisions on composition proceedings in which the debtor may discharge itself of liabilities through quota payments and enables the debtor to continue its activities. In addition, the Business Reorganisation Act regulates the reorganisation proceedings for enterprises threatened by insolvency but is not intended to assist creditors in satisfying their debts, but rather to support the reorganisation of the debtor's enterprise.

In bankruptcy proceedings, the assets of the insolvent estate remain vested with the debtor subject to certain restrictions as outlined above. In composition proceedings, the debtor retains legal control over its assets but requires the receiver's approval or is subject to his veto under certain conditions.

Assets not being part of the insolvent estate

In the event of the bankruptcy of the Austrian Seller, the Issuer has under Austrian law a right of segregation (*Aussonderungsrecht*) with regard to the legal title of the claims under the Austrian Loan. In addition, upon exercising the right of segregation, legal title in the Austrian Loan will be transferred to the Issuer in the event of the bankruptcy of the Austrian Seller.

If legal title to the claims under the Austrian Loan and the Austrian Related Security is transferred to the Issuer, the Issuer will be able to enforce its claims under the Austrian Loan or Austrian Related Security directly and enforce its rights in the underlying Austrian Properties. Even if legal title to the claims under the Austrian Loan is not transferred, in the event of the bankruptcy of an Austrian Obligor, the bankruptcy receiver would have to respect the rights of the Issuer and could not freely dispose of the claims under the Austrian Loan and the proceeds arising in connection therewith. However, in order to transfer the legal ownership in the Austrian Related Security, the Issuer would need to be registered with the land register as the new legal owner of the Austrian Mortgages.

In addition, as a matter of English law the Austrian Loan will not form part of the estate of the Austrian Seller. Furthermore, as noted above the Austrian Seller has granted the Austrian Security Power of Attorney to enable the Issuer, or the Master Servicer or the Special Servicer acting on its behalf, to carry out certain enforcement action in the name of the Austrian Seller.

Preferred and subordinated creditors

Security rights of a creditor that have been validly created over assets of the debtor constitute rights of preferential satisfaction (*Absonderungsrechte*). *Absonderungsrechte* grants the creditor the right to separate satisfaction in insolvency proceedings (bankruptcy as well as composition) according to the rank of priority of the respective security and the creditor's claim will only be regarded as part of the bankruptcy or composition proceedings in cases where it is not fully met out of the secured assets. If any proceeds from the sale of the security remain after settlement of the secured creditors' claims, they will be added to the debtor's estate for distribution amongst the unsecured creditors.

Except for *Aussonderungsrechte* and *Absonderungsrechte*, priority status is afforded to the costs of the proceedings and of carrying on the business by the receiver for both bankruptcy and settlement proceedings.

This includes the following claims which arise after the commencement of the bankruptcy or composition proceedings: taxes, social security contributions, employees' salaries, wages and claims required to conduct the business after the commencement of insolvency proceedings, obligations under contracts to which the receiver has become a party or which are required in order to conduct the business after the commencement of composition proceedings, and the cost of both administrating and maintaining the insolvent estate.

In the event that a shareholder has made loans to the debtor during its financial crisis (i.e. prior to the commencement of insolvency proceedings both bankruptcy and composition), those loans in certain cases will rank as "deemed equity" (*Eigenkapitalersatz*) and will be subordinated to the claims of third party creditors for the purpose of the bankruptcy proceedings.

In the event that a shareholder's claim is classified as deemed equity, the claim will only be settled once the claims of all third party creditors have been settled. Since the debtor's estate is usually not sufficient to cover third party claims, the shareholders do not usually receive settlement of their claims.

Effect on contracts

The commencement of bankruptcy proceedings does not automatically terminate existing contracts and the receiver may choose whether to fulfil any current bilateral contracts that were agreed but not fully satisfied prior to the bankruptcy proceedings in order to receive the full consideration from the creditor. Where the debtor has concluded a lease agreement as a tenant, the receiver may terminate such lease agreement in accordance with the statutory notice periods, regardless of whether the lease contract provided for longer notice periods. However, if the rent was paid in advance, the termination becomes effective after the end of the period for which the rent was paid. If the receiver chooses to rescind the contract, the other contracting party can file a claim for damages as a creditor in the bankruptcy proceedings in the same amount. Special regimes apply to real estate and employment contracts.

Any obligations of the debtor that are not due at the time of commencement of the bankruptcy proceedings are accelerated and assumed to be due. The other contracting party will therefore rank as a creditor in the bankruptcy proceedings.

Effect on third party rights

Generally, once bankruptcy proceedings have been opened, legal actions or enforcement measures concerning the insolvent estate cannot be initiated or continued against the debtor (*Prozeßsperre*). An exception to this are legal proceedings which do not affect the debtor's estate, proceedings relating to *Aus-* and *Absonderungsrechte*, proceedings relating to claims which are disputed by the receiver and legal proceedings resulting from transactions concluded after the commencement of the bankruptcy proceedings. In the first case, the legal action may be brought or continued against the debtor, in the latter cases the claimant must bring the action against the debtor's estate represented by the receiver.

Secured creditors (*Aussonderungsberechtigte*, *Absonderungsberechtigte*) may be barred by the court from enforcing their security for a maximum period of 90 days (as determined by the court) following the commencement of bankruptcy proceedings if such enforcement would jeopardise the continuation of the debtor's business by the receiver and provided this prohibition would not cause the secured creditors severe economic damage. A security interest (*Absonderungsrecht*), except for security interests established for the debt of public fees and taxes, will generally not be recognised if it was perfected within the 60 days preceding the date of opening of the bankruptcy proceedings. Such security interests will however become effective again following the ending of the bankruptcy proceedings.

From the date of commencement of bankruptcy proceedings, no new security rights may be established with respect to assets forming part of to the insolvent estate (*Exekutionssperre*).

Avoidance of certain transactions before the opening of insolvency proceedings

The following transactions can be challenged or set aside in bankruptcy proceedings:

(a) *Fraudulent preference*: Any transaction concluded by the debtor between two and ten years prior to the bankruptcy can be set aside if the debtor entered into it with the intention of disadvantaging its creditors. A transaction concluded up to two years prior to the insolvency may also be set aside if the other contracting party was aware of the debtor's intention to disadvantage its creditors. With specific regard to delivery, barter or purchase contracts agreed up to one year prior to the bankruptcy, these can be set aside if the other contracting party knew, or must have known, that the distribution of the debtor's assets was disadvantaging its creditors;

(b) *Insufficient or non-existent consideration*: Transactions concluded within two years prior to the bankruptcy proceedings without any consideration, or at a price far below market value, can be set aside. An exception exists with respect to goods or actions of daily life such as presents or donations up to a "reasonable" amount;

(c) *Preference*: Any payment made or security interest perfected within (a) sixty days preceding the commencement of the proceedings or (b) after the application for the commencement of bankruptcy proceedings has been filed or (c) following the date on which the inability to pay debts became apparent will be set aside if it has resulted in a preferential treatment of a creditor. Furthermore, the preferred treatment needs to have occurred one year prior to the commencement of bankruptcy proceedings. In the event that the other contracting party was entitled to the payment made or the security granted, a further subjective element of the other contracting party (i.e. that it was aware or should have been aware of the debtor's intention to disadvantage its creditors) is required in order to set aside the transaction; and

(d) *Knowledge of insolvency*: Any payments made or contracts agreed within six months prior to the commencement of bankruptcy proceedings may be set aside, provided that the creditor was aware of the debtor's inability to pay its debts.

The limitation period on initiating proceedings to set aside transactions is one year from the commencement of bankruptcy proceedings. If a receiver is appointed, only he can instigate the procedure to set aside a transaction. In a case where no receiver is appointed, which will only be the case in insolvency proceedings of private individuals, the other creditors may also initiate proceedings to set aside certain transactions. The proceeds of a successful action to set aside certain transactions of the debtor will all be contributed to the debtor's estate irrespective of who brought the action.

Proof of claims – distribution of proceeds

Following the commencement of bankruptcy proceedings, the court will set a deadline with the court for the filing of claims by creditors. Known creditors will be informed of this deadline by the court. If a creditor fails to meet this deadline, a further creditor’s hearing will be scheduled at the expense of the defaulting creditor. If a creditor fails to file a claim at all, it will be unable to participate in the distribution of the proceeds of the sale of the debtor's estate.

When the claims benefiting from priority status (e.g. due to an *Absonderungsrecht*) have been satisfied, the remaining proceeds will be distributed amongst the outstanding claimants in accordance with the quota approved by the court.

(D) General

Austrian Capital Maintenance Rules

Austrian corporate law contains strict rules on the maintenance of the capital of corporations. The concept is based on the principle that the entire set of assets of a corporation should be protected for the corporation's creditors. Distributions to a shareholder by a corporation are limited to explicitly specified circumstances, in particular dividend payments and liquidation proceeds. This concept also applies to intra-group transactions. Based on the concept of adequate consideration, business transactions between shareholders and their corporation or between corporations of the same group must be at arm's length.

However, as of the date of this Prospectus there are no intra-group transactions which are relevant for the Transaction.

Force Majeure

The laws of Austria recognise the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. It can not be assured that the tenants of the Austrian Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under the leases. This could undermine the generation of rental income and hence the ability of the Austrian Borrower to pay interest on or repay the principal of the Loan.

RELEVANT ASPECTS OF BELGIAN LAW

This section summarises certain Belgian law aspects and practices in force at the date of this Prospectus relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to the Belgian Loan and Belgian Related Security

Security structure

The Belgian Loan has been structured with a parallel debt covenant pursuant to which the Belgian Borrower and the Other Belgian Obligor have undertaken to pay to the Belgian Security Agent, as an independent and separate creditor, an amount equal to any amount owed to each Finance Party in connection with the Belgian Finance Documents (the **Belgian Parallel Debt**). Under the terms of the English law governed Belgian Security Trust, the Belgian Security Agent will hold the Belgian Parallel Debt and the Belgian Related Security and all proceeds thereof (including proceeds of enforcement) on trust for the relevant Lender and other present and future Finance Parties, including the Issuer upon its accession to the Belgian Security Trust.

Under Belgian law, no security right can be validly created in favour of a party who is not the creditor in relation to the debt which the security purports to secure. Although there is no Belgian statutory law or case law in respect of parallel debts to confirm this, the Issuer has been advised that the Belgian Parallel Debt creates a claim enforceable by the Belgian Security Agent and the claim may be validly secured by, among other things, the Related Security.

The Belgian Security Trust will be governed by English law, however, the law governing the trust will not govern the *in rem* aspects (Belgian law distinguishes between rights *in rem* directly relating to the real property (e.g. the proprietary rights in relation to real property, their existence, the change of such rights, their transfer and extinction) and claims allowing the request of certain performance from another party) of the trust assets and these assets will be governed by the law where the assets are located. With respect to the trust assets located in Belgium, in particular the Belgian mortgages that are held in trust pursuant to the Belgian Security Trust, the beneficiaries of the trust (including the Issuer) will not have any *in rem* right with respect to the Belgian mortgages, but only a contractual claim against the Belgian Security Agent. To protect the interests of the Issuer and the other Finance Parties under the Belgian Security Trust, the Belgian Security Agent has granted a security power of attorney to the Issuer (with power to sub-delegate such power to the Master Servicer, Special Servicer and the Trustee) (the **Belgian Security Power of Attorney**) pursuant to which the Issuer (or the Master Servicer, the Special Servicer, or the Trustee) will amongst others be able to instruct the Belgian Security Agent's lawyers to initiate foreclosure proceedings on behalf of the Belgian Security Agent. Any challenge of the power of attorney, on procedural grounds, by the Belgian Borrower or the Other Belgian Obligor would be unlikely to succeed though Noteholders should be aware that there is no direct precedent on such matters in Belgium.

Security Interests

Mortgage

In Belgium, a security interest over real estate is created by way of a mortgage (*hypotheek/hypothèque*) pursuant to the Belgian Mortgage Act dated 16 December 1851.

A mortgage can cover ownership of real property (*eigendomsrecht/droit de propriété*), e.g. land, buildings and constructions, including bare ownership rights freehold interests (*naakte eigendom/nue-propriété*) (as

described below) as well as other real property rights, such as long term lease rights (*erfpachtrecht/droit d'emphytéose*).

The Belgian Property consists of two different types of rights *in rem*: (a) a long lease right granted to the Belgian Borrower and (b) a freehold interest of the Other Belgian Obligor.

A long term lease is an agreement whereby an owner grants a right *in rem* over its property for a long period of time for payment of a periodic fee (*kanon/canon*), thereby granting full use of the property together with any accessory rights. Such long term lease rights are governed by the Belgian Law of 10 January 1824. This interest is not to be confused with leases such as commercial leases, which do not create any real estate interest.

A freehold interest gives the holder the right to dispose of the property, but does not allow the use, or benefit thereof. The right arises following the split of full ownership between the person (*vruchtgebruiker*/*usufruitier*), entitled to the right of use and benefit associated with the property and the bare property owner (*naakte eigenaar*/*nu-propriétaire*).

A mortgage over real property extends to (a) the accessories (*toebehoren/accessoires*) to the mortgaged property (e.g. rental income) and (b) all improvements (*verbeteringen/améliorations*) made to the mortgaged property. Further, in the event of loss, deterioration or depreciation of the mortgaged property, any compensation owing by a third party to the mortgagor as a result thereof will be applied towards satisfaction of the mortgagee's secured debt, which will become immediately due and payable upon the occurrence of such event.

The Belgian Borrower and the Other Belgian Obligor have granted a mortgage covering 25% of the initial amount of the Belgian Parallel Debt over the leasehold and the freehold interest in the Belgian Property. For the remaining 75% of the initial amount of the Belgian Parallel Debt, which is not covered by an effective mortgage, the Belgian Borrower and the Other Belgian Obligor have granted a mortgage mandate. The attorneys appointed under the Mortgage Mandate may convert the Mortgage Mandates into a mortgage and register the mortgage for the remaining 75%.

Mortgage mandate

To reduce the costs involved in taking mortgages, it is standard Belgian banking practice to grant a mortgage for a portion of the secured claim and a mortgage mandate for the remaining portion of the secured claim.

A mortgage mandate is an irrevocable mandate to create and register a mortgage and must be granted by notarial deed. A mortgage mandate does not in itself create security establishing a priority right of payment in respect of the proceeds of sale of the mortgaged assets, but instead allows the attorney to create and register the mortgage at any time without any further involvement by the principal. The mortgage created upon exercise of the mandate will only be effective towards third parties from the date that it is recorded in the mortgage office (*Hypotheekkantoor/Bureau de la Conservation des Hypothèques*). When a mortgage mandate is converted into a mortgage, registration duties will be payable. The following limitations exist in relation to the conversion of a mortgage mandate:

(a) where a third party registers a mortgage before the registration of the mortgage resulting from the conversion of a pre-existing mortgage mandate, the third party mortgage will rank ahead of the mortgage granted to the mandate holder resulting from such conversion. However the granting of such mortgages to a third party would constitute a contractual breach of the Belgian Credit Agreement;

(b) if a conservatory or an executory seizure is made on the relevant property by a third party creditor, a mortgage registered pursuant to the exercise of the mortgage mandate after the writ of seizure is recorded at the mortgage office will not be enforceable against the seizing creditor;

(c) the mortgage mandate can no longer be converted following the bankruptcy of the relevant Obligor and any mortgage registered at the mortgage office after the bankruptcy judgment is void;

(d) the effect of a judicial composition (*gerechtelijk akkoord/concordat judiciaire*) and the dissolution (*ontbinding/dissolution*) of the relevant Obligor on the mortgage mandate is uncertain;

(e) mortgages created as a result of the conversion of mortgage mandates after the date of cessation of payment of debts (*tijdstip van staking van betaling/date de la cessation de paiements*) by the relevant Obligor are not enforceable against the bankrupt estate, as such mortgages constitute new security for a pre-existing debt. The bankruptcy court can fix the date of cessation of payments at a date up to six months before the bankruptcy order. However, under certain circumstances, the claw-back rules are not limited in time, for example where a mortgage has been granted pursuant to a mortgage mandate in order to fraudulently prejudice creditors;

(f) mortgages registered after the day of cessation of payments of debt can be declared void by the bankruptcy court, if the registration was made more than fifteen days after the creation of the mortgage; and

(g) besides the possibility that the relevant Obligor may grant a mortgage to a third party (as set out above), the mortgage resulting from a conversion of the mortgage mandate may also rank after certain legal mortgages (e.g. the legal mortgage of the tax authorities) to the extent these mortgages are registered before the registration of the mortgage resulting from the exercise of the mortgage mandate, in this respect, it should be noted that a notary will need to notify the tax administrator before posting the notarial deed.

Registration of the mortgages

A mortgage will only become enforceable against third parties upon registration of the mortgage at the mortgage office. The ranking of the mortgage is based on the date of registration. The registration is dated the day on which the mortgage deed and the "registration extracts" (*borderellen/bordereaux*) are registered at the mortgage office.

The Belgian Security Agent has been provided with an official certificate from the mortgage office (*hypothecair getuigschrift/certificat hypothécaire*) evidencing (a) that the Belgian Borrower has valid title to the long term lease right and the Other Belgian Obligor has valid title in the bear ownership right with respect to the Belgian Property and (b) the mortgage registered in favour of the Belgian Security Agent in respect of the Belgian Property. Evidence that all previous mortgages on the Belgian Property have been released is outstanding; however, the relevant notary has confirmed in writing that the relevant notarial deeds of mortgage release have been duly signed and sent to the mortgage office for registration.

Pledge over bank accounts

Security interests over bank accounts are created by way of a pledge pursuant to the Belgian law of 5 May 1872, as amended, and the Belgian Law of 15 December 2004 concerning financial collateral arrangements.

The Borrower has, in accordance with the terms of the Belgian Credit Agreement, established Belgian Borrower Accounts into which, among other things, rental income and disposal proceeds in respect of the Belgian Property must be paid (see further "*The Loans and the Loan Security – Borrower Accounts*" at page

198). The Belgian Borrower has granted a pledge over the Belgian Borrower Accounts and all of its interests in the Borrower Accounts.

In respect of the pledged bank accounts, the Belgian Borrower has undertaken to use its best efforts so that the relevant account banks agree in writing, for the benefit of the Belgian Security Agent, to waive any right of set-off and the benefit of any "unicity of account", pledge or similar provision. To the extent such waiver has not been given, the relevant pledges granted in favour of the Belgian Security Agent will have a subordinate ranking to such security interest or similar mechanism in favour of the relevant account bank and/or will be subject to set-off by the relevant account bank. However, the Obligors are prohibited from incurring financial indebtedness other than explicitly permitted under the Belgian Credit Agreement and, accordingly, there is a limited scope for incurring indebtedness with such account banks which would benefit from this prior ranking security (see further "*The Loans and the Loan Security – Undertakings*" at page 203).

Pledge over receivables

Security over receivables such as rental claims, insurance claims and guarantee claims is created by way of a pledge pursuant to the Belgian Law of 5 May 1872.

The Belgian Borrower has granted a pledge over certain receivables. The Other Belgian Obligor is entitled to receive payment of a yearly fee (*kanon/canon*) in an amount of €2,500 from the Belgian Borrower with respect to the long term lease granted in relation to the Belgian Property. However, this claim is not covered by a pledge, as agreed between the parties to the Belgian Credit Agreement.

In respect of the pledge granted by the Belgian Borrower over the rental income, in case of an insolvency event (*e.g.*, a bankruptcy, judicial composition, insolvent winding-up or an attachment) in respect of the Belgian Borrower, the issue may be raised as to whether the payments which fall due under the leases after the date of such insolvency event would constitute future receivables or existing receivables. If such payments were characterised as future receivables there would be a risk that in line with the comments published on the decision of the Court of Appeals of Ghent of 5 November 1993, the relevant court could declare the pledge ineffective (*non-opposable/niet-tegenwerpelijk*) against the creditors of the grantor. Furthermore, such analysis could be influenced by case law in France and The Netherlands, which limits the effectiveness of assignments of future receivables in a similar way and where case law to date seems to characterise rental receivables falling due after insolvency as future receivables.

Pledge over shares

The Belgian Borrower is a private limited company (*besloten vennootschap met beperkte aansprakelijkheid/société privée à responsabilité limitée (BVBA/SPRL*)). A *BVBA/SPRL* combines the limited liability of its members with a "closed structure", i.e. the rights of the shareholders may only be transferred under certain conditions.

The shares of a *BVBA/SPRL* are pledged pursuant to the Belgian Law of 5 May 1872, as amended, and the Belgian Law of 15 December 2004 concerning financial collateral arrangements.

Enforcement

Mortgages

The Belgian Borrower and the Other Belgian Obligor have granted to the Belgian Security Agent mortgages over their respective real property rights with respect to the Belgian Property.

Under Belgian law, a mortgage over real estate is enforced by a sale of the secured property. In order to enforce the mortgage, the mortgagee will need the claim to be confirmed by a court or to be set out in

sufficient detail in a notarised deed signed by the mortgagor (the latter will generally only be acceptable in the case of fairly simple mortgage loans). The mortgagee will also need to arrange for a public auction of the property to take place, which requires prior notice to each registered creditor, a separate court order, the appointment of a notary (who will organise and effect the sale) and the registration of an attachment order at the mortgage office. The costs of enforcement will be borne by the relevant obligor or owner of the property.

Any transfer of an immovable property is subject either (a) to VAT (current rate of 21%) for new buildings, or (b) to registration duty. The chances that the relevant building would be considered "new" for VAT purposes so that VAT were payable are minimal. Assuming the Belgian Property does not include new buildings for VAT purposes, enforcing a mortgage via a public auction will trigger the proportional registration duty on transfers of real property, being 10% in the Flemish Region where the Belgian Property is located, to be calculated on the sale price, which may not be lower than the market value (*markt waarde/valeur vénale*). The registration duties would normally be payable by the purchaser of the property, but technically speaking both the vendor and the purchaser are jointly liable for the payment of the duties. In addition, there will be proportional fees (administrative expenses) for the notary public and fees for the mortgage registrar in respect of the sale.

Priority rules

Under Belgian law, there are generally speaking three categories of creditors in the bankrupt estate (according to the rules of priority): (a) the specific preferred creditors who have a privilege or security interest that gives them rights to particular assets, (b) the general preferred creditors; and (c) the non-privileged creditors.

The beneficiary of a mortgage is a specific preferred creditor. In general, the specific preferred creditors (including the mortgagee) rank ahead of the unsecured creditors and the general preferred creditors (such as the tax authorities, social security authorities and employees). If the proceeds of enforcement of sale of the security assets prove to be insufficient to repay the claim of the specific preferred creditors, then these creditors become unsecured creditors in respect of the balance of their claim. Unsecured creditors will then rank behind the general preferred creditors.

Share pledges

Article 249 of the Belgian Companies Code sets out the share transfer restrictions which apply to the transfer of shares in a *BVBA/SPRL*. In essence, the consent of half of the shareholders who represent 75% of the share capital, discounting the shares which relate to the contemplated transfer, will need to be obtained. Transfer restrictions will, in principle, apply to enforcement of the pledge. However, the provisions of article 249 of the Belgian Companies Code have been waived in favour of the Belgian Security Agent in the articles of association and by a shareholders' meeting of the Belgian Borrower and the Other Belgian Obligor. Further, on the legal basis underlying article 249 of the Belgian Companies Code, which is to protect the non-transferring shareholders of the *BVBA/SPRL*, it could be argued that article 249 of the Belgian Companies Code will not apply to enforcement of a pledge created over all shares of a *BVBA/SPRL*.

Equitable Subordination

Belgian law does not recognise the concept of equitable subordination. Belgian courts may, however, apply subordination as a sanction ("judicial subordination"). A lender may be held liable for having granted credit to and maintained a credit line for a company which is not creditworthy. If the wrongful behaviour of the lender has caused damage to the borrower's other creditors (*e.g.*, a decrease in the likelihood that other creditors will be able to recover their claims), the Belgian courts may decide that the most appropriate way to

repair the damage (in kind) is to subordinate the claim of the credit provider. To assess the lender's liability, more severe criteria will apply if the lender is a professional lender.

As the Belgian Borrower and the Other Belgian Obligor will in principle not have any (major) other creditors, the risk that the Belgian Loan and/or the Belgian Parallel Debt will be judicially subordinated is considered to be remote.

(B) Risks relating to Property

Commercial Property Leases

Commercial (retail) lease agreements are subject to the Act on Commercial Lease Agreements of 30 April 1951 (the **Act of 1951**).

Renewal of the term of the lease agreement

The Act of 1951 provides that commercial leases relating to premises used as retail shops having direct contact with the public should have a minimum term of 9 years. If the term is longer, the agreement should be in the form of a notarial deed. The lessee has the right to ask for a renewal of the lease (up to a maximum of three times) at the end of the term of the lease, regardless of whether or not it is expressly provided for in the lease agreement. However the lessee must request the renewal between the 18th and 15th month before the end of the lease (otherwise, the lessor may refuse the renewal).

The circumstances where a lessor can refuse a renewal are limited as set out in Article 16 of the Act of 1951.

Termination of the agreement

The lessee may, at the end of each three year period (upon a six months' notice) terminate the lease agreement, regardless of whether or not it is expressly provided for in the lease agreement.

The lessor may only terminate the lease agreement if expressly provided for in the lease agreement at the end of each three year period (upon a one year's notice).

Review of the rent

Each party can ask for a review of the rent at the end of each three year period in the event that unpredictable and new circumstances arise (e.g. changes in the neighbourhood, economic charges, important works done by the landlord) which have either increased or decreased the "normal lease value" of the real estate (which is determined by an expert taking into account the lease values applicable for similar types of properties) by at least 15% versus the current rent.

This is a mandatory provision and so it applies even if it is not expressly provided for in the lease agreements. Provisions to the contrary are null and void.

Indexation of the rent

Indexation is only possible if expressly provided in the agreement. The parties may freely determine the indexation clause to the extent this does not exceed the indexation in accordance with the legal formula, which equal to: (Basic rent x New index) / Index at the beginning of the agreement) and will either be dependent on the index of consumer prices or the health index (depending on the commencement date of the lease), as published from time to time in the newspaper.

Subleases and assignment of the lease

Subleasing and assignment of the lease is permitted, unless expressly prohibited in the lease agreement. In addition, the lessor cannot prohibit this assignment/sublease if the lessee assigns/subleases the lease in the framework of a sublease/assignment of its business.

Statutory rights of Tenants

Such rights may include in particular the following:

(a) where the Belgian Borrower, as landlord, is in default of its obligations under a lease in respect of the Belgian Property, the tenant may have the right under general principles of Belgian law (*exceptie van niet – uitvoering/exception d'inexécution*) to withhold its rental payments until the default is cured or refrain from performing its other obligations under the lease;

(b) a legal right of set-off (*wettelijk recht op compensatie/droit de compensation légale*) could be exercised by a tenant of the Belgian Property in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to this tenant by the landlord in its capacity as landlord or otherwise;

(c) Belgian courts may in some circumstances grant a tenant acting in good faith a limited grace period in respect of its obligations to pay rent (under Article 1244 of the Belgian Code civil), thus overriding any contrary provision in the lease;

(d) a tenant under a commercial lease may upon non-renewal of the lease, in certain circumstances, claim compensation from the landlord for eviction; and

(e) the terms of a commercial lease may grant the tenant a pre-emption right exercisable in the event of a proposed sale of the property.

The exercise of any such rights may affect the ability of the Belgian Borrower to meet its obligations under the Belgian Finance Documents

Maintenance obligations

The Belgian Civil Code obliges the landlord to maintain the premises during the term of the lease agreement. However, this obligation is limited to only the maintenance and repairs which are necessary to enable the tenant to use the premises in compliance with the use assigned to them in the lease agreement. Case law gives many examples of the types of repairs which must be borne by the lessor. In determining the types of repairs which must be borne by the landlord, the courts very often refer to substantial repairs or structural repairs. Lease agreements usually provide that all structural repairs are to be borne by the landlord, the tenant bearing all other repairs. However, certain categories of lessors (institutional investors) and certain types of leases (for instance shopping centre leases) often provide that all repairs, even structural repairs, should be borne by the tenant.

The lessor is not under any legal obligation to take responsibility for repairs or maintenance imposed by administrative authorities (i.e. to comply with the rules and regulations affecting the leased premises). However, if these repair or maintenance works are not carried out, and as a result the leased premises can no longer be used as specified in the lease agreement, the lessee may terminate the lease agreement.

If the lease does not contain any clause dealing with the partial or total destruction of the property, the landlord has no obligation to rebuild and the lease will be automatically terminated. However, in the case of

a partial destruction, the tenant would be entitled to either a reduction in the rent or to terminate the lease agreement.

The Belgian Civil Code provides that landlords must provide a guarantee against defects. The duty to provide a guarantee is linked to the obligation to maintain the premises. The guarantee must cover all defects of the premises which would prevent the enjoyment of the premises by the tenant. It must cover all defects inherent at the beginning of the lease term and all defects which may subsequently appear.

The scope of the guarantee can be limited by the lease agreement. In practice, the landlord usually provides a guarantee against defects resulting from new construction works. The reason is that substantial defects are then covered by insurance policies taken out by the landlord at the time of the works and are also covered by the contractors' and architect's guarantees (10-year guarantee).

Compulsory Purchase; Expropriation

Any property in Belgium may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. No such compulsory purchase proposals were, however, revealed in the course of the due diligence undertaken by the legal advisors to the Belgian Borrower at the time of the origination of the Belgian Loan.

The legal rules relating to compulsory purchase of property, provide a process pursuant to which a compulsory purchase proposal may occur. Under these rules the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property. In the context of the Belgian Property, there can be no assurance, however, that the compulsory purchase price would be equal to the amount or portion of the Belgian Loan secured upon the Belgian Property or that the compulsory purchase price would be paid prior to the scheduled maturity date of the Belgian Loan. Moreover, a compulsory purchase order in respect of a property would have the effect of releasing the tenants thereof from their obligations to pay rent.

In Belgium there is often a delay between the compulsory purchase of a property and the payment of compensation, the length of which will largely depend upon the ability of the property owner and the entity acquiring the property to agree on the market value of the affected property, or other means of determining the amount of compensation payable upon a compulsory purchase.

Pre-emption rights

There can be no assurance that the sale of the Belgian Property (which are located in the Flemish Region of Antwerp) can be effected at a given price or in a specific timeframe since the Flemish authority may in certain circumstances, hold a right of first refusal (*droit de pre-emption/voorkooprecht*) on the sale of properties. This right of first refusal only applies to direct asset sales.

Environmental Laws

An environmental permit dated 6 December 1979 and an environmental permit dated 11 September 2002 apply to the Belgian Property. These permits cover the operation of several classified environmental facilities, including a heating installation, an air-conditioning installation and transformers. The permits will expire on 6 December 2009. Their renewal must be applied for between 12 and 18 months before the expiry date.

The Belgian legislation on asbestos is set forth in the Royal Decree dated 16 March 2006 regarding the protection of employees against exposure to asbestos. The main obligations provided for in this decree, such as the obligation to draft an inventory of all asbestos and materials containing asbestos in the building and to

draft a programme to handle the presence of asbestos, rest upon the employer and not the owner of the building, and, therefore, should not apply to the Belgian Borrower. The due diligence undertaken by the legal advisors of the Belgian Borrower at the time the Belgian Loan was originated revealed that asbestos is present in the Belgian Property but that this asbestos does not generate any direct danger for the health of the staff or visitors in that property.

In the Flemish Region, the "transfer of land" (which is defined very broadly by the legislation, i.e. the Flemish Statute on Soil Clean-up dated 22 February 1995, covering among other things the transfer of ownership and the entering into or termination of a lease) is subject to obtaining a soil certificate issued by the environmental authorities (OVAM). If relevant, the transfer of land may also trigger soil survey and possible soil clean-up obligations.

The due diligence undertaken by the legal advisors of the Belgian Borrower at the time the Belgian Loan was originated, did not reveal any issues regarding current or future liabilities for soil pollution at the Belgian Property.

Planning and Safety Regulations

Building permits

As a general rule, construction work, alterations or changing the use of a real estate asset require that the appropriate building permit be granted in accordance with the applicable zoning regulations and planning rules.

Building or maintaining constructions without holding the required building permit can give rise to criminal liability as well as administrative and tort liability.

Buildings in Belgium have to comply with certain regulations on fire protection. Normally, an analysis of compliance with relevant fire regulations is included in the procedure undertaken prior to issuance of a building permit.

The due diligence undertaken by the legal advisors of the Belgian Borrower at the time the Belgian Loan was originated did not reveal any zoning issues regarding the Belgian Property. Further, the legal due diligence confirmed that several building permits have been issued and apply to the Belgian Property. Note however that the legal advisors of the Belgian Borrower did not express any view on whether all permit conditions have been complied with and whether the Belgian Property was constructed in accordance with the approved plans attached to the permits.

Socio-economic permits

In Belgium, operating large stores and shopping centres is subject to specific permit requirements, referred to as socio-economic permit requirements.

Operating commercial activities without the required socio-economic permit being in place can give rise to criminal liability as well as administrative and tort liability. Also, competing shopkeepers could ask a court to order the close down of the store until the required permit is obtained.

The due diligence undertaken by the legal advisors of the Belgian Borrower at the time the Belgian Loan was originated confirmed that socio-economic permits have been obtained for the Belgian Property and did not reveal any material issues regarding this matter. Note however that the legal advisors of the Belgian Borrower did not express any view on whether these permits duly cover all activities in the Belgian Property and whether all permit conditions have been complied with.

On the basis of this due diligence, the Belgian Borrower confirmed in the relevant Finance Documents of the Belgian Loan that the Belgian Property was not in breach of any national, regional or local zoning laws in any material respects.

(C) Considerations relating to Obligors

In order to minimise the risk that the Belgian Borrower is or will become insolvent at any time prior to the repayment of the loan, the activities of the Belgian Borrower have been restricted, through appropriate negative covenants in the Belgian Finance Documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that the Belgian Borrower's exposure to liabilities is minimised to those relating to the Belgian Loan and the relevant Belgian Property. See further "*Loans and the Loan Security - Lending Criteria*" at page 190.

Insolvency

Judicial Composition

Pursuant to the law on judicial composition (*Wet betreffende het gerechtelijk akkoord/Loi relative au concordat judiciaire*), a judicial composition can be filed for if the following conditions are met:

(a) the debtor is temporarily unable to pay its debts as they fall due or the continuity of the company is threatened so that it might give rise to a suspension of payments in the short term;

(b) the financial situation of the company can be cured and there is a real expectation of recovery; and

(c) there is no apparent bad faith on the part of the debtor.

A judicial composition starts with a request to the debtor or to the public prosecutor's office. The court decides on whether or not to grant a judicial composition request within 15 days of the submission of the request. The court will appoint a commissioner (*commissaire au sursis/commissaris inzake opschorting*) whose task it is to assist and supervise the debtor's actions in the course of the judicial composition. A preliminary suspension of payment is granted for a maximum period of six months (the **Preliminary Suspension Period**). The court will grant such suspension if the debtor has not acted in bad faith and if the court is of the opinion that such suspension would contribute to the recovery of the business. The court may extend the suspension for another three months upon the request of the commissioner, the public prosecutor's office, or at the discretion of the court itself.

After the creditors have submitted their claims for unpaid debts to the court, the court may grant a definitive suspension of payment for a term of up to 24 months, which may be prolonged for another 12 months (the **Definitive Suspension Period**). Such definitive suspension is based on a recovery plan which will set out when and to what extent the suspended debts will be paid as well as other measures agreed upon to allow the company to recover (the **Recovery Plan**). In addition to a suspension the plan may include mandatory rescheduling and even a mandatory reduction of debts. The Recovery Plan must be approved by a majority of creditors and by the court.

Provisions of an agreement which provide that the contract is terminated or dissolved as a consequence of the company applying for a judicial composition or becoming the subject of a judicial composition procedure will be ineffective.

Following a request for a judicial composition (*gerechtelijk akkoord/concordat judiciaire*), no enforcement against movable or immovable property of the debtor can be effected prior to the court's ruling on the request in accordance with the law on judicial composition. Following the entry into force of the Act of

15 December 2004 regarding financial collateral, such prohibition should not apply to the pledge on financial instruments or cash held on account.

During the Preliminary Suspension Period, no enforcement against movable or immovable property of the debtor can be effected, provided that during such period the relevant creditors receive payment of interest and charges that fall due as from the date of ruling on the preliminary suspension.

If, following the preliminary suspension, a Recovery Plan is approved by the creditors and the court, such plan and a final suspension of payments and enforcement rights will apply for a maximum period of 24 months, which period could be extended for a further 12 months. Approval by the court of the final suspension requires:

(a) that the Recovery Plan is approved by more than 50% of creditors who have filed a claim and have participated in the vote, provided that these creditors also represent more than 50% of the claims made against the debtor;

(b) that the debtor provides sufficient comfort as to proper management going forward; and

(c) that there is no breach of the public order.

In respect of creditors who benefit from a pledge or a mortgage (and who have not voluntarily agreed to the Recovery Plan), the Recovery Plan and final suspension will not be binding unless the court decides otherwise, which is only allowed if the following conditions are met:

(a) the Recovery Plan provides for payments of interest to the secured creditors;

(b) the suspension of payments is limited to no more than 18 months; and

(c) the Recovery Plan does not otherwise change their current or future position.

If the secured party is not paid the relevant interest and costs during these periods, it can seek to enforce its security. This must be done with the consent of the court if a definitive suspension has been ordered.

Unless the court order granting the judicial composition has restricted such right, the company can freely sell properties as part of its normal business activity. The sale could be part of an approved Recovery Plan. Furthermore, article 41 of the law on judicial composition provides that the court appointed commissioner can sell all or part of the debtor's business with the approval of the court without an approved Recovery Plan. The commissioner will need to (a) publicise the proposed sale so that any interested parties can make a bid, (b) investigate the bids made in view of their impact on the survival of the debtor and the debtor's ability to (re)pay its creditors. The commissioner must take into account the lawful interests of the creditors. If only part of the business is sold, the creditors do not need to consent. If all of the business is to be sold the approval of the creditors will be required (i.e. an approval by more than 50% of creditors who have filed a claim and have participated in the vote, provided that these creditors also represent more than 50% of the claims made against the debtor).

The law on judicial composition does not deal with the consequences of sales of the company's business or properties for creditors with security over the sold assets and there are few reported cases on the subject. One may expect that sales effected by the management of the debtor without the prior consent of a mortgagee would not legally prejudice the normal rights of the mortgagee and that the debtor would remain bound by the previously agreed covenants and undertakings. In case of a sale pursuant to article 41 there is the risk, however, that a court may take the view that such procedure would release the mortgage, leaving the mortgagee to exercise its security interest only on the proceeds of such sale.

Bankruptcy

A bankruptcy procedure may be initiated by the debtor, unpaid creditors, or upon the initiative of the public prosecutor's office, the provisional administrator or the administrator, or the liquidator of the main proceedings (as defined in the Council Regulation EC No. 1346/2000 of 29 May 2000 on insolvency proceedings). Once the court decides that the requirements for bankruptcy are present, the court will establish a date before which all claims of unpaid debts by the creditors must be entered (within 30 days after the bankruptcy judgement) and the date of the first report on the verification of claims.

The debtor loses all authority and control concerning the management of the assets of the bankrupt business. The bankruptcy receiver (*curateur/curator*) takes over the running of the business and attends to the sale of the assets, the distribution of the proceeds thereof to the creditors and the liquidation of the debtor's assets. The input of creditors is limited, to the extent that they are informed of the course of the bankruptcy proceedings, and they may request the temporary continuation of the business. Certain secured creditors benefit from specific powers and rights regarding the sale of the assets that are secured in respect of their claims (see below).

Conditions for a bankruptcy order (*aangifte van faillissement/déclaration de faillite*) are that the company must be in a situation of cessation of payments (*staking van betaling/cessation de payments*) and be unable to obtain further credit (*wiens krediet geschokt is/ébranlement de crédit*). Cessation of payments is generally accepted to mean that the debtor is not able to pay its main debts as they fall due. This situation must be persistent and not merely temporary. In principle, the cessation of payments is deemed to have occurred as from the date of the bankruptcy order. The court issuing the bankruptcy order may determine that the cessation of payments occurred at an earlier date if there are serious and objective indications that such was the case. However this date cannot be earlier than six months before the date of the bankruptcy order, save where circumstances suggest intent to defraud the creditors. The period from the date of cessation of payments up to the declaration of bankruptcy is referred to as the suspect period (*verdachte periode/période suspecte*). Certain transactions are unenforceable towards the bankrupt estate if carried out during the suspect period.

The fees payable to the bankruptcy receiver (appointed by the court) are paid from the proceeds of the assets in the bankrupt company. It should be assumed that each secured creditor will be required to contribute to these costs to the extent that the bankruptcy receiver can establish that his involvement has been beneficial for the relevant secured creditor. The bankruptcy receiver may decide not to perform the obligations of the bankrupt party which are still to be performed after the bankruptcy under any agreement validly entered into by the bankrupt party prior to the bankruptcy. If the receiver does not decide whether to continue any contract, the counterparty to that agreement may ask the receiver to take this decision no more than 15 days after the date on which the creditor makes the request. If the agreement is terminated, the counterparty may enter a claim for damages in the bankruptcy and such claim will rank *pari passu* with claims of all other unsecured creditors.

In the case of bankruptcy, any power of attorney or mandate expressed to be irrevocable will lapse upon the bankruptcy of the principal. Furthermore such power of attorney may not be effective in circumstances where the agent would want to act as counterparty of the principal.

As a result of a bankruptcy judgement the enforcement rights of individual creditors will be suspended since only the bankruptcy trustee will from then on be able to proceed against the debtor and to liquidate its assets. Following the entry into force of the Act of 15 December 2004, such suspension does however not apply to a pledge over financial instruments or cash held on account.

For certain creditors with security over movable assets the suspension of individual enforcement rights would normally be limited to the period required for the verification of the claims, but may at the request of

the bankruptcy receiver be extended up to one year from the bankruptcy judgement. Such extension requires a specific order of the court which can only be made if the further suspension would allow for a realisation of the assets without prejudicing the secured creditors and provided that those secured creditors had been given the opportunity to be heard by the court.

In respect of immovable assets, in principle only the bankruptcy receiver can pursue the sale of the assets. The receiver will do so upon order of the court, following a request by the receiver or at the request of a mortgagee. However, the first ranking mortgagee will nevertheless be entitled to pursue the enforcement of its mortgage as soon as the first report of claims has been finalised, unless the court suspends such enforcement for a period of not more than one year from the date of the bankruptcy (the court may do this if the further suspension will allow for a realisation of the assets without prejudicing the mortgagee and provided that the mortgagee has been given the opportunity to be heard by the court).

As from the date of the bankruptcy judgement, no further interest accrues against the bankrupt debtor on its unsecured debt.

As a general rule, any security interest will rank behind prior existing security interests, provided that appropriate perfection requirements (e.g. registration or filing) have been completed.

If a company that has obtained or has become subject to a judicial composition is declared bankrupt during the judicial composition, then new debts duly incurred by the company during the judicial composition may be treated as debts incurred by the receiver, and will therefore rank in priority to the debts incurred prior to the judicial composition. This will only be the case if these new debts were made with the authorisation, assistance, and collaboration, of the judicial commissioner. Although it has been argued that these new debts should also take priority over previous debts which are secured by a mortgage or a pledge, reported case law to date and the most authoritative legal writers seem to take the view that such is only the case where the new creditors can provide proof that the incurrence of the new debt specifically benefited the secured creditor.

Under the bankruptcy law, debts duly incurred by the receiver after the date of the bankruptcy order could rank ahead of a mortgagee or a pledgee to the extent that such creditors could establish that the incurrence of such debt had specifically benefited the mortgagee or pledgee.

Certain statutorily preferred creditors may, depending on the circumstances, rank ahead of a first ranking mortgage or first ranking pledge. Such creditors include: (a) creditors for legal costs incurred in the interest of all creditors; (b) claims for costs made by a third party or the receiver for the maintenance, enforcement or recovery of the relevant asset; (c) claims for overdue insurance premiums payable in respect of insurance covering the relevant asset, up to a maximum amount of two annual premiums; (d) under certain circumstances and conditions the unpaid seller of a movable goods. As to the statutory liens of the tax and social security authorities, these will normally rank behind the mortgage and pledge, unless such mortgage would be registered only after the tax authorities have perfected their mortgage (for example, on the basis of a mortgage mandate deed).

Belgian courts have established that in certain events other than bankruptcy or judicial composition, certain insolvency rules should also be applied. In relation to commercial companies, the relevant events are (a) the attachment of assets by various creditors which leads to the sale of the assets (*saisie/beslag*) and (b) the winding-up (*dissolution/ontbinding* and *liquidation/vereffening*) of the company. In these events certain insolvency rules will apply.

Insolvency of the Belgian Borrower; Enforcement of Belgian Security

The Belgian Borrower and the Other Belgian Obligor have been incorporated in Belgium under the laws of Belgium as special purpose vehicles. The Belgian Obligors are commercial companies and, as such, are subject to the Belgian insolvency legislation. The Belgian Borrower and the Other Belgian Obligor have

given covenants typical of a special purpose vehicle, such as covenants not to incur additional indebtedness, or engage employees, or acquire property other than the Belgian Property.

(D) General

Force Majeure

The laws of Belgium recognise the doctrine of *force majeure*, permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. There can be no assurance that the tenants of the Belgian Property will not be subject to a *force majeure* event releasing them from their obligations under the leases.

RELEVANT ASPECTS OF FRENCH LAW

This section summarises certain French law aspects and practices in force at the date hereof relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) The French Securitisation Law

Fonds commun de créances are special purpose vehicles originally created under French law No 88-1201 of 23 December 1988 (now codified under Articles L. 214-5, L. 214-43 to L. 214-49 and L. 231-7 and Articles R.214-92 to R.214-115 of the French *Code monétaire et financier*) (the **French Securitisation Law**).

General rules applicable to *fonds commun de créances* and compartments

A *fonds commun de créances* is a co-ownership entity (*copropriété*) with no separate legal personality (*personalité morale*). Therefore, a *fonds commun de créances* and any of its compartments, as the case may be, shall be represented in its activities by its management company. The provisions of the French *Code civil* concerning joint ownership (*indivision*) and joint companies (*sociétés en participation*) does not apply to *fonds communs de créances* or any of their compartments.

In accordance with French law, the establishment of a *fonds commun de créances* and, where applicable, its compartments, are not subject to any prior authorisation or registration with any authority (including the *Autorité des Marchés Financiers*). Consequently, a *fonds commun de créances* does not have any specific place of registration or registration number.

Neither a *fonds commun de créances* nor any of its compartments are subject to the provisions of the French *Code de commerce* relating to bankruptcy and insolvency proceedings, nor will the provisions of the French *Code monétaire et financier* relating to credit institutions (*établissements de crédit*), investment companies (*entreprises d'investissement*) or investment funds (*organismes de placement collectif en valeurs mobiliéres*) apply to a *fonds commun de créances* or any of its compartments.

Neither a *fonds commun de créances* nor any of its compartments have authorised and/or issued capital, although French Securitisation Law requires that a *fonds commun de créances*, in respect of each of its compartment issues at least two units of a €150 par value.

Pursuant to its management strategy (*stratégie de gestion* within the meaning of Articles R.214-92 to R.214-115 of the French *Code monétaire et financier*), the activities of a *fonds commun de créances* or any of its compartments consist of the purchase of receivables (together with related security and ancillary rights) and/or debt instruments (*titre de créances*) and the issue of units (*parts*) and debt instruments (*titres de créance*) (including foreign law debt instruments).

Fonds communs de créances are undertakings for collective investment (*organismes de placement collectif*) within the meaning of article L.214-1 of the French *Code monétaire et financier*. Nonetheless, *fonds communs de créances* are not undertakings for the collective investment of transferable securities (*organismes de placement collectifs en valeurs mobilières*, or **OPCVM**) within the meaning of articles L.214-2 to L.214-42 of the French *Code monétaire et financier* and are not regulated by the provisions of the European Directives relating to, in particular, OPCVM (UCITS) (*organismes de placement collectif en valeurs mobilières*), "co-ordinated UCITS" (*OPCVM co-ordonnés*) or to any other European (or other) class of investment funds of whatever legal nature.

Legal framework relating to *fonds commun de créances* with compartments ("*fonds communs de créances à compartiments*")

Pursuant to the second paragraph of article L. 214-43 of the French *Code monétaire et financier*, a *fonds commun de créances* may have two or more compartments provided that the general regulations provide for such a possibility.

In accordance with the French Securitisation Law and subject to the provisions of the general regulations of the relevant *fonds commun de créances*, each compartment will issue at least two units (*parts*) or as the case may be, debt instruments (*titres de créances*), in relation to the receivables allocated to that compartment. The proceeds received from the issue of the financial instruments by the *fonds commun de créances* with respect to a given compartment will be allocated to the purchase of receivables from the relevant originator and during the setting up or operation of the compartment, the receivables being exclusively allocated to that compartment. Consequently, all cash received with respect to the receivables allocated to a given compartment shall be exclusively allocated to the payment of the principal, interest, commissions and expenses due in relation to that compartment. Likewise, defaults on the receivables shall be borne by the compartment to which those receivables have been allocated and not by the other compartments, provided that, in accordance with article L. 214-48 of the French *Code monétaire et financier*, the general regulations of the *fonds commun de créances* provide that the holders of the units of a compartment are liable for the debts of that compartment only to the extent of the assets allocated to that compartment and on a *pro rata* basis of their respective share in that compartment.

Pursuant to article L.214-43 of the French *Code monétaire et financier*, notwithstanding article 2093 of the French *Code civil*, and unless otherwise stipulated in the constituting documents of the relevant *fonds commun de créances* the assets of a given compartment may only be used to meet that compartment's debts, commitments and obligations.

Holders of the units (*parts*) and, as the case may be, debt instruments (*titres de créances*) issued by a *fonds commun de créances*, in relation to the establishment or operation of a given compartment, shall be the only holders to benefit from the credit enhancement and hedging mechanisms set up in relation to that compartment. Likewise, the assets allocated to each compartment, pursuant to the provisions of each of the relevant compartment regulations and the general regulations of the relevant *fonds commun de créances*, shall be different from the assets allocated to the other compartments so that the assets allocated to a specific compartment may be used to meet only, and exclusively, the obligations of that compartment.

A *fonds commun de créances* with compartments is set up on the creation date of the first compartment. Each compartment shall remain independent and distinct from the other compartments. Consequently, the management company of the *fonds commun de créances* may liquidate a compartment, in compliance with the provisions of article L.214-43 of the French *Code monétaire et financier*, without having to liquidate another compartment of the *fonds commun de créances* or the *fonds commun de créances* generally, except if no other compartment remains in existence at the date of liquidation of such compartment.

Pursuant to article L.214-48-V of the French *Code monétaire et financier*, each compartment of a *fonds commun de créances* holds and publishes separate accounts within the accounts of the *fonds commun de créances*.

For further information about the FCC, French Issuer, the French Issuer Related Parties and the transfer of the French Loan Receivables, please see the section entitled "*Description of the French Issuer, the French Issuer Related Parties, and the French Notes*" at page 261.

(B) Considerations relating to the Loans and the Loan Security

Security interests

Lender's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

Lender's privilege (*privilège de prêteur de deniers*) and mortgage (*hypothèque*) are the most common security rights over French real properties. All French Loans are secured by a lender's privilege and, in the case of the French Retail Loan, a second ranking mortgage has been granted in addition to the lender's privilege.

The lender's privilege is conferred, in accordance with Articles 2324 and 2324-2° of the French *Code civil*, on a creditor who lends a sum of money in order to finance the purchase of real property provided that the following conditions are satisfied: (a) the loan must be granted for the purchase of the real property and the deed evidencing the loan (*acte d'emprunt*) must expressly stipulate such purpose; (b) by giving a discharge receipt (*quittance*), the vendor of the relevant real property must certify that the payment was made out of the moneys borrowed under the loan; and (c) the deed evidencing the loan and the discharge receipt must be in a notarised form (*acte authentique*).

A mortgage is a right to real property granted to a creditor, known as a mortgagee (*créancier hypothécaire*), by a debtor, known as the mortgagor (*débiteur*), relating to real property which the latter owns or in which it has a right *in rem*, in order to secure payment of a debt owed by the mortgagor to the mortgagee.

Secured amounts comprise the principal amount of the loan as well as its related rights. It should be noted, however, that only three years of interest at the contractual rate can be secured by a lender's privilege or a mortgage. A mortgage cannot secure all present and future moneys generically.

Since the lender's privilege can only be conferred on a lender as security to the loan made available to finance the purchase price of the real property, the secured debt is limited to the obligations of the borrower under such loan. Any further obligations can be secured by a second ranking mortgage.

In the context of a refinancing of a loan, a lender's privilege or mortgage granted in favour of the lender whose loan is being refinanced can be transferred to the new lender by way of subrogation up to the principal amount of the loan.

In order to be enforceable against third parties, pursuant to the provisions of Article 2377 of the French *Code civil*, lender's privileges and mortgages must be registered at the French land and charges registry (*Conservation des Hypothèques*) situated in the geographical district where the relevant real property is situated.

A lender's privilege is retrospectively perfected from the date of the deed of conveyance of the relevant real property if the registration of the privilege occurs within a period of two months after the signing of the deed of conveyance (under Article 2379 of the French *Code civil*). If this deed fails to be registered within this two month period, rules applicable to mortgages will apply to the lender's privilege. Mortgages are perfected from their date of registration with the French land and charges registry.

The registration of a lender's privilege or of a mortgage in France is only valid for a limited period of time. As a general rule, a lender's privilege or a mortgage is valid until the date of validity specified in the registration (under Article 2434 of the French *Code civil*). Where the due date of the debt secured by the lender's privilege or the mortgage occurs on one or several fixed dates, the validity of the registering of the lender's privilege or of the mortgage made prior to the due date or at the final due date (*dernière échéance prévue*) of the secured debt may run for more than one year beyond such due date, but may not exceed fifty years. Where the due date of the debt secured by the lender's privilege or the mortgage is not expressly

fixed, the validity of the registering of the lender's privilege or of the mortgage is limited to fifty years. Where the due date of the debt secured by the lender's privilege or the mortgage is antecedent to or concomitant with the registration, the validity of the registering of the lender's privilege or of the mortgage is limited to ten years.

The registration of a lender's privilege or of a mortgage ceases to be effective if it is not renewed on or before the last day of its current period of effectiveness.

The beneficiary of a lender's privilege or a mortgage will rank ahead of all unsecured creditors (*créanciers chirographaires*) of the grantor of the security but will rank after the prior ranking creditors in the context of a bankruptcy (for further information, see "*Relevant Aspects of French Law - Enforcement*" at page 117) and after any claim of the manager of the condominium (*copropriété*) where the relevant French Property is comprised within a condominium.

Pledge over bank accounts

Each French Borrower has, in accordance with the terms of the relevant Credit Agreement, established Borrower Accounts into which, among other things, rental income and disposal proceeds in respect of the French Properties must be paid (further "*The Loans and the Loan Security – Borrower Accounts*" at page 181). The French Borrowers have granted a pledge over the Borrower Accounts and all of its interests in the Borrower Accounts.

A pledge over a bank account is a pledge over the credit balance of such bank account and is governed by Article 2355 et seq. of the French *Code civil* and Article L.521-1 of the French *Code de commerce*, setting out the regime of the pledge of receivable (*nantissement de créance*).

Pledge over shares

Shares (*parts sociales*) issued by a *société à responsabilité limitée* (**SARL**) or a *société civile immobilière* (**SCI**) can be pledged in accordance with *Sous Titre II* of *Titre II* of *Livre IV* of the French *Code civil* and Article L.521-1 of the French *Code de commerce.*

Pledge of financial instruments accounts

Units and notes issued by a *fonds commun de créances* can be pledged in accordance with article L.431-4 of the French Code *monétaire et financier*.

Assignment of receivables by way of security

Rental proceeds, insurance indemnity claims and seller's indemnity claims (as applicable) have been assigned by way of security pursuant to an assignment governed by Articles L.313-23 to L.313-34 of the French *Code monétaire et financier* (the **Dailly law assignment**). The Dailly law assignment provides for the transfer of receivables (together with any security interests, guarantees and accessory rights relating thereto) through the remittance to the assignee (the secured creditor) of a transfer form (*bordereau*) describing the amount of the type of receivables subject to such assignment by way of security. The assignment comes into effect as between the assignee and the assignor and is binding upon third parties as from the date of the transfer form. The ownership of the receivables is transferred as from the date of the transfer form notwithstanding the fact that such assignment is made by way of security.

Delegation agreements

A delegation agreement (*acte de délégation imparfaite*) has been executed, in accordance with Article 1275 et seq. of the French *Code civil*, as security for the Toulouse 2 Loan, by the relevant French Borrower over insurance indemnity claims.

The delegation consists of a person (*délégué*) incurring payment obligations to another person (*délégant*), Where the *délégué* is obliged to pay those amounts to a third person (*délégataire*) upon instructions of the *délégant* in satisfaction of a debt owed by the *délégant* to the *délégataire*. A delegation is called "*imparfaite*" where the *délégué* continues to be bound to pay the *délégant* so that there is no novation under French law (in which case the *délégué* would no longer be bound to pay the *délégant* but only the *délégataire*).

Cash collateral arrangements

Under French law, a cash collateral (*gage-espèces*) is a security whereby cash deposited by the debtor to the creditor on a bank account opened in the name of such creditor. Due to the fungible nature of cash, title to the deposited cash is transferred to the creditor by way of security.

As security for the French Loans, several cash collateral arrangements have been entered into in relation to sums paid by the French Borrowers to the credit of accounts held in the name of the Lender or the Relevant Security Agent.

Enforcement

Lender's Privilege (privilège de prêteur de deniers) and mortgage (hypothèque)

If a French Borrower defaults in its obligations in relation to a French Loan and/or a French Related Security, the French Issuer may decide to foreclose on the French Borrower's secured French Property provided that the relevant French Borrower is not subject to any insolvency proceedings.

The French legal procedures to be followed in relation to the enforcement of security interests over real property situated in France and the related expenses may affect the French Issuer's ability to liquidate the Properties efficiently and in a timely fashion. An outline of these procedures is set out below. Foreclosure on property situated in France by secured creditors (*saisie immobilière*) may first require the sale of the property at a public auction (*vente aux enchéres*).

The first step in the foreclosure procedure consists of delivering a foreclosure notice (*commandement de saisie immobilière*) to the debtor by a process server (*huissier*). This foreclosure notice should be filed at the French land and charges registry having jurisdiction over the district in which the relevant real property is situated. The next step is to instruct a local lawyer (*avocat*) to prepare the terms of the sale of the property at auction, including the reserve price of the relevant real property. Finally, a number of legal notices is required to be given prior to the sale. The debtor may file objections against such foreclosure (including the reserve price), the validity of which will be decided by a competent court.

If no bid is made at the public auction, and provided there is only one foreclosing creditor, such foreclosing creditor is declared the highest bidder and is thus obliged to purchase the property at the reserve price specified in the terms of the sale. The second possible action of the secured creditor may be exercised in the event of the sale of the property by the debtor. In such event, the secured creditor may have the debts owing to him satisfied from the proceeds of the sale of the property in the order of priority of the privileges and mortgages encumbering such property (*droits de préférence*), in accordance with Article 2461 of the French *Code civil.*

The secured creditor's enforcement action consists of the possibility to continue to benefit from the lender's privilege or mortgage, even if the property is transferred by the debtor to a third party (*droit de suite*). The secured creditor can have the property attached and can claim a preference on the proceeds of the sale by the debtor to the third party (*droit de preference*). If the secured creditor wishes to exercise this right, it must cause an order to pay to be served on the debtor by a bailiff and, in addition, cause a notice to be served on the third party to whom the property subject to the lender's privilege or mortgage was transferred with a view either to pay the debt secured by the lender's privilege or mortgage granted over the property or to surrender such property in an auction sale, where a minimum bid exceeding 10% of the price paid by such third party shall be made by the creditor.

In accordance with Article 2458 of the French *Code civil* (following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the creditors benefiting from a mortgage may also obtain from the court the appropriation of the property as payment of its debt remaining unpaid (Article 2458 of the French *Code civil*).

Pledge over bank accounts

In the absence of specific contractual provisions providing for private enforcement (as permitted following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the enforcement of the pledge over bank accounts can be made by requesting the competent court to allow the appropriation of the credit balance subject to the pledge and the application of the proceeds in satisfaction of the secured debt.

Pledge over shares

In the absence of specific contractual provisions providing for private enforcement (as permitted following the entry into force of the French *ordonnance* dated 23 March 2006 on security interests), the enforcement of the pledge over shares can be made by requesting the competent court either: (a) to sell the shares by way of public auction (*vente publique*) in accordance with Article 2346 of the French *Code civil* and Article L.521-3 of the French *Code de commerce;* or (b) to allow the appropriation of the shares in accordance with Article 2347 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*.

The enforcement of the pledge of shares requires the approval of the shareholders of the company whose shares are pledged, to the assignee of the shares becoming a new shareholder.

In the case of an SARL, such approval is deemed granted so long as the SARL has agreed to the pledge of shares in the form prescribed by Article L.223-14 of the French *Code de commerce*. The SARL may also, with the consent of the selling shareholder, decide to cancel the shares by repurchasing them itself.

In the case of an SCI, pursuant to Article 1867 of the French *Code civil*, should the pledge of shares be enforced, a notice of the sale shall be given to the shareholders at least one month before the sale and each shareholder may substitute himself for the purchaser within a period of five days from the date of the sale and if no shareholder exercises such right of substitution, the SCI may cancel the shares by repurchasing them itself.

Pledge of financial instruments account

The enforcement of the pledge of financial instruments account can generally be made by requesting the competent court either: (a) to sell the financial instruments by way of public auction (*vente publique*) in accordance with Article 2346 of the Frence *Code civil* and Article L.521-3 of the French *Code de commerce*; or (b) to allow the appropriation of the financial instruments in accordance with Article 2347 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*.

Since the French *ordonnance* dated 23 March 2006 on security interests and in accordance with Article 2348 of the French *Code civil* and Article L.521-3 of the French *Code de commerce*, the parties to a pledge of financial instruments account can also provide for private enforcement. The value of the assets is then fixed at the day of the transfer by an independent expert appointed either by the parties or by the court.

Assignment of receivables by way of security

The enforcement of such security is achieved through notifying the assigned debtors of the assignment of the receivables. Upon receipt of such notice, the assigned debtors must pay their debt directly to the assignee instead of paying the assignor. However, so long as the assigned debtor has not formally accepted the assignment in the form prescribed in Article L.313-29 of the French *Code monétaire et financier*, such debtor will be entitled to raise against the assignee any defence it could invoke against the assignor.

Cash collateral arrangements

The enforcement of such security is achieved through the right of the creditor to set-off its obligation to return the amount applied as cash collateral (*créance de restitution*) against the secured debt without the need of any judicial proceedings or public auction.

(C) Risks relating to Property

Commercial Property Leases

Obligations and liabilities of commercial property landlords

The principal rules applicable to the letting of commercial property are contained in the French *Code civil*, which is applicable to all types of leases, in Articles L.145-1 *et seq*. of the French *Code de commerce* and in the French decree No. 53-960 of 30 September 1953 (the **Decree**) which is specifically applicable to commercial leases.

Article L.145-4 of the French *Code de commerce* provides that a commercial lease should have a term of at least nine years. The parties may provide for a longer term, but if the term is more than 12 years, the lease must be in the form of a notarial deed and published at the relevant land charges registry (*Conservation des Hypothèques*). This formality in relation to leases with terms of more than 12 years, will entail payment of a registration duty of 0.715% applied on an amount equal to twenty times the average annual payment (excluding VAT) under the lease charged over the period of such lease. To the above cost should also be added (a) the salary of the land charges registry clerk, which amounts to 0.10% of the total rent (including VAT) payable during the term of the lease (with the same limitation as mentioned above if the lease is for a term of more than 20 years), and (b) the notary's fees, which are freely determined by the notary, the rate being generally around to 0.40% (to which VAT, currently at 19.6%, must be added) of one half of the total rent (including taxes) payable during the term of the lease. The cost of publication is usually borne by the tenant.

Pursuant to Article L.145-4 of the French *Code de commerce*, the tenant may terminate the lease at the end of each full period of three years (e.g. at the end of year three and year six in respect of nine-year leases). It is however possible to provide in the lease that the tenant shall not have such right of termination, or that such right is not available during a certain period from the start of the lease, for example, during the first six years.

Obligations and liabilities of a landlord to its tenant

The provisions of the French *Code civil* relating to the obligations of a landlord are not compulsory and many are capable of being waived or limited by agreement of the parties contained in the lease agreement.

However, some provisions of the French *Code de commerce* are compulsory and may not be waived by the parties.

Articles 1719 *et seq*. of the French *Code civil* provides for three main obligations of the landlord:

(a) the obligation to deliver the premises;

(b) the obligation to maintain the premises; and

(c) the obligation to guarantee the quiet enjoyment of the premises.

Obligation to deliver the premises

The premises must be delivered in accordance with the provisions of the lease agreement. Delivery must be made on the due date and the premises must comply with all the specifications agreed by the parties.

The premises must be fit for the purposes of the lease and, in particular, the tenant must be able to carry out the commercial activities as specified in the lease agreement. This includes in particular that the premises must be commercial premises, that all taxes payable have been paid and that all necessary administrative authorisations have been obtained.

Should the landlord not deliver the premises in accordance with the terms of the lease and these requirements, the tenant can seek a court order to enable the tenant to take possession of the premises or to terminate the lease without having to pay any early termination indemnity. The landlord may also be required to pay damages to the tenant.

Should the premises not meet all the specifications provided for in the lease agreement or should the premises not be in a good state of repair, the tenant could force the landlord to make the necessary repairs or to carry out the repairs himself and obtain reimbursement of the cost from the landlord. However, the second alternative is only available if the repairs are urgent and carried out at low cost. If the repairs are not urgent, the tenant should request the prior authorisation of the court to carry out the works in order to be able to obtain reimbursement from the landlord.

Maintenance obligations

The French *Code civil* obliges the landlord to maintain the premises during the term of the lease agreement. However, this obligation is limited to the repairs which are necessary to enable the tenant to use the premises in conformity with the use assigned to them in the lease agreement. Case law gives many examples of the types of repairs which must be borne by the landlord. The courts very often refer to substantial repairs or structural repairs as a criterion to determine the repairs to be borne by the landlord. Lease agreements usually provide that all structural repairs are to be borne by the landlord, the tenant bearing all other repairs. However, certain categories of lessors (institutional investors) and certain types of leases (for instance shopping centre leases) often provide that all repairs, even structural repairs, should be borne by the tenant.

If the lease does not contain specific provisions relating to repairs or maintenance imposed by administrative authorities, these repairs are to be borne by the landlord. If the lease does not contain any clause dealing with the partial or total destruction of the property, the landlord has no obligation to rebuild and the lease will be automatically terminated. However, in the case of a partial destruction, the tenant would be entitled to a reduction in the rent or would be able to terminate the lease agreement.

The French *Code civil* provides for landlords to give a guarantee against defects. This guarantee is linked to the obligation to maintain the premises and covers all defects of the premises which would prevent the enjoyment of the premises by the tenant. It covers all defects inherent at the beginning of the lease term and

which appear subsequently. The French *Code civil* does not provide whether the guarantee includes apparent defects, but the courts have considered that it should, in most cases, be limited to hidden defects.

The scope of the guarantee can be limited by the lease agreement. In practice, defects resulting from new construction works are generally guaranteed by the landlord. The reason is that substantial defects are then covered by insurance policies subscribed by the landlord at the time of the works and are also covered by the contractors' guarantees.

Obligations resulting from the rules specifically applicable to commercial leases security of tenure

Article L.145-8 of the French *Code de commerce* confers security of tenure on tenants of commercial premises. The tenant is entitled to the renewal of its lease upon its expiry provided that it has carried on the same activity in the premises for more than three years prior to the expiry date of the lease, and that it is entitled to benefit from the status of the commercial leases. The owner could, however, terminate the lease without compensation if the tenant breaches the lease. If the landlord refuses to renew the lease (except in a few narrowly defined cases) it may have to pay the tenant compensation equal to the loss sustained by the tenant.

The lease is normally renewed on the same terms and conditions as the previous lease and for a term of at least nine years. In respect of offices, single use premises, and leases for which the term exceeds nine years, the rent may however be renegotiated, but the new rent must be in line with rents applicable in the same area for similar businesses. In respect of other premises (*locaux à usage polyvalent*), the new rent must not exceed the variation of the construction cost index (*Indice INSEE du coût de la construction*). However, if at the time of the renewal of the *locaux à usage polyvalents*, there have been some changes in the local marketing factors (*changement des facteurs locaux de commercialité*), provided that these changes have had an impact so that the value of the lease has increased by more than 10% then the lessor is entitled to increase the rent to reflect the market value of the property.

Subletting

In certain circumstances, sub-leases which have been authorised by the landlord also give the sub-tenant a right of renewal. Where the head lease is not renewed, the sub-tenant will be able to claim the renewal of its lease directly from the landlord.

Transfer of the lease by the tenant

The possibility for the tenant to transfer the lease is generally limited in lease agreements. However, Article L.145-16 of the French *Code de commerce* declares null and void all clauses which prohibit the transfer of the lease by the tenant to the purchaser of the tenant's business.

Lease agreements frequently provide that assignor and assignee will remain jointly liable for the payment of the rents and charges and for the performance of obligations under the lease. This joint liability is however only applicable until the end of the current lease, and not during any renewed term.

Liability of landlords to third parties

The liability of landlords to third parties can arise in a variety of ways. For example, in the case of premises situated in a building subject to co-ownership regulations, the landlord is responsible to the other co-owners for compliance by the tenant with the co-ownership regulations. The landlord may also be jointly liable with the tenant for the payment of business tax (*taxe professionnelle*) where the tenant leaves the premises without paying this tax and if the landlord fails to inform the tax authorities of the move by the tenant.

Statutory Rights of Tenants

The following are further examples of statutory rights of the tenants:

(a) where a landlord is in default of its obligations under a lease, the tenant may have the right under general principles of French law (*principe d'exception d'inexécution*) to retain its rental payments until the default is cured or refrain from performing its other obligations thereunder, if the breach results in an impossibility for the tenant to use the premises;

(b) a legal right of set-off (*droit de compensation légale*) could be exercised by a tenant in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to this tenant by the relevant landlord;

(c) French courts may in some circumstances grant time to the tenants in respect of their payment obligations under the leases, taking into account their financial standing and the needs of the landlord or may reschedule the debt of the tenants (in both cases not in excess of two years), treating the extension of time as a matter of procedural law governed by Articles 1244-1, 1244-2 and 1244-3 of the French *Code civil*, thus disregarding any provision of the lease to the contrary;

(d) a tenant who owns a going-concern (*fonds de commerce*) which has been legitimately carried out in a property for the three years preceding the expiry of the relevant lease acquires a protected leasehold right, subject to certain other conditions, and is entitled to the renewal of the lease (*droit au renouvellement*) upon its expiry or to compensation for eviction (*indemnité d'éviction*) should the landlord elect not to renew the lease. The compensation for eviction must compensate the tenant for any losses and costs incurred by it. It must be noted that in respect to the lease of offices, the current French case law considers that usually there is no going-concern, so that the eviction compensation amounts to the costs incurred in connection with the removal of the tenants and his installation into new premises. Compensation is not payable, however, if the tenant is in serious breach of its obligations under the lease.

Compulsory Purchase; Expropriation

Property in France may at any time be compulsorily acquired by, among others, a local or public authority or a governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project. No such compulsory purchase proposals were, however, revealed in the course of the due diligence undertaken by Barclays Bank PLC at the time of the origination of the French Loans.

In the absence of exceptional circumstances (such as war), the expropriation proceedings that would apply in the case of the French Properties would be the standard expropriation proceedings provided for by the French *Code de l'expropriation pour cause d'utilité publique*.

French administrative authorities ascertain and assert the existence of a public interest in order to justify the expropriation of the contemplated property. The notion of "public interest" is objectively determined and may not be constituted by the purely economic interests of a specific local authority. The law provides that public interest shall apply to various projects pertaining to public health, education, transport and town planning (*i.e.* in France, most compulsory acquisition proceedings concern motorway or zone development projects). In any case, the notion of public interest is subject to the control of the administrative courts.

The decision to deprive a private owner of its property may only be taken by the judicial courts (as opposed to the administrative courts mentioned in the paragraph above). Such judicial court will also determine the amount of the compensation payable to the owner of the relevant property. There is no time limit for this judicial procedure. The judgement so rendered can be challenged before a court of appeal and then the French *Cour de Cassation*.

The expropriated owner must receive fair compensation for the loss of its property. Fair compensation is compensation for the full direct loss suffered by the expropriated owner, including the fair market value of the property as at the date of the first instance judicial decision relating to the expropriation based on all relevant circumstances as at one year prior to the beginning of the preliminary public enquiry.

Pre-emption Rights

Right of first refusal (droit de préemption urbain)

In certain circumstances, French local planning authorities may hold a right of first refusal (*droit de préemption urbain*) in respect of the sale of French property. This right of first refusal only applies to direct asset sales. Such right may be exercised by the authorised French local planning authorities within a two-month period following the mandatory filing of the offer for sale of a French property (the **DIA**) and for a different price than the offer price (in which case the authorised French local planning authority must inform the seller of its intention to request judicial determination of the acquisition price).

The authorised French local planning authorities may exercise their right of first refusal at the same price as the one mentioned in the DIA. In such case, the seller cannot refuse the exercise of right of first refusal and is obliged to sell its property at the price set out in the DIA. If the authorised French local planning authorities decide to exercise their right of first refusal at a lower price than the one mentioned in the DIA, then the seller may refuse to sell at the offered price and may request the acquisition price to be fixed by the Court.

Environmental Laws

As regards the French Properties, the environmental and occupational health and safety obligations and liabilities of real property landlords under the applicable French laws and regulations essentially include the following:

(a) Landlords have no direct obligations as regards land investigation and monitoring but must inform a potential purchaser of (i) the current or prior operation of authorised regulated activities on the site and (ii) of any environmental damage, risk or inconvenience such activities may have generated or generate. Responsibilities with respect to land remediation and monitoring lie with the title operator of the regulated activities and installations located thereon. Since 30 July 2003 amendment of applicable laws, municipal authorities may also under certain circumstances require not only the operator but also the landlord to carry our clean up works a polluted site. For contractual responsibility reasons, it is now customary but not mandatory for landlords to assess the environmental condition of the land in order to determine whether past activities are likely to have been a source of environmental conditions which may eventually require soil and/or groundwater investigation, monitoring or cleanup.

(b) In terms of potential liabilities arising out of the operation of the site, the following must be noted. Pursuant to a prefectorial order dated 22 April 1999 issued under the registered installations legal regime (*installations classées pour la protection de l'environnement*), installations operated within the property include:

    (i) a car park subject to authorization under Articles L. 511-1 et seq. of the French *Code de l'environnement* (item No. 2935/1-A of the categorical classification of industrial and commercial operations);

    (ii) cooling towers subject to authorization (item No. 2920/2/a); and

    (iii) combustion installations subject to declaration (boilers) (item No. 2910/A/2).

The capacity of fuel tanks supplying combustion installations and their contents are such that they do not require authorization or declaration under currently applicable thresholds.

Failure of the title operator of the above installations to comply with applicable prescriptions may result in administrative sanctions including for example a permit suspension (preceded by an injunction to comply within a given timeframe) (see Article L. 514-1 of the French *Code de l'environnement*) and/or criminal prosecution (see id., Article L. 514-6 et seq. of the French *Code de l'environnement*).

(c) Domestic laws and regulations further require that the relevant French Obligor, as the owners of the French Properties, to check the premises for the presence of asbestos-containing materials (ACMs) Article L. 1334-7 of the French *Code de la santé publique* requires that an asbestos investigation report detailing the presence or absence of ACMs be appended by the seller to any promise or deed of sale of a building. In the absence of such documentation, no liability waiver may validly be stipulated to the benefit of the seller. Decree No, 96-97 of 7 February 1996 as amended provides that information duties shall apply only to those buildings which building permits were issued prior to 1 July 1997.

(d) Standard occupational health and safety regulations also require that water cooling and heating systems be checked for the presence of legionella (the aerobic bacteria causing legionnaire's disease – a form of pulmonary infection). Likewise, technical prescriptions attached to the operation of cooling towers under item No. 2920 of the categorical classification of industrial activities (see above (b)(ii)) also require that legionella testing be conducted on a regular basis.

Planning and Safety Regulations

As a general rule, construction works or any change of use of a real estate asset require that appropriate planning permissions be obtained or that the requisite works declarations be filed. Should these permissions or this filing not be completed, the following sanctions shall apply.

During a time period of three years from the completion of the works, criminal sanctions may be taken against the user of the property (*ulilisateur du sol*), the beneficiary of the works, the architect, the building contractors and any other people in charge of the carrying out of the works (fine and/or imprisonment) together with other sanctions such as demolition of the erected building, restoration of the initial use, if (a) works have been carried out or a change in the use initially authorised has been made without obtaining the relevant authorisation, and (b) the works carried out do not comply with the relevant authorisation. Imprisonment is very rare and only in case of repeated offending. Likewise, the demolition of the building is also very rare.

In the event that the planning authorisation is in breach of a planning rule or a public easement, third parties may have the possibility to obtain damages and the possibility to require the demolition of the works or the restoration of the initial use if the following five conditions are met: (a) the works were carried out in compliance with the building permit; (b) the planning permission breached a planning rule or a public easement; (c) the claimants suffer a damage; (d) a direct link exists between the prejudice and the breach invoked; and (e) the planning permission is annulled or declared illegal. Any action on these grounds is statute-barred after a five-year period as from the date of completion of the works. The forced demolition of the works is very rare.

Where works are carried out without planning permission or a work declaration and in the case of a change of use without the above mentioned authorisation, third parties may obtain damages and may ask for the demolition or the restoration of the initial use if the claiming third party has suffered a prejudice and there is a direct link between the prejudice and the breach invoked (i.e. absence of the relevant authorisation or the

failure of the works or the use to comply with the relevant authorisation). This risk is statute-barred after a ten-year period as from the date the works have been completed. Again, the forced demolition of the works is very rare.

In the case of breach of the above regulations, the successive owners of the properties could be held liable. The consequence of such breach could entail the payment of a substantial fine as well as demolition of the relevant property.

The due diligence undertaken at the time the French Loans were originated did not reveal any material non-compliance with local planning requirements. This was confirmed by the French Borrowers in the French Credit Agreements.

(D) Considerations relating to Obligors and the French Issuer

Insolvency

In order to minimise the risk that the French Borrower is or will become insolvent at any time prior to the repayment of the Loan, the activities of the French Borrower in respect of each French Loan has been restricted so as to ensure that the French Borrower's exposure to liabilities is minimised to those relating to the relevant French Loan and the relevant French Property. See further "*The Loans and the Loan Security – Lending Criteria*" at page 190).

An Insolvency of any French Borrower would result in a default under the French Credit Agreement (a **French Loan Event of Default**) with respect to the related French Loan giving rise to a potential acceleration of such French Loan and an enforcement of the French Related Security.

French insolvency law is governed by (a) law No. 2005-845 dated 26 July 2005, (b) Decree No. 2005-1677 dated 28 December 2005, (c) Decree No. 2005-1756 dated 30 December 2005 and (d) Circular (*Circulaire*) dated 22 July 2005 which are applicable as from 1 January 2006 (the **French Insolvency law**). French Insolvency Law provides for three pre-insolvency proceedings and two insolvency proceedings.

Pre-insolvency proceedings

Conciliation proceedings

If a French debtor faces actual or expected legal, economic or financial difficulties and has not been under cessation of payments (*cessation des paiements*) for more than 45 days, it may apply for conciliation proceedings (*procédure de conciliation*) with the competent French court.

A company is in a state of cessation of payments (*cessation des paiements*) when it cannot pay its liabilities as they fall due having regard to its assets available to meet its liabilities.

Under the conciliation proceedings, the company can, with the help of a court appointed conciliator (*conciliateur*), renegotiate its debts with its main creditors. The duration of the conciliation procedure cannot exceed four months, subject to a one month extension. Management of the company remains in the hands of its chairman or board. There is no suspension of judicial or legal proceedings during the conciliation period.

In accordance with article L.611-11 of the French *Code de commerce*, creditors who advance credit for the purposes of ensuring the continuation of the company's business within the terms of the court approved arrangements during the conciliation period will have priority over creditors whose claims (other than super-priority salary claims and court fees and expenses) arose prior to the date of the opening of the conciliation proceedings (if the company is subsequently placed into rehabilitation proceedings, safeguard proceedings or

judicial liquidation). Similar provisions also apply to suppliers of new services or assets for such purposes. These provisions do not apply to shareholders making contributions in respect of share capital increases.

The arrangement reached between the parties during the conciliation proceedings may be approved at the request of the debtor company by the commercial court. The court approval of such an agreement will provide protection to creditors in respect of certain lender liability issues. In the absence of fraud, the date on which a company can be deemed by the court to have been unable to pay its debts as they fell due cannot be a date prior to the date of the court judgment approving the agreement reached during the conciliation proceedings.

Special mediation (article L.611-3 of the French Code de commerce)

Instead of or before voluntary reorganisation proceedings are opened, special mediator proceedings can be opened at the request of a debtor which is in difficulty, but not yet insolvent and its purpose is to facilitate an agreement settling the financial difficulties of the business. The court appoints an ad hoc special mediator (*mandataire ad hoc*) and determines its duties (the period for which the special mediator can be appointed is not limited by law).

A special mediator cannot be appointed if the company is in a state of cessation of payments.

Unlike the conciliator, the special mediator only reports to the court and cannot request that the court impose any measures on the creditors. Arrangements entered into with the company with the intervention of a special mediator are not formally approved by the court and will only bind the parties to the arrangements.

Preservation proceedings

Preservation proceedings (*procédure de sauvegarde*) allow those companies which are in difficulty, but which are not yet in a state of cessation of payments, to obtain the suspension of judicial proceedings. The objective is to organise a global negotiation with financial creditors, main suppliers and public authorities, to ensure that the company continues to operate and maintains employment.

Preservation proceedings will be initiated by the company but opened by a court decision. The procedure will be available where a company can demonstrate difficulties which are likely to lead to its insolvency.

The court order will result in the commencement of the observation period (*période d'observation*) (see "*Relevant Aspects of French Law - Observation Period*" at page 128) and a freeze on debt payment, acceleration and enforcement of security as it does for rehabilitation proceedings.

The court will also appoint one or several judicial administrators (*administrateur judiciaire*), a representative of the creditors (*représentant des créanciers*) and two creditors' committees are created (if certain conditions are met, one composed of credit institutions, and the other of main suppliers of goods and services).

Under preservation proceedings, the company will continue to manage its business (although it may sometimes be assisted by an administrator).

The preservation proceedings ends either with (a) the approval by the court of a rescue plan, (b) the conversion of the preservation proceedings (*procedure de sauvegarde*) into a rehabilitation proceedings (*règlement judiciaire*) or (c) a conversion of the preservation proceedings into a judicial liquidation (*liquidation judiciaire*).

Insolvency proceedings

Rehabilitation proceedings

The rehabilitation proceeding is available to businesses which are in a state of cessation of payments (*cessation des paiements*), but appear viable. Most of the organisational provisions of the preservation proceedings apply to the rehabilitation procedure.

The court will order the opening of rehabilitation proceedings if it can be shown that the debtor is in a state of cessation of payments and has not ceased its activities, or if the company is capable of being rehabilitated. If the debtor has ceased its activities or is incapable of being rehabilitated, the court will order the opening of compulsory liquidation proceedings with no observation period.

When opening rehabilitation proceedings, the court will open an observation period for the purpose of assessing the company and either: (a) forming a plan for the reconstruction of the company (*plan de redressement*) which may take the form of a continuation plan or a transfer plan, or (b) liquidating it under the compulsory liquidation procedure described below. The opening of rehabilitation proceedings may also lead to the constitution of creditors committees (as described above under the section entitled "*Preservation proceedings*").

Important features of the rehabilitation proceedings are as follows:

(a) during the observation period, the debtor usually remains in possession and retains title to its property. The debtor remains in charge of the management of its business in respect of the part that has not been transferred to the administrator in accordance with the court decision;

(b) during the observation period, all creditors are barred from filing any actions against the company to obtain payment for claims which arose prior to the court order initiating the rehabilitation proceedings; and

(c) only the administrator can elect to continue existing contracts (*contrats en cours*) that are necessary for the continuation of the activities of the company.

At any time during the observation period, the court will be able to order the transfer of part of the debtor's business or the start of liquidation proceedings.

Compulsory liquidation

Compulsory liquidation (*liquidation judiciaire*) is set out in article L.640-1 to L.644-6 of the French *Code de commerce* and only applies to private entities which have ceased their activities, or are incapable of being rehabilitated. The court can order the opening of immediate compulsory liquidation proceedings without opening rehabilitation proceedings (described above) or the company can go into compulsory liquidation following the opening of rehabilitation proceedings. Compulsory liquidation involves the appointment of a liquidator to take control of the company, represent the creditors and to collect, realise and distribute the company's assets or the proceeds of its assets. The court decision ordering compulsory liquidation also leads to the immediate dissolution of the company. Unlike rehabilitation proceedings, the debtor is immediately and automatically divested of the administration of its business and of its estate.

Avoidance of certain transactions before the opening of insolvency proceedings (the suspect period)

French law distinguishes between two categories of vulnerable transactions: (a) transactions which are null and void if the legal requirements are met and (b) those which are voidable depending on the knowledge of the person dealing with the debtor.

To be voidable, vulnerable transactions must have been made during the suspect period (*période suspecte*) (the **Suspect Period**). The Suspect Period starts at the date of cessation of payments and ends on the date on which the court orders the opening of insolvency proceedings. The Suspect Period cannot exceed 18 months. The Suspect Period for gratuitous acts may be extended by the court for an additional period of up to 6 months.

The claimant does not need to demonstrate that the transaction prejudices the insolvent company.

Transactions which are null and void if the legal requirements are met

Under article L. 632-1 of the French *Code de commerce*, the following transactions, among other things, are null and void if they have occurred during the Suspect Period: (a) all gratuitous acts which result in a transfer of real or personal property (this includes all forms of gifts or transactions for no consideration), (b) any bilateral contract under which the obligations of the debtor significantly exceed those of the other party, (c) any payment made (in whatever way) in respect of a debt which has not yet fallen due for payment, (d) any payment for debts that have fallen due where the payment was made in a manner other than in cash, bills of exchange (and the like), securities, wire transfer, Dailly law assignment, or any other mode of payment commonly recognised in business relationships, (e) any mortgage or pledge over the assets of the debtor granted for existing indebtedness, (f) any measure taken to protect a right unless the filing or the act of seizure was prior to the date of cessation of payments, and (g) stock options (as defined in article L. 225-177 of the French *Code de commerce*).

Transactions which are voidable depending on the knowledge of the person dealing with the debtor

Under article L. 632-2 of the French *Code de commerce*, payments in respect of due debts made after the date of cessation of payments, and onerous acts performed after that date, are voidable if the persons dealing with the debtor were aware of the cessation of payments. The decision of the court is discretionary.

Observation Period

During the observation period, an administrator (*administrateur judiciaire*) may be appointed by the court to investigate the insolvent company's affairs and make proposals for the reorganisation or sale of the insolvent company. On termination of the observation period, the court will make an order for the reorganisation of the insolvent company, for the sale of its business, or its liquidation.

During the observation period, the rights of the creditors of the insolvent debtor are restricted, by, among other things:

(a) the payment of debts incurred prior to the insolvency judgment is prohibited, except in limited cases; court actions for payment initiated prior to the judgment commencing the procedure can only aim at liquidating the amount of the debt, which will be treated as pre-insolvency judgment debt (i.e. stayed);

(b) the commencement of insolvency proceedings freezes enforcement of security and also freezes the right to perfect security through registration of such security, with only limited exceptions in both cases;

(c) contractual clauses providing for automatic termination or acceleration of the contract in the event of insolvency proceedings are ineffective;

(d) contracts cannot be terminated for reasons originating prior to the judgment starting the procedure;

(e) creditors must file a statement of their claims against the debtor; and

(f) the right to set off reciprocal debts with the insolvent debtor is limited to "related" debts (*créances connexes*).

Secured creditors during and after the observation period

Security granted by an insolvent company will fall into two categories (a) security interests conferring a right of retention, which includes pledges (*nantissements*) and cash collateral (*gage-espèces*), and (b) security interests which do not confer a right of retention, which includes mortgages.

First category – security conferring a right of retention

During the observation period, the bankruptcy judge (*juge commissaire*) may require a secured creditor to surrender the pledged asset. However, if the security interest confers a right of retention on the creditor, the surrender of the pledged asset can only be required if (a) the secured debt must be paid up to the full value of the pledged asset, and (b) the subject matter of the security must be required for the purposes of continuing the insolvent company's business.

At the end of the observation period, if the court orders the continuation of the business under a reorganisation plan (*plan de continuation*), the secured creditors will remain unable to enforce their security and will be forced to accept a rescheduling of their secured debt. Such a reorganisation plan could last up to ten years. Alternatively, if the court orders the sale of business (*plan de cession*), and provided that the pledged asset does not form part of the assets subject to the sale of business, a secured creditor benefiting from a right of retention would be able to enforce its security by applying to the court for an order transferring the pledged asset to the creditor (*attribution judiciaire*).

The *attribution judiciaire* requires a valuation of the pledged asset by an expert approved by the court (*expert judiciaire*). The effect of the *attribution judiciaire* is to extinguish the secured debt in an amount equal to the valuation of the pledged asset.

If the relevant court orders the liquidation of the insolvent company's assets, a secured creditor benefiting from a right of retention will be entitled to seek the *attribution judiciaire* of the pledged asset. The liquidator may also require the secured creditor to surrender the pledged asset against payment of the secured debt.

Second category – security without a right of retention

During the observation period, real properties subject to a mortgage may be sold by the administrator with the consent of the bankruptcy judge (*juge commissaire*). In that event, an amount equal to the lesser of the sale price and the secured debt will be deposited into an account. At the end of the observation period, the secured creditors will be paid from this account in accordance with their respective rank.

If the court orders a reorganisation plan, it may decide that a property is essential to the continuation of the insolvent company's business, in which case the secured creditor will not be able to enforce its security even after the observation period has ended. If the building is sold as part of the reorganisation plan, the procedure described in the preceding paragraph will be followed and the sale proceeds will be paid to the secured creditors following the sale in accordance with their respective rank.

If the court orders the sale of the business, the court will apportion, at its own discretion, part of the sale proceeds towards the satisfaction of the secured debt.

However, the secured creditors claim to the sale proceeds will be subordinated to the claims of certain prior ranking creditors, being the French State (in respect of taxes), employees, new money providers and preferred creditors as set out in article L.622-17 of the French *Code de commerce*.

Proof of claims

Creditors whose debts arose prior to the declaration of insolvency must lodge a statement of their claims against the insolvent company within two months of the publication of the court order declaring the insolvency (four months for non French resident creditors), failing which their claim will become irrecoverable.

Ranking of creditors on insolvency proceedings

The law provides an order of priority as follows: (a) unpaid salaries and related items originating prior to the insolvency judgment, (b) legal fees in connection with the proceedings, (c) debt in connection with new money made available pursuant to a court-approved conciliation proceedings (*procédure de conciliation*) prior to the insolvency judgment, (d) if unpaid when due, liabilities incurred after the insolvency judgment for he purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings, (e) certain legal cost originating prior to the insolvency judgment, (f) liabilities originating prior to the insolvency judgment with a general security (e.g. tax) or special security: pursuant to their chronological order of registration, and (g) unsecured liabilities originating prior to the insolvency judgment.

In a liquidation procedure, the order of priority among the creditors is as follows: (a) unpaid salaries and related items originating prior to the insolvency judgment, (b) legal costs (court clerk's, fees, administrators/liquidators' fees, lawyers fees incurred) in connection with the proceedings, (c) debt in connection with new money made available pursuant to court-approved conciliation agreement (*procédure de conciliation*) prior to the insolvency judgment, (d) mortgage, real estate lien, pledge on equipment, pledges with retention of title originating prior to the insolvency judgment, pursuant to their chronological order of registration, (e) if unpaid when due, liabilities incurred after the insolvency judgment for the purpose of the insolvency proceedings or the operation of the business of the debtor during the insolvency proceedings, (f) liabilities originating prior to the insolvency judgment with a general security (e.g. tax) or special security other than one mentioned in (c) above, and (g) unsecured liabilities originating prior to the insolvency judgment.

Under French insolvency law, all creditors of a particular class should be treated equally and should participate in the distribution of the proceeds of the assets in proportion of the size of their admitted claims (*pari passu* principle of distribution which broad effect is that agreements which are designed to favour a particular creditor by removing from the estate of the company an asset which would otherwise be available to the other creditors will be struck down by the court as being void and unenforceable).

Extension of insolvency

If a company becomes subject of insolvency proceedings, there is a risk that its insolvency could spread to the other members of that company's group. Other than where this is automatically triggered by the insolvency of certain types of companies (e.g. SCI etc.), this would happen when it can be demonstrated that a person or a company that is also a manager (whether in law or in fact) of the insolvent company has mismanaged the insolvent company or is guilty of certain types of misfeasance, a court may order the insolvency of that person or company.

There is the possibility that a court will extend the insolvency of that company to that company's entire group if the court finds that the assets and liabilities of the company's group have been managed as a single unit.

(E) General

Force Majeure

French law recognises the doctrine of *force majeure*. There can be no assurance that the tenants of Properties will not be subject to a *force majeure* event leading to their being freed from their obligations under their leases. This could undermine the generation of rental income and hence the ability of the relevant Borrower to pay interest on or repay the principal of the relevant Loans or its portion of the relevant Loans.

RELEVANT ASPECTS OF GERMAN LAW

This section summarises certain German law aspects and practices in force at the date of this Prospectus relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Considerations relating to Loans and Loan Security

Security Interests

Mortgages

In Germany, a land charge *(Grundschuld*) will create a security interest over the real property encumbered thereby. It will also create a security interest over the buildings and improvements thereon *(Zubehör),* the rents resulting from lettings of the property and the insurance claims relating to assets which are encumbered by the land charge.

The creation of a land charge becomes effective only upon its registration in the relevant land register *(Grundbuch)* and, in the case of certified land charges, upon hand-over of the land charge certificate. Its priority stems from the registered rank itself. The documents relating to a land charge are the land charge certificate, deed of land charge (including wording as to the executory title) and, due to its non-accessory character, the agreement on the security purpose *(Sicherungszweckerklärung)* of the land charge.

The land charges used to secure the German Loans over the relevant German Properties are immediately enforceable certificated land charges *(sofort vollstreckbare Briefgrundschulden)* (individually a **German Mortgage** and collectively the **German Mortgages**).

In relation to the Bielefeld/Berlin Portfolio Loan, the CRIPA Portfolio Loan and the KingBu Portfolio Loan, all or some of the land charges are not yet registered. However, all necessary documents for the registration of the land charges have been filed. For some land charges registration will occur after Closing. The timing will depend on, among other things, the workload at the relevant land register. Notarial confirmations have been received for all land charges that are not already registered.

Pursuant to the agreements on the security purpose for the German Loans, the land charges secure all claims resulting from the related Finance Documents in respect of the German Loans (the **German Finance Documents**) other than in respect of the KingBu Portfolio Loan where recourse of the Lender in respect of the German Loans is limited to available net assets pursuant to a balance sheet test.

Pledges

Partnership interests in limited or unlimited partnerships *(Kommanditgesellschaft* or *Offene Handelsgesellschaft,* respectively) or shares in a German limited liability company *(Gesellschaft mit beschränkter Haftung)* or a stock company *(Aktiengesellschaft)* may be pledged by an interest pledge agreement or share pledge agreement, respectively. The pledge extends in particular, but without limitation, to the present and future rights to receive dividends, if any, and all other monetary claims associated with the pledged interest or share.

Similarly, bank accounts are secured by way of a pledge *(Pfandrecht)* under German law (subject to pledges granted in respect of the general business operations of the account bank of the Borrower). The present and future credit balance of bank accounts, including all interest payable thereon, together with all ancillary rights and claims associated with such accounts, are usually pledged under an account pledge agreement.

Assignments for Security Purposes

Receivables such as rental claims, insurance claims or intra-group receivables are secured by way of an assignment agreement for security purposes *(Sicherungsabtretung)*. Pursuant to such agreement all present and future receivables and other monetary claims held by the party granting security originating from present and any future contracts entered into by such party (including, without limitation, damage claims *(Schadensersatzansprüche)* or claims resulting from unjust enrichment *(ungerechtfertigte Bereicherung)* will be encumbered.

German Mortgages that encumber income-producing property are often accompanied by a security assignment of rents and leases, pursuant to which the borrower assigns its right, title and interest as landlord under each lease and the income derived therefrom to the lender, while the borrower retains a revocable license to collect the rents for so long as there is no default.

Registration of real property rights

The Obligors will not be the legal owner of the Properties relating to certain of the German Loans until the transfer of title to the Properties has been registered in each relevant land register. In addition, the German Mortgages in respect of the German Properties will only come into existence upon due registration in each relevant land register and possession of the land charge certificate. Transfer of title to these Properties may not be registered before the Closing Date, although the necessary documents have in each case been filed with the relevant land registers by the notary public and a priority notice for conveyance has been registered. No assurance can be given as to the precise time within which transfer of title to these Properties will be completed as this will be dictated by, among other things, the workload at the relevant land registry.

German Mortgages that remain to be registered at the Closing Date will nonetheless rank ahead of any other land charges filed after the date on which such German Mortgages were filed (though they will not become enforceable until the registration process is complete). No assurance can be given as to the precise time within which registration of the German Mortgages will be completed as this will be dictated by, among other things, the workload of the relevant land registry.

While filing for the necessary documents for the registration should in the normal course of events enable transfer of title as well as due registration of the German Mortgages with their agreed ranking, the Issuer will be exposed to all risks inherent in this process (some of which are described herein), in most cases the actual date of the transfer of title in respect of the relevant Properties and the creation of the relevant land charges will occur only after the Closing Date, and evidence thereof in the form of a certified extract from the competent land registers will only be available to the Issuer after the Closing Date. Neither the German Seller nor the Security Agent shall be responsible for ensuring that the above procedures are sufficient to enable the security granted under the German Mortgages to be perfected in favour of the Security Agent.

Rank of Mortgages

The German Mortgages have been granted at the highest available rank. Accordingly, they will rank first, unless there are land charges in Division III or other encumbrances in Division II of the land register that rank in priority. Where prior ranking land charges exist, these will be deleted pursuant to undertakings in the relevant Credit Agreement.

In respect of a number of the German Loans the pre-existing security is yet to be deleted. This is due to the time constraints of the registration process, however, following Closing the Master Servicer will, subject to receipt of relevant information, monitor the registration of the German Mortgages and the deletion of any pre-existing security from the land register.

Excessive Security

Pursuant to certain rules of German law, security which is excessive as at the closing date of the Loan (*anfängliche Übersicherung*) will result in the relevant security arrangement being void. In the event of subsequent excessive security (*nachträgliche Übersicherung*), any portion of the collateral considered to be excessive would have to be released from the security. Pursuant to the relevant court precedents, the liquidation value that can be expected to be realised in insolvency proceedings against the provider of the security would be relevant in determining if excessive security exists. No assurance can be given as to how a competent court would view the security structure for the relevant German Loans in particular with regard to the German Related Security provided for in respect of the obligations of each Relevant Borrower under the Credit Agreement. The security granted pursuant to the German Finance Documents should not be deemed to be excessive because the security has been sized according to the value of the relevant German Loan, plus interest as well as anticipated costs and fees (including, among other things, anticipated enforcement costs), which is in line with commercial lending practices and is based on expected foreclosure proceeds; however, no assurance can be given that the Related Security will not be found to be excessive under the applicable rules of German law.

Encumbrances over the Properties

The Properties are subject to various types of encumbrances registered in Division II of the land register and hereditary land register (*Abteilung II des Grundbuchs und Erbbaugrundbuchs*), including, without limitation, personal limited servitudes (which, for example, may limit the use of the property to a particular type of trade or prohibit certain trades on the premises) and other easements and in the case of hereditary building rights securing payment of hereditary building rent (*Erbbauzinsreallast*). These encumbrances could diminish the value of the affected Properties.

Enforcement

Enforcement of the German Mortgages under German law will be carried out by the Security Agent or any representative or legal counsel appointed by the Security Agent in its discretion from time to time in accordance with the German Compulsory Auction and Compulsory Administration of Immoveable Property Act (**ZVG**). The ZVG provides for two different types of enforcement of mortgages:

(a) compulsory sale of the relevant Properties (*Zwangsversteigerung*); or

(b) compulsory administration of the relevant Properties (*Zwangsverwaltung*).

Compulsory Sale

In the case of a compulsory sale, the German court will effect the sale of the relevant property by way of a public auction. The organisation of such auction and the sale of the property therein may take a considerable amount of time. If the highest bid at the auction is not at least 70% of the market value of the property as estimated by the court, any person who has an interest in the outcome of the decision (*Berechtigter*) and is a person ranking behind the most senior enforcing creditor with claims that would not be fully satisfied after the distribution of the proceeds, may require the court not to sell the property to the relevant bidder. The enforcing creditor may oppose such request by providing *prima facie* evidence that the non-acceptance of the bid would cause the enforcing creditor an unreasonable disadvantage. In no event may the court dispose of the property if the highest bid in the auction does not reach 50% of the estimated value of the property. If a second auction is necessary because the highest bid in the first auction was too low, the highest bid in such further auction does not need to meet any threshold with regard to the estimated value of the property. The leases relating to the property will continue during the enforcement procedure.

The net proceeds of the sale of the Properties at auction (less certain enforcement costs and payment to certain categories of preferred creditors) will be applied, together with any amount payable to the Borrowers on any related insurance contracts (to the extent such contracts may be applied in repayment of the Loan) to reimburse any amount due and unpaid to the Issuer as mortgagee under the relevant mortgage.

In order to enforce a mortgage granted over a hereditary building right by way of compulsory sale (*Zwangsversteigerung*), the relevant landowner must grant an additional (express) consent to such enforcement by way of compulsory sale. Where such consent has not been given as a condition precedent to funding the absence of such consent to enforcement by way of compulsory sale can result in a delay in the enforcement process of several months and may in some circumstances prevent an enforcement of a mortgage by way of compulsory sale if the relevant consent cannot be obtained from the landlord or alternatively from the court. However, where the relevant landowner withholds its consent without good cause, the Relevant Borrower as well as the Security Agent enforcing a mortgage by way of compulsory sale may apply to court for an order replacing the landlord's consent with that of the court thereby allowing the enforcement by way of compulsory sale over the relevant Property, if the Relevant Borrower or, as the case may be, the Security Agent, can establish among other things, that such consent to enforcement is necessary in the circumstances.

Compulsory Administration

In a compulsory administration, the court will appoint an administrator to administer (*Zwangsverwaltung*) the property on behalf of the enforcing creditors. The administrator alone is entitled to receive all income generated from the property, including all rents and insurance claims. The right of the administrator to collect rents takes priority over all other rights to the rent stream. The administrator, subject to the supervision of the court, passes the collected monies on to the enforcing creditors after deducting ongoing costs and enforcement costs calculated in accordance with the Compulsory Administrator Remuneration Act which came into force on 4 January 2004. The enforcing creditor will receive the interest payments and a certain amount of amortisation of its principal after payment of ongoing costs for the administration, maintenance and public charges relating to the property.

Ranking

The proceeds of a compulsory sale or a compulsory administration will be used to pay creditors' claims described in paragraphs (a) to (i) below by allocating them to classes (the **Grades** and each a **Grade**) in the order set out below. Creditors whose claims fall within a certain Grade will only be paid upon satisfaction in full of the claims of creditors falling within higher Grades. In a compulsory sale of a property, the Security Agent will generally rank in Grade 4.

(a) Grade 1a

In the event of a compulsory administration the enforcing creditor's expense claims in relation to maintenance or necessary improvement of the property (in the case of compulsory sale such claims will only be satisfied if (i) the compulsory administration continues until adjudication of the property pursuant to the public auction and (ii) the maintenance costs cannot be covered from the administration of the property).

(b) Grade 1b

In the event of a compulsory sale where insolvency proceedings have been opened over the debtor's estate the costs for determination of the movable assets which are included in the public auction, a flat fee of 4% of the value of such movable assets will be payable to the insolvency administrator.

(c) Grade 2

Certain costs relating to land used for agricultural or forestry purposes.

(d) Grade 3

Public charges on the property for any arrears in the last four years. However, periodic charges (*wiederkehrende Leistungen*), such as real property tax, interest, extra charges, annuities, and certain other claims are in this rank only for ongoing claims and arrears for the last two years.

(e) Grade 4

Any claims resulting from rights relating to the property (for example mortgages), but only to the extent they have not become ineffective 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. Any claims resulting from periodic charges, for example, interest, extra charges, administrative costs, annuities are in this Grade only for ongoing claims and arrears for the last two years.

(f) Grade 5

The enforcing creditor's claims to the extent they will not be satisfied in one of the above Grades.

(g) Grade 6

The rights relating to the property to the extent they have become ineffective vis-à-vis the enforcing creditor as a consequence of the attachment of the property.

(h) Grade 7

The claims of the third Grade for any arrears not covered thereunder.

(i) Grade 8

The claims of the fourth Grade for any arrears not covered thereunder.

Rights ranking in the fourth Grade

As stated above, in a compulsory sale of a German Property, the Security Agent will rank in Grade 4, but claims of the Security Agent resulting from periodic charges (especially claims for interest, extra charges, administrative costs, annuities) will be in this Grade only for ongoing claims and arrears for the preceding two years. Depending on the due dates for interest up to three years of interest may effectively be covered. Therefore, creditors falling into Grades 1 to 3 (if any) must be fully satisfied out of the proceeds of the compulsory sale or compulsory administration before amounts can be paid to satisfy the claims under the German Loans. If the creditor secured by the mortgage applies for a compulsory sale of the Property, all rights ranking prior to such creditor in Division II and III of the land register will continue to be registered after a compulsory sale, whilst all rights ranking behind the creditor will be deleted.

In the event of a compulsory administration the same rule applies. However, prior to distributing (in the above order) the proceeds resulting from the usage of the property, the costs of administration and enforcement proceedings will be deducted. Pursuant to Section 155 (2) ZVG, in the event of a compulsory administration only current periodic charges will rank in the fourth Grade. Arrears and principal will rank in the fifth Grade.

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

Equitable Subordination

Under certain circumstances a financing party, such as the German Seller or the Issuer after acquisition of a German Loan, may be excluded from demanding repayment of its claims against a German Borrower as an ordinary creditor, namely if the German Borrower is a Limited Liability Company or a Limited Partnership and the German Seller or the Issuer has a degree of control over the management of the German Borrower which puts it in a shareholder-like position.

If a shareholder of a German limited liability company (*Gesellschaft mit beschränkter Haftung* (a **GmbH**)) or German limited partnership (*Kommanditgesellschaft* (a **KG**)) has granted, extended or did not accelerate, when permitted, a loan to a GmbH or KG at the time when such GmbH's or the general partner of the KG's registered share capital would be, in the opinion of a prudent merchant (*ordentlicher Kaufmann*), inadequate, then, in a subsequent financial crisis of such GmbH or KG and/or in insolvency proceedings over such GmbH's or KG's assets, the finance party, due to its shareholder-like position is, pursuant to § 32a of the German Limited Liability Company Act (**GmbH Act**), excluded from demanding repayment of such loan as an ordinary creditor. The same rule applies with respect to other payment claims of the financing party against the GmbH or KG. In addition § 32a of the GmbH Act applies to loans which have been entered into prior to the financial crisis, but have not been terminated at the time when the financial crisis occurred (**Implied Continuation**). For the purpose of § 32a of the GmbH Act a company or KG is deemed to be in a financial crisis if the company is either insolvent, i.e. over-indebted (*überschuldet*) or illiquid (*zahlungsunfähig*) or not creditworthy (*nicht kreditwürdig*), i.e. no third party would enter into loans/leases with the company on market terms.

The Federal High Court (*Bundesgerichtshof*) held in 1992 that a financing party which had received the benefits of a pledge of the interest of the limited partner in a GmbH & Co. KG to which it had extended a loan, was subordinated with respect to its claim for repayment due to a combination of restrictive covenants, consent requirements, performance-based interest payments and security over typical shareholder rights such as dividend rights, participation rights in liquidation proceeds and proceeds from the sale of the company.

In all circumstances (other than actions in bad faith) a termination of the Credit Agreement prior to the financial crisis of a German Borrower will avoid an Implied Continuation (as defined above) and thus the application of § 32a of the GmbH Act.

(B) Risks relating to Property

Regulation of residential leases

Rents for residential property in Germany have been regulated since the post-war era, starting with strong rent regulation and the assignment of tenants by public authorities. Since the 1960s rent control and tenure security were deregulated everywhere except in West-Berlin, but legislation provided tenants with protection against eviction again in 1971. Rent regulation was revised in 2001. A landlord cannot terminate a lease unless the landlord has a valid reason for doing so and has complied with notice requirements. Immediate termination of a lease is only possible for good cause (*aus wichtigem Grund*). Even if the landlord has good

cause for termination, he may be prohibited from doing so in circumstances where such would inflict undue hardship on the tenant (*Sozialklausel*).

Under the current system, residential rents do not necessarily reflect tenant demand for particular properties but are based on construction costs, including financing costs. Landlords are restricted in their ability to increase rents (and, where increases are permissible, landlords are further restricted in relation to the amount).

The landlord may generally increase the rent where (a) the rent has not changed over a period of 15 months, and (b) the increase does not exceed the local comparative rent (*ortsübliche Vergleichsmiete*). Increases must be justified in writing by reference to any of the following:

(a) the local rental table *(Mietspiegel),* where available;

(b) comparable examples taken from a rent database *(Mietdatenbank)* which is maintained by a local authority or an organisation of landlords and contains sample rents for the purposes of calculating the local comparative rent;

(c) the opinion of a publicly appointed expert setting out the basis for the increase; or

(d) three comparable properties selected by the landlord.

The rate of increase is capped at 20% over three years. If the landlord decides to increase rent by an amount not exceeding the local comparative rent, he must send an increase request (*Mieterhöhungsverlangen*) to the tenant asking for his consent to the increase. If the tenant consents, he must pay the increased rent from the beginning of the third month following the request. If the tenant does not consent within two months, the landlord may bring proceedings against him within three months of the refusal.

Excessive rent charges carry the following penalties:

(a) if rent charged is more than 20% higher than the local comparative rent (*ortsübliche Vergleichsmiete*) a landlord could face a fine of up to €50,000;

(b) if rent charged is more than 50% higher than the local comparative rent and the landlord acted in bad faith (for example, in case of illness of the tenant or his ignorance of the local comparative rent), he may face imprisonment for up to three years or a fine, or imprisonment between six and ten years in severe cases; and

(c) excess rent may have to be reimbursed by the landlord.

It is also possible to agree on a lease that includes step up rent increases (*Staffelmietvertrag*) or indices rent in line with consumer prices (*Indexmietvertrag*) as calculated by the Federal Statistics Office (*Statistisches Bundesamt*). The landlord must justify in writing why an increase by reference to consumer prices is necessary. The landlord must also demonstrate a correlation between the change in the consumer price index and the increase. The increase is due from the beginning of the second month following its notification and must remain unchanged for a year.

Standard termination rights under the German Civil Code

Termination by the landlord with notice (ordentliche Kündigung)

A landlord must have a legitimate interest (*berechtigtes Interesse*) in terminating a lease. Acceptable reasons, among other things, include the following:

(a) the tenant is substantially in breach of obligations under the lease;

(b) the landlord needs to repossess the unit for himself or family and household members; or

(c) the landlord cannot make full economic use of the unit and would therefore suffer substantial loss if the lease were to continue; the mere possibility of either realizing a higher rent by offering it to another tenant or realizing a profit from its transformation into a residential property unit (*Wohnungseigentum*) does not justify termination.

When the landlord does not have the right to terminate the lease immediately, as discussed below, notice periods for termination by the landlord are substantial and depend on the length of occupancy. For example, where the tenant has occupied the property for up to five years, a notice period of three months is required. If the tenant has occupied the property for between 5 and 8 years, the notice period is 6 months. Occupancy for up to eight years or more requires a notice period of nine months.

Immediate termination by the landlord without notice (außerordentliche Kündigung)

Landlords may terminate a lease immediately pursuant to specific defaults, namely if:

(a) the tenant endangers the unit by neglecting his duties of care, for example if the tenant continually and materially disturbs the peace in the building;

(b) the tenant allows a third party to use the unit without permission; or

(c) the tenant fails to pay rent of an amount equal to at least one month's rent for two successive periods, or fails to pay rent of an amount equal to at least two month's rent for more than two successive periods.

Termination by the tenant

Under German law a tenant may terminate a lease at any time subject to the standard notice period of three months regardless of the reason for termination, except in certain exceptional circumstances where longer termination periods may apply. However, in the case of leases containing step up rent increases, the landlord may exclude the tenant's right to termination with notice over a period of up to four years.

Notice periods can be shortened under the following special circumstances:

(a) the rent increases following modernisation; or

(b) the rent increases to the level of the local comparative rent (*ortsübliche Vergleichsmiete*).

Tenants may terminate immediately under special circumstances, for example, if the accommodation becomes a health and safety concern or if the landlord fails to discharge his responsibilities (for example, if

rent increases beyond the permissible level or if a part of the building is illegally converted to commercial use). Under German law the landlord cannot exclude such right.

Obligations and Liabilities of Commercial and Residential Property Landlords and Tenants

In principle, it can be said that the mandatory rights of a tenant with respect to residential properties are wider than the rights of a tenant with respect to commercial properties because of the specific legislation applying to residential tenancies. Unlike most residential leases, commercial leases are typically arranged for a limited period of time, usually 10 or 15 years with (a) an automatic extension period of one year, if the agreement is not terminated with 12 months' prior written notice, and (b) between one and three extension options for the tenant, typically of 5 years, as agreed between the parties. Lease agreements which are arranged for a limited period of time are required to be in writing. Unlimited leases or those that are deemed to be unlimited due to defects in written form may be terminated (x) in the case of residential leases during the period from the third working day of one calendar month to the end of the second succeeding month, and (y) in the case of commercial leases, by either party, during the period from the third working day of one calendar quarter to the end of the next calendar quarter.

Commercial lease agreements normally contain indexation clauses linked to the German consumer price index or comparable costs of living indices. An index change of more than 10% may lead to a change in the rent of 50, 60 or 70% of the index change. Such rent revision may be effected automatically or upon the requirement of either party depending on the contractual arrangement.

Public charges, such as property tax, cost for general maintenance of the property and decorative repairs *(Schönheitsreparaturen)* as well as all other operating costs, insurances and service charges may broadly be charged to the tenant. Usually the base rent is calculated net plus operating costs as statutorily defined in the German Operating Costs Regulation *(Betriebskostenverordnung 2)*. In essence, commercial leases provide that only base maintenance costs with respect to the roof and all carrying parts *(Dach und Fach)* are borne by the landlord. In the case of residential leases usually the landlord bears the general maintenance costs except for decorative repairs.

Duration and Termination of Residential Leases

If the tenancy agreement in respect of a residential lease specifies the duration of the contract, the agreement will be terminated on the specified date.

If the tenancy agreement does not specify a specific duration or if the lease has been entered into for an undetermined time, it can be terminated by the tenant at any time with the notice periods set out in the lease agreement or, if the lease agreement does not provide notice periods, such period specified under German law as discussed above.

A contract for a specified tenancy period longer than one year needs to be in written form, otherwise the tenant has a right to give notice within the legal notice period.

The contract will also be terminated if the tenancy agreement includes an option to extend the contract period, but the option is not exercised.

If the tenant uses the property after the termination date and neither tenant nor lessor expressly state within two weeks following such termination date that the contract shall not be extended, the contract will be extended for an undetermined time. Such an extension for an undetermined time may be expressly excluded in the contract.

Maintenance Obligations

Under German statutory law, the landlord has a responsibility for maintenance and upkeep of an entire property (including the structure, the roof and the exterior). Accordingly, the German Borrowers will be required to apply the rental income received under the lease agreements in discharging their maintenance and repair obligations in priority to discharging their obligations under the relevant German Loan.

Statutory Rights of Tenants

Each German Borrower is generally under an obligation, *inter alia*, to allow each tenant quiet enjoyment of the premises which are leased to it and to perform certain specified obligation. Where the German Borrowers or other obligors are in default of their obligations under a tenancy under the general law a right of set-off could be exercised against the relevant German Borrower or other obligors by a tenant of the relevant German Property in respect of its rental obligations.

In Germany, a number of statutory rights of tenants under the leases may affect the net cash flow realised from a German Property or cause delay in the payment of rental income.

Such rights include:

(a) in a case of a defect of the leased property, rental payments will be automatically reduced by an appropriate amount *(Mietminderung)*. The tenant will only be liable in respect of the reduced rental payments and may recover any excess amount on the basis of unjust enrichment *(ungerechtfertigte Bereicherung)* of the landlord;

(b) if the landlord is in default of its obligations under a lease, the tenant may have the right, under general principles of German law to retain its rental payments *(Zurückbehaltungsrecht)* until the default is cured or refrain from performing its other obligations thereunder if the breach makes it impossible for the tenant to use the premises; and

(c) a legal right of set-off *(Aufrechnungsrecht)* could be exercised by a tenant of the property in respect of its due rental obligations under the relevant leases if a reciprocal due debt is owed to this tenant by the borrower as landlord or otherwise.

The exercise of any such rights by a tenant may affect the ability of the relevant German Borrower to meet its obligations under the respective German Loan which in turn may adversely affect the timely receipt of interest and principal by the Noteholders.

Compulsory Purchase; Expropriation

In Germany, property may be expropriated (*enteignet*) in connection with the fulfilment of public tasks, such as redevelopment or infrastructure projects. An expropriation must be based on a specific aim and must be indispensable for the general public welfare (*Allgemeinwohl*). In connection with an expropriation (*Enteignung*), adequate compensation must be paid to the owner of the property in the amount of the open market value (*Verkehrswert*). Generally, the compensation will be paid in money; however, in some cases the owner can be provided with alternative property or securities as compensation.

In the event of an expropriation of a German Property, tenants would cease to be obliged to make any further rental payments to the relevant Borrower and/or assignees of the rent receivables under the relevant leases. The risk for Noteholders is that either the amount received by way of compensation for the expropriation of the relevant German Property or any other compensation may be less than the relevant principal amount outstanding under the relevant German Loan. In the event of an expropriation of a Property, 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.

Pre-emption Rights

It cannot be ruled out that some of the German Properties may be subject to pre-emption rights including, among other things, pre-emption rights in favour of a landowner who has granted a hereditary building right (such as in relation to the CRIPA Portfolio Loan) which the relevant German Borrower owns or pre-emption rights in favour of municipalities in respect of properties situated in re-grouping areas (*Umlegungsgebiete*), renewal and/or redevelopment areas (*Sanierungs- und/oder Entwicklungsgebiete*) or areas subject to a preservation of certain neighbourhood ordinances (*Erhaltungssatzung*). The pre-emption right will only be triggered in case of the sale of the relevant property, but not in case of the sale of the hereditary building right.

When pre-emption rights exist, it will not be possible to dispose of the affected properties without first notifying the holders of such pre-emption rights and giving them an opportunity to purchase or to waive the pre-emption right. Moreover there could be a delay in reaching agreement on the price to be paid in respect of such pre-emption.

Environmental Laws

Under German law, the rules on rehabilitating contaminated sites are contained primarily in the Federal Soil Protection Act (*Bundesbodenschutzgesetz*). The persons who may be responsible for the rehabilitation of a particular property includes, among others, (a) any person who caused harmful change to the soil (*Handlungsstörer*) and such person's universal successor (*Gesamtrechtsnachfolger*), (b) the owner of the property (*Zustandsstörer*) and, under certain conditions, the former owner, and (c) the party exercising actual control over the property. Any of such persons can be held liable by the competent public authorities for the soil and/or groundwater investigation monitoring and clean-up. The public authority will select the responsible person by way of a discretionary decision which must be guided by the greatest possible effectiveness of the resulting work.

As a matter of principle, a mortgagee in respect of a land charge over a contaminated property is not liable for the soil and/or groundwater investigations or clean-up of such property prior to the enforcement of the land charge. Moreover, under current German law, the mortgagee does not take possession of a property upon enforcement of the mortgage and it is generally considered unlikely that a mortgagee would incur a liability. However, if the public authority has cleaned-up the property, any unpaid expenses due to such public authority will rank ahead of the creditor's claim.

The German Borrowers have given undertakings to comply with environmental laws or have warranted, in the German Credit Agreements, that they are not aware of any contamination, as applicable.

Planning and Safety Regulations

Due to changes in applicable building and planning regulations and codes that have come into effect in relation to improvements of a property, certain improvements may not comply fully with current planning laws including density, use, parking and set back requirements, but qualify as permitted non-conforming uses. Such changes may limit the ability of a Borrower to rebuild the premises "as is" in the event of a substantial loss with respect thereto and may adversely affect the ability of a Borrower to meet its Loan obligations from cash flow. While it is expected that insurance proceeds would be available for application to the relevant German Property if a substantial loss were to occur, no assurance can be given that such proceeds would be sufficient to pay off the relevant German Loan in full or that, if the German Property were to be repaired or restored in conformity with current law, what its value would be relative to the

remaining balance on the relevant German Loan, whether the German Property would have a value equal to that before the loss, or what its revenue-producing potential would be.

The German Borrowers have given covenants to comply with planning and safety regulations in the German Credit Agreements.

(C) Insolvency

Insolvency

Under German law, one of the three following alternative regimes may be adopted in the event of a debtor insolvency.

(a) Liquidation (*Verwertung der Insolvenzmasse*). In this case, the debtor's assets are liquidated in order to pay the claims of its creditors. This is, therefore, an insolvency regime focused on satisfying the claims of creditors rather than the rehabilitation of the debtor;

(b) Insolvency plan (*Insolvenzplan*). In this case, the debtor is given temporary relief from its creditor's claims in order that it may reorganise and rehabilitate its business pursuant to an insolvency plan agreed with the relevant creditors. This is, therefore, an insolvency regime focussed on rehabilitation of the debtor, rather than on distribution of the debtor's assets; and

(c) Self-management (*Eigenverwaltung*). In this case, the debtor may reorganise and rehabilitate its business under the supervision of the creditors' trustee (*Sachwalter*). This is, also, an insolvency regime focused on rehabilitation of the debtor, rather than on distribution of the debtor's assets.

As a general rule, the secured creditors should not be prejudiced by the commencement of any of the above insolvency proceedings against the debtor.

Transaction Avoidance under German Law

German law recognises the principle that, under certain circumstances, transactions entered into by a debtor prior to the onset of insolvency can be set aside or invalidated by the insolvency administrator or the creditors' trustees (in the German language, *Sachwalter*) in case of self-management procedure.

The hardening periods range from one month to 10 years and depend on the specific reason for voiding the transaction. The claim to void a transaction shall be time-barred (*Verjährung*) pursuant to the rules on regular prescription (*regelmäßige Verjährung*) under the German Civil Code (*Bürgerliches Gesetzbuch*). Under normal circumstances, the regular prescription period for claims is three years and begins on the last day of the year during which such claim came into existence and the creditor becomes aware thereof.

Prospective Noteholders should note that provisions of the German Insolvency Code (*Insolvenzordnung*) (the **Insolvency Code**) came into force on 1 January, 1999, and court precedents with respect to the statute are rare. However, in reliance on a significant body of legal writing, the Issuer believes that the security structure established for the benefit of the Noteholders should yield sufficient access to all potential proceeds in an insolvency of a Borrower and to satisfy in full all the obligations under the Notes (although the amount of any such proceeds will be calculated by, among other things, market values and economic conditions at the time of enforcement).

(D) General

Force Majeure

In Germany, there are laws that permit the termination of a lease upon the occurrence of certain unforeseen events. Such unforeseen circumstances must be of the nature that the adherence to the contract would be unreasonable or the substantial conceptions which form the basis of the contract were wrong and if modification of the contract is impossible or unreasonable, then a party may terminate the contract. It is possible that such events could arise in certain situations, such as significant damage to a Property.

There can be no assurance that a tenant will not be subject to a *force majeure* event or similar event. If a tenant is subject to a *force majeure* or similar event and is subsequently released from its obligations under a lease, the tenant will no longer be responsible for rental payments to the relevant German Borrower. This could result in a decrease of rental income to the German Borrower unless the Borrower can enter into a new lease with a tenant at substantially the same rent. If the German Borrower is unable to secure a new tenant at substantially the same rent, a decrease in rental income may have an adverse effect on a Borrower's ability to meet its debt service on the relevant German Loan and subsequently the Noteholders may not receive the timely repayment of interest and principal on the Notes.

Capital Maintenance Rules

As a general principle, the German capital maintenance rules limit the ability of a limited liability company (*Gesellschaft mit beschränkter Haftung – GmbH*) to provide upstream or cross-stream guarantees and security for a debt incurred by a direct or indirect shareholder or to issue upstream or cross-stream loans or collateral to a direct or indirect shareholder. In particular a GmbH may not provide such guarantees or loans of an amount in excess of its net assets. Any amount received by a direct or indirect shareholder in violation of these rules must be repaid and collateral given in violation of such rules may be void. Furthermore, the GmbH may be entitled to damage claims. Investors should be aware that security granted by a German GmbH Borrower or a Borrower established as a limited partnership (*Kommanditgesellschaft*) with a GmbH as general partner (GmbH & Co. KG) may be subject to customary limitation language.

RELEVANT ASPECTS OF ITALIAN LAW

This section summarises certain Italian law aspects and practices in force at the date of this Prospectus relating to the transactions described herein. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) The Italian Securitisation Law

Under the regime normally prescribed for Italian companies under the Italian Civil Code, it is unlawful for any company (other than banks) to issue securities for an amount exceeding two times the company's share capital. However, under the provisions of Law No. 130 of 30 April 1999, as amended from time to time (the **Italian Securitisation Law**), the standard provisions are inapplicable to the Italian Issuer.

The Italian Issuer is subject to the provisions contained in Chapter V of the Banking Act which requires that companies intending to carry out financial activity in the Republic of Italy must be registered in the register of financial intermediaries held, pursuant to Article 106 of the Banking Act, by the *Ufficio Italiano dei Cambi.* Additionally, pursuant to Article 107 of the Banking Act, financial companies carrying out securitisation activities must also be registered on a special register held by the Bank of Italy. Companies registered under Article 107 of the Banking Act are subject to the supervision of the Bank of Italy.

The Italian Securitisation Law was conceived to simplify the securitisation process and to facilitate the increased use of securitisation as a financing technique in the Republic of Italy. It applies to securitisation transactions involving the "true" sale (by way of non-gratuitous assignment) of receivables, where the sale is to a company created in accordance with article 3 of the Italian Securitisation Law and all amounts paid by the assigned debtors are to be used by the relevant company exclusively to meet its obligations under notes issued to fund the purchase of such receivables and all costs and expenses associated with the securitisation transaction.

Ring-fencing of the assets

Under the terms of article 3 of the Italian Securitisation Law, the assets relating to each securitisation transaction will, by operation of law, be segregated for all purposes from all other assets of the company which purchases the receivables. Prior to and on any winding-up of the Italian Issuer such assets will be available only to holders of notes issued to finance the acquisition of the relevant receivables (in respect of the Italian Issuer, the Italian Notes) and to certain creditors claiming payment of debts incurred by the company in connection with the securitisation of the relevant assets. In addition, the assets relating to a particular transaction will not be available to the holders of notes issued to finance any other securitisation transaction or to general creditors of the issuer company.

The assignment

The assignment of the receivables under the Italian Securitisation Law is governed by article 58, paragraphs 2, 3 and 4 of the Banking Act. The prevailing interpretation of this provision, which view has been strengthened by article 4 of the Italian Securitisation Law, is that the assignment can be perfected against assigned debtors and third party creditors by way of publication in the Italian Official Gazette of the Republic of Italy (*Gazzetta Ufficiale della Repubblica Italiana*) and registration (*iscrizione*) with the competent companies' register, so avoiding the need for notification to be served on each assigned debtor.

As of the later of: (a) the date of publication of the notice of the assignment in the Italian Official Gazette; and (b) the date of registration (*iscrizione*) of such notice in the competent companies' register, the assignment becomes enforceable against:

(a) the assigned debtors and any creditors of the seller who have not, prior to the date of publication of the notice, commenced enforcement proceedings in respect of the relevant receivables;

(b) the liquidator or any other bankruptcy officials of the assigned debtors (so that any payments made by an assigned debtor to the purchasing company may not be subject to any claw-back action according to article 67 of the Italian Bankruptcy Law); and

(c) other permitted assignees of the seller who have not perfected their assignment prior to the date of publication.

The benefit of any privilege, guarantee or security interest guaranteeing or securing repayment of the assigned receivables will automatically be transferred to and perfected with the same priority, in favour of the Italian Issuer, without the need for any formality or annotation, with the exception of the assignment of claims by way of security and the right to receive payment under the direction to pay clause of the relevant insurance policy (*atti di vincolo di polizze assicurative*) which are assigned to the Italian Issuer pursuant to the terms of separate assignment agreements. As from the later of: (a) the date of publication of the notice of the assignment in the Italian Official Gazette; and (b) the date of registration of such notice in the competent companies' register, no legal action may be brought against the receivables assigned or the sums derived therefrom other than for the purposes of enforcing the rights of the holders of the notes issued for the purpose of financing the acquisition of the relevant receivables and to meet the costs of the transaction.

Notice of the assignment of the Italian Loan Receivables by the Italian Seller pursuant to the Italian Loan Assignment was published in the Italian Official Gazette (*Gazzetta Ufficiale della Repubblica Italiana*) No. 216 *Parte II* on 16 September 2006 and registered (*iscritto*) in the companies' register of Brescia on 15 September, 2006.

(B) Considerations Relating to the Loans and the Loan Security

Italian Security Interests

Italian law formally recognises specific classes of security which constitute preferential rights in favour of the creditor over assets of the debtor or a third party.

Mortgage (ipoteca)

A mortgage over real property gives the secured creditor a right to the specified property securing its claim, even against a third party transferee, and a preference in being paid from the proceeds of such expropriation. A mortgage is indivisible and extends in its entirety over all mortgaged assets, including any part of them. A mortgage extends to interest accrued in the two years preceding the attachment (*pignoramento*) and in the then current year, notwithstanding any agreement to the contrary, provided that the relevant rate is indicated in the registration. The mortgage also extends to interest accrued in the period following the date when the attachment is lodged and ending on the date of the sale, provided that such interest is calculated at the rate legally prescribed which may vary from time to time on the basis of the Ministerial Decree to be issued in accordance with article 1284 of the Italian Civil Code, which as at the date of this Prospectus is 2.5%.

A mortgage is only perfected once it is registered in the local land/property registry.

Mortgages will have different rankings, depending on the date of registration. This analysis focuses only on the last indicated method as it is the method relevant for the Italian Loans.

Mortgage amendments

The details contained in the mortgage register would need to be amended if any changes occur to the parties secured by the mortgages e.g., if a lender transfers its participation to a new lender, the name of such new lender will have to be inserted into the records by way of an annotation (*annotazione*) on the relevant register. This is not required, however, if the transfer takes place in the context of a transfer pursuant to the Italian Securitisation Law.

Pledge over accounts

The Italian Borrower in respect of the Cassina Plaza Loan has, in accordance with the terms of the relevant Italian Credit Agreement, established Borrower Accounts into which, among other things, rental income and disposal proceeds in respect of the Italian Properties must be paid (see "*The Loans and the Loan Security – Borrower Accounts*" at page 198). The Italian Borrower in respect of the Cassina Plaza Loan has granted a pledge (*pegno*) over the relevant Borrower Accounts and all of its interests in the relevant Borrower Accounts.

The pledge created over amounts standing from time to time to the credit of bank accounts would be considered a pledge over the relevant claims which the secured creditor has towards the relevant account bank for payment of the net balance of such account. Investors' attention is therefore drawn to the fact that according to the Italian Supreme Court a pledge over a bank account's balance (*pegno su saldo creditorio*) must be treated as a pledge over future receivables (*pegno su crediti futuri*), the reason being that the balance of the account periodically changes and, as a result, the formalities stated under article 2800 and ff. of the Italian Civil Code must be complied with periodically. Each periodic acknowledgment of the pledge is treated as a new security, which results in a new hardening period starting on every acknowledgment date.

A pledge becomes enforceable vis-à-vis third parties (including any creditors and the bankruptcy estate of the pledgor) when it is in writing (*forma scritta*), the account bank has been notified or has acknowledged the pledged claim in writing with indisputable date and where the pledged accounts have been opened with the secured creditor by the debtor, the secured creditor, may in the event of the debtors' default, directly set-off its claims against the money deposited in the pledged account without need of a notice each time the balance of such accounts changes.

Pledge over quotas of an S.r.l.

A pledge of quotas in an Italian limited company (*società a responsabilità limitata* (S.r.l.)) is granted by the debtor or by a third party, in order to secure the debtor's obligations.

A pledge grants to the pledgee:

(a) priority of payment as against unsecured creditors;

(b) the right to expropriate the pledged asset, which is binding against third-party purchasers;

(c) the right to satisfy its claims on the proceeds of sale of the pledged asset; and

(d) certain expedited measures in the forced sale of the pledged asset.

A pledge is indivisible and secures the relevant claim for as long as it has not been completely satisfied, even if the debt or obligation secured is itself divisible. Priority of payment will also include interest for the year current at the date of attachment (*pignoramento*), or, in the absence of attachment, at the date of service of the notice of intention to start enforcement proceedings (*precetto*), as well as all interest accrued up to the date of sale of the pledged asset but up to the legally prescribed interest rate, which as at the date of this Prospectus is 2.5%.

Establishing a quota pledge

A pledge is established according to particular rules depending on the nature of the asset over which the pledge is created. The pledge will not be effective unless it is evidenced by a written instrument which has an indisputable date (*data certa*) and contains a sufficient indication of the secured obligation and of the subject matter of the pledge.

In case of quotas in an S.r.l., the pledge is granted by a notarised written document. Following registration with the relevant registry office and payment of any applicable registration tax, the document is then submitted by the notary involved to the Register of Enterprises (*Registro delle Imprese*) where the relevant company is incorporated and a request is made for the pledge to be registered. Once such registration is completed, a request will be made to the company whose quota is the subject of the pledge to enter the pledge in the register of its members (*libro soci*).

Voting rights

The voting rights in the pledged quotas are transferred to the secured creditor on execution of the pledge. However, the parties may contractually agree to a different distribution of voting rights. Thus, in the context of the quota pledges in respect of the Italian Loans, prior to the occurrence of a Loan Event of Default under the Italian Loans, voting rights at meetings of the Italian Borrower will be exercised by the pledgors, provided that the pledgor undertakes not to exercise the voting rights in a manner which shall affect the pledge, and such voting rights will, following the occurrence of a Loan Event of Default under the Italian Loan, be exercisable by the Italian Issuer, subject to and upon a notice being given to the relevant Italian Borrower. The pledgors are not entitled to pass any resolution regarding extraordinary transactions, as merger, demerger, capital decrease or any amendment regarding the administrative rights of the shareholders.

Future capital increase and dividends

The security interest created by the pledge over the quotas will extend to any future capital increase of the S.r.l. concerned, subject to carrying out the formalities for the creation of the pledge over any newly issued quotas.

Dividends are generally transferred to the secured creditor. However, the parties may agree that dividends be paid directly to the pledgor. Thus in the context of the quota pledges in respect of the Italian Loans, prior to the occurrence of a Loan Event of Default, dividends are payable to the pledgor. Following the occurrence of a Loan Event of Default, dividends are paid to the secured creditor, subject to and upon notice being given to the relevant Italian Borrower.

Pursuant to the Italian Loans no distributions in favour of the shareholders may be made in the event that the interest cover ratio is lower than 125%.

Assignment of receivables or claims by way of security (cessione dei crediti a scopo di garanzia)

Although widely used in commercial practice, Italian law does not specifically regulate the assignment of receivables by way of security, however general provisions of law applicable to the assignment of receivables apply. An assignment of future receivables by way of security is also recognised under Italian law; however, such an assignment is only perfected when the receivables come into existence provided that the applicable conditions have been satisfied. The consequence of this is that, in the case of the bankruptcy of the assignor, an assignment of future receivables will not be enforceable as against other creditors.

An assignment of receivables by way of security must be evidenced in writing. In addition, the obligor of the receivables must have:

(a) been notified in writing of the assignment; or

(b) acknowledged the granting of the assignment.

An assignment of receivables by way of security grants to the assignee the right to collect (or sell) the receivables and apply the relevant amounts to discharge the secured obligations. Upon the secured obligations being discharged in full, the assignment is automatically terminated and the right to the receivables reverts to the assignor.

Registration process of the assignment by way of security of the claims arising under the lease agreements

An assignment by way of security of claims arising under lease agreements having a duration of more than 3 years (the **Assignment**) should be registered with the competent registered offices (i.e. *Uffici del Territorio—Conservatorie dei Registri Immobiliari* and, in certain areas, *Uffici Tavolari*), in order for the Assignment to be binding on third parties (including any creditor of the Italian Borrower attaching or seizing real property), pursuant to article 2643, No. 9 of the Italian Civil Code.

Enforcement

General

Procedures for the enforcement of security are governed by the Italian Civil Code (articles 2910-2933) and the Italian Code of Civil Procedure (articles 474-632). With reference to the latter, rules provided by Law No. 80 of 14 May 2005 (the **Reform**) have applied since 1 March 2006.

Subject to specific exceptions there are two pre-requisites to the enforcement of security:

(a) service of notice of the title on which the enforcement proceedings are based (*titolo esecutivo*) (the **Notice of Title**). For example, an enforceable decision of a court, a promissory note (*cambiale*), a bank cheque (*assegno bancario*), public deed (*atto pubblico*) or a contract authenticated by a notary evidencing payment obligations; and

(b) service of a writ asking for the payment of the unpaid sum within a specified time limit, which must be at least 10 days from service of the notice and warning the debtor of the intention to start enforcement proceedings (*precetto*) (the **Notice of Intention**).

There are three different types of enforcement proceedings:

(a) enforcement proceedings over real property (*espropriazione immobiliare*);

(b) enforcement proceedings over movable property (*espropriazione mobiliare*); and

(c) enforcement proceedings involving third parties (*esproriázione presso terzi*).

Forced sale of debtor's immovable property

Upon the occurrence of an event of default, and following service of the Notice of Title and the Notice of the Intention, the creditor may take steps to start enforcement proceedings. The first step is a foreclosure action (*pignoramento*) which must be taken within 90 days from the service of Notice of Intention against the debtor's immovable property. Any such foreclosure action should take place through a court bailiff. The

foreclosure action expropriates the assets, in favour of the enforcing creditor and makes unenforceable any act of assignment or disposal made by the debtor in respect of the such assets to any third party.

The foreclosure order has to be served by the court bailiff on the debtor in compliance with articles 555 and 492 of the Italian Code of Civil Procedure. Such foreclosure order must contain, among other things, a detailed description of the assets subject to the enforcement proceedings. The foreclosure order must then be registered in the appropriate land registry.

Not earlier than 10 days and not later than 90 days from the implementation of the foreclosure, the creditor may apply to the court for the sale of the mortgaged properties, being the foreclosed assets (*istanza di vendita forzata*).

In order to avoid delay, a hearing will be held before the court to settle possible disputes arising in respect of the enforcement proceedings. During this hearing, all creditors can make submissions with regard to the methods and the timing of the sale. The court determines whether the sale should be carried out with an auction ("auction forced sale procedure") (*vendita con incanto*) or without an auction ("non-auction forced sale procedure") (*vendita senza incanto*). In both cases, the minimum value of the mortgaged properties is determined by the court through information given by the creditors and by resorting to a valuer's estimate.

With regard to the non-auction forced sale procedure, the order for sale must be published in several public (e.g. the court bailiff register) and private (e.g. local or national newspapers) papers pursuant to article 490 Italian Civil Procedure Code. Bids may be deposited with the court indicating the price offered, the timing and the method of payment. The creditors participating in the enforcement proceedings are invited to make their bid in front of the court. If the best price offered does not exceed the minimum value by 20%, a simple objection raised by a creditor is sufficient to dismiss it. Otherwise, the court can accept the best price offered or, it can order an auction forced sale procedure to be carried out.

With regard to the auction forced sale procedure, an order for sale is delivered by the court establishing, among other things, the date on which the bidders should make their bids to the court and the amount of caution money that must be lodged with the court in order to be admitted to the auction. The court may appoint a public notary, a lawyer or a professional accountant to effect the sale of the assets in place of the court with respect to certain stages of the proceedings, thereby reducing the length of such proceedings.

The Italian Securitisation Law limits the types of assets that can be held by an issuer of notes. The Italian Issuer will only be able to hold an interest in the Italian Loan Receivables and will not be able to hold a direct interest in the Italian Properties. This limitation requires that the Italian Servicer or the Italian Special Servicer, if it were to enforce upon an Italian Loan in relation to the Italian Loan Receivables, to sell the related Properties rather than hold them and manage them for any period of time. There can be no assurance that the Italian Issuer will not be required to enforce against an Italian Property at a time when it is unable to achieve an optimal sale price. If such a situation should arise, the Italian Servicer or the Italian Special Servicer, as applicable, may be required to sell such Property for the price available at the time of such sale.

Forced sale of debtor's movable property

A creditor may resort to a forced sale of a debtor's movable property (*espropriazione mobiliare*) instead of or in addition to starting enforcement proceedings on the debtor's immovable properties by serving the *titolo esecutivo* together with a *atto di precetto*, in which case the foreclosure proceedings (*pignoramento mobiliare*) will be implemented pursuant to articles 492 *et seq.* of the Italian Code of Civil Procedure.

Not less than 10 days but not more than 90 days from the implementation of the foreclosure proceedings, the creditor may request the court to (a) share out any moneys found at the debtor's premises; (b) assign to the creditor the properties foreclosed; and (c) sell the remaining attached moveable properties.

Attachment of Receivables

Enforcement can also be taken against debts owed to the debtor (such as balances standing to the credit of the debtor's bank accounts or salary) by a third party or against the debtor's property that is located on the third parties' premises.

Pledges

Italian law provides two alternative enforcement proceedings concerning pledges:

(a) the private enforcement proceedings pursuant to articles 2797 and 2798 Italian Civil Code, which allow the pledgee to force the sale of the pledged asset through either an authorised third party or an agent appointed by the Court or by itself (if it is so agreed in the deed of pledge); and

(b) the general enforcement proceedings under the Italian Code of Civil Procedure.

Under both private and general enforcement proceedings, it is possible for the pledgee to request the court to assign all or part of the pledged assets to it to the extent that their value does not exceed the outstanding secured obligations.

Under Italian law, the enforcement of a pledge over receivables involves self-help on the part of the secured creditor. After the pledge has become enforceable, the secured creditor is entitled to collect the pledged receivables and to apply them to discharge the secured debt. However, if and to the extent the pledgor (the owner of the bank account) is declared insolvent, the secured creditor can no longer commence (nor continue, if already commenced) a legal action aimed at enforcing the pledge over receivables, except in the event that the accounts are opened with the secured creditor.

In addition to the costs and expenses connected with the enforcement proceeding (including, without limitation, notarial costs and fees), the Italian Ministerial Decree No. 127 of 8 April 2004 states that the legal fees, costs and expenses in connection with enforcement proceedings concerning pledges over receivables, is calculated as a percentage of the value of the asset being the subject of the enforcement. In Italian enforcement proceedings the overall fees, costs and expenses are usually up to two or three% of the value of the assets being enforced.

Priority for Interest

Pursuant to article 2855 of the Italian Civil Code, the claims of a mortgage lender in respect of interest may be satisfied in priority to the claims of all other unsecured creditors in an amount equal to the aggregate of (a) the interest accrued at the contractual rate (provided however that such rate has been annotated with the mortgage) in the calendar year in which the initial stage of the foreclosure proceedings are taken and in the two preceding calendar years; and (b) the interest accrued at the legally prescribed rate, being as at the date of this Prospectus, 2.5% from the end of the calendar year in which the initial stage of the foreclosure proceeding is commenced to the date on which the mortgaged property is sold. Any amount recovered in excess of this will be applied to satisfy the claims of any other creditor participating in the foreclosure proceedings. The mortgage lender will be entitled to participate in the distribution of any such excess as an unsecured creditor. The balance, if any, will then be paid to the debtor.

Italian Usury law

The interest payments and other remuneration paid by the Italian Borrower under the Italian Loans are subject to Italian law No. 108 of 7 March, 1996 (the **Usury Law**), which introduced legislation preventing lenders from applying interest rates equal to or higher than rates (the **Usury Rates**) set every three months on the basis of a decree issued by the Italian Treasury (the last such decree being issued on 21 June 2006). In addition, even where the applicable Usury Rates are not exceeded, interest and other advantages and/or

remuneration may be held to be usurious if: (a) they are disproportionate to the amount lent (taking into account the specifics of the particular transaction and the average rate usually applied in the case of similar transactions); and (b) the person who contracted to pay such amounts was in financial difficulties. This will have the same consequence as non-compliance with the Usury Rates namely, that the interest rate will be deemed to be void.

The Italian Government, under law decree No. 394 of 29 December 2000 (the **Usury Law Decree** and, together with the Usury Law, the **Usury Regulations**, converted into law by law No. 24 of 28 February 2001), established, among other things, that interest will be deemed usurious only if the interest rate agreed by the parties exceeds the Usury Rate applicable at the time the relevant agreement is reached. No official or judicial interpretation of the Usary Law has as yet been given. However, the Italian Constitutional Court has (in decision No. 29/2002 (issued on 25 February 2002)), confirmed the constitutional validity of the provisions of the Usury Law Decree which hold that interest rates may be deemed to be void due to usury only if they infringe Usury Regulations at the time they are agreed as between the borrower and the lender and not at the time such rates are actually paid by the borrower. The interest rate on the Italian Loans did not exceed the rate set by the Usury Regulations at the time Italian Loans were contracted. Further, the interest rate is proportionate to the amount lent and, to the knowledge of the Italian Seller, the Italian Borrowers were not in financial difficulties at the time the Italian Loans were agreed.

(C) Risks relating to Property

Commercial Property Leases

Duration of the Leases and renewal rights

Pursuant to article 27 of the law of July 27, 1978, No. 392 (the **Law 392/78**), non residential leases for real estate assets used for commercial, crafting or industrial activities (hereinafter the **commercial use**), other than hotels, have a minimum duration of six years and are renewable for further periods of six years. After the first six year term the landlord can refuse renewal only in limited circumstances described in article 29 of the Law if the landlord intends to: (a) use the property as a home for himself or his family; (b) use the property for personal or family commercial use (or, in the case of public entities, to the exercise of activities within their institutional purpose); (c) demolish the property to rebuild it or refurbish it integrally; or (d) refurbish the property in order to comply with certain municipal planning regulations.

Rent Adjustments

Pursuant to article 32 of the Law 392/78, the parties may agree that rent payable in respect of a property may be subject to an annual indexation of an amount equal to 75%,(ascertained by the ISTAT (Italy's National Statistical Institute)), of the variation in the index of consumer prices for families of blue-collar and white-collar workers occurring in the previous twelve months.

Allocation of Costs

In the absence of specific provisions under the lease, property related charges are paid by the tenant as part of its rent. These charges may include management fees and other ordinary costs relating to the general maintenance of the property.

Maintenance obligations

Pursuant to article 1576 of the Italian Civil Code, extraordinary maintenance costs are borne by the landlord. Extraordinary maintenance costs will for the purposes of Italian law, include material maintenance and repair expenses necessary to maintain the properties fit for leasing purposes, including any substantial repair and maintenance works reasonably required by virtue of physical depreciation of the properties or by new laws

and regulations, and any replacement or repair of structural elements (such as walls and roofs) which are essential for their safety and stability. Extraordinary maintenance costs do not include regular and minor works reasonably required to maintain the properties in good maintenance condition in connection with the general use and operation of the property or any works required due for a tenant's specific use of the property.

Rent Deposits

Pursuant to articles 41 and 11 of the Law 392/78 a deposit (*deposito cauzionale*) provided as security for a tenant's performance of his obligations under the lease cannot be higher than the aggregate of three month rent.

Sub-Letting and Assignment

Pursuant to article 36 of the Law 392/78, the tenant under a commercial lease of property is entitled to sublet the property or assign the lease agreement without the consent of the landlord, provided that the assignment or sub-lease occurs as a result of the assignment or lease of tenant's going concern. The tenant must notify the landlord of such assignment or lease. The landlord is entitled, within 30 days of the receipt of such notice, to terminate the lease agreement on the basis of serious reasons (*gravi motivi*). Unless the landlord agrees otherwise, the assignor of any lease remains liable for the fulfilment of the obligations under the lease even after the assignment.

Landlords Remedies

If the tenant is in breach of its duty to pay rent or any other charges and such breach is not remedied within 20 days, the landlord may, pursuant to **Law 392/78**, commence legal proceedings (generally by way of summary judgment) to recover any unpaid amounts and, at the landlord's option, terminate the lease and, if necessary, evict the tenant (*sfratto per morosità*). A delay or a default by a tenant on its payment obligations under a lease agreement entitles the landlord (i.e. the Italian Borrowers):

(a) to serve the tenant with a motion for eviction (the **Motion**), and an order requiring the tenant to appear before the competent court (the **Order**). The tenant is able to cure its breach by paying to the landlord any rent due, plus interest and legal costs of the proceedings either at the first hearing or where an extension is granted by the court, a later date, not exceeding 90 days from the date of the first hearing. If the tenant does not appear before the court, does not challenge the Motion or does not cure its breach within the prescribed period, the court will issue the Order and order the tenant to release the leased property. An Order is issued approximately 30–60 days after the date of the Motion is served. In the event the tenant challenges the Motion the judge may still issue the Order. In such circumstances, special proceedings would follow in order to confirm the Order and to condemn the tenant to release the relevant property. Such proceedings may take a minimum of approximately 18–24 months. If the tenant, notwithstanding the issuance and/or the confirmation of the Order, does not release the property within a reasonable time of such issuance and/or confirmation, further proceedings to enforce the Order and obtain the surrender of the lease may follow. These enforcement proceedings may take, on average, a minimum of approximately six to nine months. During this period, the tenant must pay the landlord an indemnity for the unlawful occupation of the relevant property; or

(b) to terminate the relevant lease agreement pursuant to article 1456 of the Italian Civil Code and claim damages through ordinary judicial proceedings. To obtain the first instance court decision may take a minimum of approximately 30 to 36 months, however this is immediately enforceable. However, the Court of Appeal may stay the enforceability of the judgement issued in first instance in certain circumstances. Any appeal of the proceedings may take approximately 30 to 36 months; and

(c) to claim for payment of unpaid rents. Such proceedings in (c) may run independently of or in conjunction with the proceedings described in (a) and (b) above.

Where the landlord requests the payment of rents due, the judge may order the tenant to pay the relevant rents by issuing an injunction order (the **Injunction Order**). Having proved the due amount by filing the relevant invoices with the court the court will generally issue the Injunction Order. Any such Injunction Order is immediately enforceable. The tenant may challenge any such Injunction Order within 40 days from the date of the service. In the event the Injunction Order is challenged by the tenant, ordinary court proceedings will commence and may take a minimum of approximately 30 to 36 months.

It further is possible, in principle, for a landlord to obtain an interim order of payment based on the strength of its claim and/or the defendant failing to challenge them.

In case of default by the tenants of its obligation to keep the premises in good repair, to use the property for the purpose agreed in the lease agreement or to fulfil any other of its obligations in respect of the lease, the landlord will be entitled to terminate the relevant lease agreement pursuant to article 1453 (*Risolubilità del Contratto per Inadempimento*) of the Italian Civil Code and claim damages. In such case the proceedings described under paragraph (b) above will apply. However where proceedings relate to matters other than the payment of rent, it may take a longer time to be completed.

Effect of bankruptcy of the tenant on the lease agreement

If a tenant is declared insolvent, the receiver may decide either to continue or terminate the lease agreement, regardless of its contractual duration.

In the case of the continuation of the lease agreement, the receiver would be bound by the obligations of the tenant under the relevant lease agreement (including obligations relating to the delivery of the property at the end of the lease), and would be obliged to pay any rent falling due after the declaration of insolvency. According to certain case law, the landlord's right to such amounts is immediately payable (*prededuzione*) and the receiver is obliged to pay the rent according to the lease agreement provisions. The receiver would not be entitled to modify the terms and conditions of the lease agreement and may only decide whether or not to continue the lease agreement on the same terms and conditions.

Pursuant to article 80 of the Bankruptcy Law, the Italian Borrower is entitled to fair compensation (the **Compensation**) if the receiver unilaterally elects to terminate the lease agreement. The Compensation is a preferential claim of the Italian Borrower, to be paid by the receiver. In the absence of agreement, the Compensation is determined by the competent Bankruptcy Court, which will consider the remaining period of time during which the lease agreement should have been effective and the amount of the rent due.

Statutory Rights of Tenants

Termination of Leases

Article 27, paragraph 7, of Law 392/78 gives tenants a statutory right to terminate the lease agreement at any time for serious reasons (*gravi motivi*) upon service of a six months notice on the landlord.

According to the prevailing case law, *gravi motivi* are considered to be objective events, unforeseeable at the time the lease agreement is entered into, which render the performance of the lease agreement extremely onerous for the tenant. In particular, the Italian Supreme Court (*Corte di Cassazione*) has stated that the need to transfer the activity carried out in the rented premises to another location may be considered as *gravi motivi* for the purposes of article 27 of the Law 392/78, provided that this need did not arise due to the action

of the tenant and such need arose after the execution of the relevant lease agreement. In the same ruling, the Italian Supreme Court (*Corte di Cassazione*) also confirmed the principle that *gravi motivi* are considered unforeseeable events which render the use of the property as originally planned objectively burdensome for the tenant.

In accordance with this principle, the Italian Supreme Court (*Corte di Cassazione*) stated that: (a) the non-achievement of a pre-announced plan of growth of a suburban zone on which the tenant had relied (the decision also clarified that the unforeseeability must not be interpreted in an abstract and absolute sense but rather based upon the reasonable assurance that the event will occur), and (b) economic trends, when objectively unforeseeable, may represent a *grave motivi* for the purposes of article 27 of the Law 392/78.

The Italian Supreme Court also stated that the termination by the tenant of the activities for which the property was used does not represent, *per se*, a suitable requirement for the tenant to exercise its right of withdrawal for *gravi motivi*, since this is considered a subjective decision of the tenant and not an objective and unforeseeable event. In addition, pursuant to article 79 of Law 392/78, any contractual provision which grants the landlord a benefit which is not in compliance with the provisions of Law 392/78 may be deemed to be null and void.

In addition, if a tenant's use of a commercial property involves the tenant's customers regularly coming to the commercial property, pursuant to Law 392/78, the tenant is entitled to compensation for loss of goodwill in an amount equal to 18 months' rent for an early termination/non renewal of the lease agreement, unless such termination/non renewal is due to (a) a breach by the tenant of its contractual obligations, (b) termination by the tenant or (c) the bankruptcy of either party. The amount of compensation is liable to double if the leased property is used for the same or a similar business activity by the next tenant within a year from the termination/non-renewal of the lease agreement. The right to compensation on termination/non-renewal does not exist where the property is used for professional services, or for purposes ancillary to railway stations, airports, motorway stations, hotels and tourist villages, even if the tenant's activity involves direct contact with the public and consumers.

Compulsory Purchase; Expropriations

Expropriation under the Italian Constitution

Article 43 of the Italian Constitution states that a specific business providing an essential public utility service can be transferred to the State by means of expropriation. Article 42.3 of the Constitution further provides that private properties may be subject to expropriation for general interest reasons only when specific legislation provides for such possibility and provided that a fair indemnity is granted to the owner.

The Italian Constitutional Court has stated in various decisions that, according to article 42 of the Constitution, **fair indemnity** means an indemnity likely to represent a serious compensation but not implying, by definition, a full restoration of the loss suffered by the owner of the asset concerned (among others Corte Costituzionale 30 January 1980 No. 5). In the absence of specific legislation providing otherwise, the amount of the indemnification is determined based on the general principle set forth by the regulations of expropriation procedures described below.

Regulations governing the expropriation process for existing buildings

Expropriation procedures are carried out according to the rules under law No. 2359 dated 25 June 1865 (as modified by means of Presidential Decree No. 327 dated 8 June 2001 (so called "*Testo unico sull'espropriazione*")). According to such regulation, expropriation of private properties (i.e. land and/or buildings) must be executed according to the following procedural steps:

(a) a declaration of "public interest", being the formal step by which an individual ownership right is limited in view of the relevant public interest;

(b) an expropriation decree, being the formal measure stating the removal or limitation of the ownership right on the expropriated properties; and

(c) an expropriation indemnity whereby owners of expropriated properties are entitled to receive an indemnity which, as a general rule whereby, must be calculated "based on the market value" of the properties themselves.

Article 38 of the Presidential Decree No. 327 dated 8 June 2001 specifies that the indemnity to be paid for buildings which were lawfully constructed (i.e. in compliance with all town planning and building legislation) will be "*equal to their market value*".

Environmental Laws

Soil and subsoil

Legislative Decree No. 22 of 5 February 1997 (now Legislative Decree 152/2006) established that in general the clean up of polluted sites is an obligation connected with the ownership of the sites themselves. However, the owner of a contaminated site, who is not responsible for the contamination which has occurred on its property, does not in the first instance bear any duty or obligation to clean-up the polluted site. Where the polluter of the site is untraceable or unable to remedy the contamination, the responsibility for the clean-up lies with the relevant municipality, which has to proceed to the *ex-officio* clean-up of the land normally with the financial support of the relevant region.

Once the site has been cleaned-up by the relevant municipality, a "real estate burden" (*onere reale*) is imposed on the relevant land. Once a site is ascertained as having been polluted, the clean-up duty involves a "burden" imposed by law that any third party must be made aware of before entering into a potential purchase. For this reason, the "real estate burden" relating to the contaminated site must be written in the "site zoning certificate" (*certificato di destinazione urbanistica*).

Furthermore, the expenses sustained by the public authorities to clean-up the polluted site are guaranteed by a "special levy" (*privilegio speciale immobiliare*) attached to the land, intended to guarantee that the expenditures incurred by the public authorities in respect of the clean-up of the site may be recovered. As the "special levy" is attached to the land, it can be exercised against third parties who take a valid transfer of the land and could therefore have an impact on the value of property.

The public authorities may require an owner, who is not responsible for the contamination to pay the expenses for the clean-up carried out by the public authorities only (a) upon the issue of a specific administrative act by the competent authority and (b) within the limit of the value of the property. This act must explain, *inter alia*, the failure to identify the party responsible for the contamination or the failure to reimburse the relevant expenses.

Electromagnetic pollution

Pursuant to the Italian planning legislation (law No. 47 of 28 February 1985 and according to Italian courts interpretation), should any telecommunication broadcasting systems located on the Properties not be installed in compliance with all the required building permits and authorisations, the relevant Italian Borrower, as the owner of the property on which such system are installed, may be subject to monetary and criminal sanctions (conviction up to two years and fine of about €50,000). The above liabilities as well as those liabilities for any other damage deriving from such activity and connected with the electromagnetic pollution would rest with the manager of the broadcasting system.

Asbestos containing material

Law No. 257 of 27 March 1992, Presidential Decree 8 August 1994 and Legislative Decree No. 277 of 15 August 1991 provide that, should the Properties contain asbestos, the Italian Borrowers (as owner of the properties) would be bound to (a) periodically monitor the structures containing asbestos to verify that the asbestos is not carcinogenic or pose health risks and to ascertain the absence of any release of asbestos particles into the air, and (b) clean-up or adopt safety measures in the event that asbestos levels are found to be above the thresholds fixed by law. In addition, an obligation of removal of asbestos exists in the case of restructuring works in a building as underground storage tanks (**UST**).

In August 2001 the Constitutional Court invalidated Ministerial Decree No. 246 of 24 May 1999 containing the regulation about management of USTs. Consequently to date the only national legislation in force relating thereto is Ministerial Decree 20 October 1998 which exclusively concerns commercial/industrial USTs management. In the temporary absence of specific legislation (new national regulations addressing UST's are expected to be enacted in the near future), local authorities generally require the owner of the USTs to (a) carry out maintenance activities to ensure the structural integrity of the tanks, (b) perform periodical inspections, and (c) remove and dispose of the oldest USTs, both to guarantee their functionality and to avoid any leakage of oils and pollutants into the subsoil (see "*Relevant Aspect of Italan Law - Soil and Subsoil*" at page 156).

Planning and Safety Regulations

General

The zoning of buildings in Italy is regulated by the Town Plan (*Piano regolatore*), which sets forth (a) the types of buildings that are permitted in specific areas, (b) the permitted size and height of the buildings and (c) any other prescription for building construction and/or maintenance. The construction, renovation and maintenance of buildings is subject to the compliance with the Town Plan and the approval of the relevant municipality, through issuance of a building permit. However, minor maintenance and renovation works do not require the approval of the municipality, but simply prior notice to be given to the municipality.

Fitness-for-use

Properties located in Italy need to be granted a fitness-for-use decree by local municipalities. In the absence of this decree, the owner is liable to monetary sanctions (ranging from €77.47 to €464.81) and may be obliged to perform any construction works necessary to obtain the fitness-for-use decree. In addition, the tenant may be ordered to vacate the premises until the decree has been granted.

Fire Prevention

In accordance with the Ministerial Decree of 16 February 1982, the Properties may require a fire prevention certificate. If the fire prevention certificate is required because of the structural characteristics of the Property and of its common parts, the certificate must be obtained by the owner of the property. If the fire prevention certificate is required in light of the activity carried out at the Properties, the certificate should be obtained by the tenant. The lack of such certificate may result in monetary sanctions (i.e., payment of an amount ranging between €258.23 and €2,582.28) and criminal prosecution (i.e., imprisonment for up to one year) for the liable party, as well as an order to undertake such works as are necessary to obtain the certificate. Furthermore, the competent authority may order the party in breach not to use the premises until the certificate has been granted.

The Italian Credit Agreements contain a standard representation and warranty regarding environmental issues qualified by a material adverse effect provision.

Registration tax and VAT imposed on real estate transactions

The cash flows arising from the assets may be affected by the tax provisions of Law Decree No. 223 of 4 July 2006 (Decree No. 223), effective as from 4 July 2006 *and converted with certain amendments* in Law No. 248 of 4 August 2006, which amended the VAT and indirect taxes regimes applicable to Italian real estate transactions. Pursuant to Decree No. 223, sale and lease agreements are subject to indirect taxes applied at proportional rates and the payment of these taxes may reduce the cash flows arising from the assets.

As a general rule, rental income from leases of commercial buildings is VAT exempt and subject to a 1% registration tax; however, under the new regime commercial rent is subject to VAT if (i) the lessee is a company having a pro-rata deductibility of VAT not higher than 25%; (ii) the lessee is an entity not subject to VAT, or (iii) the lessor makes the election for the VAT regime in the lease agreement. There is an option for the application of the old VAT regime, however, which must be exercised by the parties of the lease under the terms and conditions to be determined by a Ministerial Decree to be published by 15 September 2006 and it is anticipated that the Cassina Plaza Borrowers and the Pomezia Borrower will so elect.

With regard to sales of commercial buildings, generally the sales are VAT exempt and subject to mortgage and cadastral taxes for an overall tax burden of 4% plus Euro 168 registration tax. In this case, under certain conditions, the vendor must repay the VAT deducted on the purchase of the property. However, the sales will be subject to VAT, and indirect taxes apply at proportional rate of 4% (effective from 1st October 2006, the rate is reduced to 2% if the commercial building is sold to real estate funds, leasing companies, banks or financial entities), if (i) the commercial building is sold to an entity having a pro-rata deductibility of VAT not higher than 25% or to entities not subject to VAT, or (ii) the vendor of the commercial building makes the election for the VAT option in the transfer agreement, registration tax is always due at the fixed amount of Euro 168. Where the sale is subject to VAT the vendor maintains the right to deduct the VAT paid at the time of the purchase of the property.

Decree No. 223 also introduced a VAT re-capture mechanism under which VAT paid on purchases and already set off or claimed back should be repaid in three instalments to the Tax Authorities. However, the Cassina Plaza Borrowers and the Pomezia Borrower, any VAT Loans (in respect of which security was taken over the VAT receivables) were advanced by the Italian Seller were subordinated to the Italian Loans and do not form part of the Loan Pool.

(D) Considerations relating to Italian Borrowers and the Italian Issuer

Claw-back measures (*azioni revocatorie*) may be proposed by the extraordinary receiver, in the interest of the company's creditors, even after to the authorisation of the implementation of any restructuring programme, to the extent that such measures further the objectives of such programme.

Insolvency proceedings

Insolvency proceedings (*procedure concorsuali*) conducted under Italian law may take the form of, among other things, a forced liquidation (*fallimento*) or a composition with creditors (*concordato preventivo*). Insolvency proceedings are only applicable to businesses (*imprese*) run either by companies or by individuals operating as sole entrepreneurs. The procedure followed will depend on factors relating to the financial status of the debtor, the court and the creditors involved. In each case, a lender must petition the court for approval of its claim against the insolvent debtor.

A debtor can be declared bankrupt (*fallito*) (either by its own initiative or upon the initiative of any of its creditors) if it is not able to timely and duly fulfil its obligations. Once judgment has been made by the competent court on the basis of the evidence of the creditors and the opinion of the receiver (*curatore*

fallimentare), and the creditors' claims have been approved, the sale of the borrower's property is conducted in a manner similar to foreclosure proceedings or the forced sale of goods, as the case may be.

In cases where a debtor is not insolvent but has difficulty in fulfilling its obligations, a court-supervised administration procedure is available, with the aim of rescuing its business, provided that there is evidence that its financial condition can be improved. In this procedure, the management of the debtor's business and assets is subject to judicial supervision, with the payment of all debts of the debtor being delayed for a period not exceeding two years. The lender may receive a cash payment on the approved portion of its claim. This may, however, follow lengthy negotiations and the finalisation of restructuring agreements. Due to the complexity of the insolvency proceedings, the time involved and the possibility for challenges and appeals by the debtor, there can be no assurance that any such insolvency proceeding would result in the payment in full of outstanding amounts under the Italian Loans or that such proceedings would be concluded before the stated maturity of the Italian Notes.

After judicial insolvency proceedings are commenced, no legal action can be taken against the debtor and neither foreclosure proceedings nor forced sale proceedings may be initiated. Moreover, all actions taken and proceedings already initiated by creditors are automatically suspended.

The debtor loses control over all its assets and the management of its business, such being taken over by a court-appointed receiver (*curatore fallimentare*). Following the commencement of bankruptcy proceedings, all claims against the bankruptcy estate, including those secured by a pledge, mortgage or other security interest (save for some rare exceptions, as further described below), will have to be judicially verified in order to be paid by the receiver. The holder of the claims will, therefore, have to prove such claims and security interests against the receiver and, if the claims are ascertained, the holder of the claims will be entitled to the proceeds deriving from the subject matter of its security interest, after having deducted costs, expenses or other amounts as provided by law.

Mortgages

In the case of insolvency of a mortgagor, the length of foreclosure proceedings from the declaration of bankruptcy of the mortgagor to the final sharing out can vary, depending on where the foreclosure proceedings take place. There can be no assurance as to the length of time a foreclosure proceeding would take.

Pledge over accounts

If the pledgor is declared insolvent, the pledgee may proceed to set-off its claims (*see* "*Relevant Aspects of Italian Law — Italian Security Interests – Pledge over accounts*" at page 147) against the money standing on the pledged bank account (provided that the relevant bank account is opened with the bank acting as lender) by giving notice to the receiver (*curatore fallimentare*) who may contest the set-off in accordance with article 56 of the Bankruptcy Law (as defined below). Should the pledgee not be able, for any reason, to set-off its claims before or after the insolvency proceeding, the pledgee would, subject to the risk of the claw-back of the pledge, be a preferred creditor and would be entitled to satisfy its claims to the amount standing to the credit of the pledged bank account, up to the amount of its claims and in priority to the unsecured creditors of the pledgor.

Pledge over quotas

In the case of bankruptcy of the pledgor, the pledge will have to be judicially verified during the insolvency proceedings in order for the pledgee to be paid by the receiver out of the proceeds of sale. Therefore, the pledgee will have to prove for its claims against the receiver, and, once the receiver has ascertained the pledgee's claims, the pledgee will be entitled to the proceeds of the sale of the pledged quotas in satisfaction of its claims.

Assignment by way of security

Authoritative scholars and case law indicate that the assignee (subject to the requirement of the certified date for Italian law purposes borne by either the acceptance of, or the notification to, the assigned debtors of the assignment of existing claims of receivables (as described in "*Relevant Aspects of Italian Law — Italian Security Interests – Assignment of receivables or claims by way of security"* at page 148) does not suffer any adverse effect as a consequence of the bankruptcy of the assignor. This case law does not apply to future receivables.

This opinion has been sustained on the grounds that the transfer of claims by way of security is effective as against third parties immediately upon the completion of the steps set forth above and, upon such assignment, the assigned claims will no longer be considered as assets of the bankrupt estate, but will pass to the assignee who will acquire the sole ownership of such claims.

As a consequence of the above, there will be no need to prove the claims in any bankruptcy of the assignor, as they have been validly removed from and are no longer part of the assets and liabilities of the bankrupt estate and the assignee will be in a position to fully benefit from the performance of the assigned debtor's obligations and to apply the relevant proceeds to the entire repayment of its claims, including interest at the full contractual rate.

Composition with creditors *(Concordato preventivo)*

An insolvent creditor may avoid being declared bankrupt by proposing to its creditors a creditors' agreement. Such proposal may provide for: (a) the restructuring of debts and the satisfaction of creditors in any manner, including, but not limited to, the granting to creditors of shares, or bonds (also convertible into shares), or other financial instruments and securities; (b) the assumption of the activities of the companies involved in the proposal; (c) the classification of creditors into classes; and (d) different treatments for creditors belonging to different classes.

Pursuant to the modifications to the Royal Decree No. 267 of 16 March 1942 (the **Bankruptcy Law**) introduced by Law Decree No. 35 of 14 March, 2005 and converted into Law No. 80 of 14 May, 2005, the composition with creditors (*concordato preventivo*) procedure can only be initiated by a debtor filing a petition to the relevant competent court. The composition with creditors is approved by a majority vote of the creditors entitled to vote. Where there are different classes of creditors, the composition with creditors is approved by a majority vote of the creditors within the same class that are entitled to vote. Provided that any necessary quorum is met, the relevant court may approve the composition with creditors even when one or more classes have not given their consent, if it deems that the composition with creditors would not be less advantageous than other practicable solutions to those creditors that did not vote in favour of the composition. The proceeding of the composition with creditors will end with a decree which is to be issued by the competent court. If the court or the creditors reject the offer, the entrepreneur is automatically declared bankrupt by the court.

Claw-back and ineffectiveness of payments

Under Italian law, a bankruptcy representative is given powers to "restore" the economic and financial substance of the bankruptcy estate to its pre-insolvency state by setting aside transactions and/or through claw-back. These powers are limited to certain transactions or agreements entered into in the six month, one year period or two year prior to the declaration of bankruptcy (the **Six Month Suspect Period**, the **One Year Suspect Period**, or the **Two Year Suspect Period**).

Pursuant to article 67, paragraph 1, of the Bankruptcy Law, the receiver may ask the competent court to revoke or claw-back, among other things, (a) pledges, security interests and mortgages voluntarily granted by the insolvent party during the One Year Suspect Period in respect of pre-existing debts, where such

pre-exiting debts were not yet due, and (b) pledges, security interests and mortgages judicially imposed or voluntarily granted during the Six Month Suspect Period in respect of matured debts, unless the secured creditor gives evidence that it was unaware of the state of insolvency of the insolvent party.

Pursuant to article 67, paragraph 2, of the Bankruptcy Law, the receiver may ask the competent court to revoke or claw-back (a) a security granted simultaneously with the creation of secured obligations during the Six Month Suspect Period; and (b) any onerous transaction perfected during the One Year Suspect Period, unless the secured creditor gives evidence that it was unaware of the state of insolvency of the insolvent party. Accordingly, the mortgages and the assignment by way of security of the rental income (to the extent it is created at arm's length) may be clawed back if the insolvency of an Italian Borrower is declared within six months of the execution of the relevant Credit Agreement and the Security Agreement (through which the mortgage and the assignment will have been granted). Claw-back of the assignment could adversely affect the ability of the Italian Issuer to meet its payment obligations under the Italian Notes. It should be noted that the Loan Closing Date in respect of each Italian Loan occurred more than six months prior to the Closing Date.

Should an Italian Borrower be declared insolvent before certain assigned receivables (such as rental income) come into existence, then prevailing case law suggests that such receivables would not be deemed to be transferred to the Italian Issuer and, consequently, the insolvency receiver could claim to be the beneficiary of the receivables. As a result, such receivables may be deemed payable to the Italian Borrower and, pursuant to the Bankruptcy Law, would form part of the assets of the insolvency estate (*attivo fallimentare*). Inclusion of such receivables in the insolvency estate of an Italian Borrower would reduce the amount paid under the Italian Notes which would adversely affect the ability of the Issuer to meet its payment obligations under the Notes.

In addition, pursuant to the Italian Law Decree No. 35 of 14 March 2005 converted into Law No. 80 of 14 May 2005 (Decree 35), a transaction is not considered at arms length in the event the consideration provided, or the obligations assumed, by the insolvent party exceed by more than 25% the consideration provided or promised, or the obligations assumed, by its counterparty.

Ineffectiveness of prepayments by the Italian Borrower

Pursuant to article 65 of the Bankruptcy Law, any payment made in the Two Year Suspect Period by any insolvent borrower for claims which become due on the day of bankruptcy or thereafter (i.e. a prepayment) are deemed ineffective (*ineffecaci*). Pursuant to article 65 of the Bankruptcy Law, in such cases the receiver is entitled to declare such prepayment ineffective without any burden of proof.

In a recent decision (*Corte di Cassazione* No. 4842 of 5 April, 2002 (**Decision 4842/2002**), the Italian Supreme Court held that, in a bankruptcy of a company, prepayments in respect of certain unsecured debt obligations made by the bankrupt entity are subject to the claw-back provisions of article 65 of the Bankruptcy Law rather than article 67 of the Bankruptcy Law on the grounds that any such prepayment constitutes a payment of a debt not yet due.

If Decision 4842/2002 were held to apply also to secured debt obligations, which is not certain, this decision would be significant because article 65 provides that a payment of a debt not yet due and payable, which falls due on or after the bankruptcy of the payor, is ineffective as against the creditors of the bankruptcy estate if such payment is made in the two years preceding the bankruptcy.

On the other hand, article 67 provides that payments of debts that are due and payable may only be clawed back if:

(a) the receiver of the bankruptcy estate demonstrates that the creditor was aware of the debtor's insolvency;

(b) the prepayment was made in the six month period immediately preceding the bankruptcy of the debtor; and

(c) the prepayment was prejudicial to the creditors of the debtor.

Decision 4842/2002 is also significant because article 4 of the Italian Securitisation Law provides that the special purpose vehicle (which would include the Italian Issuer) is specifically exempt from claw-back under article 67 in respect of payments made to it by the Italian Borrowers. However, the Italian Securitisation Law does not exempt the Italian Issuer from the scope of article 65.

Decision 4842/2002 appears to depart from Supreme Court decision No. 1153 of 10 April, 1969 (**Decision 1153/1969**) which held that a prepayment of a loan following the debtor's election to prepay in accordance with terms of a loan agreement constitutes a payment of a debt that is due and payable and therefore could only be clawed back under article 67 (and not article 65) of the Bankruptcy Law. Moreover, it is not certain that Decision 4842/2002 will apply to prepayments of mortgage loans as it deals with the prepayment of certain bonds and only briefly refers to ordinary loans. In addition, if Decision 4842/2002 were held to apply also to secured debt obligations, the consequences would be inequitable in that a secured creditor might, as a result, become an unsecured creditor. In addition, it should be noted that Italian court decisions are not binding on other courts, including courts of first instance: in this respect, it is worth noting that a recent decision of the court of first instance of Milan (*Tribunale di Milano*, sez. II, of 17 May, 2004) confirmed the principle stated in Decision 1153/1969.

In respect of any claw-back action to be exercised by the receiver under article 67 of the Bankruptcy Law, as amended by Italian Law Decree No. 35 of 14 March 2005, the following payments would not be subject to claw-back:

(a) payments for goods and services made in the framework of business activity and at market terms;

(b) remittances made on bank accounts, to the extent they did not have the effect of significantly reducing in a lasting fashion the debt of the insolvent party vis-à-vis the bank;

(c) acts, payments, guarantees and securities over the debtor's assets, to the extent made or granted in the framework of a plan able to allow the readjustment of the business's debts and having received a certification of reasonableness by the auditors of the company;

(d) acts, payments, guarantees and securities made or granted in the framework of certain qualifying procedures under the Bankruptcy Law;

(e) payments of amounts due as retribution for work rendered to the insolvent entity by employees or assistants thereof; and

(f) payments of amounts due and payable in connection with services rendered to the insolvent entity in order to enable it to be admitted to certain qualifying procedures under the Bankruptcy Law.

In order to minimise the risk that an Italian Borrower is or will be come insolvent at any time prior to the repayment of the loan, the Originator has required that each of the Italian Borrowers be established as an SPE as to which see further "*Risk Factors – Considerations relating to the Obligors – Special purpose entity*" at page 68.

Further, the activities of the Italian Borrowers have been restricted, through appropriate negative covenants in the Italian Finance Documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that each Italian Borrower's exposure to liabilities is minimised to those relating to the relevant

Italian Loan and the relevant Italian Property. See further "*The Loans and the Loan Security*" - "*Lending Criteria – Types of borrower"* at page 190.

(E) General

Rights of Set-off and Other Rights of the Borrower

Under general principles of Italian law, a Relevant Borrower is entitled to exercise rights of set-off in respect of amounts due under any amounts payable by the Italian Seller to such Borrower. However, a Relevant Borrower may not exercise rights of set-off against the Italian Issuer in respect of any amount due to the Relevant Borrower from the Italian Seller after the assignment of the relevant Loan has become enforceable against the Relevant Borrower following the publication of an assignment notice in the Official Gazette of the Republic of Italy and the registration of such notice in the Companies' Register. Under the terms of the Italian Loan Assignment Agreement and the Master Loan Sale Agreement, the Italian Seller has represented that, pursuant to the terms of the Relevant Credit Agreements, no Relevant Borrower is entitled to exercise any right of set-off or counterclaim against the Italian Seller in respect of any amount that is payable by it to the Italian Seller under the relevant Credit Agreement.

Frustration

Italian law (article 1218 of the Italian Civil Code) provides that a debtor is released from liability for damages for non performance or delayed performance of his contractual obligation if non performance or delay is due to impossibility of performance generated by a cause that is not imputable to the debtor. The burden of proving that the debtor's obligation has been frustrated lies on the debtor.

Articles 1463 and 1464 of the Italian Civil Code applicable to contracts where both parties undertake to do something in favour of the other party upon true and valid consideration, govern the effects of the impossibility of performance in contracts and provide that the release of one party to a contract caused by impossibility of performance generates a corresponding release of the other party and/or the obligation of the former to give back the assets received to the non defaulting party provided that in the event of partial performance, the non-defaulting party can rescind the contract if it does not have a significant interest in receiving the partial performance. According to case law, events of supervening impossibility (a concept which is not dissimilar to force majeure) are to be considered as those events, unforeseeable at the time of entering into the contract and not depending on the parties' which will render impossible the performance of the contract. The performance of contracts which establish payment obligations may not become impossible since money is a fungible asset.

Force Majeure

Cases of force majeure events are those occurring because of natural events (i.e. earthquakes, floods, etc.), administrative orders not related to the conduct of the party committed to the performance and national strikes which render impossible the performance of the contract.

According to the general principle of due diligence in performing contractual obligations, the party committed to the performance of a contract is however obliged to do everything under its control in order to mitigate the effects of the occurrence of a force majeure event, since any exemption from liability only applies for that period during which the performance was impossible.

As to lease agreements, article 1588 of the Italian Civil Code expressly provides that the tenant is liable for loss and damages to the leased property during the lease, even if caused by fire, unless it proves that such loss or damage was due to causes not imputable to it. It is also liable for loss and damage caused by persons that it has permitted, even temporarily, to use or enjoy the leased property.

Italian Data Protection Laws

The Italian Securitisation Law does not provide any specific rule for the processing by an issuer of the assigned debtors' and guarantors' (**Data Subjects**) personal data (such as debtors' and/or guarantors' names, addresses, amount of receivables etc., the **Receivable Related Personal Data**) in the context of securitisation transactions.

Processing of the Receivable Related Personal Data is therefore regulated by the rules imposed by Italian Legislative Decree no. 196 of 30 June 2003 (the **Italian Data Protection Code**) and the decision of the Italian Data Protection Authority (the **Authority**) dated 4 April 2001, concerning the formalities to be followed by the issuers in serving the so-called "simplified data protection statement" (*informativa semplificata*) on the Data Subjects in the context of securitisation transactions.

The assignment of receivables from the Italian Seller to the Italian Issuer for purposes connected to a securitisation transaction necessarily implies the transfer to the Italian Issuer of the Receivable Related Personal Data and is, therefore, subject to the provisions of the Italian Data Protection Code. By the closing date the Italian Issuer will have complied with its obligations under the Italian Data Protection Code.

RELEVANT ASPECTS OF SPANISH LAW

This section summarises certain Spanish law aspects and practices in force at the date of this Prospectus relating to the transactions described in this Prospectus. It does not purport to be a complete analysis and should not, therefore, be treated as a substitute for comprehensive professional, legal and tax advice on the relevant matters, nor on any such issue which may be relevant in the context of this Prospectus.

(A) Participación Hipotecaria (PH)

The economic interest under the Spanish Loan is transferred to the Issuer through the issuance of a *participación hipotecaria* (**PH**) which enables, among other things, the avoidance of stamp duty and re-registration of the mortgage in the relevant property registry, provided that the PH is subscribed for by an institutional or professional investor, which includes the Issuer.

PH is a form of security (*título del mercado hipotecario*) which assigns the economic interest under mortgage loans by specific entities (*i.e.* official credit entities, banks, savings banks (*cajas de ahorros*), credit cooperatives and financial credit institutions (*establecimientos financieros de crédito*)) such as Barclays Bank S.A..

The issue of the PH is governed by Spanish law. As the PH is issued to an institutional investor (the Issuer), no specific formalities are required except that the PH be represented in physical nominative form stating, among other things, the law governing the PH and the percentage of participation in the principal amount of the underlying mortgage loan. However, the issue of the PH is formalised in a Spanish public deed to achieve certainty of the date of the issue.

The PH will comprise 100% of the Spanish Loan and will therefore confer on the Issuer a right to receive 100% of the payment of principal and interest made by the Borrower in respect of the underlying Spanish Loan.

Pursuant to Royal Decree 685/1982, as amended by Royal Decree 1289/1991, Barclays Bank S.A., the issuer of the PH, will be retained as custodian and servicer of the Spanish Loan.

Royal Decree 682/1982 specifically provides that Barclays Bank S.A., as issuer of the PH and, in certain circumstances, the Issuer as holder of the PH will be the only entities entitled to enforce the underlying Spanish Loan. Notwithstanding the above, Barclays Bank S.A. is entitled to delegate to third parties a number of servicing duties regarding the Spanish Loan.

The Issuer, as holder of the PH, is vested, pursuant to article 66 of Royal Decree 685/1982, as amended by Royal Decree 1289/1991, with the following rights in the event of default by the Relevant Borrower:

(a) the right to compel Barclays Bank S.A., as issuer of the PH, to commence enforcement of the relevant mortgage;

(b) the right to join proceedings with Barclays Bank S.A., with the same legal rights, for the enforcement by Barclays Bank S.A. against the defaulting Relevant Borrower, and appearing to that effect in any enforcement proceedings brought by Barclays Bank S.A.;

(c) should Barclays Bank S.A. fail to commence the enforcement proceeding within sixty calendar days from the notarial demand for payment addressed to the Relevant Borrower, the right to file a suit for the enforcement of the mortgage securing the Spanish Loan, both for principal and interest; and

(d) in the event that the proceedings brought by Barclays Bank S.A. against the Relevant Borrower are stayed, the right to substitute itself for Barclays Bank S.A. as enforcing party and resume the proceedings.

(B) Considerations relating to Loans and Loan Security

Security Interests

Under Spanish law, security documents are ancillary to the principal obligation. When the principal obligation is unenforceable, the security document may also be unenforceable. The parties cannot contractually exclude this principle. Security documents must specify the obligation secured and if the charged assets are located in Spain (or in the case of receivables, if these are governed by Spanish law), the relevant security documents must be governed by Spanish law. Registration of the security, when applicable, will affect the priority of the security documents. The security registered first in time will have priority over subsequent security.

Subject to certain exemptions, as more fully explained below, a basic principle of Spanish law is that all security must be enforced by public auction, conducted through court order or by a Spanish public notary. In principle, and again subject to the qualifications below, private sale is not allowed, and if effected it will be voided by Spanish courts.

Classification of assets subject to security

The main types of security granted are land mortgages, mortgages over moveable assets, pledges without dispossession and possessor pledges. Personal guarantees (*fianzas*) are not *in rem* securities.

Assignments and other forms of security are less common, since they are often recharacterised as not being *in rem* security but rather fiduciary transfers that can be voided.

Land and real estate mortgages – (Hipoteca Immobiliaria)

Mortgages can be granted over land and buildings. The creation of a real estate mortgage will require, among other things:

(a) the granting of a notarial deed of mortgage before a Spanish notary public; and

(b) registration of the notarial deed with the relevant Spanish property registry.

This enables the security interest to be created and become binding on third parties. Registration is subject to careful vetting by the Registrar who will only agree to registration if satisfied that the security complies with the substantive provisions of Spanish law. In particular, Spanish law distinguishes between clauses of a mortgage loan which have personal effect and those which are enforceable against third parties. The Registrar will register the security with the exception of the particular clauses which have personal effect.

Under Spanish law, there can be any number of mortgages over the same property, the registration of which will affect the priority of the mortgage. The mortgage first in time will have priority over any subsequent mortgages.

Pledges over moveable assets

Under the Spanish Civil Code, pledges securing moveable goods or chattels must be perfected by physical delivery of the goods or chattels to the pledgee or a third party depository agreed by the parties. The pledge

must be formalised in a public deed granted before a public notary in order to be fully effective vis-à-vis third parties.

Pledge over bank accounts, cash and credit rights

The Spanish Insolvency Law (defined below) acknowledges the possibility of creating pledges over credit rights (including rights derived from contractual relationships other than current accounts). Regarding pledges over bank accounts the security is provided over the credit rights derived from the balances existing from time to time in the relevant account (i.e. at the time of enforcement) and thus it is not necessary to block the account to create this type of pledge.

The Spanish Borrower has, in accordance with the terms of the Spanish Credit Agreement established Borrower Accounts into which rental income and disposal proceeds in respect of relevant Spanish Properties must be paid (see "*The Loans and the Loan Security – Borrower Accounts*" at page 198). The Spanish Borrower has granted a pledge over the Borrower Accounts and all of its interests in the Borrower Accounts.

Enforcement

There is no concept of a trust under Spanish law. If security documents are entered into by a security agent where obligations are owed only to that security agent (and not other lenders), the security agent will be the only party entitled to enforce the security documents in respect of those obligations. However, there is a risk that a security agent would only be able to enforce against the debt it individually holds, and not for the full amount owed to lenders for whom it is acting as security agent. This limitation may be overcome if other lenders grant formal powers of attorney in favour of the security agent in order for the latter to represent them in the enforcement proceedings. As the Spanish Loan has only one lender, the Spanish Seller, and the security agent is the Spanish Seller, the risk does not exist.

Subject to certain exemptions, as more fully explained below, an unpaid and secured creditor may proceed with the enforcement of a security by selling the mortgaged/pledged asset at public auction either through a court or by a public notary. For this purpose, it is important to note that under Article 1859 of the Spanish Civil Code a creditor cannot directly appropriate a mortgaged/pledged asset ("*pacto comisorio*") without first taking enforcement proceedings and it expressly forbids a pledgee from taking ownership of the pledged goods. If the asset is sold in the auction, the debt is cancelled up to the net amount realised. If the creditor has been unable to sell the asset in a public auction, then it may, under certain circumstances, appropriate the asset.

The Spanish Civil Procedural Law 1/2000, of 7 July, (*Ley de Enjuiciamiento Civil*) establishes the judicial procedure on enforcement of claims and security.

Enforcement proceedings

The enforcement procedure in respect of Spanish security interests depends on the type of assets against which enforcement is sought (i.e. moveable assets, property, shares, contractual rights).

Under Spanish law enforcement of a registered security interest such as a real estate mortgage does not entitle the secured creditor to appropriate the secured assets. Enforcement will be either (a) through public auction or (b) by one of the alternative court sanctioned proceedings described below. The concept behind the public auction is to protect the debtor and other creditors by ensuring the best value for the asset.

The typical method of enforcement is through a court supervised public auction. An alternative to court supervised public auctions are public auctions through notarial proceedings; however; notarial enforcement procedures would not be available to enforce the mortgage securing the Spanish Loan.

Alternative court sanctioned proceedings

The court supervised sale at public auction is the most common type of enforcement procedure.

Less common alternatives, which are not compulsory but are open to election by the secured creditor, are: (a) a court sale through a specialised entity such as a court appointed auction house or consultancy company; (b) a court sanctioned agreement between the creditor and the debtor setting out an alternative method of selling the auctioned asset; and/or (c) a court appointment of a court sanctioned officer responsible for managing the secured assets with a view to the repayment of the debt.

Auction procedure for a real estate mortgage

Proceedings are commenced by the secured creditor placing a claim with the competent court stating the amount due. The judge will review the claim and, if it complies with certain formal legal requirements, will issue a resolution notifying all involved parties of the commencement of the enforcement proceedings.

The mortgagor may halt the enforcement proceeding if, within 10 days following commencement, it can show that the whole amount of the secured debt has been paid. Otherwise, a public auction for the sale of the mortgaged assets will be convened.

An amount will be inserted in the mortgage deed as the auction value of the asset (the **Auction Value**). The Auction Value is usually the secured amount or, if lower, the value of the asset subject to the security. In the absence of an agreed Auction Value, an independent expert, appointed by the court, will determine the value of the asset for auction purposes.

The auction must be announced 20 days before the auction date. It will be announced in the courts' published schedule and in the press if so requested by the parties and permission is granted by the court. Any announcement will need to state the place, date and time of the auction and a description of the assets to be auctioned.

The mortgagee(s) can bid at the auction provided that they are not the only bidder. Bidders, other than the mortgagee, must deposit a bond of 30% of the Auction Value. If the mortgagee is able to bid for the asset, it has the right to assign the award of the asset to a third party. The assignment has to be formalised before the court, prior or simultaneously to the payment of the bid price.

The options of the mortgagee will vary according to the bids that are received, namely whether there are (a) bidders or third party purchasers offering at least 70% of the Auction Value; (b) bidders offering between 50% and 70% of the Auction Value; or (c) bidders offering less than 50% of the Auction Value and the mortgage has not exercised its right to acquire the asset at 50%.

If there are one or more bidders at the auction whose offers are at least 70% of the Auction Value the mortgaged assets will be awarded to the bidder offering the highest bid amongst these bidders. Otherwise, the mortgagor may attempt to find a third party purchaser outside the auction process provided that such third party is ready to pay at least 70% of the Auction Value. If such a third party purchaser is not found within 10 days of the date of the auction the mortgagee may acquire the mortgaged assets accepting a discharge of its secured debt equal to 70% of the Auction Value or if the value of the asset is lower than 70% of the Auction Value, the total amount outstanding of the secured debt.

If there are no bidders or third parties willing to offer 70% of the Auction Value, but there are bidders offering between 50% and 70% of the Auction Value the mortgaged assets will be awarded to the highest amongst these bidders. If there is no bid or none which reaches 50% of the Auction Value, the mortgagee may acquire the property at 50% of the Auction Value.

In acquiring the property the mortgagee will be deemed to accept a discharge of its secured debt equal to 50% of the Auction Value or if the value of the property is lower than 50% of the Auction Value, the total amount outstanding of the secured debt.

If the highest bid offers less than 50% of the Auction Value and the mortgagee has not exercised its right to acquire at 50% the court has the discretion, after hearing all the parties involved, to approve or reject the bid. The judgment of the court must be based on the factual circumstances of the case, the level of the debtor's fulfilment of the secured obligations, the possibility of being able to satisfy the secured creditor with the sale of other assets, the negative impact on the debtor's net worth and the benefits to the secured creditor.

If there are no bidders or the court rejects a bid of less than 50% of the Auction Value the mortgagee can acquire the assets at no less than 50% of the Auction Value.

In acquiring the property the mortgagee will be deemed to accept a discharge of its secured debt equal to 50% of the Auction Value or if lower than 50% of the Auction Value, the total amount outstanding of the secured debt.

If the mortgagee does not so acquire the assets, the court, at the mortgagor's request, will release the security over the assets.

An overall optimistic timing for the court sanctioned auction procedure is between six to twelve months.

Interim administration for a real estate mortgage

Upon the occurrence of an event of default under the mortgage loan, and after payment has been requested from the debtor, the mortgagee can either opt for straight enforcement or request the interim administration of the property. Interim administration does not preclude foreclosure of the property at a later stage. Interim administration entitles the mortgagee to receive any amounts deriving from such property to cover any maintenance and exploitation costs of the property and then to the credit of the mortgagee. Generally, the interim administration will not exceed a period of two years. Once terminated, the mortgagee must provide information regarding the results of its administration to the court before it can proceed with enforcement.

When the enforcement procedure coincides with an insolvency procedure, the interim administration of the property shall be governed by the applicable insolvency laws and the insolvency court decisions.

Enforcement of pledge over credit rights (e.g. receivables) and pledge over accounts

In the case of a pledge over credit rights or a pledge over accounts where the credit rights are immediately convertible into cash at the moment of enforcement, no auction has to be held in order to enforce the security. If the pledge is over an account and the pledgee is the depository bank, it is able to set-off the amounts due against the amounts deposited. If the deposit is held with a third party, set-off will not be legally possible. Instead, the depository bank will need to be directed to transfer the funds standing in the account to the pledgee. A court order may be required to enforce the direction.

If the pledge is over receivables, the enforcement should be carried out by notifying the debtor to pay to the pledgee. However, a court order may be required to enforce these instructions. Usually, a pledge of receivables is structured in such a manner that the debtor (whether or not notified of the pledge) is instructed to pay the receivable into a specified account that will be pledged to the pledgee.

Enforcement under Royal Decree Law 5/2005

Royal Decree Law 5/2005 (*Real Decreto-ley 5/2005*) has implemented the provisions of Directive 2002/47/EC on financial collateral. This is applicable to financial netting agreements, financial collateral agreements and the collateral agreements themselves provided one of the parties is a financial institution.

A contractual netting agreement is defined as the agreement that contemplates the close-out and netting of all financial transactions entered into under a master agreement provided that, in the event of an early termination, the parties only have the right to claim the net amount resulting from the closing-out of said financial transactions. A contractual netting agreement can only be challenged if there is evidence it has been entered into in detriment of other creditors.

A financial collateral agreement includes pledges of marketable securities and cash accounts already examined, but also assignments or transfers by way of security, put and call options, repurchase agreements, etc.

A financial collateral agreement only needs to be in writing (no notarial formalities required) to be effective vis-à-vis third parties, but to be perfected requires the actual delivery of the relevant asset. Enforcement can be effected by way of private sale or appropriation of the asset if this way of enforcement has been expressly contemplated in the agreement.

In the event of insolvency of the collateral provider, the financial collateral cannot be subject to any claw-back provision provided the financial collateral agreement has been perfected prior to the declaration of insolvency and has not been entered into to the detriment of other creditors. The enforcement of a financial collateral agreement will not be affected by the commencement of insolvency proceedings of the collateral provider.

(C) Risks relating to Property

Commercial Property Leases

General

Under Spanish law, and subject to very few mandatory provisions, commercial property leases will be governed firstly, by the contractual terms agreed by the parties, secondly by the provisions of Law 29/1994, of 24 November on Urban Leases (**Law 29/1994**) and finally, provided no contractual or legal provision exists, by the rules of articles 1542 *et seq* of the Spanish Civil Code.

General Obligations and liabilities of a landlord to its tenants

Article 1554 of the Spanish Civil Code provides for three main obligations of the landlord (which, as discussed above, may be contractually waived or amended by landlord and tenant):

(a) to deliver the premises;

(b) to carry out any repairs required in the premises in order to ensure such premises are adequate for the purposes for which the same were leased; and

(c) to guarantee the quiet enjoyment of the premises by the tenant.

General Obligations and liabilities of a tenant

Article 1555 of the Spanish Civil Code provides for two main obligations of the tenant:

(a) to pay the rent on the agreed terms; and

(b) to use the premises diligently and only for the purposes agreed with the landlord.

Maintenance obligations

The lease agreements of the Anec Blau retail centre expressly indicate that the tenants are obliged to maintain the premises during the term of the lease agreement. This obligation refers both to ordinary repairs and to those major repairs necessary to enable the tenant to use the premises in conformity with the use assigned to them in the lease agreement.

The lease agreements also provide that tenants cannot claim any indemnity in the event that the landlord carries out works (repairs, alterations, new constructions, etc) in the Anec Blau retail centre. Tenants have also waived some statutory provisions which grant them the right to stop paying the rent (or to proportionally reduce the rent) when the landlord carries out improvement works or structural repairs.

Rental deposits

According to Spanish Law 29/1994, tenants must provide a rental deposit, equal to two-months rent, as security for the fulfilment of their obligations under the lease agreements. All but one of the lease agreements provide for the tenant's obligation to furnish the rental deposit to the landlord upon execution of the relevant lease agreement.

In addition to delivery of the rental deposits mentioned above, a number of tenants agreed to submit to the landlord a bank guarantee (*aval*) for a certain amount (generally, for an amount equal to 12 months rent) to secure their obligations under the relevant lease agreements.

Obligations resulting from the rules specifically applicable to commercial leases security of tenure

Unless otherwise agreed by the parties, if a tenant has been legitimately running a retail sale business in a leased property for at least five years preceding the expiry of the relevant lease, and provided that (a) on or before 4 months prior to the expiry of the contractual terms of the lease, the tenant has notified the landlord that it intends to renew the lease for a minimum period of five years and for a fair market value rent ("fair market value rent" to be agreed by the parties or, failing agreement, established by an independent arbitrator) and (b) the landlord declines the proposal and objects to the renewal, then the lessee will be entitled to receive an indemnification, to be calculated in accordance with certain parameters established in article 34 of Law 29/1994.

Subletting and assignment

Under general Spanish law, and provided a business is being run in the premises leased, the tenant will be entitled to sublet or assign the lease agreement. Subletting or assignment will not be subject to landlord consent, but shall entitle the landlord to increase the rent by 10% of the then current rent (if partial sublet) or 20% (if fully sublet or assigned). Notwithstanding this, the tenantsAnec Blau retail centre have generally waived their right to sublet or assign the lease agreement. However, there are a number of tenants who may sublet the premises to group companies, any person or company (provided that it maintains the use of the premises and the trade name) or a franchisee or a company of the franchisee's group.

Pre-emption rights

Under general Spanish law, the tenant will hold a pre-emption right in case of sale of the leased premises. Notwithstanding this, the Anec Blau retail centre tenants have generally waived their right of pre-emption. However,, some tenants waived their right only upon limited circumstances (e.g. where the purchaser belongs to the same group as the original landlord or if the purchaser takes over more than 20% of the surface area of the Anec Blau retail centre).

Statutory rights of Tenants

The following are further examples of statutory rights of tenants:

(a) where a landlord is in default of its obligations under a lease, the tenant may retain its rental payments until the default is cured or to refrain from performing its other obligations thereunder, if the default makes it impossible for the tenant to use the premises;

(b) a legal right of set-off could be exercised by a tenant in respect of its rental obligations under the relevant lease if a reciprocal debt is owed to the tenant by the landlord.

Planning and Safety Regulations

Planning and Building

As a general rule, construction works, alteration works or changing the use of real estate assets located in Spain requires appropriate planning permissions and building permits to be granted.

Construction or alteration without holding the required planning permissions or building permits can give rise to administrative liabilities and under certain circumstances require demolition of the building.

The due diligence undertaken at the time the Spanish Loan was originated did not reveal any material non compliance with applicable planning and building requirements.

Operating permits

Operating large surface stores and shopping centres is subject to specific permit requirements. Operating commercial activities without the required permit being in place can give rise to administrative liability and, potentially, closure of the relevant commercial premises.

The due diligence undertaken at the time the Spanish Loan was originated confirmed that operating permits apply to the Spanish Property and did not reveal any material issue regarding this matter.

Compulsory Purchase; Expropriation

Any property in Spain may at any time be compulsorily acquired by, among others, a public authority or governmental department on public interest grounds, for example, a proposed redevelopment or infrastructure project.

Under the legal rules relating to compulsory purchase the owners and occupiers of a property subject to a compulsory purchase proposal will be entitled to receive a market value based price for the property (*justiprecio*).

(D) Insolvency of the Spanish Seller, as issuer of the PH

By way of background, certain considerations must be made with regard to the previous Spanish bankruptcy regime contemplated in the Code of Commerce of 1885 (the **Previous Bankruptcy Regime**) currently derogated by the Law 22/2003 of July 9, on insolvency (*concurso*) (the **Spanish Insolvency Law**). In particular, under the Previous Bankruptcy Regime, the court was entitled to back-date the effects of the bankruptcy to a date prior to the declaration ofinsolvency, thus nullifying all the acts carried out by the insolvent debtor after such date (absolute claw-back, *retroacción absoluta*) without any requirement of proving fraud, intention to prejudice the creditors or bad faith. The Previous Bankruptcy Regime did not establish any limitation or maximum back-dating period.

In the context of the Previous Bankruptcy Regime the special rules on insolvency contemplated in Article 15 of Law 2/1981 of March 25 (**Law 2/81**) as amended by article 4 of Law 19/1992 provided specific bankruptcy protection against the effects of the absolute claw-back period on the issue of PH. Thus, in accordance with such provision, the issue of the PH and its subscription could only be reversed by the court back-dating the effects of the declaration of bankruptcy if the creditors' representatives (*Síndicos*) evidenced that the issue of the PH and its subscription was fraudulent.

As of 1 September 2004, the Spanish Insolvency Law came into force eliminating the absolute claw-back regime referred to above. In the context of the Spanish Insolvency Law, the applicability of the special rules on insolvency protection contemplated by Article 15 of Law 2/1981 is not a clear. Although such protection is expressly foreseen by the Spanish Insolvency Law, *de facto* there is no longer an absolute claw-back regime to be protected against that could potentially jeopardise the issue of the PH and its subscription.

Thus, to date it is unclear whether (a) the specific insolvency privileges of Article 15 of Law 2/1981 are applicable by way of exception to the Spanish Insolvency Law; or (b) the general provisions of the Spanish Insolvency Law apply.

If the insolvency privileges established by article 15 of Law 2/1981 apply, the issue of the PH and its subscription could only be rescinded if the person bringing the rescission action proved that the issue by Barclays Bank S.A. and the subscription by the Issuer were conducted on a fraudulent basis.

The alternative view is that Article 15 of Law 2/1981 was meant to apply in the context of the Previous Bankruptcy Regime and therefore, may not be upheld by a court in relation to the Spanish Insolvency Law.

Assuming that the specific rules providing protection to the issue of PH are not applicable, the general provisions of the Spanish Insolvency Law would apply if Barclays Bank S.A. is declared insolvent.

In particular, according to article 71.1 of the Spanish Insolvency Law, actions which are considered detrimental to the assets (*masa activa*) of the insolvent company, carried out during the two years preceding the date of declaration of the insolvency, may (in principle) be rescinded even in the absence of fraudulent intention. There is therefore a hardening period of two years from the date of subscription of the PH and, once this two year period has elapsed the subscription of the PH could not be challenged in this context.

A detriment to the assets of the insolvent company is presumed *iuris et de iure* (i.e. it cannot be rebutted) in the event that:

(a) disposals are made without consideration (subject to limited exceptions); or

(b) payments or other actions are made which discharge obligations with a date of maturity subsequent to the date of declaration of insolvency.

In addition, detriment is presumed *iuris tantum* (i.e. unless evidence is provided to the contrary) in the event that:

(a) disposals are made to a party related to the insolvent debtor (i.e. intragroup transactions, between the insolvent and its shareholders, directors, etc); or

(b) security is created with respect to previous unsecured obligations or in respect of new obligations designed to replace previous unsecured obligations.

In the case of actions not included in the categories described above, the detriment must be proved by the person bringing the rescission action (*i.e.* the insolvency administrator). The Insolvency Law provides that ordinary actions carried out by the insolvent party in the course of its business or professional activity, on an arm's length basis, may not be rescinded.

Despite the uncertainty of this applicable insolvency regime, it is unlikely that the insolvency of Barclays Bank S.A. would have a detrimental effect on the issue of the PH.

(E) Considerations relating to the Obligors

In order to minimise the risk that the Spanish Borrower is or will become insolvent at any time prior to the repayment of the Spanish Loan, the Originator has required that the Spanish Borrower be established as an SPE as to which further "*Risk Factors – Considerations relating to the Obligors – Special purpose entity*" at page 68.

Further, the activities of the Spanish Borrower have been restricted, through appropriate negative covenants in the Spanish Finance Documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that the Spanish Borrower's exposure to liabilities is minimised to those relating to the Spanish Loan and the Property. See further "*The Loans and the Loan Security*" - "*Lending Criteria – Types of borrower"* at page 190.

Insolvency Proceedings

The Spanish Insolvency Law which came into force on 1 September 2004, envisaged the creation of special courts that will have jurisdiction on the commercial and other aspects (i.e. labour) affecting the insolvent debtor.

Insolvency is defined as occurring when the insolvent debtor cannot comply regularly and in a timely manner with its due obligations. Insolvency can be “current” or “imminent”. “Imminent” is a new legal concept introduced by the Spanish Insolvency Law defined as being when the insolvent debtor foresees that it will not be able to comply regularly and in a timely manner with its obligations.

The Spanish Insolvency Law distinguishes between mandatory insolvency (*concurso necesario*) filed by any third party creditor and voluntary insolvency (*concurso voluntario*) that must be filed by the insolvent debtor within two months of the date upon which the directors became aware or should have become aware of its insolvency.

The Spanish Insolvency Law establishes a single and unified procedure applicable to both companies and individuals. The outcome of this single procedure will be either (a) an arrangement or composition with the creditors (*convenio*) or (b) the liquidation of the debtor's estate (*liquidación*).

The emphasis is on the survival of the debtor and therefore the approval of an arrangement or composition with creditors is favoured by the Spanish Insolvency Law. A composition would need to propose a reduction

of not more than 50% of ordinary claims or a moratorium lasting not more than five years. Generally speaking, creditors representing at least 50% of the ordinary claims would need to approve the composition.

If a composition is not possible, the alternative would be a liquidation, but with the emphasis on continuing the business by way of a transfer as a going concern where possible. A time limit of one year may be set to complete the liquidation.

Administration of the debtor

The administration process is conducted by three persons, two of which are appointed by the insolvency court (one must be a lawyer, and the other has to be an auditor, economist or mercantile expert) and the third must be one of the insolvent debtor's ordinary creditors or certain privileged creditors (the insolvency administrator).

If the insolvency has been requested by the debtor (*concurso voluntario*), as a general rule and unless the insolvency administration otherwise decides, the debtor retains all powers and authorities over its estate, but the exercise of such powers and authorities is subject to the control (*intervención)* of the insolvency administrators.

Where the request for the commencement of insolvency proceedings has been filed by a creditor (*concurso necesario*), unless the insolvency administration otherwise directs, the debtor's powers and authorities over its estate are suspended in favour of the insolvency administrators.

The insolvency administrators must prepare a report explaining the economic history of the debtor, the state of its accounts and the decisions adopted by them. The report will include the list of assets (*masa activa*), creditors (*masa pasiva*) and, if applicable, their report on the arrangement proposal (*convenio*).

Upon the declaration of the insolvency, all creditors of the insolvent debtor that are not classified as creditors against the insolvency estate shall form part of the creditors' estate (*masa pasiva*) of the insolvent debtor. Within one month of the publication of the declaration of insolvency, creditors must report their claims to the insolvency administrators sending the original (or authenticated copy) of the documents evidencing their claim. The insolvency administrators will prepare a report on each credit and determine their inclusion or exclusion in the list of creditors and their classification.

All of the assets and rights of the insolvent existing at the time of declaration of insolvency (and those that are subsequently redelivered or acquired by the insolvent) are integrated into the insolvency estate (*masa activa*), the only exception being those assets and rights that are not seizeable (*inembargables*) by operation of law.

It must be noted that creditors with a privilege over certain assets of the debtor (e.g. aircrafts or ships) may separate such assets from the insolvency estate by means of the appropriate legal actions.

Assets that do not belong to the insolvent debtor (or otherwise are in its possession other that under a legitimate agreement for use, security or retention) have to be returned to its legitimate owners.

Effects on Contracts

The declaration of insolvency does not interrupt the continuity of the business of the debtor.

Set-off is prohibited unless the requirements for set-off have been met prior to the declaration of insolvency.

The declaration of the insolvency does not, by itself, affect the effectiveness (*vigencia*) of contracts with reciprocal obligations that have not yet been performed. The pending obligations would have to be satisfied

against the insolvency estate. However, the insolvency administrators may elect to terminate the agreement if it is in the interest of the insolvency proceedings.

Unless expressly provided for in the law, provisions that establish the right of a party to terminate an agreement in the event of insolvency shall not be enforceable. However, it will be possible to terminate an agreement due to a default in performance by the other party in respect of such contracts with reciprocal obligations referred to above.

In such contracts where one of the parties has fully complied with its obligations and the other party has not, the outstanding right or claim shall be included as part of the insolvency estate (masa activa) or creditors estate (*masa pasiva*).

Reinstatement of Facilities and other Financing Arrangements

The insolvency administrators may (by themselves or upon the request of the insolvent) reinstate loan agreements and credit facilities in the insolvent debtor's favour that have been accelerated due to a payment default within the three months prior to the declaration of insolvency, provided that, before the term established to give notice of existing claims to the insolvency administration has elapsed (a) the reinstatement is notified to the lender, (b) the unpaid amounts are paid to or deposited in favour of the lender, and (c) future payments are made by the insolvency estate. The lender can oppose such reinstatement provided it has already started a claim for the recovery of unpaid amounts before the declaration of insolvency.

Moratorium on Enforcement of Security

Enforcement actions are stayed upon declaration of insolvency, and no creditor may initiate any action of enforcement or foreclosure against the insolvent debtor's assets that are necessary to continue the insolvent debtor’s business. Final judgements or awards may not be enforced, although the claim acknowledged in the final judgement should be recognised by the insolvency administrators a valid claim. Pending proceedings may continue until a judgment is issued, but may be joined to the insolvency proceedings, so that all matters may be adjudicated by the relevant insolvency court.

The Spanish Insolvency Law imposes a moratorium on the enforcement of secured creditor’s rights. The moratorium takes effect as from the declaration of insolvency and remains in force until the earlier of (a) one year from the declaration of the insolvency without the insolvent debtor being put into liquidation or (b) when the creditors reach an agreement that does not affect the exercise of the rights granted by the security interest.

Vulnerable Transactions

According to article 71.1 of the Spanish Insolvency Law, actions which are detrimental to the assets (*masa activa*) of the insolvent company, carried out during the two years preceding the date of declaration of the insolvency, may (in principle) be rescinded even in the absence of fraudulent intention. There is therefore a hardening period of two years counting back from the date of declaration of insolvency. Acts or transactions carried out before said 2 year period may not be challenged.

For the rules determining which actions are considered detrimental see "*Relevant Aspects of Spanish Law*" - "*Insolvency of the Spanish Seller, as issuer of the PH*" at page 173.

Ranking of claims

The Spanish Insolvency Law has established a closed ranking of claims. In addition to claims that are paid out of the insolvency estate, there are three types of insolvency creditors (*acreedores concursales*):

privileged, ordinary and subordinated. The mandatory ranking of creditors is as follows: (a) creditors against the insolvency estate (*créditos contra la masa*) such as salaries due for 30 days prior to the declaration of the insolvency; (b) creditors of the insolvency (*acreedores concursales*), which comprise creditors with a general privilege (such as legal and court fees and expenses) and creditors with a special privilege (such as claims secured with a legal or voluntary mortgage or pledge over the mortgaged or pledged assets); (c) ordinary creditors which are those creditors not classified as privileged or subordinated creditors; and (d) subordinated creditors such as claims by persons that are related to the insolvent debtor (e.g. intragroup debt) or claims that are contractually subordinated to all of the creditors.

The Spanish Insolvency Law provides that a debt owed to a related person or entity will be automatically subordinated to all other creditors of the insolvent company. Related persons or entities include shareholders with more than 10% of the capital (5% if it is a listed company) and the administrators or directors of the company and members of the same group of companies.

In a liquidation of a debtor, all deferred claims of the insolvency become due on the date of the opening of the liquidation.

Creditors will be paid in the order set out above, as follows:

(a) before any of the creditors of the insolvency are paid, the insolvency administrators must deduct from the insolvency estate such assets and rights not affected by a special privilege as are necessary to pay the credits against the insolvency estate (*créditos contra la masa*);

(b) creditors with a special privilege are paid out of the proceeds obtained on the sale of the charged assets or rights, but to the extent their credits remain unpaid after enforcement of the relevant security, the unpaid claims will be reclassified as ordinary creditors;

(c) creditors with a general privilege are paid with assets remaining in the insolvency estate in the order established for each sub-class of creditors with a general privilege, and pro-rata within each sub-class;

(d) ordinary creditors (together with the creditors with a special privilege for the amounts that have not been paid) are paid pro-rata with the assets remaining in the insolvency estate after the creditors with a general privilege have been paid;

(e) subordinated creditors cannot be paid until all ordinary creditors have been paid, and shall be paid with assets remaining in the insolvency estate in the order established for each sub-class of subordinated creditors, and pro-rata within each sub-class.

Conclusion of the Proceedings

The insolvency proceedings are concluded once the agreement between the creditors and the insolvent debtor (*convenio*) has been fully complied with or the liquidation of the insolvent has been otherwise completed.

A proposal for a "*convenio*" can be presented by the insolvent debtor, by a creditor representing 20% of the ordinary debt (a debt that is not privileged or subordinate), or by both the insolvent debtor and a creditor representing 20% of the ordinary debt. Any proposal for a "*convenio*" may include a write-down of not more than 50% in the amount of the ordinary debt, or a deferral for payment of not more than five years. It cannot propose an assignment of assets for the repayment of debt, nor a change in the mandatory ranking of creditors, and must be unconditional (e.g. it cannot be made subject to the satisfaction of conditions precedent or otherwise, although it may contain different repayment proposals for each class of creditors).

The "*convenio*" is approved by the majority vote of ordinary creditors, in a creditors' assembly summoned to such effect held with the presence of at least 50% of the insolvent's ordinary debt. Privileged creditors may also vote or adhere to the "*convenio*", and in this case they will become bound by its terms. Subordinated creditors and those creditors who have acquired the insolvent's debts after the declaration of insolvency cannot vote in the "*convenio*". If the proposal for repayment in the "*convenio*" does not exceed a one-third reduction or a deferral of not more than three years, the "*convenio*" can be approved by the majority votes of the creditors present in the assembly. The approval of the "*convenio"* will bind all ordinary and subordinated creditors, and those privileged creditors that have adhered to the "*convenio*" or have voted in favour of it.

It is possible that two or more proposals for a "*convenio*" are presented in the insolvency proceedings. Each such proposal for a "*convenio*" will have to be voted separately in the creditors' assembly. If a creditor has adhered to the proposal filed by the insolvent, it is not bound by its adhesion and can then vote in favour of a different "*convenio*".

The insolvent debtor may request its liquidation with the request for the declaration of insolvency or otherwise during the administration of the insolvency (a) when the proposal for a "*convenio*" presented by the insolvent debtor is not approved or (b) a creditor (or group of creditors) presents a competing proposal. The insolvent debtor may also request its own liquidation when it is not able to comply with the terms of a "*convenio*" presented by a creditor (or group of creditors).

The insolvency court will declare the liquidation of the insolvent debtor (a) when there is no proposal for a "*convenio*"; (b) any proposal for a "*convenio*" is not agreed; or (c) when the "*convenio*" has been appealed and there is a final judgement rejecting the "*convenio*", declaring the breach of the "*convenio*" or declaring the nullity of the "*convenio*".

A creditor can only request the liquidation of the insolvent debtor after the "*convenio*" has been approved if it can prove a continuing default in the performance of the "*convenio*".

Where there has been a proposal for a *"convenio"* that proposes a write-down of more than 1/3 of the insolvent debtor's debt, or a deferral of payments for more than three years, the insolvency judge will have to qualify the insolvency as "fortuitous" (*"concurso fortuito"*) or "culpable" (*"concurso culpable"*). A *"concurso culpable"* may be declared in circumstances where the insolvent debtor has acted in bad faith or by wilful misconduct. The qualification of an insolvency as *"concurso culpable"* may, by implication, mean that certain persons (e.g. directors or persons specially empowered to manage the insolvent debtor's business and any accomplices) may be prohibited from managing their or any third party assets for a period between 2 to 15 years and may lose any rights they may have as creditors of the insolvency estate.

(F) General

Force Majeure

Spanish law recognises the doctrine of force majeure (*fuerza mayor*), permitting a party to a contractual obligation to be freed from it upon the occurrence of an event which renders impossible the performance of such contractual obligation. However the doctrine can be waived by the parties contractually.

THE ISSUER

The **Issuer** was incorporated in the Netherlands as a private company with limited liability under the laws of the Netherlands on 29 June 2006 under the name of FORNAX (ECLIPSE 2006-2) B.V. for an unlimited duration. The registered office of the Issuer is at "Rivierstaete" building Amsteldijk 166, 1079 LH Amsterdam, The Netherlands and its contact telephone number is +31 20 6444558. The Issuer is registered with the Trade Register of the Chamber of Commerce and Industry to Amsterdam under number 34251226. The Issuer has no subsidiaries. The entire issued share capital of the Issuer is held by Stichting Eclipse Pan-European Holding, a foundation established under the laws of the Netherlands, with its registered office at "Rivierstaete" building Amsteldijk 166, 1079 LH Amsterdam, The Netherlands under the terms of the shareholder agreement entered into in respect of the shares in the Issuer between the Issuer, the Trustee and the Issuer Parent (the **Shareholder Agreement**). None of Sellers own, directly or indirectly, any of the share capital of the Issuer.

1. Principal Activities

The principal objects of the Issuer are, amongst other things, to lend money and give credit, secured and unsecured, to borrow or raise money and secure the payment of money and to grant security over its property for the performance of its obligations or the payment of money. The Issuer was established as a special purpose entity for the limited purposes of issuing the Notes, acquiring the Loans, acquiring the French Notes, acquiring the Italian Notes, subscribing for the Spanish PH and certain related transactions described elsewhere in this Prospectus.

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 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 Loans, the French Notes, the Italian Notes, subscribing to the Spanish PH, the exercise of related rights and powers and the other activities described in this document.

The Issuer will not have any substantial assets other than the Issuer Security granted to the Trustee to secure the Notes and the Issuer's obligations to the Finance Parties.

2. Directors

The Corporate Servicer Provider for the Issuer is Structured Finance Management (Netherlands) B.V., a company incorporated in The Netherlands whose business address is "Rivierstaete" building Amsteldijk 166, 1079 LH Amsterdam, The Netherlands.

3. Capitalisation and Indebtedness

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

Share Capital

Authorised Share Capital €	Issued Share Capital €	Value of each Share €	Shares Fully Paid-up	Paid-up Share Capital €
90,000	18,000	100	180	18,000

All of the issued shares (being 180 shares of €100 each, each of which is fully paid-up) in the Issuer are held by the Issuer Parent.

Loan Capital

Class A Notes due 2019	€104,481,000
Class B Notes due 2019	€263,193,000
Class C Notes due 2019	€57,860,000
Class X Notes due 2019	€100,000
Class D Notes due 2019	€36,050,000
Class E Notes due 2019	€44,950,000
Class F Notes due 2019	€30,500,000
Class G Notes due 2019	€8,000,000
Total Loan Capital	**€**545,134,000

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

4. Financial Information

The Issuer will publish audited annual reports and accounts. The Issuer has not prepared audited financial statements as at the date of this Prospectus. Reports and accounts published by the Issuer will, when published, be available for inspection during normal office hours at the specified office of the Irish Paying Agent.

THE LOANS AND THE LOAN SECURITY

1. Loan Origination Process

The Loan Pool consists of 18 mortgage loans, secured by mortgages on properties located throughout Austria, Belgium, France, Germany, Italy and Spain and one VAT Loan. The Loans have an initial aggregate balance as at the Cut-Off Date of approximately €545,034,575.

11 of the Loans, which represents 74.9% of the initial aggregated balance of the Loan Pool as at the Cut-Off Date are fixed rate mortgage loans (the **Fixed Rate Loans**). Six of the Loans, which represent 19.2% of the initial aggregate balance of the Loan Pool as at the Cut-Off Date are floating rate mortgage loans (the **Floating Rate Loans**). As at the Cut-Off Date two of the Loans representing 5.9% of the Loan Pool provide for the Borrower to pay a floating rate of interest and will in certain circumstances convert to a fixed rate. The Pomezia Loan which is a floating rate loan will, pursuant to the terms of the relevant Credit Agreement, convert to a fixed rate loan on the earlier of a specified date and the date on which three-month EURIBOR reaches a certain rate (the **Conversion Date**). The Pomezia Loan will, unless stated to the contrary, qualify as a Floating Rate Loan for the purpose of this Prospectus. In addition, the KingBu Portfolio Loan bears a floating rate of interest, however if three-months EURIBOR rises above a specified amount, the Borrower's obligation in respect of the floating rate will be capped at such amount. The KingBu Portfolio Loan will, unless stated to the contrary, qualify as a Floating Rate Loan for the purposes of this Prospectus. The Issuer will enter into the Interest Rate Swap Agreement with Barclays Bank PLC (the **Interest Rate Swap Provider**), pursuant to which the Issuer and the Interest Rate Swap Provider will, enter into Interest Rate Swap Transactions in respect of each of the Loans. Under the Interest Rate Swap Transactions, the Issuer will, in respect of the Fixed Rate Loans, swap an amount based on a portion of the fixed rate payable under the relevant Loan for an amount based on EURIBOR for three-month euro deposits and in respect of the Floating Rate Loans (other than the KingBu Portfolio Loan) will swap an amount based in EURIBOR for the relevant Loan Interest Period for EURIBOR in respect of the Interest Period under the Notes. In addition, the Italian Issuer and the French Issuer will enter into back-to-back swaps with the Issuer (acting in its capacity as Italian Interest Rate Swap Provider and French Interest Rate Swap Provider respectively) in respect of the Italian Loans and the French Loans. Each Relevant Borrower in respect of the Floating Rate Loans has been required to enter into a Loan Hedging Arrangement. The Borrower in respect of the KingBu Portfolio Loan will pay a floating rate of interest up to a specified amount. The Issuer will enter into an interest rate cap with the Interest Rate Swap Provider to protect its position should EURIBOR rise above such specified levels.

The Originator originated all of the Loans between December 2004 and April 2006. The decision to advance any Loan (subject to obtaining satisfactory legal due diligence) was taken by the Originator in compliance with its lending criteria (the **Lending Criteria**) as further described below.

In connection with the origination of the Loans, the Originator ensured that certain due diligence procedures were undertaken such as would customarily be undertaken by a prudent lender making loans secured on properties of the same type as the Properties, so as to evaluate the ability of each Borrower to service its Loan obligations and so as to analyse the quality of the Portfolio. 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 the Originator. In this analysis, risk was assessed by stressing the cashflows derived from underlying Tenants and the risks associated with refinancing the amount due upon the maturity of the Loans.

The Spanish Loan was made and booked by Barclays Bank S.A., in its capacity as Spanish Seller. However, the Spanish Loan was made in accordance with the origination process and policy of Barclays Bank PLC as Originator. Accordingly all references in this section to the origination policy apply only to the Originator, the Spanish Seller will not make any representations or warranties with respect to the Spanish Loan pursuant to the Master Loan Sale Agreement or the Spanish Subscription Agreement.

2. Loan Characteristics

The following tables set out certain information with respect to the Loans and the Properties. The statistics in the following tables were primarily derived from information provided to the Originator by the respective Borrowers, other than assumptions or projections used in calculating such statistics, which were determined by the Originator. The **Cut-Off Date DSCR** with respect to each Loan (other than the VAT Loan) is the annualised net cashflow of the Relevant Borrower as at the Cut-Off Date divided by the annualised interest due under the Loan as at the Cut-Off Date and principal payments for such Loan for the 12 months following the Cut-Off Date. The **Cut-Off Date ICR** with respect to each Loan (other than the VAT Loan) is the annualised net cashflow of the Relevant Borrower as at the Cut-Off Date divided by the annualised interest due under the Loan as at the Cut-Off Date for such Loan. Some of the totals in the following tables may not equal the sum of the parts due to rounding of numbers.

Cut-Off Date Balances

Cut-Off Date Balances	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 10,000,000	3	12,306,272	2.3%	20,640,000	50.2%	50.2%	0.9	5.3	341%	341%
10,000,000 < x <=20,000,000	4	61,615,508	11.3%	98,030,000	64.6%	60.4%	0.9	5.9	237%	200%
20,000,000 < x <= 30,000,000	6	137,759,145	25.3%	186,545,000	76.2%	65.4%	0.8	7.0	211%	155%
30,000,000 < x <= 40,000,000	2	72,860,651	13.4%	107,362,000	69.0%	64.6%	0.8	6.9	192%	159%
40,000,000 < x <= 50,000,000	2	88,189,000	16.2%	106,140,000	83.1%	73.6%	1.0	5.1	180%	124%
50,000,000 < x <= 60,000,000	1	53,410,000	9.8%	109,165,000	48.9%	48.9%	0.6	4.5	288%	288%
60,000,000 < x <= 70,000,000	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Greater than 70,000,000	1	118,894,000	21.8%	146,300,000	81.3%	75.7%	0.4	5.0	168%	131%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Cut-Off Date Loan Margin

Cut-Off Date Loan Margin	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 0.50%	3	78,180,000	14.3%	158,395,000	49.4%	49.4%	0.7	5.0	299%	299%
0.50% < x < =0.60%	3	26,301,272	4.8%	48,630,000	50.1%	50.1%	0.9	5.7	323%	323%
0.60% < x < =0.70%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
0.70% < x < =0.80%	1	39,888,550	7.3%	65,642,000	60.8%	60.8%	0.5	7.2	164%	164%
0.80% < x < =0.90%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
0.90% < x < =1.00%	2	39,407,250	7.2%	51,900,000	76.4%	67.6%	0.5	8.2	163%	136%
1.00% < x < =1.10%	2	35,069,760	6.4%	50,630,000	69.5%	57.9%	0.9	4.2	267%	131%
1.10% < x < =1.20%	3	192,044,000	35.2%	231,995,000	82.8%	75.4%	0.4	6.0	160%	129%
1.20% < x < =1.30%	1	41,939,000	7.7%	51,720,000	81.1%	71.9%	1.7	3.5	209%	119%
1.30% < x < =1.40%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
1.40% < x < =1.50%	1	22,830,000	4.2%	28,560,000	79.9%	68.3%	1.2	6.0	208%	146%
1.50% < x < =1.60%	3	69,374,744	12.7%	86,710,000	80.1%	69.1%	1.0	6.4	210%	143%
1.60% < x < =1.70%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Greater than 1.70%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Cut-Off Date Loan-to-Value Ratios

Cut-Off Date Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 50%	4	81,681,272	15.0%	161,835,000	49.3%	49.3%	0.6	5.0	300%	300%
50% < x < = 55%	2	22,800,000	4.2%	45,190,000	50.5%	50.5%	1.2	5.9	320%	320%
55% < x < = 60%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
60% < x < = 65%	2	51,032,290	9.4%	83,212,000	61.3%	59.0%	0.6	6.6	174%	151%
65% < x < = 70%	1	16,750,000	3.1%	24,000,000	69.8%	69.8%	0.4	6.5	175%	175%
70% < x < = 75%	1	23,926,020	4.4%	33,060,000	72.4%	60.2%	0.9	4.2	292%	144%
75% < x < = 80%	3	70,923,869	13.0%	89,850,000	78.9%	68.6%	1.2	6.3	220%	152%
80% < x < = 85%	5	251,021,125	46.1%	305,760,000	82.1%	73.6%	0.7	5.5	172%	126%
85% < x < = 90%	1	26,900,000	4.9%	31,275,000	86.0%	74.8%	0.5	9.5	136%	118%
Greater than 90%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Maturity Loan-to-Value Ratios

Maturity Loan-to-Value Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 45%	1	1,936,272	0.4%	–	0.0%	0.0%	0.8	0.7	0%	0%
45% < x < =50%	3	79,745,000	14.6%	161,835,000	49.3%	49.3%	0.6	5.1	300%	300%
50% < x < =55%	3	33,943,740	6.2%	62,760,000	54.7%	51.2%	1.1	5.4	285%	249%
55% < x < =60%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
60% < x < =65%	2	63,814,570	11.7%	98,702,000	65.1%	60.6%	0.7	6.1	212%	157%
65% < x < =70%	6	131,611,994	24.1%	167,170,000	78.9%	68.5%	0.9	6.9	196%	142%
70% < x < =75%	2	68,839,000	12.6%	82,995,000	83.0%	73.0%	1.2	5.8	180%	119%
75% < x < =80%	2	165,144,000	30.3%	200,720,000	82.3%	75.5%	0.4	5.4	164%	130%
Greater than 80%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Cut-Off Date Interest Cover Ratios

Cut-Off Date Interest Cover Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 130%	1	1,936,272	0.4%	–	0.0%	0.0%	0.8	0.7	0%	0%
130% < x <= 140%	1	26,900,000	4.9%	31,275,000	86.0%	74.8%	0.5	9.5	136%	118%
140% < x <= 150%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
150% < x <= 160%	2	68,907,250	12.6%	82,320,000	83.7%	72.1%	0.5	7.5	153%	122%
160% < x <= 170%	2	158,782,550	29.1%	211,942,000	76.1%	71.9%	0.4	5.6	167%	139%
170% < x <= 180%	2	38,030,875	7.0%	49,420,000	77.6%	69.9%	0.6	6.3	176%	144%
180% < x <= 190%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
190% < x <= 200%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
200% < x <= 210%	2	64,769,000	11.9%	80,280,000	80.7%	70.6%	1.5	4.3	209%	129%
210% < x <= 220%	1	11,143,740	2.0%	17,570,000	63.4%	52.8%	0.9	4.2	212%	103%
220% < x <= 230%	2	48,093,869	8.8%	61,290,000	78.5%	68.7%	1.1	6.5	225%	154%
230% < x <= 240%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
240% < x <= 250%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Greater than 250%	6	126,471,020	23.2%	240,085,000	53.9%	51.6%	0.8	5.1	302%	274%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Cut-Off Date Debt Service Cover Ratios

Cut-Off Date Debt Service Cover Ratios	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 100%	1	1,936,272	0.4%	–	0.0%	0.0%	0.8	0.7	0%	0%
100% < x <= 110%	2	33,800,990	6.2%	45,470,000	75.3%	61.7%	0.6	7.7	173%	106%
110% < x <= 120%	3	90,119,875	16.5%	108,415,000	83.2%	72.3%	1.1	5.9	180%	119%
120% < x <= 130%	1	46,250,000	8.5%	54,420,000	85.0%	75.1%	0.4	6.5	153%	129%
130% < x <= 140%	1	118,894,000	21.8%	146,300,000	81.3%	75.7%	0.4	5.0	168%	131%
140% < x <= 150%	2	46,756,020	8.6%	61,620,000	76.1%	64.1%	1.0	5.1	251%	145%
150% < x <= 160%	2	48,093,869	8.8%	61,290,000	78.5%	68.7%	1.1	6.5	225%	154%
160% < x <= 170%	1	39,888,550	7.3%	65,642,000	60.8%	60.8%	0.5	7.2	164%	164%
170% < x <= 180%	1	16,750,000	3.1%	24,000,000	69.8%	69.8%	0.4	6.5	175%	175%
180% < x <= 190%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
190% < x <= 200%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
200% < x <= 210%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
210% < x <= 220%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
220% < x <= 230%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
230% < x <= 240%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
240% < x <= 250%	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Greater than 250%	5	102,545,000	18.8%	207,025,000	49.5%	49.5%	0.8	5.3	305%	305%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Remaining Term to Maturity (Years)

Remaining Term to Maturity (Years)	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 4 years	2	43,875,272	8.0%	51,720,000	81.1%	71.9%	1.6	3.3	209%	119%
4 < x <= 5	4	207,373,760	38.0%	306,095,000	71.0%	65.8%	0.5	4.7	216%	171%
5 < x <= 6	3	45,630,000	8.4%	73,750,000	65.2%	59.4%	1.2	5.9	264%	233%
6 < x <= 7	7	158,709,744	29.1%	217,800,000	75.4%	67.7%	0.7	6.4	209%	173%
7 < x <= 8	1	39,888,550	7.3%	65,642,000	60.8%	60.8%	0.5	7.2	164%	164%
8 < x <= 9	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
9 < x <= 10	2	49,557,250	9.1%	59,175,000	83.8%	70.8%	0.5	9.5	144%	113%
Greater than 10 years	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Seasoning (Quarters)

Seasoning (Quarters)	Number of Loans	Aggregate Cut-Off Date Loan Balance (EUR)	Percentage of Pool by Cut-Off Date Loan Balance	Aggregate Cut-Off Date OMV (EUR)	Weighted Average Cut-Off Date LTV	Weighted Average Maturity LTV	Weighted Average Seasoning (Years)	Weighted Average Remaining Term to Maturity (Years)	Weighted Average Cut-Off Date ICR	Weighted Average Cut-Off Date DSCR
Less than or equal to 1 quarter	0	–	0.0%	–	0.0%	0.0%	0.0	0.0	0%	0%
1 < x <= 2	3	181,894,000	33.4%	224,720,000	81.2%	75.0%	0.4	5.5	165%	135%
2 < x <= 3	5	149,025,800	27.3%	246,322,000	63.7%	59.4%	0.6	7.0	209%	199%
3 < x <= 4	5	78,451,906	14.4%	116,380,000	68.3%	59.1%	0.8	5.2	256%	177%
Greater than 4 quarter	6	135,662,869	24.9%	186,760,000	74.8%	66.6%	1.3	5.4	233%	170%
Total/Weighted Average	**19**	**545,034,575**	**100.0%**	**774,182,000**	**73.0%**	**66.4%**	**0.7**	**5.8**	**207%**	**167%**

Property Open Market Value

Property Open Market Value	Number of Properties	Aggregate Cut-Off Date OMV (EUR)	Percentage of Pool by Aggregate Property Value	Aggregate Cut-Off Date Allocated Loan Balance[1] (EUR)	Percentage of Pool by Cut-Off Date Allocated Loan Balance[1]	Weighted Average Cut-Off Date LTV[1]	Weighted Average Maturity LTV[1]
Less than or equal to 1,000,000	8	4,085,222	0.5%	3,448,472	0.6%	84.5%	71.7%
1,000,000 < x <= 5,000,000	91	181,266,778	23.4%	144,963,415	26.7%	80.2%	69.6%
5,000,000 < x <= 10,000,000	3	22,900,000	3.0%	16,038,929	3.0%	73.1%	66.3%
10,000,000 < x <= 15,000,000	5	60,570,000	7.8%	43,466,218	8.0%	74.4%	63.3%
15,000,000 < x <= 25,000,000	5	95,554,000	12.3%	56,414,207	10.4%	60.0%	60.0%
25,000,000 < x <= 35,000,000	2	59,591,000	7.7%	40,048,063	7.4%	67.7%	60.4%
35,000,000 < x <= 45,000,000	1	40,330,000	5.2%	20,165,000	3.7%	50.0%	50.0%
45,000,000 < x <= 55,000,000	1	54,420,000	7.0%	46,250,000	8.5%	85.0%	75.1%
55,000,000 < x <= 65,000,000	0	–	0.0%	–	0.0%	0.0%	0.0%
Greater than 65,000,000	2	255,465,000	33.0%	172,304,000	31.7%	71.2%	67.4%
Total/Weighted Average	**118**	**774,182,000**	**100.0%**	**543,098,304**	**100.0%**	**73.0%**	**66.4%**

[1] The Aggregate Cut-Off Date Loan balance excludes the VAT Loan

Property Type							
Property Type	**Number of Properties**	**Aggregate Cut-Off Date OMV (EUR)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Loan Balance[1] (EUR)**	**Percentage of Pool by Cut-Off Date Allocated Loan Balance[1]**	**Weighted Average Cut-Off Date LTV[1]**	**Weighted Average Maturity LTV[1]**
Mixed	28	74,290,000	9.6%	59,275,324	10.9%	79.9%	69.9%
Office – Business Park	4	65,642,000	8.5%	39,888,550	7.3%	60.8%	60.8%
Office – Out of Town Office	2	17,570,000	2.3%	11,143,740	2.1%	63.4%	52.8%
Office – Secondary CBD Office	3	67,100,000	8.7%	48,829,382	9.0%	73.0%	64.5%
Residential – Apartment	18	24,780,457	3.2%	20,992,204	3.9%	84.8%	72.5%
Retail – High Street Shop	3	31,800,000	4.1%	19,432,900	3.6%	64.7%	57.6%
Retail – Retail Warehouse	2	58,260,000	7.5%	29,205,336	5.4%	50.1%	50.1%
Retail – Shopping Centre	9	355,215,000	45.9%	249,496,715	45.9%	73.8%	68.6%
Retail – Supermarket	49	79,524,543	10.3%	64,834,152	11.9%	81.6%	70.0%
Total/Weighted Average	**118**	**774,182,000**	**100.0%**	**543,098,304**	**100.0%**	**73.0%**	**66.4%**

Country Distribution							
Country Distribution	**Number of Properties**	**Aggregate Cut-Off Date OMV (EUR)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Loan Balance[1] (EUR)**	**Percentage of Pool by Cut-Off Date Allocated Loan Balance[1]**	**Weighted Average Cut-Off Date LTV[1]**	**Weighted Average Maturity LTV[1]**
Austria	8	19,570,000	2.5%	15,121,768	2.8%	77.3%	67.7%
Belgium	1	54,420,000	7.0%	46,250,000	8.5%	85.0%	75.1%
France	7	154,920,000	20.0%	89,811,020	16.5%	59.8%	56.5%
Germany	95	352,895,000	45.6%	287,473,226	52.9%	81.5%	72.5%
Italy	6	83,212,000	10.7%	51,032,290	9.4%	61.3%	59.0%
Spain	1	109,165,000	14.1%	53,410,000	9.8%	48.9%	48.9%
Total/Weighted Average	**118**	**774,182,000**	**100.0%**	**543,098,304**	**100.0%**	**73.0%**	**66.4%**

Property Tenure							
Property Tenure	**Number of Properties**	**Aggregate Cu-Off Date OMV (EUR)**	**Percentage of Pool by Aggregate Property Value**	**Aggregate Cut-Off Date Allocated Loan Balance[1] (EUR)**	**Percentage of Pool by Cut-Off Date Allocated Loan Balance[1]**	**Weighted Average Cut-Off Date LTV[1]**	**Weighted Average Maturity LTV[1]**
Freehold	118	774,182,000	100.0%	543,098,304	100.0%	73.0%	66.4%
Leasehold	0	–	0.0%	–	0.0%	0.0%	0.0%
Total/Weighted Average	**118**	**774,182,000**	**100.0%**	**543,098,304**	**100.0%**	**73.0%**	**66.4%**

[1] The Aggregate Cut-Off Date Loan balance excludes the VAT Loan

Loans

Loan Number	Loan Name	Cut-Off Date Loan Balance (€)	Percentage by Aggregate Cut-Off Date Loan Balance	Cut-Off Date LTV	Maturity LTV	Maturity Date	Cut-Off Date ICR	Cut-Off Date DSCR	Weighted Average Remaining Lease Term to Lease First Break (Years)[1]	Weighted Average Remaining Lease Term to Lease Expiry (Years)
1	Flora Park	118,894,000	21.8%	81.3%	75.7%	10/08/2011	168%	131%	7.1	7.1
2	Anec Blau	53,410,000	9.8%	48.9%	48.9%	10/02/2011	288%	288%	8.0	12.3
3	Century Center	46,250,000	8.5%	85.0%	75.1%	10/02/2013	153%	129%	2.3	7.9
4	German Supermarket Porfolio	41,939,000	7.7%	81.1%	71.9%	25/01/2010	209%	119%	11.6	11.6
5	Cassina Plaza	39,888,550	7.3%	60.8%	60.8%	10/11/2013	164%	164%	3.2	7.6
6	ATU Germany	32,972,101	6.0%	79.0%	69.2%	25/01/2013	225%	154%	12.3	12.3
7	Bielefeld/Berlin Portfolio	26,900,000	4.9%	86.0%	74.8%	25/01/2016	136%	118%	9.4	9.4
8	Nanterre	23,926,020	4.4%	72.4%	60.2%	10/11/2010	292%	144%	6.6	9.1
9	Netto Portfolio	22,830,000	4.2%	79.9%	68.3%	25/07/2012	208%	146%	10.6	10.6
10	CRIPA Portfolio	22,657,250	4.2%	81.2%	66.1%	25/01/2016	154%	108%	4.3	4.3
11	KingBu Portfolio	21,280,875	3.9%	83.7%	70.0%	25/10/2012	177%	119%	14.4	14.4
12	French Retail	20,165,000	3.7%	50.0%	50.0%	10/11/2012	320%	320%	2.0	5.0
13	French Retail VAT	1,936,272	0.4%	0.0%	0.0%	10/05/2007	0%	0%	-	-
14	Malakoff	18,600,000	3.4%	50.4%	50.4%	10/08/2012	316%	316%	3.9	8.0
15	Montrouge	16,750,000	3.1%	69.8%	69.8%	10/02/2013	175%	175%	5.1	8.1
16	ATU Austria	15,121,768	2.8%	77.3%	67.7%	25/01/2013	225%	155%	13.8	13.8
17	Pomezia	11,143,740	2.0%	63.4%	52.8%	10/11/2010	212%	103%	10.9	10.9
18	Toulouse 1	6,170,000	1.1%	50.0%	50.0%	10/02/2013	341%	341%	2.9	2.9
19	Toulouse 2	4,200,000	0.8%	50.6%	50.6%	10/02/2012	340%	340%	0.6	3.6
	Total	**545,034,575**	**100.0%**	**N/A**	**N/A**	**N/A**	**N/A**	**N/A**	**-**	**-**
	Minimum[2]	4,200,000	-	48.9%	48.9%	N/A	136%	103%	-	-
	Maximum[3]	118,894,000	-	86.0%	75.7%	N/A	341%	341%	-	-
	Average / Weighted Average[4]	**30,172,128**	**100.0%**	**73.0%**	**66.4%**	**N/A**	**207%**	**167%**	**7.5**	**9.2**

[1] Earlier of break or expiry of the relevant Loan.
[2] Excluding the VAT Loan.
[3] Excluding the VAT Loan.
[4] Excluding the VAT Loan.

Amortisation Schedule		
Period	**Scheduled Amortisation (including Balloon) (€)**	**Scheduled Amortisation (excluding Balloon) (€)**
1.	1,760,231	1,760,231
2.	1,746,804	1,746,804
3.	3,915,275	1,979,004
4.	1,990,304	1,990,304
5.	2,023,604	2,023,604
6.	2,007,704	2,007,704
7.	2,011,804	2,011,804
8.	2,103,404	2,103,404
9.	2,126,304	2,126,304
10.	2,163,404	2,163,404
11.	2,139,404	2,139,404
12.	2,158,004	2,158,004
13.	2,193,304	2,193,304
14.	39,014,604	1,824,604
15.	1,862,904	1,862,904
16.	1,872,504	1,872,504
17.	30,603,234	1,422,714
18.	54,868,214	1,458,214
19.	1,460,515	1,460,515
20.	111,806,015	1,066,015
21.	1,068,215	1,068,215
22.	5,258,815	1,058,815
23.	1,085,415	1,085,415
24.	38,995,215	895,215
25.	38,410,575	462,000
26.	106,093,010	203,000
27.	209,000	209,000
28.	180,000	180,000
29.	40,077,550	189,000
30.	240,000	240,000
31.	261,000	261,000
32.	247,000	247,000
33.	214,000	214,000
34.	237,000	237,000
35.	273,000	273,000
36.	262,000	262,000
37.	277,000	277,000
38.	41,818,250	0

3. Lending Criteria

Lending philosophy

Barclays Bank PLC in its capacity as an originator (the **Originator**) is engaged in the business of, among other things, making loans secured directly or indirectly by commercial real properties such as office properties, retail properties, industrial properties, leisure properties and warehouse properties and residential properties. These properties are intended to generate a regular periodic income from rental payments made by tenants pursuant to lease arrangements (including occupational lease arrangements).

The Originator's decision to make a loan is based on an analysis of the contracted periodic income generated or expected to be generated by the leases granted in respect of the property or expected to be granted in view of the overall quality and location of that property. In deciding whether to make a loan, the Originator assesses the risks relating to the periodic income generated by the relevant real property and the risk of refinancing the principal amount due upon maturity of the loan, if any. Further, in deciding to make a loan in any particular jurisdiction, the Originator considers, together with its external legal advisers, the legal environment in such jurisdiction and how this will impact on their ability to recover the interest on and the principal of a loan made by them in such jurisdiction, particularly following the occurrence of a default. The Originator also considers the plans and strategy for the use of the relevant property, as well as the property investment experience and expertise of the relevant borrower's sponsors both generally and within the context of a particular jurisdiction when deciding whether to make a loan.

Types of borrower

In order to minimise the risk that a borrower to which it makes a loan is or will become insolvent at any time prior to the repayment of that loan, the Originator typically but not invariably, requires the borrower (other than an individual borrower) to have been established as an SPE.

The borrower of a loan made by the Originator will often be established contemporaneously with the loan being made and thus will not have any pre-existing liabilities, actual or contingent. Further, the activities of the borrower will be restricted, through appropriate negative covenants in the documentation relating to the loan and, in certain cases, through appropriate restrictions in its constitutional documents, to acquiring, financing, holding and managing the relevant property, so as to ensure that its exposure to liabilities is minimised to those relating to the loan and property.

If, for whatever reason, it is not possible to prescribe that the borrower of a loan be an SPE, the Originator will seek to satisfy themselves of the borrower's solvency and will seek to obtain information from the borrower relating, in particular, to its pre-existing liabilities, both actual or contingent (including its general commercial liabilities, tax liabilities, employee-related liabilities, litigation-related liabilities or liabilities relating to the relevant real property itself (such as environmental liabilities)) and by controlling its ability to create further liabilities on a going forward basis through appropriate negative covenants and, in certain cases, restrictions in its constitutional documents, as more particularly described below.

If and insofar as the borrower has any debt obligations other than the loan made by the Originator, these will typically be subordinated to the loan through contractual subordination or intercreditor arrangements, particularly if such debt obligations are secured by any of the assets of the borrower which constitute security for the loan.

The relevant Obligors in respect of the Flora Park Loan and the KingBu Portfolio Loan were not formed for the purpose of acquiring or refinancing the relevant Properties and had held interests in the relevant Properties for a considerable period prior to the relevant Loan Closing Date. The Obligor in respect of the Flora Park Loan only owns the Flora Park Properties. In addition, the Borrower in respect of the CRIPA Portfolio Loan was formed for the purpose of acquiring or refinancing the relevant Properties but owns other properties other than the CRIPA Portfolio Properties, and may enter into third party indebtedness with third party lenders (which may include the Seller) for subsequent acquisition where such indebtedness meets specific criteria, including being limited recourse to the relevant acquired asset.

In respect of certain loans originated by the Originator, the owner of the relevant real property will not be the borrower. In relation to such loans, the Originator will seek to ensure that the relevant property is owned by an entity which is substantially similar in nature to the Originator's typical borrower and will also seek to undertake the same level of due diligence and to take the same level of security and to exercise the same level of control over the relevant entity through contractual restrictions and/or restrictions in its constitutional documents.

Security

The Originator generally aims to ensure that the loans it originates are secured both by the relevant property and by the cash-flow generated by such property, which is typically a stream of contractual rental payments under the related lease arrangements. The security package in respect of a loan will typically, but not invariably, include a first-ranking mortgage or pledge over the relevant property subject to undertakings to remove any existing security. Where security is taken, the Originator will seek to ensure that the security created is fully perfected in accordance with any applicable law.

In addition to the above, security may also be taken over other assets of the borrower. The Originator will, where possible, aim to ensure that such security is also first-ranking and fully perfected. As regards bank accounts, the Originator will typically require that the collection of rental payments is structured in a particular manner, designed to maximise the efficacy of the security interests taken over the rental payments, the relevant bank accounts and the amounts standing to the credit thereof. In most instances, the borrower will have a pre-existing arrangement with the tenants of the relevant property whereby rental payments are credited to an account of the borrower or a managing agent (amounts paid into an account of a managing agent may be held in a trust account for the benefit of the borrower or may be pledged to the relevant borrower). If that account is a non-commingled account (i.e. it is used to collect only the rental payments in relation to the charged properties) over which the Originator can obtain control, it will usually take security over that account. However, if that bank account is a commingled account (i.e. it is used to collect amounts other than just the rental payments attributable to the property the subject of the Originator's loan) and the borrower requires control over it in order to make other payments, the Originator will typically require that the rental payments be swept within a reasonable period of time from receipt to a non-commingled account over which it will take security or which will be in the name of the Originator, the Security Agent or an affiliate of the Originator or the Security Agent.

In some instances, the Originator requires that the shareholders of or members in the borrower grant a security interest over their respective shareholdings or interests (as applicable) in the borrower so that the Originator can, if necessary, obtain control over the borrower by exercising rights granted in respect of the shares or membership interest (as applicable). By taking such control, the Originator could seek to influence the borrower's management of the relevant real property. Further, if the creditworthiness of the borrower and/or the value of the relevant property is regarded as insufficient by the Originator, the Originator may require that the obligations of the borrower under the loan be supported by way of a third party guarantee, indemnity, letter of credit or similar instrument.

While the Originator is consistent in the types of security interests they seek in respect of any loan made by them, the relative importance of a particular type of security may vary depending on the circumstances of any particular loan, including the requirements of the jurisdiction in which such security interests would be enforced.

The security granted in respect of a loan is held and/or administered for the finance parties by Barclays Bank PLC or Barclays Capital Mortgages Servicing Limited as agent and trustee or is otherwise granted to the Originator or the other Finance Parties directly.

Advance level

The Originator normally advances loans secured on commercial and residential properties having a principal amount of between €3,000,000 and €1,000,000,000. The Originator will normally consider advancing loans up to a maximum of 85% of the valuation (as determined by independent professional valuers) of the underlying real property or properties financed at the time of origination of its loan. The Originator applies these parameters to potential loans on a case-by-case basis. Accordingly, where the Originators consider it appropriate, they may make loans outside these parameters.

Purpose of the loan

Generally, the purposes of loans made by the Originator are to acquire or refinance the relevant real property which constitutes security for the loan, to acquire the share capital in other companies owning such real property and/or general purposes.

Repayment terms

The term of loans typically made by the Originator may be between three and ten years, although the majority of loans originated by the Originator have a term of between five and eight years. Loans may be "interest only" with bullet repayment at maturity or have defined principal repayment schedules. The principal repayment schedule of a loan is structured to take account of the profile of the contractual rental income which the Originator anticipates that the relevant property will generate over the term of the loan and the anticipated realisable value of such property at the maturity of the loan. If a loan is prepaid in part, the principal repayment schedule of such loan may be amended to reflect such partial prepayment in accordance with the provisions of the relevant loan agreement. To the extent that a loan does not fully amortise by its scheduled maturity date, the borrower will be required to make a final bullet repayment.

In general, loans made by the Originator may be voluntarily prepaid by the relevant borrowers. Such prepayment is often contingent upon the payment of certain prepayment fees and break costs incurred by the lender. Under certain circumstances, the Originator will require mandatory prepayment of loans made by them. The most common circumstances in which the Originator requires mandatory prepayment is in the event of the relevant property being sold (unless, in certain cases, a suitable replacement property has been charged as security for the relevant loan within a specified period of time) or if it becomes unlawful for the Originator or their assigns to continue to fund the loan. For loans secured on more than one property, each property is allocated a proportion of the relevant loan and upon disposal of such property such portion may be subject to mandatory prepayment. In such circumstances an amount in excess of any amount allocated in the loan with respect to such property will generally be prepaid.

Insurance

In making a loan, the Originator places considerable importance on the insurance arrangements which exist with respect to the relevant real property. The Originator will expect, to the extent it is possible or usual in accordance with market practice, each borrower to effect or procure, prior to a loan being drawn, that the following types of insurance cover are in place:

(i) insurance of the relevant property, including fixtures and improvements, on a full reinstatement basis including not less than three years' loss of rent;

(ii) insurance against acts of terrorism; and

(iii) such other insurance as a prudent company in the business of the relevant borrower would effect.

Terrorism cover for Spanish Loan is provided by the Spanish government under the *Consorcio de Compensación de Seguros* (**CCS**). The state-owned CCS was originally set up in 1941 to cover against losses from the Spanish Civil War, and became a permanent cover against catastrophic losses (including terrorism, but also earthquake, flood, etc.) in 1954. Coverage of catastrophic risks became compulsory within all policies covering property damage. The "premium" in respect of the CCS is paid for by a levy on the premium paid under the relevant property insurance policy and coverage under the CCS is automatic.

The Originator will generally expect the interest of the Relevant Security Agent or the Relevant Lender (as applicable) to be noted on any insurance policy obtained by the Borrower or in respect of certain loans (including the German Loans), a certificate of third party interest is obtained. Market practice in each jurisdiction in which the Originator originate loans will differ with respect to the nature of the insurance to be obtained and the Originator will take this into account in formulating its requirements. The Originator will however apply these parameters on a case-by-case basis and where the Originator considers it appropriate they may agree to different arrangements with respect to insurance policies, for example, where a freeholder has the ultimate obligation to insure, the borrower's obligation with respect to insurance will be modified accordingly. Where properties are leased to government entities, the Originator may, in place of standard insurance arrangements, expect an obligation from that government entity to the borrower to rebuild or repair where damage or destruction is caused by insurable risks as is customary for government tenants.

Property expenses

In making a loan, the Originator also considers the income generated by and the expenses to be incurred in respect of the relevant real property. The expenses which can be incurred in respect of a real property include, most significantly, property taxes, in cases where the Borrower has an obligation to insure, insurance and capital expenditure which must be incurred as a matter of law and/or in order to maintain the property in a state of good order or in some cases to enhance the property. Given that cash-flow available to a borrower is typically limited to that which is generated by the relevant property, the Originator seeks to confirm, as part of the origination process, that all necessary expenses can be met out of such cash-flow without the borrower's ability to pay interest on or repay the principal of a loan being compromised. The Originator will, in connection with the above analysis, require the borrower to produce an estimated budget of property related expenses.

4. Diligence in connection with the Loans

In connection with the origination of each Loan, the Originator evaluated the corresponding Property or Properties as described below.

Title and other investigation

Reports on title (each a **Report on Title**) were (except with respect to the Belgian Borrower, where ownership of title has been confirmed by the instrumental notary upon passing the mortgage deed and, subsequently, by a certificate of the mortgage office) issued on or prior to the relevant Loan Closing Dates by the solicitors of each Borrower to the Relevant Security Agent, for the benefit of, among others, the Originator (each as Lender) or directly to Barclays Bank PLC or Barclays Bank S.A. (as Lender, each a **Relevant Lender** and together the **Relevant Lenders**) as applicable. The investigation required to provide the Reports on Title included the usual review of title documentation and the land registry entries (including, except in the case of the Pomezia Loan, any Lease under which a Property was held or in respect of the German Loans, a hereditary building right) together with all usual land registry, local authority and other appropriate searches as would generally be required by a lender, lending in respect of commercial property located in the relevant jurisdiction. In addition, except in the case of the Pomezia Loan, all material Leases and tenancies affecting the Properties were reviewed subject to certain limited exceptions and the basic terms (including, among other things, details of rent reviews and Tenant's determination rights) were included in the Reports on Title.

Other than in respect of certain Loans (including, the Italian Loans), the Originator's solicitors also reviewed the Reports on Title issued by the solicitors of each Borrower and confirmed the adequacy of the form and content of the Report on Title and highlighted any matters that they considered should be drawn to the attention of the relevant Originator

Capacity of Obligors

The Originators or solicitors acting for the Originator satisfied themselves that each Obligor was validly incorporated or established, had sufficient power and capacity to enter into the proposed transaction and where such checks are customary, whether it was subject to any existing mortgages or charges, whether it was the subject of any insolvency proceedings and, generally, that the Obligors had complied with any necessary formalities.

Registration of security

Following drawdown of each Loan, the Originator or solicitors acting for the Originator ensured that all necessary registrations in connection with taking security were attended to within all applicable time periods and appropriate notices served (where required by the terms of the relevant Credit Agreement) (except in relation to certain of the German Loans where registration of certain land charges is still outstanding as a result of time constraints in relation to the registration process, however following the Closing Date the Master Servicer will monitor the registration of these land charges). The Originator may, acting as a prudent commercial lender, take a mortgage or charge over the relevant Properties which is for only a percentage of the value of the relevant Loan. In such circumstances, as would generally be the case of Loans originated in Belgium, mortgage mandates would be taken to permit the Belgian Security Agent to obtain a mortgage for the full value of the relevant loan at any time. Where applicable title deeds in relation to each of the Properties are generally held by, or to the order of, the Relevant Security Agent or as applicable the Originator (as lender) (other than in respect of Spain where it is customary for the title deeds to be retained by the Relevant Borrower) and it is expected that this will continue to be the case after the relevant Loan Closing Dates. The solicitors of each Borrower will retain certain relevant commercial Leases for management purposes but will do so on the basis that they are held to the order of the Relevant Security Agent or as applicable the Relevant Seller (each as lender).

Property management

Where there is a manager for a Property (each a **Managing Agent** and together, the **Managing Agents**), that Managing Agent was approved by the Originator in connection with the origination of the relevant Loan. Generally, a Managing Agent is responsible for responding to changes in the local market, planning and implementing the rental rate or operating structure, which may include establishing levels of rent payments or rates, and insuring that maintenance and capital improvements are carried out in a timely fashion. For additional information on each management agreement, see the specific Loan descriptions under "*Description of the Loans and Related Properties*" at page 213. Generally each Managing Agent will undertake a specific duty of care to the Relevant Lender and/or the Relevant Security Agent in respect of the Relevant Properties.

Valuations

An independent valuer conducted the Valuation, in order to establish the approximate value of the relevant Property or Properties. The Valuations are the basis for the valuation figures contained within this Prospectus.

Occupancy statements, operating statements and other data

The Originator (other than in respect of one of the Pomezia Properties) took steps to review, to the extent available or applicable, rent rolls, Leases, and related information or statements of occupancy rates, market data, financial data, operating statements and receipts for insurance premiums. Borrowers were generally required to furnish available historical operating statements and operating budgets for the current year and provide Leases if and to the extent such information was available. This information was used in part as the basis of the information set out in this Prospectus. However, some Loans were acquisition facilities and accordingly there are only limited operating results for the related properties for the period following acquisition.

5. Standard form documentation

The terms of each Loan are documented by a Credit Agreement governed by English law or the law of the relevant jurisdiction. Each Credit Agreement and each Security Agreement, is based on certain standard forms of documentation, subject to any variations negotiated by the Relevant Borrower or as required in the relevant jurisdiction. The Originator generally resists any material or non-customary amendment to its standard forms of credit and security agreements unless such amendment is necessary in order to reflect the terms, conditions or structure of the relevant loan security.

6. The Credit Agreements

Each Credit Agreement contains the types of representations, warranties and undertakings on the part of the Relevant Borrower that a reasonably prudent lender (a) making loans secured on commercial properties (and as applicable residential properties) of the same type as the Properties or (b) making VAT Loans secured on the VAT receivables, would customarily require. A summary of the principal terms of each Credit Agreement is set out below.

Loan amount and drawdown and further advances

The maximum amount of borrowing under each Credit Agreement (other than in respect of the VAT Loan) is calculated by reference to the value of the property to be charged and/or, in respect of which mortgage mandates have been granted to the Relevant Security Agent or Relevant Lender (calculated by reference to the relevant Valuation). The maximum amount of borrowing under the Credit

Agreement in respect of the VAT Loan is calculated by reference to the amount of VAT that is recoverable from the relevant tax authority where such VAT was paid on the acquisition of the relevant Property by a borrower (**Recoverable VAT**).

None of the Loans place an obligation on the Issuer as Lender to make any further advance to the Relevant Borrower. Following the sale of the Loans or the relevant interest in the Loan to the Issuer, the French Issuer and the Italian Issuer and the transfer to the Issuer, the French Issuer or the Italian Issuer of the Related Security or, as applicable, any beneficial interests in security trusts granted in respect of the Loans over the Related Security, the Relevant Servicer may not (subject to the terms of the Relevant Servicing Agreement) agree to an amendment of the terms of a Loan that would require the Issuer to make any further advances of principal to the Relevant Borrower or the French Issuer or Italian Issuer in respect of the French Loans and the Italian Loans, respectively, unless confirmation has been received from the Rating Agencies that any further advance of principal would not have an adverse effect on the then current ratings of the Notes. Any such advances will only be made to the extent that the Issuer has sufficient funds available to it. No further advances may be made by the French Issuer or the Italian Issuer.

If and to the extent that money advanced by the Originators is deposited in an escrow account, to be released to the Relevant Borrower on satisfaction of further conditions precedent, such amounts will be deemed by the relevant Credit Agreement to have been advanced to the Relevant Borrower and will form part of the outstanding principal balance of the Loan and bear interest at the rate specified in the Credit Agreement.

Conditions precedent

The Relevant Lender's obligation to make a Loan under the relevant Credit Agreement was subject to the Relevant Lender or, as applicable, the relevant security agent or the facility agent first having received, in the usual manner, certain documents as conditions precedent to funding in form and substance satisfactory to it. The documentation required varied depending upon the terms of each Credit Agreement, though certain documents (duly executed) were required in all cases. These documents included, among other things: constitutional documents and board or shareholder minutes for the Relevant Borrower and the relevant shareholder (if applicable) and execution of the Finance Documents (including the Security Agreement) and (other than in respect of the VAT Loan) a Valuation in respect of the relevant Obligor's interest in the property or properties, evidence of appropriate insurance cover in respect of the relevant Property or Properties other than in respect of the German Loans and the Spanish Loan, all title documents (or an appropriate undertaking in respect of all title documents) relating to the Relevant Borrower's interest in the Portfolio, where applicable copies of all title searches related to the Relevant Borrower's interest in the Portfolio, and information relating to the appointment of the Managing Agent (if applicable).

Interest and amortisation payments/repayments

Each of the Loans provides for payment of quarterly instalments of interest and, where applicable principal.

The Loans all have original maturities of between approximately 1.5 and 10.0 years. No Loan is scheduled to be repaid later than January 2016.

Certain of the Credit Agreements (other than in respect of the VAT Loan) provide for scheduled amortisation payments to be made by the Relevant Borrower on each Loan Interest Payment Date, in each case as described under the section entitled "*Description of the Loans and Related Properties*" page 213.

The Credit Agreements permit the Relevant Borrower to prepay the relevant Loan on any Loan Interest Payment Date in whole or in part (but, if in part, subject to a minimum prepayment amount) by giving a minimum number of Business Days' prior written notice to the Relevant Lender. In addition, certain of the Credit Agreements provide that a Relevant Borrower may prepay the Loan at any other time, provided that, in certain cases, if prepayment is made on a Loan, on a day which is not a Loan Interest Payment Date, the Relevant Borrower must also pay to the Relevant Lender the amount of interest that would have been payable on the immediately succeeding Loan Interest Payment Date had no such prepayment occurred. Voluntary prepayment of a Loan may be subject to payment of certain prepayment fees by the Relevant Borrower.

Prepayment Fees will not generally be payable in the following circumstances:

(i) where it becomes unlawful for a Lender to perform any of its obligations under a Finance Document or to fund or maintain its share in a Loan and the Relevant Borrower prepays;

(ii) where the Relevant Borrower prepays on account of an increase in a Lender's costs arising out of a change of law or regulation which have been passed onto it; or

(iii) where the Relevant Borrower prepays on account of being required to make a Tax Payment to a Finance Party.

In addition to any Prepayment Fees to be paid by the Relevant Borrower, the Relevant Borrower may be required to pay to the Relevant Lender an amount (determined by the Lender) that would compensate the Relevant Lender against any loss or liability that it incurs or suffers as a consequence of any part of the Loan or overdue amount being prepaid or repaid other than in the amounts and on the dates set out in the relevant Credit Agreement, together with certain costs incurred as a result of the termination of all or any part of the Relevant Lender's related funding arrangement (including, but not limited to any swap arrangements) (the **Break Costs**), in each case as more specifically set out in the relevant Credit Agreement.

In some instances, the Relevant Lender is required to reimburse to the Relevant Borrower (or apply against amounts due under the relevant Loan) any gains made by that Lender as a result of any part of a Loan or overdue amount being prepaid or repaid other than in accordance with the relevant Credit Agreement (the **Break Gains**).

Tax Payment means a payment made by a Borrower to a relevant Finance Party in any way relating to a Tax Deduction or under any indemnity given by that Borrower in respect of tax under any relevant Finance Document. **Tax Deduction** means a deduction or withholding for or on account of tax from a payment under a Finance Document.

In respect of the Loans other than the VAT Loan, on each Loan Interest Payment Date, monies will be debited from the Rent Account or, in respect of certain of the French Loans, from the relevant Debt Service Account following a transfer from the Rent Account, to discharge any interest, principal payments and/or other sums due under the relevant Credit Agreement. Any surplus monies standing to the credit of the relevant Rent Account after all due payments have been made in accordance with the relevant waterfall described in the relevant Credit Agreement (after payment of certain other prescribed costs, fees and expenses) will be paid to the relevant General Account or such other account as may be specified in the relevant Credit Agreement and, subject to there being no Loan Event of Default outstanding and the satisfaction of certain other conditions set out in the relevant Credit Agreement, may be withdrawn by the Relevant Borrower.

Borrower Accounts

Pursuant to the terms of the Credit Agreements, the Borrowers or the Relevant Security Agent, have each established a number of bank accounts (as described below, the **Borrower Accounts**) into which rental income and other monies received in connection with the Properties may be required to be paid. Following a Loan Event of Default, the Relevant Security Agent will generally be able to assume sole signing rights or otherwise assure control over those Borrower Accounts in respect of which it does not already have sole signing rights or such control.

Under the Credit Agreements, the Borrower Accounts must be maintained with a bank acceptable to the security agent and having the relevant requisite rating.

The Borrower Accounts in respect of a Relevant Borrower will include all or some of the following accounts:

(a) *General Account*

In respect of certain of the Loans the Relevant Borrower may be required to ensure that any amounts received by it (other than amounts required under the relevant Credit Agreement to be transferred to any other account) are paid into a current account (the **General Account**) in the name of that Borrower.

Where the Borrower is required to maintain a General Account, subject to any restriction in a Subordination Agreement and prior to any Loan Event of Default, the Relevant Borrower is permitted (subject to the satisfaction of certain conditions precedent set out in the relevant Credit Agreement) to make withdrawals from its General Account. Following any Loan Event of Default, the Relevant Lender, or the Relevant Security Agent other than in respect of the Italian Loans and the German Loans will generally assume control of the relevant General Account and will be permitted to apply amounts standing to the credit of that General Account towards payment of the Relevant Borrower's obligations under the Finance Documents.

In respect of those Borrower Accounts where the Relevant Lender, or the Relevant Security Agent has sole or joint signing rights with the Relevant Borrower whether or not acting under a power of attorney by the Relevant Borrower or is otherwise required to consent to any withdrawal from the accounts, such rights of the Security Agent where permitted will be delegated to the Relevant Servicer pursuant to the terms of the Relevant Servicing Agreement.

(b) *Rent Account*

The Relevant Borrower (where applicable) is, subject to the terms of the relevant Credit Agreement, required to ensure that all rental income (less in respect of certain Loans service charges due in respect of any Property, any amounts paid or payable to that Borrower by any Tenant by way of contribution to insurance premiums, the cost of an insurance valuation or (in certain cases) a sinking fund and taxes) are paid into the **Rent Account** in the name of the Relevant Borrower or, as applicable, the Relevant Lender or the Relevant Security Agent either directly or in respect of certain of the Loans by way of an immediate or periodic sweep from a specific rent collection account, managed by the relevant Managing Agent. Where the relevant Rent Account is opened in the name of the Relevant Borrower, the Relevant Security Agent has sole signing rights or otherwise assumes control over each Rent Account on the occurrence of a Loan Event of Default and is irrevocably authorised by the Relevant Borrower whether by power of attorney granted by the Relevant Borrower or

following consent from the Relevant Security Agent to withdraw from the Rent Account on each Loan Interest Payment Date (provided, amongst other things, no Loan Event of Default is then outstanding and any representations under the relevant Finance Documents that are deemed to be repeated are correct and will be correct after the withdrawal) and apply amounts standing to the credit of its Rent Account in each case in accordance with a specified order of priority. Where the Rent Account is in the name of the Relevant Lender, the Relevant Lender will apply amounts standing to the credit of the Rent Account in accordance with a specified priority. In most cases this order of priority provides for amounts first to be applied to pay certain costs of the Security Agent and thereafter towards payments either *pro rata* or sequentially under the Loan Hedging Arrangements and payments to the Lender of amounts due under the Credit Agreement. Following such payments, amounts may then be released to the Relevant Borrower, subject to certain conditions and provisions for certain other costs and expenses, including (in some instances) service charges and improvement costs or payments to any subordinated lender not otherwise paid in priority to amounts due under the Loan. In addition to the priorities set out in this paragraph where amounts representing service charges and Tenant contributions are paid into the Rent Account such amounts may, subject to certain conditions, be withdrawn by the relevant Borrower in priority to the amount set out above. In respect of the French Loans (other than the Nanterre Loan and the Montrouge Loan) subject to the requirement to maintain certain amounts standing to the credit of the Rent Account (including amounts in respect of irrecoverable VAT, property expenses and certain hedge amounts) amounts, at least equal to the obligations of the Borrower to pay interest on the loan on the next Loan Interest Payment Date will be transferred to the Debt Service Account.

In respect of the French Loans (other than the Nanterre Loan and the Montrouge Loan) will open an account in the name of the Relevant Security Agent or Lender, the **Debt Service Account** in respect of which, subject to maintaining certain minimum amounts standing to the credit of the Rent Account (as described above), amounts at least equal to the amount required to be paid in respect of the interest on the next Loan Interest Payment will be transferred. Subject to the terms of the relevant Credit Agreement, on the occurrence of certain trigger events, additional amounts will be transferred to the Debt Service Accounts Amounts standing to the credit of the Debt Service Account, will be applied in discharging the Borrower's obligations in respect of the Loan.

(c) *Rental Deposit Account*

The Relevant Security Agent or as applicable the Lender will generally be able to assume sole signing rights or otherwise assume control over any **Rental Deposit Account**, which (where applicable) is an account in the name of the Relevant Borrower or Relevant Lender. Each Borrower (where applicable) is required to ensure that any amount payable by any relevant Tenant under a Lease by way of deposit in respect of rent is paid into its Rental Deposit Account. Subject to the terms of the relevant Lease in respect of which such an amount is held, on a Loan Interest Payment Date, the Relevant Security Agent or, as applicable, the Lender, may transfer any amount standing to the credit of the relevant Rental Deposit Account which is referable to a Tenant into the relevant Rent Account to the extent necessary to make good any failure by that Tenant to meet its obligations to pay rent under the relevant Lease. In respect of the German Loans, the Relevant Security Agent will not be granted any security or have any rights over the Rental Deposit Account.

(d) *Sales Account*

The Relevant Security Agent or the Relevant Lender will generally be able to assume sole signing rights or otherwise assume control in relation to any **Sales Account**, which (where applicable) is an account maintained in the name of the Relevant Borrower, the Relevant Security Agent or the Relevant Lender into which the Required Amount (as defined below) must be paid on any disposal of a Property or Properties in accordance with the relevant Credit Agreement. The Relevant Security Agent or, as applicable, the Lender will apply or consent to the application of amounts standing to the credit of the Sales Account in the manner more particularly described in "*Loans and the Loan Security*" - "*Disposals and substitutions*" at page 205, including but not limited to the application of amounts standing to the credit of the Sales Account to meet the Relevant Borrower's obligations under the Finance Documents.

In respect of certain of the Loans including the Italian Loans the Required Amount must be paid into the relevant Rent Account. In respect of certain of the French Loans, the Required Amounts must be paid into the Debt Service Account. Amounts standing to the credit of the Rent Account representing the Required Amount will be applied in accordance with "*Loans and the Loan Security*" - "*Disposals and substitutions*" at page 205.

For more detailed information on the disposal and substitution of a Property or Properties and prepayment of amounts paid into the Sales Account, see "*Loans and the Loan Security*" - "*Disposals and substitutions*" at page 205.

(e) *Other accounts*

The Relevant Borrower (where applicable) may be required under the terms of the relevant Credit Agreement to maintain one or more further accounts in addition to those set out above, including, but not limited to, an escrow account, into which funds advanced by the relevant Originator may be deposited and released to the Relevant Borrower at a date upon fulfilment of certain conditions precedent and a deposit account into which a certain percentage of excess rental income may be deposited to ensure compliance with certain interest cover ratio tests. The Relevant Security Agent or, as applicable, the Lender will generally be able to assume sole signing rights or otherwise assume control in relation to each escrow account. Additionally, in relation to some Loans, money standing to the credit of the escrow account and/or deposit account can be used to cure a breach of the covenant to ensure that annual net rental income is equal to or exceeds a certain percentage of annual finance costs.

Hedging Obligations

Under the terms of the Credit Agreement for the Floating Rate Loans, other than the KingBu Portfolio Loan and the Pomezia Loan, the Relevant Borrower is required to maintain (subject to the limits described below) interest rate hedging arrangements to protect against the risk that the interest rate payable by the Relevant Borrower under the relevant Loan may increase to levels which would be too high, bearing in mind the Relevant Borrower's income (which comprises, primarily, rental income in respect of its Properties and which does not vary according to prevailing interest rates) (the **Loan Hedging Arrangements**).

The Borrower in respect of the KingBu Portfolio Loan will pay a floating rate of interest up to a specified amount. Barclays Bank PLC (as Lender and following an assignment of the KingBu Portfolio Loan to the Issuer on the Closing Date) the Issuer will enter into an interest rate cap with

the Interest Rate Swap Provider to protect its position should EURIBOR rise above such specified levels.

In respect of the Pomezia Loan, in order to protect against the risk that the interest rate payable by the Relevant Borrower may increase to levels which would be too high, bearing in mind the Relevant Borrower's income, the Loan will convert to a fixed rate loan if EURIBOR goes above certain specified levels.

In order to comply with these obligations, the Relevant Borrower has entered into Loan Hedging Arrangements with the Loan Hedge Counterparty which are acceptable to the Relevant Security Agent or the Relevant Lender (acting reasonably).

Under the terms of the relevant Credit Agreement, if the notional principal amount of the hedging arrangements exceeds the amount of the advance, the Relevant Borrower must, at the request of the Relevant Security Agent, reduce the notional principal amount of the relevant hedging arrangement to ensure that they no longer exceed the amount of the relevant advances then outstanding.

Neither the Relevant Borrower nor the Relevant Loan Hedge Counterparty will be entitled to amend or waive the terms of the Loan Hedging Arrangement without the consent of the Relevant Security Agent and/or the Relevant Lender.

Representations and warranties

The representations and warranties given (or to be given) by each Borrower and/or Obligor under the relevant Credit Agreement, as of the date of the relevant Credit Agreement and (subject to certain exceptions and any necessary changes for each jurisdiction), the date of the request for the relevant Loan, the date of drawdown and each Note Interest Payment Date, generally include, among other things, the following representations (subject in each case to the specific terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

(a) the Relevant Borrower is incorporated as a limited liability company or partnership, duly incorporated or established and validly existing under the laws of the jurisdiction of its incorporation or establishment;

(b) the Relevant Borrower has the power to enter into and perform, and has taken all necessary action to authorise the entry into and performance of, the Finance Documents to which it is or will be a party and the transactions contemplated by those Finance Documents;

(c) subject to certain reservations as to matters of law, each Finance Document to which the Relevant Borrower is a party constitutes legally binding, valid and enforceable obligations of the Relevant Borrower and will not conflict with any applicable law or regulation, the constitutional documents of the Relevant Borrower or any document binding on the Relevant Borrower or any of its assets;

(d) no Loan Event of Default is outstanding or is or might reasonably result from the execution or performance of any transaction contemplated by the Finance Documents and no other event which constitutes an event of default under any other document binding on the Relevant Borrower or any of its assets is outstanding which has or is reasonably likely to have a material adverse effect on the Relevant Borrower's ability to perform its obligations under any Finance Document;

(e) subject to due registration of the relevant Loan Security documents, all authorisations required in connection with entry into, performance, validity and enforceability of the Finance Documents have been obtained or effected and are in full force and effect;

(f) the Relevant Borrower or Chargor (as the case may be) is the legal and/or beneficial owner of each relevant Property (as applicable) or in respect of the German Loans has an irrevocable expectancy right to the relevant Property;

(g) subject to registration where required, certain reservations as to matters of law and in respect of the Cassina Plaza Loan and the German Loans undertakings to remove any existing security and pledges granted under the general business conditions of certain account banks, the security conferred by each security document constitutes a first priority security interest over the assets referred to in that security document and the assets are not subject to any prior or *pari passu* security interests;

(h) no litigation, arbitration or administrative proceedings are, to the knowledge of the Relevant Borrower, current or threatened which have or would be reasonably likely to have a material adverse effect on the Relevant Borrower's ability to perform its obligations under any Finance Document;

(i) subject to certain qualifications, all relevant information supplied by the Relevant Borrower to any Finance Party in connection with the Finance Documents was as at its date or (if appropriate) as at the date (if any) at which it was stated to be given:

(i) true and accurate in all material aspects; and

(ii) insofar as it consists of financial projections, such projections have been prepared as at their date, on the basis of recent historical information and assumptions believed by the Relevant Borrower to be fair and reasonable,

and, other than in respect of certain financial information, did not omit any information which, if disclosed, would make the information supplied untrue or misleading in any material respect;

(j) as at the date of the relevant Credit Agreement and at the date of drawdown of the relevant Loan, nothing had occurred since the date the information referred to in sub-paragraph 0 above which, if disclosed, would, to the best of the Borrower's knowledge and belief, make that information untrue or misleading in any material respect;

(k) subject to certain qualifications in respect of some of the Loans, all information supplied by the Relevant Borrower or on its behalf to the Valuer for the purposes of each Valuation was to the best of its knowledge and belief true and accurate in all material respects as at its date and did not omit any information which might adversely affect the Valuation;

(l) the accounts of the Relevant Borrower most recently delivered to the Relevant Seller and/or the Relevant Security Agent have been prepared in accordance with accounting principles and practices generally accepted in its jurisdiction of incorporation and/or fairly represent the financial condition of the Relevant Borrower as at the date to which they were drawn up, except, in each case, as disclosed to the contrary in those financial statements;

(m) since the date of its incorporation or establishment, the Relevant Borrower and/or the relevant Obligor has not carried on any business except for the ownership and management

(and, in certain cases, the acquisition letting, development and/or the financing) of its interests in the relevant Properties, and

(n) (other than in respect of the Montrouge Loan) the Relevant Borrower or Obligor, as applicable, has no subsidiaries or employees,

Undertakings

Each Borrower has given various undertakings under the relevant Credit Agreement which will take effect so long as any amount is outstanding under the relevant Loan or any relevant commitment is in place. These undertakings generally include (except (q), (r), (s) (t) and "*Loans and the Loan Security*" - "*Disposals and substitutions*" at page 205, in the case of the VAT Loan), among other things, the following (subject in each case to the terms, concessions and negotiations set out in or represented by the relevant Credit Agreement):

(a) to provide the Relevant Lender, the Relevant Security Agent and/or the facility agent with its audited or certified accounts for each of its financial years, within a certain specified time of the end of each financial year, and, in some cases, unaudited financial statements for each of its financial half-years (to the extent produced) within a certain specified time of each financial half-year or (in some instances) quarter;

(b) to supply details of any material litigation, arbitration or administrative proceedings which are current, threatened or pending and which might if adversely determined, have a material adverse effect on the Relevant Borrower's ability to perform certain obligations under any Finance Document;

(c) other than in respect of the CRIPA Portfolio Loan, to notify the Relevant Lender, the Relevant Security Agent and/or the facility agent promptly of any Loan Event of Default;

(d) to supply promptly on request such information in the Relevant Borrower's possession or control regarding, among other things, its financial condition and operations or any Property as the Lender may reasonably request subject to certain confidentiality restrictions;

(e) to procure that the Relevant Borrower's payment obligations under the Finance Documents rank at least *pari passu* with all other present and future unsecured, and in respect of certain Loans unsubordinated, payment obligations and not to create or allow to exist any charge arising over any of its assets or assets secured under the relevant Security Agreement (other than certain customary exceptions);

(f) not to dispose of all or any part of its assets generally or such assets as are secured under the Finance Documents, subject to certain customary exceptions, including (where applicable) where substitution of Properties is permitted under the terms of the relevant Credit Agreement;

(g) not to enter into any amalgamation, demerger, merger or reconstruction (if applicable);

(h) not to carry on any business other than the ownership and, in most cases, management, refurbishment, letting and development of its interests in the relevant Properties or (subject to certain exceptions) to have any subsidiaries;

(i) not to make any loans or provide any form of credit or to give any guarantee or indemnity to any person (other than, on a subordinated basis) except in certain transactions there may be

exceptional permitted payments to the shareholder or rent free periods granted under Occupational Leases;

(j) not to incur any indebtedness (subject to certain exceptions);

(k) not to enter into any contracts other than the Finance Documents or contracts in connection with the day to day management, operation, letting and development of the relevant Properties or contracts in the ordinary course of business and on arms' length terms and or otherwise as permitted under the Credit Agreement;

(l) (other than in respect of the French Retail Loan) not to declare or pay any dividend or make any distribution in respect of its shares or membership interests, not to issue any further shares or alter any rights attaching to its issued shares as at the date of the relevant Credit Agreement nor to repay or redeem any of its share capital other than as expressly permitted in the relevant Credit Agreement or under the terms of a subordinated loan agreement;

(m) (other than in respect of the French Retail Loan, the Montrouge Loan and the Spanish Loan) not to be a member of a value added tax group and subject to certain exceptions in some cases, without the prior written consent of the Lenders;

(n) (other than in respect of the Montrouge Loan) not to cause or allow its registered office or "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in or maintain an establishment in any jurisdiction other than its jurisdiction of incorporation;

(o) to comply with certain customary undertakings regarding the administration of Leases and the appointment of Managing Agents in respect of the relevant Properties;

(p) to maintain insurance or procure the maintenance of insurance on the relevant Properties on a full reinstatement value basis and for not less than three years' (or, in the case of some Loans, a shorter period as specified in the Lease or the relevant Credit Agreement) loss of rent on all Leases together with third party liability insurance and, in most cases, insurance against acts of terrorism and to procure that the Relevant Security Agent or the Relevant Lender is noted, named as co-insured, on or its interest otherwise noted in respected of all relevant Insurance Policies or in respect of the German Loans a certificate of third party insurance is obtained; and

(q) to ensure projected annual net rental income as a percentage of projected annual finance costs, each as estimated from time to time by the Security Agent, the Lender or the facility agent of at least 110% and to maintain actual quarterly net rental income as a percentage of actual quarterly finance costs of at least 110% in both cases at each Loan Interest Payment Date (subject in each case to specific exceptions set out in the relevant Credit Agreement including any reduced percentage levels).

The relevant Obligors in respect of the Flora Park Loan and the KingBu Portfolio Loan were not however formed for the purpose of acquiring or refinancing the relevant Properties and have held interests in the relevant Properties for a considerable period prior to the relevant Loan Closing Date. As at the date of this Prospectus, the relevant Obligor in respect of the Flora Park Loan only owns the Properties secured in relation to the Flora Park Loan. In addition, the Borrower in respect of the CRIPA Portfolio Loan was formed for the purpose of acquiring or refinancing the relevant Properties but owns other properties other than the CRIPA Portfolio Properties and may enter into third party indebtedness with third party lenders (which may include the Seller) for subsequent acquisitions and/or financings where such indebtedness meets specific criteria, including being

limited recourse to the relevant acquired asset. As a consequence certain of the representations, warranties and undertakings (including, the undertakings set out in paragraphs 0 and 0 to 0 and paragraphs 6(e) and 6(i) of the Loan Events of Default listed below) will not apply to such Borrowers.

Disposals and substitutions

The Relevant Borrower may in certain cases be permitted to dispose of and/or substitute Properties in accordance with the terms of the relevant Credit Agreement, or otherwise with the consent of the Lender or the Relevant Security Agent, as applicable.

In some cases, the Relevant Borrower may dispose of a Property if the net disposal proceeds are at least equal to a minimum specified amount (the **Required Amount**). On disposal of a Property or Properties in accordance with the terms of the relevant Credit Agreement, the Required Amount must be paid into the Sales Account or, in respect of certain of the Loans, the Rent Account or the Debt Service Account. If the net disposal proceeds are less than the Required Amount, the Relevant Borrower must, in certain cases, procure that an amount equal to this shortfall is also deposited into the Sales Account, the Rent Account or the Debt Service Account, as applicable.

In respect of the Loan amounts standing to the credit of the Sales Account, the Rent Account or the Debt Service Account, as applicable representing such sale proceeds must be applied either in prepayment of the relevant Loan or towards acquiring a substitute property within a specified time period and (in some cases) may be utilised in payment of amounts due under the Finance Documents (where there are insufficient funds in the Rent Account). In relation to the Italian Loans there are restrictions in relation to prepayments within the first 18 months following the utilisation date. In such circumstances the Required Amount must be retained in the Sales Account until the expiry of such 18 month period.

If the proceeds are permitted to be applied towards acquiring a new property, such application generally will be conditional upon satisfaction of certain conditions, including in some cases:

(a) the projected net rental income for the new property and the remaining Properties in respect of that Loan being sufficient to enable the Borrower to repay the Loan;

(b) the new property satisfying certain minimum value requirements and the aggregate market value of all new properties acquired not exceeding a specified maximum percentage of the aggregate market value of the Properties (determined in accordance with the Valuation);

(c) the additional Property is similar in nature and quality in all material respects to the Property being released;

(d) any substitution will not cause the relevant interest cover level to fall below the amount specified in the relevant Credit Agreement; and

(e) the Lender or the Relevant Security Agent as applicable, receiving, in the usual manner, certain documents and other matters as conditions precedent to the acquisition of the new property and as it may reasonably request.

Events of default

The Credit Agreements contain the usual events of default entitling the Security Agent (subject, in certain cases, to customary grace periods and materiality thresholds) to accelerate the relevant Loan and enforce the Related Security, including, among other things:

(a) failure to pay on the due date any amount due under the Finance Documents;

(b) breach of other specified obligations under the Finance Documents;

(c) any representation or warranty made or repeated by the Relevant Borrower and/or Obligor was incorrect in any material respect at the date it was given or when it was deemed to be repeated;

(d) the Relevant Borrower is or is deemed to be unable to pay its debts or is insolvent or other insolvency acts or events occur (including, among other things, the commencement of insolvency proceedings, the appointment of any liquidator or administrative receiver or the attachment or sequestration of any asset);

(e) the Relevant Borrower ceases or, threatens to cease, to carry on its permitted business except, in some cases, as a result of any disposal that is permitted under the terms of the relevant Credit Agreement;

(f) it is or becomes unlawful for the Relevant Borrower and/or Obligor, or shareholders to perform any of its obligations under any Finance Document;

(g) any Finance Document and/or is not effective or (except in some cases) is alleged by the Relevant Borrower and/or Obligor, the relevant shareholder or member to be ineffective for any reason;

(h) where applicable, the Relevant Borrower, or certain other specified parties without the prior written consent of the Lender or the Security Agent, is not or ceases to be legally and beneficially owned by the relevant shareholder or by other specified parties (as appropriate); or

(i) where applicable, an event or series of events occurs which (in the case of certain loans, in the determination of the Lender or the majority Lenders (where applicable), acting reasonably) has or is reasonably likely to have a material adverse effect on the Relevant Borrower's ability to perform certain of its obligations or payment obligations under any Finance Document.

In most cases the Credit Agreements include customary grace periods in relation to non-payment and breaches of other obligations. These grace periods are no longer than 21 Business Days.

If a Loan Event of Default has not been remedied within the applicable grace period the Security Agent as applicable may by notice to the Relevant Borrower cancel any outstanding commitments under the relevant Credit Agreement, rescind or terminate the relevant Credit Agreement, demand that all or part of the relevant Loan becomes immediately due and payable and/or demand that all or part of the relevant Loan becomes payable on demand by the Lender and/or declare the security constituted by the relevant Security Agreement to be enforceable. After the Closing Date, the Relevant Servicer will (as agent of the Issuer, the French Issuer, the Italian Issuer and/or the Relevant Security Agent as applicable) carry out any enforcement procedures in respect of the loan in accordance with the terms of the Relevant Servicing Agreement. Any procedures adopted by the Relevant Servicer may involve the deferral of formal enforcement procedures, such as the appointment of a receiver or an administrator or the commencement of formal court procedures and may involve the restructuring of the Loan by the amendment or waiver of certain of its provisions. Any such restructuring would have to comply with the requirements of the relevant Servicing Agreement.

7. The Loan Security

General

Each Security Agreement secures, among other things, all of the obligations of the relevant Obligor pursuant to the Finance Documents other than in respect of the security of the KingBu Portfolio Loan where recourse of the Lender is limited to available net assets pursuant to balance sheet tests and the CRIPA Portfolio Loan where security is limited to specific assets of the CRIPA Portfolio Borrower (including the CRIPA Portfolio Properties). The security granted under the Security Agreements in respect of the Belgian Parallel Debt and the non-accessory security granted in respect of the German Loans is held on trust pursuant to the terms of a security trust agreement (each a **Security Trust Agreement** and, together the **Security Trust Agreements**) such that the Relevant Security Agent holds the security created thereby on trust for the benefit of the Relevant Lender. In the case of the Austrian Loan, the French Loans, the Italian Loans and the Spanish Loan, the Related Security is granted to Barclays Bank PLC or Barclays Bank S.A., as applicable, as Lender and/or as facility agent. In the case of the German Loans the non-accessory German Related Security is granted to the Relevant Security Agent and is held by it and administered as trustee for the relevant Finance Parties, and the accessory German Related Security is granted to the Finance Parties and administered by the Security Agent pursuant to the applicable German Security Trust Agreement.

Representations and warranties

The representations and warranties given and to be given by the Chargor in connection with the Loan Security, as of the date of the relevant Security Agreement and, among others, on the first day of each Loan Interest Period, include and will include statements (as appropriate) to the effect that, among other things, and subject in limited cases to customary exceptions and qualifications:

(a) the Security Agreement creates the security interests it purports to create and is not liable to be avoided or otherwise set aside on the insolvency, liquidation or administration of the Chargor or otherwise;

(b) the Chargor and, to the best of its knowledge having made all reasonable enquiries each Tenant under any Lease (except the Tenants in respect of the German Loans) have obtained all consents, licences and authorisations required by it in connection with its ownership or use (as applicable) of each relevant Property and all such consents, licences and authorisations remain in full force and effect; and

(c) the Chargor has obtained all requisite environmental approvals required for the carrying on of its business as currently conducted or in respect of the German Loans, undertakings to comply with environmental law and approvals.

Undertakings

Each Chargor has undertaken, among other things, and subject in limited cases to customary exceptions:

(a) not to create or permit any security interest over the assets of the Chargor secured by the relevant Security Agreement (other than any security interest created in connection with the Loan Security);

(b) not to sell, transfer, license, lease or otherwise dispose of any asset secured under the relevant Security Agreement otherwise than in accordance with the relevant Credit Agreement;

(c) to comply with all provisions of any applicable laws, including environmental laws (which, in relation to the latter, the Chargor must comply where failure to do so would have (or in some cases, has or is reasonably likely to have) a material adverse effect);

(d) to give notice of the security interests granted to the Lender and/or Security Agent, as applicable, to each Tenant under the Leases (in some cases such notices having been served on drawdown, in other cases, notices will be served only on default); and

to procure and keep each of the Properties in good and substantial repair.

Enforceability

The Loan Security will only be enforceable, subject to certain conditions as specified in the relevant Credit Agreements once a Loan Event of Default has occurred, if the Loan has been accelerated or in some cases if a Loan Event of Default is outstanding. The relevant Security Agreement confers upon the Lender or, as applicable, the Relevant Security Agent, and any receiver appointed by it, a wide range of powers in connection with the sale or disposal of the Properties and their management, and in respect of certain of the Loans each of them has been granted a power of attorney on behalf of the Chargor in connection with the enforcement of the Loan Security.

The Austrian Related Security

The Austrian Borrower has in respect of the Austrian Loan granted security in respect of its obligations under the Finance Documents (the **Austrian Related Security**) pursuant to the relevant Security Agreements. This includes (without limitation):

(a) a first ranking maximum amount mortgage (*Höchstbetragshypothek*) in respect of the Austrian Properties for a simultaneous liability for a maximum amount of €18,800,000 in favour of the Lender;

(b) a pledge over the partnership interests in the Austrian Borrower whereby the general partner and the limited partners of the Austrian Borrower pledge their partnership interests in the Austrian Borrower;

(c) a pledge over the shares in the general partner of the Austrian Borrower;

(d) an assignment for security purposes in respect of lease receivables;

(e) an assignments for security purposes in respect of the receivables regarding SPA Claims and property management claims between the Borrower or any Obligor and the Lender; and

(f) a first ranking pledge over the Austrian Borrower Accounts, including the Rent Account in relation to the Austrian Loan.

The Austrian Related Security will be held by the Austrian Seller as trustee for the benefit of the Issuer. Pursuant to the Austrian Loan Trust Agreement, the Issuer may demand a registration of the security in the name of the Issuer upon the transfer of the Austrian Loan to the Issuer if the Austrian Seller should ever become insolvent (subject in particular to the payment of certain registration fees, currently equal to 1.2% of the maximum amount of the mortgage).

The Belgian Related Security

Each Chargor in respect of the Belgian Loan has granted security in respect of its obligations under the Finance Documents to the Belgian Security Agent for its obligations under the Belgian Parallel Debt (the **Belgian Related Security**) pursuant to the relevant Security Agreements. This includes (without limitation):

(a) a first legal mortgage (*hypothèque/hypotheek*) over the leasehold and freehold interest in the Belgian Property, which mortgage secures, in aggregate, 25% of the initial amount of the Belgian Parallel Debt (the remainder of the Belgian Parallel Debt being covered by a mortgage mandate (*hypothecair mandaat/mandate hypothécaire*);

(b) a first ranking pledge of the Belgian Borrower's Accounts, lease receivables in respect of the rent payable by the Relevant Borrower's tenants, insurance proceeds in relation to the Belgian Property and sums owing to the Belgian Borrower under the guarantees relating to the Belgian Property or the liabilities of the vendors as set out in the acquisition documents under which the Belgian Property was acquired by the Belgian Obligors and the guarantee in form of a contractual undertaking set out in such acquisition documents granted by the vendors relating to the rent receivables with respect to the vacant space in the Belgian Property, and sums owing to the Belgian Borrower under intercompany loans granted by the Belgian Borrower; and

(c) a first ranking pledge over the shares of the Belgian Borrower and the Other Belgian Obligor in respect of the Belgian Loan.

The Security Agent has granted a trust over the Belgian Related Security and any enforcement proceeds and the proceeds of any Belgian Parallel Debt for the benefit of the Finance Parties, which after the Closing Date will include the Issuer, pursuant to the terms of the Belgian Security Trust .

The French Related Security

Each Chargor (other than in respect of the French Retail VAT Loan) has in respect of the French Loans granted security in respect of its obligations under the Finance Documents (the **French Related Security**) pursuant to the relevant Security Agreements. This includes (without limitation):

(a) lender's privileges (*privilèges de prêteurs de deniers*);

(b) complementary mortgages (*hypothèque complémentaires*) (in the case of the French Retail Loan, a second ranking mortgage has been granted in addition to the lender's privilege);

(c) Dailly law assignments by way of security (*cessions de créances professionnelles à titre de garantie*) relating to rental claims and seller's indemnity claims, as applicable;

(d) assignments by way of security (*cessions de créances professionnelles à titre de garantie*) or delegation (*délégation imparfaite*) of insurance indemnity claims (as applicable);

(e) pledges over the Borrower's accounts including but not limited to the Rent Account, held by the Relevant Borrower;

(f) pledges over the shares of the French Borrowers and/or any French Obligor;

(g) cash collateral (*gage-espèces*) over the sums standing to the credit of the accounts of the French Seller opened in respect of the French Loans;

(h) in respect of the Toulouse 2 Loan, a Dailly law assignment by way of security (*cession de créances professionnelles à titre de garantie*) of the relevant French Borrower's interest in related loan hedge arrangements and its funding account.

The French Retail VAT Loan

The Borrower in respect of the French Retail VAT Loan, has granted a Dailly law assignment by way of security (*cession de créances professionnelles à titre de garantie*) relating to the French Recoverable VAT as security in respect of the Borrower's obligations under the relevant Finance Documents.

The **French Recoverable VAT** means the VAT owed to the French state by the Borrower under the French Retail VAT Loan in respect of the acquisition of the Property in respect of the French Retail Loan but only so far as the Borrower is entitled to recover an amount equal to that VAT from the French tax authorities for that VAT.

Upon transfer by the French Seller to the French Issuer of the French Loan Receivables on the Closing Date pursuant to Article L. 214-43 of the French *Code monètaire et financier*, the French Related Security will be automatically transferred to the French Issuer as accessories (*accessoires*) of the French Loan Receivables.

The German Related Security

Each Chargor in respect of the German Loans has granted security in respect of the obligations under the Finance Documents (the **German Related Security**) pursuant to the relevant Security Agreements. The German Related Security includes (without limitation):

(a) first ranking certificated (comprehensive) land charges (as applicable) over the German Properties subject to, in the case of certain of the German Loans, the completion of the registration process and issuance of the land charge certificate at the relevant land registers and subject to undertakings to delete any prior ranking land charges;

(b) first ranking account pledges (subject to the pledge granted pursuant to the general business conditions of the account bank of the Borrower) governed by German law in respect of the bank accounts, including but not limited to the Relevant Borrower Accounts (including the Rent Accounts, held by the Relevant Borrower);

(c) an assignment in respect of lease receivables governed by German law in respect of rent payable by the Relevant Borrower's tenants of the German Properties;

(d) an assignment of proceeds of payment under insurance policies governed by German law covering the Relevant Borrower's Properties between each Borrower (as assignors) and the Security Agent;

(e) an assignment in respect of receivables regarding SPA Claims;

(f) pledges over the partnership interests or shares in the Relevant Borrower (in respect of the Flora Park Loan, the German Supermarket Portfolio Loan, the ATU Germany Loan, the Netto Portfolio Loan and the KingBu Portfolio Loan) subject to certain pledge conditions;

(g) pledges over shares in the relevant general partners of the applicable Borrower, subject to certain pledge conditions (in respect of the German Supermarket Portfolio Loan and the Bielefeld/Berlin Portfolio Loan);

(h) (in respect of the KingBu Portfolio Loan) an assignment governed by English law in respect of the relevant Borrower's interest in the related Loan Hedge Arrangements and its funding account in favour of the Security Agent; and

an assignment of rights and claims under certain subordinated loans.

The Security Agent holds and administers the non-accessory German Related Security on trust for the benefit of the Finance Parties, which after the Closing Date will include the Issuer, and administers the accessory German Related Security pursuant in each case to the terms of each German Security Trust Agreement.

The Italian Related Security

Each Chargor has in respect of the Italian Loans granted security in respect of its obligations under the Finance Documents (the **Italian Related Security**) pursuant to the relevant Security Agreements. This includes (without limitation):

(a) a first ranking and second ranking mortgage (*ipoteca di primo grado*) granted by the relevant Italian Borrower in respect of the Italian Properties;

(b) a first ranking pledge over quota (atto di pegno su quota) granted by the shareholder of the relevant Italian Borrower as pledgor over the quota representing the entire corporate share capital of the relevant Italian Borrower (the Quota);

(c) in respect of the Cassina Plaza Loan, assignments of receivables in respect of rent payable by the Relevant Borrower 's tenants of the Italian Properties;

(d) a loss payee agreement relating to the insurance coverage of the relevant Property;

(e) in respect of the Cassina Plaza Loan, assignments in respect of receivables regarding claims under the relevant Property purchase agreements; and

(f) in respect of the Cassina Plaza Loan, pledges over the Italian Borrower Accounts including the Rent Account.

Upon transfer by the Italian Seller to the Italian Issuer of the Italian Loan Receivables on the Closing Date pursuant to the Italian Securitisation Law and pursuant to certain accession agreements to the Italian Security Agreements, the Italian Related Security will be transferred to the Italian Issuer.

The Spanish Related Security

The Borrower in respect of the Spanish Loan has granted the security in respect of its obligations under the Finance Documents in respect of the Spanish Loan pursuant to the relevant Security Agreements. This includes (without limitation):

(a) a first legal mortgage in respect of the Spanish Property owned by the Spanish Borrower;

(b) a pledge over lease receivables in respect of rent payable by the Spanish Borrower's tenants of the Spanish Property;

(c) a first ranking pledge in respect of the Borrower's bank accounts, including but not limited to the Rent Account;

(d) a first ranking pledge over the SPA Claims; and

(e) an assignment in respect of the Borrower's interest in the related Loan Hedging Arrangements (governed by English law).

In addition, the sole shareholder of the Borrower in respect of the Spanish Loan has granted in respect of the obligations of Borrower under the Spanish Loan a first ranking pledge over the participations (*participaciones sociales*) of the Spanish Borrower.

Subordination Agreements

The creditors of the Relevant Borrower who have entered into a Subordination Agreement (other than the Finance Parties) (in such capacity, the **Subordinated Creditors**) have in respect of each Loan (where applicable) entered into a Subordination Agreement with, among others, the Security Agent as applicable pursuant to which each Subordinated Creditor has undertaken that whilst any amount remains due and outstanding under, among other things, the relevant Credit Agreement, it shall not demand or receive payment of any Subordinated Debt (other than as permitted under the relevant Credit Agreement and the relevant Subordination Agreement) and if any payment is received by it in breach of the relevant Subordination Agreement, it shall hold such payment on trust for and pay it or otherwise account for such payment to the Relevant Security Agent or Lender, as applicable.

Subordinated Debt means any indebtedness payable (and whether or not due) to a Subordinated Creditor other than in connection with the Finance Documents.

DESCRIPTION OF THE LOANS AND RELATED PROPERTIES

A. THE AUSTRIAN LOAN (1)

1. ATU AUSTRIA

Loan Information	
Cut-Off Date Securitised Principal Balance:	€15,121,768
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	2.8%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 July 2005 (subject to a business day convention)
Loan Purpose:	Refinancing existing indebtedness and general corporate purposes
Interest Rate:	Fixed rate
Maturity Date:	25 January 2013
Borrower:	DTU Vermietungs GmbH and Co KG (formerly known as Peter Unger GmbH & Co KG) organised in Austria and acting through its General Partner, DTU Vermietungs GmbH (formerly, Peter Unger GmbH)
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	€336,735.40
Cut-Off Date LTV:	77.3%
Maturity LTV:	67.7%
Cut-Off Date ICR:	225%
Cut-Off Date DSCR:	155%

Property Information	
Number of Properties:	8
Property Type:	Mixed
Location:	Austria
Freehold or Leasehold:	Freehold
Property Management:	Rankvale Projects Ltd
Net Rental Income:	€1,582,209[1]
Appraised Value:	€19,570,000
Valuation Date:	26 July 2005
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	87,284
25 January 2007	77,586
25 April 2007	77,586
25 July 2007	77,586
25 October 2007	77,586

[1] After deduction of an assumed cost of 1.0% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 January 2008	77,586
25 April 2008	77,586
25 July 2008	77,586
25 October 2008	77,586
25 January 2009	77,586
25 April 2009	77,586
25 July 2009	77,586
25 October 2009	77,586
25 January 2010	77,586
25 April 2010	77,586
25 July 2010	77,586
25 October 2010	77,586
25 January 2011	77,586
25 April 2011	77,587
25 July 2011	77,587
25 October 2011	77,587
25 January 2012	77,587
25 April 2012	77,587
25 July 2012	77,587
25 October 2012	nil

The Loan

The loan (the **ATU Austria Loan**) was originated by Barclays Bank PLC on 30 June 2005 and is secured by a first priority ranking mortgage encumbering 8 properties located in Austria (the **Austrian Properties**). The Austrian Related Security, amongst other things, also benefits from a charge of the shares in the Austrian General Partner and the respective interests in the Austrian Borrower.

The Relevant Borrower

The **Austrian Borrower** under the ATU Austria Loan is DTU Vermietungs GmbH and Co KG, a limited liability partnership organised under the laws of Austria and registered at the Regional Court Wiener Neustadt (the **Austrian Borrower**). The General Partner of the Austrian Borrower is DTU Vermietungs GmbH (formerly, Peter Unger GmbH), a limited liability company incorporated under the laws of Austria (the **Austrian General Partner**).

Property management

The Properties are managed by Rankvale Projects Ltd (the **Austrian Property Manager**) on behalf of the Borrower pursuant to a management agreement dated 30 June 2005 (the **Austrian Management Agreement**).

Under the terms of the loan, the Austrian Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Austrian Property Manager is in default of its obligations under the Austrian Management Agreement and as a consequence the Austrian Borrower is entitled to terminate the relevant agreement, the Lender can require the Austrian Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the ATU Austria Loan comprises a first ranking mortgage encumbering the title to the Austrian Properties, a pledge of the shares in the Austrian General Partner, a pledge of interests in the Austrian Borrower of the Austrian General Partner and the Limited Partners and assignments for security purposes of rights under certain agreements and over certain assets including bank accounts.

Description of Tenants

A.T.U. Auto-Teile-Unger GmbH & Co KG is the only tenant in respect of the Austrian Properties, pursuant to 8 separate leases. The rents are index linked. The leases are triple net so that the tenant pays all taxes, insurance and maintenance expenses arising from the use of the Austrian Properties. The Austrian Properties are maintained by the respective Property Manager in its capacity as managing agent.

B. THE BELGIAN LOAN (1)

1. CENTURY CENTER

Loan Information	
Cut-Off Date Securitised Principal Balance:	€46,250,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	8.5%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 May 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the properties
Interest Rate:	Fixed rate
Maturity Date:	10th February 2013
Borrower:	Century Center Leasehold SPRL incorporated in Belgium
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	EUR 220,970 onto the Rent Account
	EUR 1,079,036 onto the Cash Shortfall Account
Cut-Off Date LTV:	85.0%
Maturity LTV:	75.1%
Cut-Off Date ICR:	153%
Cut-Off Date DSCR:	129%

Property Information	
Number of Properties:	1
Property Type:	Office and retail
Location:	Belgium
Freehold or Leasehold:	Freehold
Property Management:	REC Track BVBA
Net Rental Income:	€3,419,498[1]
Appraised Value:	€54,420,000
Valuation Date:	31 January 2006
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 August 2006	Nil
10 November 2006	Nil
10 February 2007	Nil
10 May 2007	207,000
10 August 2007	209,000
10 November 2007	211,000
10 February 2008	214,000

[1] Assumption: no cost applied to the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 May 2008	216,000
10 August 2008	219,000
10 November 2008	221,000
10 February 2009	224,000
10 May 2009	226,000
10 August 2009	229,000
10 November 2009	232,000
10 February 2010	234,000
10 May 2010	237,000
10 August 2010	240,000
10 November 2010	242,000
10 February 2011	245,000
10 May 2011	248,000
10 August 2011	251,000
10 November 2011	254,000
10 February 2012	257,000
10 May 2012	260,000
10 August 2012	263,000
10 November 2012	266,000

The Loan

The Loan (the **Belgian Loan**) was originated by Barclays Bank PLC on 7 March 2006 and is (through the Belgian Parallel Debt) primarily secured by a first priority legal mortgage encumbering freehold title interest in a property located in Antwerp (the **Belgian Property**, which comprises three adjoining buildings) and covering (a) an amount in principal equal to 25% of the commitment, (b) three years of interest and (c) 3% of the amount referred to under (a) for accessory costs. A mortgage mandate is granted with respect to the freehold title interest in the Belgian Property covering (i) an amount in principal equal to 75% of the commitment, (ii) three years of interest and (iii) 10% of the amount referred to under (i) for accessory costs see "*Relevant Aspects of Belgian Law – Security Interests*". The Related Security also benefits from a charge of the shares in the Borrower and the Guarantor (each as defined below) and certain receivables of the Borrower.

The Belgian Property consists of two different types of rights *in rem*:

(a) a long term lease right *(erfpachtrecht/droit d'emphytéose)* granted to the Belgian Borrower; and

(b) a freehold interest *(naakte eigendom/nue propriété)* of the Other Belgian Obligor. See further *"Relevant Aspects of Belgian Law – Security Interests"* at page 99.

The Belgian Borrower

The borrower under the Belgian Loan is Century Center Leasehold SPRL, a special purpose entity incorporated in Belgium (the **Belgian Borrower**).

The Other Belgian Obligor

The guarantor under the Belgian Loan is Century Center Freehold SPRL, a special purpose entity incorporated in Belgium (the **Other Belgian Obligor**).

Property management

The Belgian Property is managed by REC Track BVBA (the **Century Center Property Manager**) on behalf of the Belgian Borrower pursuant to a management agreement dated 1 January 2005, as amended and supplemented from time to time (the **Century Center Management Agreement**).

Under the terms of the Belgian Loan, the Belgian Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Century Center Property Manager is in default of its obligations under the Century Center Management Agreement and as a consequence the Belgian Borrower is entitled to terminate the relevant agreement, the Security Agent (acting on the instructions of the Lenders) can require the Belgian Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent (acting on the instructions of the Lenders).

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Belgian Loan comprises a first ranking legal mortgage and a mortgage mandate encumbering the title to the Belgian Property, a pledge over certain receivables of the Borrower (rental income, subordinated loans, accounts, insurance proceeds, vendor contractual guarantees and vendor rental guarantees) and a pledge of shares in the Belgian Borrower and the Other Belgian Obligor.

Description of Tenants

The Property is let to 105 tenants, both for retail and office spaces. The rents indexed annually. The Property is maintained and insured by the Belgian Borrower. Next to lease payments, tenants must also pay their part of common charges with respect to the Property (insurance, property management, etc.). The largest tenants are Media Markt, Piocheur, Apcoa, McDonald's and Regie representing 23.0%, 7.0%, 5.4%, 5.0% and 4.8%, respectively, of total net rent in respect of the Belgian Property.

C. THE FRENCH LOANS (7)

1. NANTERRE

Loan Information	
Cut-Off Date Securitised Principal Balance:	€23,926,020
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	4.4%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2005 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the property
Interest Rate:	Fixed rate
Maturity Date:	10 November 2010
Borrower:	CPI Nanterre EURL incorporated in France
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	72.4%
Maturity LTV:	60.2%
Cut-Off Date ICR:	292%
Cut-Off Date DSCR:	144%

Property Information	
Number of Properties:	1
Property Type:	Office
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Jones Lang Lasalle Property Management Services S.A.R.L.
Net Rental Income:	€2,692,394[1]
Appraised Value:	€33,060,000
Valuation Date:	31 July 2005
Valuer:	King Sturge LLP

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 August 2006	232,000
10 November 2006	234,000
10 February 2007	237,000
10 May 2007	239,000
10 August 2007	241,000
10 November 2007	243,000
10 February 2008	246,000
10 May 2008	248,000
10 August 2008	250,000
10 November 2008	253,000
10 February 2009	255,000
10 May 2009	257,000

[1] Assumption: no cost applied to the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 August 2009	260,000
10 November 2009	262,000
10 February 2010	265,000
10 May 2010	267,000
10 August 2010	270,000

The Loan

The loan (the **Nanterre Loan**) was originated by Barclays Bank PLC on 30 September 2005 and is primarily secured by a first priority legal charge (*privilège de prêteur de deniers*) encumbering freehold title interests in one property located in Nanterre (the **Nanterre Property**). The Related Security also benefits from a charge of the shares in the Nanterre Borrower and the assets of the Nanterre Borrower.

The Relevant Borrower

The borrower under the Nanterre Loan is CPI Nanterre EURL, a special purpose entity incorporated in France (the **Nanterre Borrower**).

Property management

The Nanterre Property is managed by Jones Lang Lasalle Property Management Services S.A.R.L. (the **Nanterre Property Manager**) on behalf of the Nanterre Borrower pursuant to a management agreement dated 12 October 2005 (the **Nanterre Management Agreement**).

Under the terms of the Nanterre Loan, the Nanterre Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Nanterre Property Manager is in default of its obligations under the Nanterre Management Agreement, the Nanterre Borrower is entitled to terminate the relevant agreement subject to prior notification to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Nanterre Loan comprises a first ranking legal charge (*privilège de prêteur de deniers*) encumbering the title to the Nanterre Property, a first ranking pledge over the bank accounts of the Nanterre Borrower which relate to the Nanterre Loan, an assignment of rights under certain agreements and a mortgage of shares in the Nanterre Borrower.

Description of Tenants

EDS Electronic Data Systems Italia S.p.A. is the only tenant. The Property is maintained and insured by the Nanterre Property Manager. The Tenant will pay service charges and insurance separately from lease payment.

2. FRENCH RETAIL LOAN and FRENCH RETAIL VAT LOAN

Loan Information	
Cut-Off Date Securitised Principal Balance:	€20,165,000 (French Retail Loan), €1,936,272 (French Retail VAT Loan)
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	3.7% (French Retail Loan), 0.4% (French Retail VAT Loan)
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 February 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the Property and the related VAT liabilities
Tranche:	The Loan is split between the senior tranche A investment loan (the North Property Investment Tranche), the senior tranche B investment loan (the West/East Property Investment Tranche), the junior tranche A VAT loan (the North Property VAT Tranche) and the junior tranche B VAT loan (the West/East Property VAT Tranche). The North Property VAT Tranche has been repaid
Interest Rate:	Floating rate
Maturity Date:	10 November 2012 – French Retail Loan 10 May 2007 – French Retail VAT Loan
Borrower:	French Retail 2 S.A. incorporated in Luxembourg
Interest Calculation:	Actual/365
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	50.0% (French Retail Loan)
Maturity LTV:	50.0% (French Retail Loan)
Cut-Off Date ICR:	320% (French Retail Loan)
Cut-Off Date DSCR:	320% (French Retail Loan)

Property Information	
Number of Properties:	1
Property Type:	Retail
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Cushman & Wakefield
Net Rental Income:	€2,405,920[1]
Appraised Value:	€40,330,000
Valuation Date:	20 October 2005
Valuer:	Savills

The Loans

A first loan (the **French Retail Loan**) was originated by Barclays Bank PLC on 9 November 2005. Under the French Retail Loan, one drawdown was made by the French Retail Borrower (as defined below) on 9 November 2005 (the **North Property Investment Tranche**) for the acquisition of the north part of the property located in Claye Souilly (the **French Retail Property**) and a second draw down was made on 30 June 2006 (the **West/East Property Investment Tranche**, and together with the North Property Investment Tranche, the **Investment Tranches**) for the acquisition of the west and east parts of the French Retail Property.

[1] After deduction of an assumed cost of 2.00% of the gross rent

A second loan (the **French Retail VAT Loan**) was originated by Barclays Bank PLC on 9 November 2005. Under the French Retail VAT Loan, one drawdown was made by the French Retail Borrower (as defined below) on 9 November 2005 (the **North Property VAT Tranche**) for the payment of the VAT associated with the acquisition of the north part of the French Retail Property (this tranche has already been repaid) and another drawdown was made on 30 June 2006 (the **West/East Property VAT Tranche** or the **French Retail VAT Loan**, as applicable)) for the payment of the VAT associated with the acquisition of the west and east parts of the French Retail Property.

The Investment Tranches are primarily secured by a first priority legal charge (*privilège de prêteur de deniers*) and a second ranking contractual mortgage (*hypothèque conventionnelle*) encumbering freehold title interests in the French Retail Property. The Related Security also benefits from a charge of the shares in the French Retail Borrower (defined below) and certain assets of the French Retail Borrower.

The West/East VAT Tranche is secured by a Dailly law assignment by way of security of the VAT claims of the French Retail Borrower owed to the French state as a result of the reimbursement by the French state of VAT paid by the French Retail Borrower (in particular in connection with the acquisition of the French Retail Property) in accordance with Article 271 of the French *Code general des impost*.

The Relevant Borrower

The borrower under the French Retail Loan, French Retail 2 S.A., is a special purpose entity and was incorporated in Luxembourg on 14 March 2002, with company number B 86587, as a *société anonyme* (limited liability company) (the **French Retail Borrower**).

Property management

The French Retail Property is managed by Cushman & Wakefield (the **French Retail Property Manager**) on behalf of the French Retail Borrower pursuant to a management agreement dated 25 July 2005 (the **French Retail Property Management Agreement**).

Under the terms of the relevant Credit Agreement, the French Retail Borrower must appoint a property manager. If the French Retail Property Manager is in default of its obligations under the French Retail Property Management Agreement, the French Retail Borrower is entitled, subject to notification to the Security Agent, to terminate the relevant agreement.

Subordinated debt

The West/East Property VAT Tranche is subordinated to the Investment Tranches, repayable on its final maturity date on 10 May 2007. Recourse to the French Retail Borrower is only available, in respect of the West/East Property VAT Tranche, against (a) its interest in the VAT claims and (b) subject to the total repayment of all its payment obligations under the Investment Tranches, all amounts standing to the credit of the Rent Accounts.

There are additional subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security securing the French Retail Property under the French Retail Loan comprises a first ranking legal charge (*privilège de prêteur de deniers*) and a second ranking contractual mortgage (*hypothèque conventionnelle*) encumbering the title to the north part of the French Retail Property, a Dailly assignments by way of security (*cessions de créances professionnelles à titre de garantie*) relating to rental claims, seller's indemnity claims and insurance indemnity claims, pledges over bank accounts and pledges over the shares of the French Retail Borrower.

As security for the French Retail VAT Loan, the French Retail Borrower has granted a Dailly law assignments by way of security (*cessions de créances professionnelles à titre de garantie*) relating to the French Recoverable VAT.

Description of Tenants

There are 17 tenants in the French Retail Property. The rents are annually indexed to the French construction cost index.

The French Retail Property is maintained by the French Retail Property Manager in its capacity as managing agent. All Lease payments made by tenants of the French Retail Property are net of service charges and insurance, all such costs being re-invoiced to the various tenants by the lessor.

The largest tenants of the French Retail Property are Boulanger SA, La Halle Vetements SA, Aubert France SA, Maxi Toys SA and Adidas Sarragan France Sarl, approximately representing 17.6%, 8.1%, 8.0%, 7.9% and 6.8%, respectively, of total net rent in respect of the French Retail Property.

3. MALAKOFF

Loan Information	
Cut-Off Date Securitised Principal Balance:	€18,600,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	3.4%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2005 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the properties and related VAT
Tranche:	The Loan is split between the senior tranche A investment loan (the Malakoff Investment Tranche), the senior tranche B investment loan (the Villeneuve d'Ascq Investment Tranche), the junior tranche A VAT loan (the Malakoff VAT Tranche) and the junior tranche B VAT loan (the Villeneuve d'Ascq VAT Tranche). The VAT tranches have been fully repaid
Interest Rate:	Floating rate
Maturity Date:	10 August 2012
Borrower:	GREP Core II S.à.r.l. incorporated in Luxembourg
Interest Calculation:	Actual/365
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	50.4%
Maturity LTV:	50.4%
Cut-Off Date ICR:	316%
Cut-Off Date DSCR:	316%

Property Information	
Number of Properties:	2
Property Type:	Retail
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Apsys France
Net Rental Income:	€2,180,742[1]
Appraised Value:	€36,890,000
Valuation Date:	30 June 2005 and 4 July 2005
Valuer:	Jones Lang Lasalle and Savills

The Loan

The loan (the **Malakoff Loan**) was originated by Barclays Bank PLC on 30 June 2005 (with one drawdown on 30 June 2005 for the acquisition of the property located at Malakoff (the **Malakoff Investment Tranche**) and one subsequent drawdown on 9 August 2005 for the acquisition of the property located at Villeneuve d'Ascq (the **Villeneuve d'Ascq Investment Tranche**)). The Malakoff Investment Tranche and the Villeuve d'Ascq Investment Tranche are primarily secured by a first priority legal charge (*privilège de prêteur de deniers*) encumbering freehold title interests in, respectively, one property located at Malakoff, France (the **Malakoff Property**) and one property located at Villeneuve d'Ascq, France (the **Villeneuve d'Ascq Property**). The Related Security also benefits from a charge of the shares in the Malakoff Borrower (defined below) and the assets of the Malakoff Borrower.

[1] After deduction of an assumed cost of 4.05% of the gross rent

The Relevant Borrower

The borrower is a special purpose entity, incorporated as a *société à responsabilité limitée* (limited liability company) in Luxembourg (the **Malakoff Borrower**).

Property management

There are two properties; the Malakoff Property and the Villeneuve d'Ascq Property (the **Malakoff Portfolio**).

The Malakoff Property is managed by Apsys France (the **Malakoff Property Manager**) on behalf of the Malakoff Borrower pursuant to a management agreement dated 30 June 2005 (the **Malakoff Property Management Agreement**).

The Villeneuve d'Ascq Property is managed by Cushman & Wakefield Healey & Baker SAS (the **Villeneuve d'Ascq Property Manager**) on behalf of the Malakoff Borrower pursuant to a management agreement dated 9 August 2005 (the **Villeneuve d'Ascq Property Management Agreement**) and together with the Malakoff Property Manager (**Malakoff Portfolio Property Managers**).

Under the terms of the Malakoff Loan, the Malakoff Borrower must appoint a property manager. If any of the Malakoff Portfolio Property Managers is in default of its obligations under the Makaloff Property Management Agreement or the Villeneuve d'Ascq Property Management Agreement (as the case may be), the Malakoff Borrower is entitled, subject to notification to the Security Agent, to terminate the relevant agreement.

Subordinated debt

There are additional subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Malakoff Loan comprises a first ranking legal charge (*privilège de prêteur de deniers*) encumbering the title to the Malakoff Property to secure the Malakoff Investment Tranche, a first ranking legal charge (*privilège de prêteur de deniers*) encumbering the title to the Villeneuve d'Ascq Property to secure the Villeneuve d'Ascq Investment Tranche, a first ranking charge over the bank accounts of the Malakoff Borrower which relate to the Malakoff Portfolio, an assignment of rights under certain agreements and a mortgage of shares in the Malakoff Portfolio Borrower.

Description of Tenants

There are a total of 14 tenants in respect of the Malakoff Portfolio. The majority of rents are subject to upward only rent reviews.

The Malakoff Property and the Villeneuve d'Ascq Property are maintained by, respectively the Malakoff Property Manager and the Villeneuve d'Ascq Property Manager (as the case may be), each in its capacity as managing agent. All Lease payments made by tenants of both the Malakoff Property and the Villeneuve d'Ascq Property are net of service charges and insurance, all such costs being re-invoiced to the various tenants by the lessor.

The largest tenants of the Malakoff Portfolio are Conforama, Gan Assurances IARD, Aubert, Generix and Bois et Chifffons, representing 39.7%, 13.0%, 8.1%, 7.5% and 7.1%, respectively, of total net rent in respect of the Malakoff Portfolio.

4. MONTROUGE

Loan Information	
Cut-Off Date Securitised Principal Balance:	€16,750,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	3.1%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 May 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the property
Interest Rate:	Fixed Rate
Maturity Date:	10 February 2013
Borrower:	Société des 72-74, rue Gabriel Péri et 9-13, rue Pierre Curie à Montrouge, incorporated in France
Interest Calculation:	Actual/360
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	69.8%
Maturity LTV:	69.8%
Cut-Off Date ICR:	175%
Cut-Off Date DSCR:	175%

Property Information	
Number of Properties:	1
Property Type:	Office
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Spirit Investissements
Net Rental Income:	€1,446,302[1]
Appraised Value:	€24,000,000
Valuation Date:	1 January 2006
Valuer:	Catella

The Loan

The Loan (the **Montrouge Portfolio Loan**) was originated by Barclays Bank PLC on 3 April 2006 and is primarily secured by three first priority legal charges (*privilège de prêteur de deniers*) encumbering freehold title interests in three buildings forming part of a real estate complex located in Montrouge (France) (the **Montrouge Portfolio Property**). The Related Security also benefits from a pledge over the shares of the Montrouge Portfolio Borrower (as defined below) and the assets of the Montrouge Portfolio Borrower.

The Relevant Borrower

Société des 72-74, rue Gabriel Péri et 9-13, rue Pierre Curie à Montrouge, the Borrower under the Montrouge Loan is a special purpose entity incorporated in France as a *société à reponsabilité limitée* and

[1] Assumption: no cost applied to the gross rent

registered with the Trade and Companies Registry of Paris under number 488 198 540 (the **Montrouge Borrower**).

The purpose of the Montrouge Borrower is the acquisition, the ownership, the management, the enhancement, the rental and the development of its interests in the Montrouge Property and, more generally, all commercial, industrial and financial operations falling directly within the scope of the above mentioned purpose.

Property management

The Montrouge Portfolio Property is managed by Spirit Investissements (the **Montrouge Property Manager**) on behalf of the Montrouge Borrower pursuant to a management agreement dated 3 April 2006 (the **Montrouge Management Agreement**).

The Montrouge Portfolio Loan does not contain any clause regarding the appointment of the property manager by the Montrouge Borrower. If the Montrouge Property Manager is in default of its obligations under the Montrouge Management Agreement, or upon the occurrence of an event of default under the Montrouge Loan, Barclays Bank PLC is entitled to ask the Montrouge Borrower to terminate the Montrouge Management Agreement and to appoint a new property manager whose identity and terms of appointment are satisfactory to it.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Montrouge Portfolio Loan comprises three first ranking legal charges (*privilège de prêteur de deniers*) encumbering the title to the Montrouge Portfolio Property, a pledge over the shares of the Montrouge Borrower, a first ranking charge over the charge account (*Compte de Charges*) of the Montrouge Borrower (if opened), a cash collateral (*gage-espèces*) over the sums standing to the credit of the accounts defined under the terms "*Compte de Prêteur*" and "*Compte de Réserve*" and a Dailly law assignment of receivables under certain agreements.

Description of Tenants

There is one tenant, Accor Service France. The rent is indexed annually according to the French construction cost index.

The Montrouge Property is maintained by the Montrouge Property Manager in its capacity as managing agent. No insurance or service charges are invoiced to the tenant which is required to enter into direct agreements with the relevant entities for such purposes.

5. TOULOUSE 1

Loan Information	
Cut-Off Date Securitised Principal Balance:	€6,170,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	1.1%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 May 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the property
Interest Rate:	Floating rate
Maturity Date:	10 February 2013
Borrower:	GREP Toulouse 1 Sarl incorporated in Luxembourg
Interest Calculation:	Actual/360
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	50.0%
Maturity LTV:	50.0%
Cut-Off Date ICR:	341%
Cut-Off Date DSCR:	341%

Property Information	
Number of Properties:	1
Property Type:	Retail
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Cushman & Wakefield
Net Rental Income:	€780,756[1]
Appraised Value:	€12,340,000
Valuation Date:	25 January 2005
Valuer:	Jones Lang Lasalle

The Loan

The loan (the **Toulouse 1 Loan**) was originated by Barclays Bank PLC on 30 January 2006 and is primarily secured by a first priority legal charge (*privilège de prêteur de deniers*) encumbering freehold title interests in one property located in Toulouse (the **Toulouse 1 Property**). The Related Security also benefits from a pledge of the rental and insurance receivables of the Borrower.

The Relevant Borrower

GREP Toulouse 1 Sarl, the Borrower under the Toulouse 1 Loan, is a special purpose entity incorporated in Luxembourg (the **Toulouse 1 Borrower**).

[1] After deduction of an assumed cost of 2.00% of the gross rent

Property management

The Property is managed by Cushman & Wakefield (the **Toulouse 1 Property Manager**) on behalf of the Toulouse 1 Borrower pursuant to a management agreement dated 27 January 2006 (the **Toulouse 1 Management Agreement**).

The Toulouse 1 Loan does not contain any clause regarding the appointment of the property manager by the Toulouse 1 Borrower. If the Toulouse 1 Property Manager is in default of its obligations under the Toulouse 1 Management Agreement, the Borrower is entitled to terminate the relevant agreement subject to prior notification to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Toulouse 1 Loan comprises a first ranking legal charge (*privilège de prêteur de deniers*) encumbering the title to the Toulouse 1 Property, a pledge over the shares of the Borrower by the Shareholder, a first ranking charge over the debt service account of the Toulouse 1 Borrower which relate to the Toulouse 1 Loan and an assignment of receivables under certain agreements.

Description of Tenants

The Toulouse 1 Property is let to a single tenant, Marionnaud. The rent will be subject to annual indexation in accordance with the French Commercial Code (articles L.145-37 and L.145-38). The Toulouse 1 Property is maintained and insured by the Toulouse 1 Property Manager. The Tenant will pay service charges and insurance separately from lease payment.

6. TOULOUSE 2

Loan Information	
Cut-Off Date Securitised Principal Balance:	€4,200,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	0.8%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 May 2005 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the property
Interest Rate:	Floating rate
Maturity Date:	10 February 2012
Borrower:	GREP Alsace incorporated in France
Interest Calculation:	Actual/365
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	50.6%
Maturity LTV:	50.6%
Cut-Off Date ICR:	340%
Cut-Off Date DSCR:	340%

Property Information	
Number of Properties:	1
Property Type:	Retail
Location:	France
Freehold or Leasehold:	Freehold
Property Management:	Cushman & Wakefield
Net Rental Income:	€537,270[1]
Appraised Value:	€8,300,000
Valuation Date:	31 January 2005
Valuer:	Jones Lang Lasalle

The Loan

The loan (the **Toulouse 2 Loan**) was originated by Barclays Bank PLC on 8 February 2005 and is primarily secured by a first priority legal mortgage (*privilège de prêteur de deniers*) encumbering freehold title in a property located in Toulouse (the **Toulouse 2 Property**). The Related Security also benefits from a charge of the shares in the Borrower (defined below) and the assets of the Toulouse 2 Borrower.

The Relevant Borrower

GREP Alsace, the borrower under the Toulouse 2 Loan is a special purpose entity incorporated in France (the **Toulouse 2 Borrower**).

[1] After deduction of an assumed cost of 1.75% of the gross rent

Property management

The Toulouse 2 Property is managed by Cushman & Wakefield (the **Toulouse 2 Property Manager**) on behalf of the Toulouse 2 Borrower pursuant to a management agreement dated 8 February 2005 (*convention de gestion locative*) (the **Toulouse 2 Management Agreement**).

Under the terms of the Toulouse 2 Loan, the Toulouse 2 Borrower may not appoint any property manager without the prior consent of the Security Agent. In addition, if the Toulouse 2 Property Manager is in default of its obligations under the Toulouse 2 Management Agreement and as a consequence the Toulouse 2 Borrower is entitled to terminate the relevant agreement, the Security Agent can require the Toulouse 2 Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans between the which are subject to a subordination agreement.

Security package

The security under the Toulouse 2 Loan comprises a first ranking legal mortgage (*privilège de prêteur de deniers*) encumbering the title to the Property, a first ranking fixed charge over the assets of the Toulouse 2 Borrower which relate to the Toulouse 2 Property including an assignment of rents, a delegation of insurance policies, a pledge over the bank accounts and a pledge over the shares in the Toulouse 2 Borrower.

Description of Tenant

There is one tenant, TTM SARL. The rent is indexed annually according to the French construction cost index. All Lease payments made by the tenant are inclusive of service charges and insurance.

D. THE GERMAN LOANS (7)

1. FLORA PARK

Loan Information	
Cut-Off Date Securitised Principal Balance:	€118,894,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	21.8%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 August 2006 (subject to a business day convention)
Loan Purpose:	Financing of the acquisition of the property and re-financing of existing debt
Interest Rate:	Fixed rate
Maturity Date:	10 August 2011
Borrower:	Flora Park S.À R.L. incorporated in Luxembourg and Einkaufszentrum Flora Park Magdeburg S.à.r.l. & Co. KG organised in Germany
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	81.3%
Maturity LTV:	75.7%
Cut-Off Date ICR:	168%
Cut-Off Date DSCR:	131%

Property Information	
Number of Properties:	1
Property Type:	Retail
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	Rendita Colonia Immobilien-Management GmbH
Net Rental Income:	€9,470,307[1]
Appraised Value:	€146,300,000
Valuation Date:	20 March 2006
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 August 2006	106,000
10 November 2006	388,000
10 February 2007	393,000
10 May 2007	398,000
10 August 2007	403,000
10 November 2007	408,000
10 February 2008	413,000

[1] After deduction of an assumed cost of 6.12% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 May 2008	418,000
10 August 2008	423,000
10 November 2008	428,000
10 February 2009	433,000
10 May 2009	438,000
10 August 2009	443,000
10 November 2009	448,000
10 February 2010	453,000
10 May 2010	458,000
10 August 2010	463,000
10 November 2010	463,000
10 February 2011	468,000
10 May 2011	415,000

The Loan

The Flora Park Loan was originated by Barclays Bank PLC on 23 March 2006 and is primarily secured by a first ranking land charge (subject to undertakings to delete any prior ranking security) encumbering the freehold title interests of Einkaufszentrum Flora Park Magdeburg S.à r.l. & Co. KG (the **FP KG Borrower**) in the property located in Germany (the **Flora Park Property**). On 24 March 2006 Flora Park S.À R.L. (the **FP Lux Borrower**) drew down the Flora Park Loan and used part of the funds to purchase 94.05% of the FP KG Borrower's shares (the **A Term Loan**) and part of the funds to repay existing indebtedness (the **B Term Loan**). The B Term Loan was on-lent to the FP KG Borrower and the FP KG Borrower has repaid the FP Lux Borrower by assuming the liability of FP Lux Borrower to Barclays Bank PLC in respect of the B Term Loan and by doing so the FP KG Borrower has become a Borrower under the relevant Credit Agreement for the Flora Park Loan.

The Relevant Borrower

The FP Lux Borrower is a special purpose entity incorporated under the laws of the Grand Duchy of Luxembourg on 18 January 2006. Its registered address is 5, Boulevard de la Foire, L-1528 Luxembourg; telephone number: +31 20 6444558. It is registered with the Luxembourg trade and companies register *(Registre de Commerce et des Sociétés)* under number B113978. The FP Lux Borrower's principal activities include the management, ownership and development of its shareholding or interest in the FP KG Borrower.

The FP Lux Borrower's entire issued share capital is legally and beneficially owned and controlled by Flora Park Limited Partnership, an English Limited Partnership, registered under number LP11194.

The FP Lux Borrower is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the FP Lux Borrower is aware) which may have, or have had, since its date of incorporation a significant effect on the FP Lux Borrower's financial position. John Seil, Luc Hansen and Claude Zimmer are the managing directors *(gérant)* of the FP Lux Borrower, each of whose contact address is 5, Boulevard de la Foire, L-1528 Luxembourg.

The FP KG Borrower is a partnership organised under the laws of Germany and incorporated on 24 November 1993 whose registered address is Einkaufszentrum Flora-Park, Magdeburg Johannes Böhne KG, Aachener Strasse 1212, 50855 Köln; telephone number: +31 206444558. The FP KG Borrower has not carried on any business since its date of incorporation except for ownership, management and development

of the relevant Property. The FP KG Borrower's business is owning, managing, letting and developing of its interests in the Property.

The general partner and managing director of the FP KG Borrower is Flora Park Sarl. (The FP Lux Borrower) acting through its office at 5, Boulevard de la Foire, L-1528, Luxembourg.

The FP KG Borrower is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the FP KG Borrower is aware) which may have, or have had, since its date of incorporation a significant effect on the FP KG Borrower's financial position. John Seil, Luc Hansen and Claude Zimmer are the managing directors *(gérant)* of the FP KG Borrower, each of whose contact address is 5, Boulevard de la Foire, L-1528 Luxembourg.

Property management

The Property is managed by Rendita Colonia Immobilien-Management GmbH (the **Managing Agent**) on behalf of FP KG pursuant to a management agreement dated 3 February 2006 as amended by a first supplemental agreement dated 7 March 2006 and by a second supplemental agreement dated 20 March 2006 (the **Management Agreement**).

Under the terms of the Credit Agreement, the Borrower may not appoint any managing agent without the prior consent, and on terms approved by, the Security Agent. In addition, if the Managing Agent is in default of its obligations under the Management Agreement and, as a result, the Borrower is entitled to terminate the management agreement, the Security Agent can require the Borrower to use all reasonable endeavours to terminate the relevant management agreement in accordance with its terms and appoint a new managing agent whose identity and terms of appointment are acceptable to the Security Agent (acting on the instructions of the Lenders).

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Loan comprises a first ranking land charge encumbering the title to the Property, a pledge of call/put options relating to minority interests in FP KG, a pledge of shares in the FP Lux Borrower and assignment of rights under certain agreements and over certain assets including certain bank account. Please note that there will be further securities taken for debt pushdown.

Description of Tenants

There are two tenants. One lease agreement is with McDonald's representing 0.8% of total net rent of the Flora Park Property and the other is with CEV Center Entwicklungs- und Verwaltungs GmbH representing 99.2% of total net rent of the Flora Park Property. The rent is subject to indexation clauses.

2. GERMAN SUPERMARKET PORTFOLIO

Loan Information	
Cut-Off Date Securitised Principal Balance:	€41,939,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	7.7%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 January 2005 (subject to a business day convention)
Loan Purpose:	Financing of the acquisition of the portfolio
Interest Rate:	Fixed rate
Maturity Date:	25 January 2010
Borrowers:	Lucas Real Estate Investments B.V. & Co. KG and Muse Real Estate Investments B.V. & Co. KG
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	81.1%
Maturity LTV:	71.9%
Cut-Off Date ICR:	209%
Cut-Off Date DSCR:	119%

Property Information	
Number of Properties:	21
Property Type:	Retail
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	I.V.V.G. Immobilien Vermittlungs- und Verwaltungs-GmbH and GWB Objekt Gesellschaft für Objektmanagement mbH & Co. KG
Net Rental Income:	€3,887,963[1]
Appraised Value:	€51,720,000
Valuation Date:	28 February 2005
Valuer:	Cushman & Wakefield

[1] After deduction of an assumed cost of 9.58% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	339,000
25 January 2007	343,000
25 April 2007	358,000
25 July 2007	356,000
25 October 2007	356,000
25 January 2008	360,000
25 April 2008	368,000
25 July 2008	373,000
25 October 2008	356,000
25 January 2009	384,000
25 April 2009	382,000
25 July 2009	387,000
25 October 2009	387,000

The Loan

The Loan (the **German Supermarket Portfolio Loan**) was originated by Barclays Bank PLC on 14 December 2004 and is primarily secured by a first priority legal mortgage encumbering the GWB Borrower's freehold title interests in 6 properties located in Germany and the Netto Borrower's freehold title interests in 15 properties located in Germany (together the **German Supermarket Portfolio Properties**). The Related Security also benefits from a charge of the shares in the General Partner of the GWB Borrower (the **GWB General Partner**) and the General Partner of the Netto Borrower (the **Netto General Partner**) (the **German Supermarket Portfolio General Partners**) and a charge of the interests in the GWB Borrower and the Netto Borrower (together the **German Supermarket Portfolio Borrowers**).

The Relevant Borrower

Each Borrower under the German Supermarket Portfolio Loan is a special purpose partnership organised under the laws of the Federal Republic of Germany.

Lucas Real Estate Investments B.V. & Co. KG (the **GWB Borrower**) is a limited liability partnership registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main and organised under the laws of the Federal Republic of Germany. The General Partner of the GWB Borrower is Lucas Real Estate Investments B.V (The Netherlands) and the Limited Partners are Cinnamon Real Estate Investments LP (BVI) and Erinford Investments Limited (BVI). The shares in the GWB General Partner are held by Cinnamon Real Estate Investments LP (BVI).

Muse Real Estate Investments B.V. & Co. KG (the **Netto Borrower)** is a limited partnership (*Kommanditgesellschaft*) organised under the laws of the Federal Republic of Germany and registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main. The General Partner of the Netto Borrower is Muse Real Estate Investments B.V. (The Netherlands), and the Limited Partners are Deepak Investments Limited (BVI) and Lavender Real Estate Limited (BVI). The shares in the Netto General Partner are held by Deepak Investments Limited (BVI).

Property management

The German Supermarket Portfolio Properties, owned by the GWB Borrower, are managed by GWB Objekt Gesellschaft für Objektmanagement mbH on behalf of the GWB Borrower pursuant to a management agreement dated 8 October 2004 in respect of the GWB Borrower's portfolio (the **GWB Management Agreement**).

The German Supermarket Portfolio Properties owned by the Netto Borrower are managed by I.V.V.G. Immobilien Vermittlungs-und Verwaltungs-GmbH on behalf of the Netto Borrower pursuant to a management agreement dated 10 December 2004 in respect of the Netto Borrower's portfolio (the **Netto Management Agreement**).

Under the terms of the German Supermarket Portfolio Loan, neither Borrower may appoint any property manager without the prior consent of the Lender. In addition, if any Property Manager is in default of its obligations under the respective Management Agreement and as a consequence that Borrower is entitled to terminate the relevant agreement, the Lender can require that Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the German Supermarket Portfolio Loan comprises a first ranking legal charge encumbering the title to the German Supermarket Portfolio Properties, a pledge of shares in the each respective General Partner, a pledge of interests in each Borrower and assignment of rights under certain agreements and over certain assets including certain bank accounts.

Description of Tenants

There are 31 tenants. The rents are subject to rent indexation clauses. All lease payments made by the tenants are inclusive of service charges and insurance. The largest tenants are Netto (Michael Schels & Sohn GmbH & Co. KG), REWE Deutscher Supermarkt KG, AVA AG, EXTRA Verbrauchermaerkte GmbH and CO OP Schleswig Holstein eG, representing 40.6%, 10.4%, 10.3%, 8.5% and 7.0%, respectively, of the total net rent of the German Supermarket Portfolio Properties.

3. ATU GERMANY

Loan Information	
Cut-Off Date Securitised Principal Balance:	€32,972,101
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	6.0%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 July 2005 (subject to a business day convention)
Loan Purpose:	Refinancing and Financing the acquisition of the properties
Interest Rate:	Fixed rate
Maturity Date:	25 January 2013
Borrower:	NADIV Investments S.A. incorporated in Luxembourg
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	€731,250
Cut-Off Date LTV:	79.0%
Maturity LTV:	69.2%
Cut-Off Date ICR:	225%
Cut-Off Date DSCR:	154%

Property Information	
Number of Properties:	19
Property Type:	Mixed (Retail/Industrial/Warehouse)
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	UKI (Asset Management) Limited
Net Rental Income:	€3,449,662[1]
Appraised Value:	€41,720,000
Valuation Date:	26 July 2005
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	191,057
25 January 2007	169,828
25 April 2007	169,828
25 July 2007	169,828
25 October 2007	169,828
25 January 2008	169,828
25 April 2008	169,828
25 July 2008	169,828
25 October 2008	169,828
25 January 2009	169,828
25 April 2009	169,828
25 July 2009	169,828
25 October 2009	169,828
25 January 2010	169,828
25 April 2010	169,828

[1] After deduction of an assumed cost of 1.06% of the gross rent

	Amortisation
25 July 2010	169,828
25 October 2010	169,828
25 January 2011	169,828
25 April 2011	169,828
25 July 2011	169,828
25 October 2011	169,828
25 January 2012	169,828
25 April 2012	169,828
25 July 2012	169,828
25 October 2012	Nil

The Loan

The loan (the **ATU Germany Loan**) was originated by Barclays Bank PLC on 28 June 2005 and is primarily secured by a first priority legal charge encumbering freehold title interests in the properties located in Germany (the **ATU Germany Properties**). The Related Security also benefits from a charge of the shares in the Borrower.

The Relevant Borrower

NADIV Investments S.A., the Borrower under the ATU Germany Loan is a special purpose entity incorporated in under the laws of the Grand Duchy of Luxembourg (the **ATU Germany Borrower**). The ATU Germany Borrower's business is the acquiring, managing, letting, owning and disposing of properties.

Property management

The ATU Germany Properties are managed by UKI (Asset Management) Limited (the **ATU Germany Property Manager**) on behalf of the ATU Germany Borrower pursuant to a management agreement dated 29 June 2005 (the **ATU Germany Management Agreement**) designed as a genuine contract for the benefit of the Security Agent within the meaning of §328 of the German Civil Code (*echter Vertrag zugunsten Dritter*).

Under the terms of the ATU Germany Loan, the ATU Germany Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the ATU Germany Property Manager is in default of its obligations under the ATU Germany Management Agreement and as a consequence the ATU Germany Borrower is entitled to terminate the relevant agreement, the Lender can require the ATU Germany Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the ATU Germany Loan comprises a first ranking certified comprehensive land charge (*Gesamtbriefgrundschuld*) encumbering the title to the Properties, a pledge of shares in the ATU Germany Borrower (governed by the laws of the Grand Duchy of Luxembourg) and assignment of rights under certain agreements and over certain assets as well as pledges over certain bank accounts.

Description of Tenants

There are three tenants. The rents are subject to rent indexation clauses. All lease payments made by the tenants are inclusive of service charges and insurance. The tenants are A.T.U. Auto-Teile Unger GmbH & Co KG, Alius Automobil Handels GmbH and Autoglas-Service Center Kerpen GmbH, representing approximately 97.8%, 1.5% and 0.7%, respectively, of total net rent in respect of the ATU Germany Properties.

4. BIELEFELD/BERLIN PORTFOLIO

Loan Information	
Cut-Off Date Securitised Principal Balance:	€26,900,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	4.9%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 April 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the properties
Interest Rate:	Fixed rate
Maturity Date:	25 January 2016
Borrower:	Pearl Properties S.À R.L. (incorporated in Luxembourg) and Eber S.À R.L (incorporated in Luxembourg)
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	86.0%
Maturity LTV:	74.8%
Cut-Off Date ICR:	136%
Cut-Off Date DSCR:	118%

Property Information	
Number of Properties:	14
Property Type:	The Berlin Property is let to commercial tenants and the Bielefeld Property is let to a combination of residential and commercial tenants
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	Ravensberger Heimstättengesellschaft mbH and Voigtländer Immobilien AG
Net Rental Income:	€1,782,619[1]
Appraised Value:	€31,275,000
Valuation Date:	28 February 2006
Valuer:	Drivers Jonas GmbH

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	49,000
25 January 2007	53,000
25 April 2007	49,000
25 July 2007	51,000
25 October 2007	77,000
25 January 2008	78,000
25 April 2008	77,000
25 July 2008	91,000
25 October 2008	102,000
25 January 2009	103,000
25 April 2009	105,000
25 July 2009	98,000
25 October 2009	99,000

[1] After deduction of an assumed cost of 14.62% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 January 2010	101,000
25 April 2010	106,000
25 July 2010	112,000
25 October 2010	113,000
25 January 2011	115,000
25 April 2011l	100,000
25 July 2011	106,000
25 October 2011	102,000
25 January 2012	88,000
25 April 2012	104,000
25 July 2012	83,000
25 October 2012	53,000
25 January 2013	69,000
25 April 2013	69,000
25 July 2013	77,000
25 October 2013	104,000
25 January 2014	106,000
25 April 2014	104,000
25 July 2014	119,000
25 October 2014	130,000
25 January 2015	132,000
25 April 2015	134,000
25 July 2015	127,000
25 October 2015	128,000

The Loan

The loan (the **Bielefeld/Berlin Portfolio Loan**) was originated by Barclays Bank PLC on 1 February 2006 and is primarily secured by a first priority legal charge encumbering the freehold interests in the Berlin and Bielefeld properties located in Germany (together the Bielefeld/Berlin Portfolio Porfolio Properties). The Related Security also benefits from a charge of the shares in each Borrower.

The Relevant Borrower

Pearl Properties S.À R.L. and Eber S.À R.L. (together the **Bielefeld/Berlin Portfolio Borrowers)** are private limited liability special purpose companies, duly incorporated and validly existing under the laws of the Grand Duchy of Luxembourg.

Property management

The Bielefeld/Berlin Portfolio Properties are managed by Ravensberger Heimstättengesellschaft mbH and Voigtländer Immobilien AG (the **Bielefeld/Berlin Property Managers**) on behalf of the Bielefeld/Berlin Property Borrowers pursuant to the following agreements:

(a) a management agreement dated 31 January 2006 and a duty of care agreement dated 1 February 2006 in respect of the property in Berlin; and

(b) a management agreement dated 30 January 2006 and a duty of care agreement dated 8 February 2006 in respect of the properties in Bielefeld,

(collectively the **Bielefeld/Berlin Portfolio Management Agreements**).

Under the terms of the Bielefeld/Berlin Portfolio Loan, each Bielefeld/Berlin Portfolio Borrower may not appoint any property manager without the prior consent of Barclays Capital Mortgage Servicing Limited acting as a Security Agent. In addition, if either Managing Agent is in default of its obligations under its Bielefeld/Berlin Portfolio Management Agreement and as a consequence the Bielefeld/Berlin Portfolio Borrowers are entitled to terminate the relevant agreement, the Security Agent can require that

Bielefeld/Berlin Portfolio Borrowers use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Bielefeld/Berlin Portfolio Loan comprises a first ranking legal charge encumbering the title to the Bielefeld/Berlin Portfolio Properties, a pledge of shares in each Bielefeld/Berlin Portfolio Borrowers and assignment of rights under certain agreements and over certain assets including bank accounts.

Description of Tenants

There are approximately 19 tenants of which residential tenants account for 60.1% of the total net rent and with the remainder split between office, retail and parking space for 22.1%, 16.5% and 1.4% respectively of the total net rent. Rents are subject to rent indexation clauses and some (in relation to the residential properties) are subject to statutory rules relating to rent increases. Some lease payments made by the tenants are inclusive of service charges and insurance. The largest tenants are AST (the collection of residential tenancies), X.Com AG, Arup, Dr Motlz and King Music, representing approximately 60.1%, 5.4%, 5.3%, 5.2% and 3.0%, respectively, of total net rent in respect of the Bielefeld/Berlin Portfolio Properties.

5. NETTO PORTFOLIO

Loan Information	
Cut-Off Date Securitised Principal Balance:	€22,830,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	4.2%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 July 2005 (subject to a business day convention)
Loan Purpose:	Financing or refinancing the acquisition of the portfolio
Interest Rate:	Fixed rate
Maturity Date:	25 July 2012
Borrower:	Tanne B.V. & Co. K.G. incorporated in Germany acting by its general partner, Brookfields Associates B.V. incorporated in The Netherlands
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	79.9%
Maturity LTV:	68.3%
Cut-Off Date ICR:	208%
Cut-Off Date DSCR:	146%

Property Information	
Number of Properties:	19
Property Type:	Retail
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	I.V.V.G Immobilien Vermittlungs– und Verwaltungs– GmbH
Net Rental Income:	€2,219,530[1]
Appraised Value:	€28,560,000
Valuation Date:	6 April 2005
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	110,000
25 January 2007	110,000
25 April 2007	110,000
25 July 2007	125,000
25 October 2007	125,000
25 January 2008	125,000
25 April 2008	125,000
25 July 2008	137,500
25 October 2008	137,500
25 January 2009	137,500
25 April 2009	137,500
25 July 2009	150,000
25 October 2009	150,000
25 January 2010	150,000

[1] After deduction of an assumed cost of 6.28% of the gross rent

	Amortisation
25 April 2010	150,000
25 July 2010	162,500
25 October 2010	162,500
25 January 2011	162,500
25 April 2011	162,500
25 July 2011	175,000
25 October 2011	175,000
25 January 2012	175,000
25 April 2012	175,000

The Loan

The loan (the **Netto Portfolio Loan**) was originated by Barclays Bank PLC on 17 May 2005 and is primarily secured by a first ranking land charge encumbering freehold interest in the properties located in Germany (the **Netto Portfolio Properties**). The Related Security also benefits from a charge of the shares in the Netto General Partner and a charge of the interests in the Netto Portfolio Borrower.

The Relevant Borrower

Tanne B.V. & Co. KG, the Netto Portfolio Borrower, is a special purpose partnership organised under the laws of the Federal Republic of Germany (the **Netto Portfolio Borrower**).

The Netto Portfolio Borrower is limited liability partnership registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Frankfurt am Main. The principal activity of the Borrower is to act as a property investment company. The General Partner of the Borrower is Brookfield Associates B.V. (The Netherlands) (the **Netto Portfolio General Partner**) and the Limited Partners are Ardon Enterprises Limited and Bernadette Bopp-Billon. The shares in the Netto Portfolio General Partner are held by Ardon Enterprises Limited.

Property management

The Netto Portfolio Properties are managed by I.V.V.G Immobilien Vermittlungs – und Verwaltungs – GmbH (the **Netto Portfolio Property Manager**) on behalf of the Netto Portfolio Borrower pursuant to 19 management agreements dated on or around 13 May 2005 (the **Management Agreement**).

Under the terms of the Netto Portfolio Loan, the Netto Portfolio Borrower may not appoint any property manager without the prior consent of the Lender. In addition, if the Netto Portfolio Property Manager is in default of its obligations under the Netto Portfolio Management Agreement and as a consequence the Netto Portfolio Borrower is entitled to terminate the relevant agreement, the Security Agent can require the Netto Portfolio Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Netto Portfolio Loan comprises a first ranking land charge encumbering the title to the Netto Portfolio Properties, a pledge of shares in the Netto Portfolio General Partner, a pledge of interests in the Netto Portfolio Borrower and assignment of rights under certain agreements and over certain assets including certain bank accounts.

Description of Tenants

There are 11 tenants in respect of the Netto Portfolio Loan and 32 leases. The largest tenants are Netto, Plus, Schlecker, Auto Service GmbH and Asia-Bistro, representing approximately 83.8%, 7.5%, 3.4%, 1.0% and 0.8%, respectively, of total net rent in respect of the Netto Portfolio Properties. Rents are subject to indexation clauses.

6. CRIPA PORTFOLIO

Loan Information	
Cut-Off Date Securitised Principal Balance:	€22,657,250
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	4.2%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 April 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the Portfolio
Interest Rate:	Fixed rate
Maturity Date:	25 January 2016
Borrower:	CRIPA Immmobilien KG incorporated in Germany
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	81.2%
Maturity LTV:	66.1%
Cut-Off Date ICR:	154%
Cut-Off Date DSCR:	108%

Property Information	
Number of Properties:	8
Property Type:	Residential, Retail and Office
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	HP Immobilien Management GmbH
Net Rental Income:	€1,640,270[1]
Appraised Value:	€27,900,000
Valuation Date:	8 December 2005
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	112,000
25 January 2007	114,000
25 April 2007	121,000
25 July 2007	108,000
25 October 2007	106,000
25 January 2008	72,000
25 April 2008	59,000
25 July 2008	107,000
25 October 2008	122,000
25 January 2009	118,000
25 April 2009	84,000
25 July 2009	79,000
25 October 2009	103,000
25 January 2010	109,000
25 April 2010	131,000

[1] Assumption: no cost applied to the gross rent

	Amortisation
25 July 2010	109,000
25 October 2010	42,000
25 January 2011	67,000
25 April 2011	134,000
25 July 2011	133,000
25 October 2011	136,000
25 January 2012	137,000
25 April 2012	142,000
25 July 2012	144,000
25 October 2012	143,000
25 January 2013	134,000
25 April 2013	140,000
25 July 2013	103,000
25 October 2013	85,000
25 January 2014	134,000
25 April 2014	157,000
25 July 2014	128,000
25 October 2014	84,000
25 January 2015	105,000
25 April 2015	139,000
25 July 2015	135,000
25 October 2015	149,000

The Loan

The loan (the **CRIPA Portfolio Loan**) was originated by Barclays Bank PLC on 30 January 2006 and is primarily secured by a first ranking land charge encumbering the freehold interests in the properties located in Germany (the **CRIPA Portfolio Properties**) subject to undertakings to remove prior ranking security and completion of registration of the land charge.

The Relevant Borrower

CRIPA Immobilien KG, the Borrower under the Loan is a special purpose partnership organised under the laws of the Federal Republic of Germany (**CRIPA Portfolio Borrower**).

The CRIPA Portfolio Borrower is limited liability partnership registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of München. The principal activity of the CRIPA Portfolio Borrower is the management of a participation and property portfolio. The General Partner of the CRIPA Portfolio Borrower is Cripa Vermögensverwaltungs GmbH & Co. KG whose general partner is Paulus Verwaltungs GmbH. Certain of the CRIPA/Portfolio Properties held by the CRIPA Portfolio Borrower will not form part of the security of the CRIPA Portfolio Loan.

Property management

The eight properties (the **CRIPA Portfolio Properties**), a mixture of office, retail and residential properties, are located in Germany are managed by HP Immobilien Management GmbH (the **CRIPA Portfolio Property Manager**) on behalf of the CRIPA Portfolio Borrower pursuant to eight management agreements dated 19 December 2005 as amended by a supplemental agreements dated 24 January 2005 (the **CRIPA Portfolio Management Agreement**).

Under the terms of the CRIPA Portfolio Loan, the CRIPA Portfolio Borrower may not conclude any new management agreements without the prior consent of the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a subordination agreement. The CRIPA Portfolio Borrower holds property other than the CRIPA Portfolio Properties and may enter into third party

indebtedness to acquire additional properties provided recourse will be limited to the financial assets held in respect of those debts.

Security package

The security under the CRIPA Portfolio Loan comprises a first ranking land charge encumbering the title to the CRIPA Portfolio Properties and assignment of rights under certain agreements and over certain assets including pledges over the bank accounts of the CRIPA Portfolio Borrower.

Description of Tenants

There are 20 tenants and 29 leases. All lease payments made by the tenants are inclusive of services charges and insurance. The largest tenants are Allianz, AST, Misc. Commercial, HVB, and Deutsche Post, representing approximately 24.4%, 20.2%, 11.9%, 10.6% and 6.6%, respectively, of the total net rent in respect of the CRIPA Portfolio Properties.

7. KINGBU

Loan Information	
Cut-Off Date Securitised Principal Balance:	€21,280,875
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	3.9%
Loan Interest Payment Dates:	The 25th day of each January, April, July and October commencing 25 January 2006 (subject to a business day convention)
Loan Purpose:	Financing of the acquisition of properties
Interest Rate:	Fixed rate and Floating rate
Maturity Date:	25 October 2012
Borrowers:	KingBu Holding S.à r.L., incorporated in Luxembourg and IP Vermögensverwaltungs GmbH, organised in Germany
Interest Calculation:	Actual/360
Amortisation:	See below
Reserves as at the Cut-Off Date:	€197,920.47
Cut-Off Date LTV:	83.7%
Maturity LTV:	70.0%
Cut-Off Date ICR:	177%
Cut-Off Date DSCR:	119%

Property Information	
Number of Properties:	13
Property Type:	Retail
Location:	Germany
Freehold or Leasehold:	Freehold
Property Management:	Rankvale Projects plc
Net Rental Income:	€1,938,735[1]
Appraised Value:	€25,420,000
Valuation Date:	20 December 2005, 28 April 2006 and 8 August 2006
Valuer:	Cushman & Wakefield

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 October 2006	133,500
25 January 2007	133,000
25 April 2007	133,200
25 July 2007	133,500
25 October 2007	133,800
25 January 2008	135,900
25 April 2008	137,000
25 July 2008	139,100
25 October 2008	143,000
25 January 2009	145,100
25 April 2009	146,100
25 July 2009	148,200
25 October 2009	148,500

[1] After deduction of an assumed cost of 6.77% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
25 January 2010	148,800
25 April 2010	150,100
25 July 2010	152,200
25 October 2010	152,800
25 January 2011	153,300
25 April 2011	153,600
25 July 2011	153,600
25 October 2011	153,800
25 January 2012	154,400
25 April 2012	157,000
25 July 2012	157,800

The Loan

The Loan (the **KingBu Portfolio Loan**) was originated by Barclays Bank PLC on 3 November 2005 and is primarily secured by a first ranking land charge (subject to undertakings to remove prior ranking security and completion of registration of the land charge) encumbering the KingBu Portfolio Borrowers' freehold title interests in the Completed KingBu Portfolio Properties (see below). The Related Security also benefits from a charge of the shares in each Borrower. The drawdowns in relation to the Non-completed KingBu Portfolio Properties (see below) are held in escrow in a Cash Cover Account until the relevant Non-completed Property is constructed and the terms and the conditions of the relevant sale purchase agreement are met, whereby the amounts held in the Cash Cover Account will be released to the Borrower and secured on the related Property.

The first drawdown of €6,806,974.87 was made on 4 November 2005 to fund the acquisition of four Properties. A second drawdown of €4,302,000 was made on 9 February 2006 to fund the acquisition of three further Properties. A third drawdown of €9,766,000 was made on 4 May 2006 to fund the purchase of five Properties that were still under construction at the time of the drawdown and a fourth drawdown of €629,000 was made on 14 July 2006 to fund the purchase of a further Property still under construction at the time of the drawdown.

When the third and fourth drawdowns were made, the Properties being acquired were still under construction and all monies drawn down under these tranches were held in an escrow account in the name of the Borrower (the **Cash Cover Account**). Letters of credit were issued to the Borrower providing the Borrower with a right to request the lender to issue a guarantee in favour of the Seller of the relevant Properties. Since the third drawdown two of the Properties relating to that drawdown have been completed in accordance with the relevant sale purchase agreement and the allocated loan amounts in respect of those properties have been paid out of the Cash Cover Account to the Borrower and secured on the relevant Properties (and together with the 7 Properties securing the first and second drawdowns, the **Completed KingBu Portfolio Properties**).

As at the Cut-Off Date four Properties in respect of the third and fourth drawdowns were yet to be completed (the **Non-completed KingBu Portfolio Properties**). As a result, €9,066,201.84 was still credited to the Cash Cover Account on the Cut-Off Date and the relevant amounts will only be released to the Borrower with respect to a particular Property if all the conditions of the relevant sale and purchase agreement are met (this includes, among other things, that the Property is completed and handed over to the relevant tenants).

Under the sale and purchase agreements the Borrower, as purchaser, can rescind the sale and purchase agreement in respect of any Non-completed KingBu Portfolio Property that is not completed by November 2006. Under the relevant Credit Agreement the Relevant Security Agent can direct the Borrower to exercise

this right to rescind the sale and purchase agreement, in which case the cash amount relating to such property in the Cash Cover Account will be used to repay the relevant portion of the KingBu Portfolio Loan.

There can be no guarantee that any of the Non-completed KingBu Portfolio Properties will be completed prior to the Closing Date or thereafter.

The Relevant Borrower

KingBu Holding S.à.r.l. (the **Sarl Borrower**) is a limited liability company organised under the laws of the Grand Duchy of Luxembourg and registered in the Commercial Register of Luxembourg. The shares in the Sarl Borrower are held by Dundalk Investment Holdings Ltd BVI (25%), Carnation Investment Holdings Ltd BVI (25%), Summer Brook Investment Holdings Ltd BVI (25%) and Trilby Investment Holdings Ltd BVI (25%).

IP Vermögensverwaltungs GmbH (the **GmbH Borrower** and together with the Sarl Borrower, the **KingBu Portfolio Borrowers**) is a limited company organised under the laws of the Federal Republic of Germany and registered in the Commercial Register (*Handelsregister*) of the Local Court (*Amtsgericht*) of Andernach. The shares in the GmbH Borrower are held by the Sarl Borrower.

Property management

The Completed KingBu Portfolio Properties owned by the Sarl Borrower are managed by a Managing Agent on behalf of the Sarl Borrower pursuant to a management agreements dated 7 November 2005, 8 February 2006 and 27 July 2006 in respect of the Sarl Borrower's portfolio (the **Sarl Management Agreement**).

The Completed KingBu Portfolio Properties owned by the GmbH Borrower are managed by a Managing Agent on behalf of the GmbH Borrower pursuant to a management agreement dated 7 November 2005 in respect of the GmbH Borrower's portfolio (the **GmbH Management Agreement**).

Under the terms of the KingBu Portfolio Loan, neither Borrower may appoint any property manager without the prior consent of the Lender. In addition, if any Property Manager is in default of its obligations under the respective Management Agreement and as a consequence that Borrower is entitled to terminate the relevant agreement, the Lender can require that Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Security Agent.

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the KingBu Portfolio Loan comprises a first ranking legal charge encumbering the title to the Completed KingBu Portfolio Properties, a pledge of shares in each Borrower, and assignment of rights under certain agreements and over certain assets including certain bank accounts. The KingBu Portfolio Borrowers are jointly and severally liable under the Relevant Credit Agreement and the properties are fully cross-collateralised.

Description of Tenants

There are 16 tenants and 19 leases. The rents are subject to indexation clauses. All lease payments made by the tenants are inclusive of service charges and insurance. The largest tenants are Burger King GmbH, SWS

Restaurant GmbH (Burger King), Condor GmbH (Burger King), Hornung GmbH (Burger King) and ALCOM GmbH, representing 28.1%, 6.9%, 6.9%, 6.8% and 6.6%, respectively, of total net rent in respect of the KingBu Portfolio Properties.

E. THE ITALIAN LOANS (2)

1. CASSINA PLAZA

Loan Information	
Cut-Off Date Securitised Principal Balance:	€39,888,550
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	7.3%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 May 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the Cassina Plaza Portfolio
Interest Rate:	Fixed rate
Maturity Date:	10 November 2013
Borrower:	1. Cassina Plaza Milan 1 s.r.l., a company incorporated in Italy 2. Cassina Plaza Milan 2 s.r.l., a company incorporated in Italy 3. Cassina Plaza Milan 3 s.r.l., a company incorporated in Italy 4. Cassina Plaza Milan 4 s.r.l., a company incorporated in Italy
Interest Calculation:	Actual/360
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	60.8%
Maturity LTV:	60.8%
Cut-Off Date ICR:	164%
Cut-Off Date DSCR:	164%

Property Information	
Number of Properties:	4
Property Type:	Office
Location:	Italy
Freehold or Leasehold:	Italian equivalent of Freehold
Property Management:	Arcotecnica Real Estate S.r.l.
Net Rental Income:	€2,795,027[1]
Appraised Value:	€65,642,000
Valuation Date:	24 January 2006
Valuer:	Cushman & Wakefield

The Loans

The loans (together the **Cassina Plaza Loan**) were originated by Barclays Bank PLC, Milan Branch on 25 January 2006. The Credit Agreement provides for four loans on the same terms (save for the principal amount of the loans), one to each of the Cassina Plaza Borrowers, each of whom guarantees the obligations of the other. The loans are primarily secured by a substantially first ranking mortgage (*ipoteca di primo grado*) over each of the Properties, each located in Cassina dé Pecchi, Italy (the **Cassina Plaza Properties**). The Related Security also benefits from a pledge over the shares/quotas of each Cassina Plaza Borrower, the

[1] After deduction of an assumed cost of 20.60% of the gross rent

pledge of the accounts maintained by the Cassina Plaza Borrowers and an assignment of various contractual rights by the Cassina Plaza Borrowers.

The Relevant Borrowers

The borrowers under the Cassina Plaza Loans are all special purpose entities incorporated as companies in Italy (the **Cassina Plaza Borrowers**).

Property management

The Properties are managed by Arcotecnica Real Estate S.r.l. (the **Cassina Plaza Property Manager**) on behalf of the Cassina Plaza Borrowers pursuant to a management agreement dated 16 February 2006 (the **Cassina Plaza Management Agreement**).

Under the terms of the Cassina Plaza Loan, the Cassina Plaza Borrowers may not appoint any property manager without the prior consent of the Lender. In addition, if the Cassina Plaza Property Manager is in default of its obligations under the Cassina Plaza Management Agreement and as a consequence a Cassina Plaza Borrower is entitled to terminate the relevant agreement, the Security Agent (acting on the instructions of the Lenders) can require the Cassina Plaza Borrowers to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are acceptable to the Facility Agent (acting on the instructions of the Lenders).

Subordinated debt

VAT loans were made in respect of each of the Cassina Plaza Loans to the four Cassina Plaza Borrowers. These VAT loans are not part of the Loan Pool and are subordinated to the Cassina Plaza Loans.

In additional, there are subordinated intra-company loans which are subject to a Subordination Agreement.

Security package

The security under the Cassina Plaza Loan comprises a substantially first ranking mortgage (*ipoteca di primo grado*) over each of the Properties, a pledge over the shares/quotas of each Cassina Plaza Borrower, the pledge of the accounts maintained by the Cassina Plaza Borrowers and an assignment of various contractual rights by the Cassina Plaza Borrowers.

Description of Tenants

There are 17 tenants and 25 leases. The majority of rents are not subject to upward only rent reviews, but are index-linked. The Properties are maintained and insured by the Cassina Plaza Property Manager in its capacity as managing agent. All Lease payments made by tenants are inclusive of service charges and insurance. Ordinary maintenance is the responsibility of the tenants. The largest tenants are Nokia Telecommunications Italia S.p.A., Otis S.p.A, Beckman Coulter S.p.A, Brother Office Equipment S.p.A and SI Holding S.p.A., representing approximately, 35.1%, 32.0%, 8.6%, 5.6% and 4.7%, respectively, of total net rent in respect of the Cassina Plaza Properties.

2. POMEZIA

Loan Information	
Cut-Off Date Securitised Principal Balance:	€11,143,740
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	2.0%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 November 2005 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the EDS properties
Interest Rate:	Fixed & floating rates (floating rate loan converts to fixed rate loan on defined Conversion Date, which is 17 months and 10 days after the Utilisation Date, at the latest – see below)
Maturity Date:	10 November 2010
Borrower:	CPI Pomezia S.r.l., a company incorporated in Italy
Interest Calculation:	Actual/360, or otherwise depending on what the Lenders determine is market practice.
Amortisation:	See below
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	63.4%
Maturity LTV:	52.8%
Cut-Off Date ICR:	212%
Cut-Off Date DSCR:	103%

Property Information	
Number of Properties:	2
Property Type:	Office
Location:	Italy
Freehold or Leasehold:	Italian equivalent of Freehold
Property Management:	Pirelli & C. Real Estate Property Management S.p.A.
Net Rental Income:	€927,602[1]
Appraised Value:	€17,570,000
Valuation Dates:	11 August 2005 and 24 August 2005
Valuer:	King Sturge LLP

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 August 2006	116,390
10 November 2006	116,390
10 February 2007	116,390
10 May 2007	116,390
10 August 2007	116,390
10 November 2007	116,390
10 February 2008	116,390
10 May 2008	116,390
10 August 2008	116,390
10 November 2008	116,390
10 February 2009	116,390
10 May 2009	116,390
10 August 2009	116,390

[1] After deduction of an assumed cost of 20.58% of the gross rent

Amortisation	
Interest Payment Date	**Amount of Repayment Instalment due on Interest Payment Date in €**
10 November 2009	116,390
10 February 2010	116,390
10 May 2010	116,390
10 August 2010	116,390

The Loans

The loans (the **Pomezia Loan**) were originated by Barclays Bank PLC, Milan Branch on 30 September 2005. The Credit Agreement provides for two loans on the same terms (save for the interest rate and the principal amount of the loans). Both loans have the same utilisation date (as defined in the relevant Credit Agreement). The first loan is a fixed rate loan in a aggregate maximum principal amount of €10,514,790. The second loan is initially a floating rate loan in an aggregate maximum principal amount of €978,120, which converts to a fixed rate loan on the earlier of a specified date and the date on which EURIBOR reaches a certain rate (the **Conversion Date**).

The Pomezia Loan is primarily secured by a first ranking mortgage (*ipoteca di primo grado*) over each of the Properties, each located in Italy. The Related Security also benefits from a pledge over the shares/quotas of the Pomezia Borrower and the assignment/pledge of insurance policies in terms of a loss payee agreement (*atto di vincolo di polizze assicurative*).

The Relevant Borrower

CPI Pomezia S.r.l., the Borrower under the Pomezia Loan, is a special purpose entity incorporated as a company in Italy (the **Pomezia Borrower**).

Property management

The Properties are managed by Pirelli & C Real Estate Property Management S.p.A. (the **Pomezia Property Manager**) on behalf of the Pomezia Borrower.

Under the terms of the Pomezia Loan, the Pomezia Borrower may not appoint any property manager without the prior consent of the Lenders (not to be unreasonably withheld or delayed). In addition, if the Pomezia Property Manager is in material default of its obligations under the management agreement and as a consequence the Pomezia Borrower is entitled to terminate the relevant agreement, the Facility Agent (acting on the instructions of the Lenders) can require the Pomezia Borrower to use all reasonable endeavours to terminate the relevant management agreement and appoint a new manager whose identity and terms of appointment are reasonably acceptable to the Facility Agent (acting on the instructions of the Lenders).

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Pomezia Loan comprises a first ranking mortgage (*ipoteca di primo grado*) over each of the Properties, a pledge over the shares/quotas of each Pomezia Borrower and the assignment/pledge of insurance policies in terms of a loss payee agreement (*atto di vincolo di polizze assicurative*).

Description of Tenants

There are two properties: the Property located in Caserta (the **Caserta Property**) and the Property located in Pomezia (the **Pomezia Property** and, together with the Caserta Property, the **Pomezia Properties** and each a **Pomezia Property**). The Caserta Property is vacant and there is a single tenant occupying the Pomezia Property, EDS Electronic Data Systems Italia S.p.A.. The rent is not subject to upward only rent reviews. The obligation to maintain the Pomezia Property, rests with the tenant. Under the lease in respect of the Pomezia Property the tenant is obliged to insure the Property and is liable for operating expenses.

F. THE SPANISH LOAN (1)

1. ANEC BLAU LOAN

Loan Information	
Cut-Off Date Securitised Principal Balance:	€53,410,000
Cut-Off Date Securitised Principal Balance as percentage of Loan Pool:	9.8%
Loan Interest Payment Dates:	The 10th day of each February, May, August and November commencing 10 February 2006 (subject to a business day convention)
Loan Purpose:	Financing the acquisition of the property
Interest Rate:	Floating rate
Maturity Date:	10 February 2011
Borrower:	IGIPT Spain One S.L. incorporated in Spain
Interest Calculation:	Actual/365
Amortisation:	None
Reserves as at the Cut-Off Date:	None
Cut-Off Date LTV:	48.9%
Maturity LTV:	48.9%
Cut-Off Date ICR:	288%
Cut-Off Date DSCR:	288%

Property Information	
Number of Properties:	1
Property Type:	Retail
Location:	Spain
Freehold or Leasehold:	Freehold
Property Management:	Grup Comerciants Castelldefels, S.A.
Net Rental Income:	€5,696,167[1]
Appraised Value:	€109,165,000
Valuation Date:	1 November 2005
Valuer:	Jones Lang LaSalle

The Loan

The Anec Blau Loan (the **Anec Blau Loan**) was booked by Barclays Bank S.A. on 29 December 2005 and is primarily secured by a first priority Spanish law mortgage over one property located in Castelldefels, Spain (the **Anec Blau Property**). There are also Spanish law pledges over the shares of the Spanish Borrower, certain accounts of the Spanish Borrower and certain credit rights of the Spanish Borrower deriving from the sale and purchase agreement and the lease agreements.

[1] After deduction of an assumed cost of 8.00% of the gross rent

The Borrower

IGIPT Spain One S.L. (the **Spanish Borrower**) is a limited liability company (*sociedad de responsabilidad limitada*) incorporated under the laws of Spain, by means of a deed executed before the Notary Public of Madrid Mr. Antonio de la Esperanza Rodriguez, on 11 November 2005 (the **Anec Blau Borrower**). The registered office of the Spanish Borrower is at 4th Floor, Paseo de la Castellena, 130, Madrid 28046.

The Spanish Borrower was incorporated for the purposes of acquiring the Anec Blau Property and its business is limited to ownership, management, letting and development of its interests in the Anec Blau Property.

Property management

The Anec Blau Property is managed by Grup Comerciants Castelldefels, S.A.(the **Anec Blau Property Manager** and together with the relevant property managers appointed in respect of each Loan, the **Property Managers** and each a **Property Manager**) on behalf of the Spanish Borrower pursuant to a management agreement dated 29 December 2005 (the **Anec Blau Management Agreement** and togther with any relevant property management agreements entered into in respect of each Loan, the **Property Management Agreements** and each a **Property Management Agreement**). Under the terms of the Loan, the Spanish Borrower may not appoint any property manager without the prior consent of the Lender. If the Anec Blau Property Manager is in default of its material obligations under the management agreement and, as a result, the Spanish Borrower is entitled to terminate the management agreement, then, the Spanish Borrower shall notify the Lenders of such default and of the proposed measures to be adopted as regards such default. Upon receipt of such notification from the Spanish Borrower, the Lenders will be entitled to make any queries and proposals in order to reach an agreement on the measures to be adopted regarding the managing agent and will try to agree with the Spanish Borrower on the best way to proceed for a period of fifteen business days.

Notwithstanding the above, if, once the fifteen-day period has elapsed and no agreement is reached with the Spanish Borrower and, then, if the Lenders (acting through the Security Agent) so reasonably require, the Borrower must promptly use all reasonable endeavours to:

(a) terminate the management agreement in accordance with its terms; and

(b) appoint a new Managing Agent whose identity and terms of appointment are acceptable to the Security Agent (acting on the instructions of the Lenders).

Subordinated debt

There are subordinated intra-group loans which are subject to a Subordination Agreement.

Security package

The security under the Loan comprises a first ranking Spanish law charge over one property located in Castelldefels, Spain. There are also Spanish law pledges over the shares of the Spanish Borrower, certain accounts of the Spanish Borrower and certain credit rights of the Borrower deriving from the sale and purchase agreement and the lease agreements.

Description of the Tenants

There are 118 tenants which rent the Anec Blau Property under 126 leases. The largest tenants are Zara, C&A, Mercadona, Filmax and Miro, representing approximately 5.2%, 5.0%, 4.5%, 3.5% and 2.1%, respectively, of total net rent of the Anec Blau Property.

DESCRIPTION OF THE FRENCH ISSUER, THE FRENCH ISSUER RELATED PARTIES, AND THE FRENCH NOTES

The French Issuer

FCC Éclipse Partielle Compartment 2006-2 (the **French Issuer**) is the first compartment (*compartiment*) of the FCC Éclipse Partielle (the **FCC**), a French debt mutual fund with compartments (*fonds commun de créances à compartiments*) and will be jointly created by France Titrisation (the **French Management Company**) and Barclays Bank PLC, Paris Branch (the **French Custodian**) on the Closing Date.

The FCC and the French Issuer are governed by the provisions of articles L. 214-5, L. 214-43 to L. 214-49 and R. 214-92 to R. 214-115 of the French *Code monétaire et financier* and the French Issuer Regulations (for a further explanation on the legal regime applicable to the FCC and the French Issuer, see "*Relevant Aspects of French Law*" at page 113).

Neither the FCC nor the French Issuer have separate legal personality (*personalité morale*) and are therefore, represented in their activities by the French Management Company.

Management strategy

The management strategy (*stratégie de gestion*) of the FCC consists of acquiring receivables from Barclays Bank PLC and, as the case may be, entering into forward financial instruments (*instruments financiers à terme*) in order to bear credit risk relating to one or more reference entities of any nature, and more generally creating compartments for the purpose of achieving such management strategy.

The management strategy (*stratégie de gestion*) of the French Issuer consists of acquiring on the Closing Date the French Loan Receivables (together with the French Loan Related Security) from the French Seller and issuing the French Notes and the French Residual Units backed by the French Loan Receivables. Pursuant to the Compartment 2006-2 Regulations, the French Issuer will not be entitled to purchase further receivables or debt instruments or issue further units or debt instruments after the Closing Date.

Compartments

As at the Closing Date, no compartments of the FCC other than the French Issuer have been created.

The FCC may nevertheless have two or more compartments in accordance with article L. 214-43 of the French *Code monétaire et financier* and the FCC General Regulations.

Should the FCC have any further compartments, the assets of the French Issuer will be segregated from the assets of such other compartments in accordance with L. 214-43 of the French *Code monétaire et financier*.

The holders of the French Residual Units (the **French Unitholders** and each a **French Unitholder)** and the French Noteholder will accordingly have recourse only to the assets of the French Issuer and, conversely, will bear only the losses of the French Issuer and no other compartment of the FCC. Holders of the units *parts* (the **Units**) and, as the case may be, debt instruments (*titres de créances*) issued by the FCC with respect to the establishment or operation of any of such other compartments will be the only holders to benefit from the credit enhancement and hedging mechanisms set up in relation to such compartment.

The Issuer as French Noteholder shall have no direct recourse against the obligors of the receivables purchased by the FCC, regardless of the compartment to which the receivables have been exclusively allocated.

The French Issuer Regulations

Each compartment of the FCC shall be governed by the FCC General Regulations and by its own compartment specific regulations and, in respect of the French Notes and the French Issuer, the **Compartment 2006-2 Regulations**. The Compartment 2006-2 Regulations constitute, together with the FCC General Regulations, the **French Issuer Regulations**.

The French Custodian and the French Management Company entered into, on the Closing Date, the FCC General Regulations which include, *inter alia*, (a) the general operating rule of the FCC, (b) the general rules concerning the creation, the operation and the liquidation of the FCC's compartments and (c) the respective duties, obligations, rights and responsibilities of the French Management Company and of the French Custodian. The FCC General Regulations also set out the management strategy (*stratégie de gestion*) of the FCC.

In accordance with the provisions of the FCC General Regulations, each compartment of the FCC shall be governed by the FCC General Regulations and by its own compartment specific regulations. With respect to the French Issuer, the French Management Company and the French Custodian will enter into the Compartment 2006-2 Regulations on the Closing Date. The Compartment 2006-2 Regulations include, *inter alia*, (a) the creation, operation and liquidation rules concerning the French Issuer, (b) the characteristics of the French Loans purchased by the French Issuer and the characteristics of the Notes and the Units issued in connection with the French Loans, (c) the priorities in the allocation of the assets of the French Issuer, (d) the credit enhancement and hedging mechanisms set up in relation to the French Issuer, (e) the respective duties, obligations, rights and responsibilities of the French Management Company and of the French Custodian and (f) any specific third party undertakings with respect to the French Issuer.

Since the Closing Date, the proceeds arising from the issuance of the French Notes have been allocated, together with the proceeds of the French Residual Units, by the French Management Company, acting in the name and on behalf of the French Issuer, to the purchase of the French Loans.

By its purchase of any French Note or of any French Residual Unit, the Issuer as holder of such French Notes and French Residual Units and the Issuer Parent as holder of one French Residual Unit, will become bound by the French Issuer Regulations.

The French Management Company and the French Custodian, acting in their capacity as founders of the French Issuer, may agree to amend the French Issuer Regulations, provided that:

(a) the French Management Company has obtained the prior approval of the Issuer as holder of the French Notes (other than in respect of an amendment which is made to correct a manifest error or is of a formal, minor or technical nature); and/or

(b) any amendment to the Terms and Conditions of the French Notes will require the prior approval of the Issuer as holder of the French Notes (or, if the Issuer is not the sole holder of the French Notes, a decision of the general assembly of the relevant *masse* passed under the applicable majority rules); and/or

(c) any amendment to the financial or other characteristics of any French Residual Unit shall require the prior approval of the relevant holder of French Residual Unit; and

any amendment to the French Issuer Regulations shall be notified to the holders of French Notes and French Residual Units, it being specified that such amendments shall be immediately, automatically and without any formalities (other than the above prior approvals) enforceable as against such holders of French Notes and French Residual Units.

Assets of the French Issuer

Without prejudice to the obligations and rights of the French Issuer, the Issuer, as holder of the French Notes and of the French Residual Units will have no direct recourse whatsoever to the Relevant Borrowers under the French Loan Receivables.

French Loan Receivables

The assets of the French Issuer will include the French Loan Receivables and the French Related Security attached thereto to be purchased on the Closing Date by the French Issuer pursuant to the French Loan Sale Agreement.

Means of transfer

In accordance with article L.214-43 of the French *Code monétaire et financier*, the assignment of the French Loan Receivables to the French Issuer will be made and will take effect as between the French Issuer and the French Seller, and will be enforceable as against third parties (including the Relevant Borrowers) on the date set out on the corresponding transfer deed (*bordereau de cession*) when it is delivered, regardless of the origination date, the maturity date or the due date of such French Loan Receivables, without any other formality being necessary, and regardless of the law applicable to the French Loan Receivables and the law of the Relevant Borrowers' country of domicile.

In accordance with article L.214-43 of the French *Code monétaire et financier*, the execution and the delivery of the transfer deed (*bordereau de cession*) will automatically (*de plein droit*) transfer from the French Seller to the French Issuer the French Loan Receivables together with the French Related Security and ancillary rights (*accessoires*).

Capitalisation and Indebtedness

The following French Notes and French Residual Units will be issued by the French Issuer pursuant to the French Issuer Regulations on the Closing Date:

Issued notes/units	**Initial principal amount in euro**
French Notes due February 2016	91,747,291
French Residual Units due February 2016	150

Auditors of the French Issuer

Deloitte will be appointed as statutory auditor to the French Issuer.

The French Management Company

France Titrisation, a *société anonyme*, incorporated in France, with its registered office at 41, avenue de l'Opéra – 75002 Paris, duly authorised as a management company (*société de gestion*) by the French *Autorité des Marchés Financiers* under number SG – FCC – 94 – 03 is the French Management Company.

Pursuant to the French Issuer Regulations, the French Management Company will participate jointly with the French Custodian in the establishment of the FCC and the French Issuer. The French Management Company will be responsible for the management of the FCC and the French Issuer and will represent the FCC and the

French Issuer *vis*-à-*vis* third parties and in any legal proceedings, whether as plaintiff or defendant. The French Management Company will take all steps which it deems necessary or desirable to protect the French Issuer's rights arising under the French Issuer Assets. It will be bound to act at all times in the best interests of the Issuer, for so long as the Issuer is the holder of the French Notes.

The French Issuer Custodian

Barclays Bank PLC, Paris Branch, with its registered office at 21 Boulevard de la Madeleine, Paris, 75038 Paris Cedex 01, Franch is the French Custodian.

The French Custodian will participate jointly with the French Management Company in the establishment of the FCC and the French Issuer. In accordance with the French *Code monétaire et financier*, the French Custodian shall (a) be responsible for the safekeeping of the assets of the French Issuer; and (b) ascertain the lawfulness (*regularité*) of the decisions of the French Management Company against all applicable laws and the French Issuer Regulations.

The French Servicer, French Master Servicer and French Special Servicer

Barclays Bank PLC, Paris Branch, will be appointed as the French Servicer. BCMSL will be appointed as the French Master Servicer. Capmark will be appointed as the French Special Servicer.

Under the French Servicing Agreement to be entered into between the French Management Company (acting on behalf of the French Issuer), the French Custodian and the French Servicer, the French Servicer will agree to undertake the servicing of the French Loans. The French Servicer will delegate the majority of its servicing obligations to the French Master Servicer and the majority of its special servicing functions to the French Special Servicer under the French Sub-Servicing Agreement to be entered into on or about the Closing Date between the French Servicer, the French Master Servicer and the French Special Servicer.

General provisions applicable to the French Notes and the French Residual Units

The French Notes will be issued on the Closing Date in an aggregate principal amount of €91,747,291, in denominations of €1. The French Notes will be issued in nominative form (*forme nominative*) with their terms and conditions attached.

The Issuer will subscribe for all the French Notes on the Closing Date out of a portion of the proceeds raised from the issue of the Notes.

The French Issuer will issue two subordinated French residual units (*parts de fonds commun de créances*) (each a **French Residual Unit** and together, the **French Residual Units**) on the Closing Date in an aggregate principal amount of €300.

The French Residual Units may only be subscribed for or held by qualified investors (*investisseurs qualifiés*) within the meaning of article L.411-2 and article L.411-2 of the French *Code monétaire et financier*, by non-French resident investors and by any person as described in paragraphs 3 and 4 of article R.-214-97 of the French *Code monétaire et financier*. Each of the Issuer and the Issuer Parent, as non-French resident investors, will subscribe for one French Residual Unit.

Each of the Issuer and the Issuer Parent as holder of the French Residual Units is entitled to exercise the rights of a shareholder pursuant to articles L.-225-230 and L.-225-231 of the French *Code de commerce*.

By subscribing for or purchasing the French Residual Units, each of the Issuer and the Issuer Parent shall be bound by the provisions of the French Issuer Regulations and any amendments made thereto in accordance with the provisions of the French Issuer Regulations. By subscribing for the French Notes, the Issuer shall

be bound by the **Terms and Conditions of the French Notes** and shall be deemed to have agreed to and acknowledged the terms of the French Issuer Regulations.

In accordance with article L.214-43 of the French *Code monétaire et financier,* neither the Issuer, as holder of the French Notes and the French Residual Units nor the Issuer Parent, as holder of a French Residual Unit, may require the French Issuer to repurchase the French Notes or the French Residual Units.

The French Notes and the French Residual Units are financial instruments (*instruments financiers*) within the meaning of article L.211-1 of the French *Code monétaire et financier.* The French Notes are obligations (*obligations*) within the meaning of article L.-213-5 of French *Code monétaire et financier.*

Title to the French Notes and the French Residual Units will be evidenced in accordance with Article L.211-4 of the French *Code monétaire et financier* by book-entries (*inscription en compte*). No certificates (including *certificats représentatifs*) issued pursuant to article R.-211-7 of the French *Code monétaire et financier*, global notes or physical documents of title will be issued in respect of the French Notes and the French Residual Units.

The French Notes are structured to be "pass-through" instruments. Thus, the amount of interest paid and principal repaid in respect of the French Notes on any French Note Interest Payment Date will be dependent upon the amount of interest paid, principal repaid, Costs, Prepayment Fees and Break Costs received in respect of the French Loans during the relevant Collection Period immediately preceding such French Interest Note Payment Date, amounts paid from and to the French Interest Rate Swap Provider under the French Interest Rate Swap Agreement the amount of the French Issuer Fee paid by the Issuer, the interest received on amounts standing to the credit of the French Transaction Account and amounts received on Eligible Investments or other investments made by or on behalf of the French Issuer as well as upon the expenses of the French Issuer which are met out of cash-flow received in respect of the French Loans in accordance with the French Revenue Priority of Payments and the French Principal Priority of Payments (together the **French Issuer Priority of Payments**).

Neither the French Notes nor the French Residual Units will be the obligation or responsibility of any person other than the French Issuer. In particular, but without limitation, neither the French Notes nor the French Residual Units will be the obligation or responsibility of, or be guaranteed by Barclays Bank PLC, any of the French Issuer Related Parties or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the French Issuer to make payments of any amounts due in respect of the French Notes or the French Residual Units.

Pursuant to article L.214-48-I of the French *Code monétaire et financier*, only the French Management Company may enforce the rights of the French Issuer (or any compartment of the FCC) against third parties. Other than as set out on the Transaction Documents with respect to the right of the Issuer (as French Noteholder or French Unitholder) to direct the French Management Company, the French Management Company is not bound to act upon the instructions of the Issuer, but is responsible for ensuring that the conditions for maintaining the level of security enjoyed by the Issuer is fulfilled.

Summary of Terms and Conditions of the French Notes

Form, Denomination and Title

The French Notes will be issued in nominative form (*forme nominative*) on the Closing Date in compliance with article L.211-4 of the French Code *monétaire et financier*. The rights of the Issuer as sole holder of the French Notes will at all times be represented by a registration in an account opened in its name in the register of the noteholders held by the French Custodian.

Interest

Interest on the French Notes will be payable on each French Note Interest Payment Date on an available funds basis in an amount equal to all amounts, other than in respect of principal, received under the French Loans including any amount in respect of Prepayment Fees and Break Costs, together with any amounts in respect of interest or break costs received in respect of the French Interest Rate Swap Agreements, interest received on amounts standing to the credit of the French Transaction Account together with the interest element of any Eligible Investment or other investments made by or on behalf of the French Issuer. In each case after providing for amounts ranking in priority to or *pari passu* with amounts due under the French Notes in accordance with the French Revenue Priority of Payments.

Redemption and Cancellation

Unless previously redeemed in full, the French Notes shall be redeemed in full at the French Note Principal Amount Outstanding on the French Note Maturity Date less any principal losses arising in respect of the French Loans. The **French Note Principal Amount Outstanding** at any time is the nominal amount of the French Notes on the Closing Date less any amounts of principal prepaid thereon from time to time.

After the French Note Maturity Date, any part of the nominal value of any French Note which may remain unpaid will be automatically cancelled. The Issuer as noteholder of the French Notes, will, after such date, have no right to assert a claim in this respect against the French Issuer, regardless of the amounts that may remain unpaid after the French Note Maturity Date.

The French Notes will be subject to mandatory redemption in part on each French Note Interest Payment Date to the extent that there is French Available Principal available for such purpose.

The French Notes shall also be mandatorily redeemed in full if:

(a) by virtue of a change in law after the Closing Date, payments on the French Notes become subject to any withholding or deduction for tax; or

(b) by virtue of a change in law after the Closing Date, the amounts receivable by the French Issuer under or in respect of the French Loans or the French Interest Rate Swap Agreement are reduced for or on account of taxes,

subject to the French Issuer having sufficient funds available to it to discharge all liabilities connected with the French Notes.

All French Notes which are redeemed in full will be cancelled forthwith and may not be resold or reissued.

Calculation and Application of Amounts

In respect of the French Notes, the French Management Company must, two business days prior to each French Note Interest Payment Date or on any other day on which the French Issuer is obliged to make a French Issuer Priority Payment, instruct the French Custodian, who shall in turn instruct the French Account Bank (with a copy to the French Management Company);

(a) to pay French Available Issuer Principal in accordance with the French Issuer Priority of Payments (the **French Issuer Priority Payments**) as and when they fall due;

(b) to apply the French Available Issuer Income (if any) then available in accordance with the French Revenue Priority of Payments; and

(c) to apply the French Available Issuer Principal (if any) then available in or towards repayment of the aggregate principal amount outstanding of the French Notes.

For more information on the application of funds by the French Issuer see "*Cashflows – (A) French Priority of Payments*" at page 298.

Tax

All payments by, or on behalf of, the French Issuer in respect of the French Notes will be made free and clear of and without withholding or deduction for or on account of tax, except to the extent that the deduction or withholding is required by law. In the event that a withholding or deduction is imposed for or on account of tax, the French Issuer will not be obliged to pay additional amounts in respect of any such withholding or deduction. Thus, the recipient of such payment will bear the risk of such deduction or withholding being imposed. Under current law payment to the Issuer under the French Notes will be made without withholding or deduction for taxes imposed by the Republic of France as provider under Article 131 *Quater* of the French *Code Général des Impôts*, to the extent that the French Notes are issued (or deemed to be issued) outside France and constitute *obligations*. The French Notes being French law *obligations* denominated in euros, will be deemed to be issued outside France for the purposes of Article 131 *Quater* of the French *Code Général des Impôts*. Consequently, interest and other revenues in respect of the French Notes paid to the Issuer will be exempt from any tax imposed by way of withholding or deduction by the Republic of France.

Liquidation of French Issuer and Disposal of French Loan Receivables

Pursuant to article L. 214-49 of the French *Code monétaire et financier*, the French Management Company shall be responsible for the organisation of the liquidation process of the French Issuer no later than six months following the last French Loan Receivable held by the French Issuer being extinguished, sold or written-off (the **French Issuer Liquidation Date**).

The French Issuer will also be restricted in its ability to dispose of the French Loans Receivables. Other than in connection with a repurchase by the French Seller pursuant to the French Loan Sale Agreement, the French Issuer may only dispose of the French Loans, or any of them upon the occurrence of certain events.

The French Management Company acting on behalf of the French Issuer only may dispose of any French Loan Receivables which have become due (*créance échue*) or which have been accelerated (*créance échue de som terme*), in a single or in several transactions or in their entirety, in accordance with the conditions set out in article R.214-107 of the French *Code monétaire et financier* and only in the following circumstances:

(a) in the event that the French Issuer is liquidated, in the interest of the holders of the French Notes and the French Residual Units; or

(b) if the French Notes and the French Residual Units issued by the French Issuer are held by a single holder and upon the latter's request.

French Issuer Fee

In exchange for issuing the French Notes, the Issuer will agree to pay the French Issuer the French Issuer Fee, in an amount equal to all costs and ongoing expenses due and payable by the French Issuer on each French Note Interest Payment Date under items (a) to (e) of the French Revenue Priority Amounts but in respect of amounts due to the French Interest Rate Swap Provider only to the extent that such amounts are not funded from French Available Issuer Income incurred by the French Issuer. The Issuer, as holder of the French Notes will pay the French Issuer Fee on each French Note Interest Payment Date. Any amount due in respect of the French Issuer Fee may be set-off against amounts owed to the Issuer by the French Issuer.

In addition, the French Management Company may, by not less than three days' written notice, direct the Issuer to pay an amount to the French Issuer on any Business Day, in the event that the French Issuer has an obligation to make a payment to a party, without breach of the French Law Transaction Documents, where such amount has not been paid or otherwise provided for in the French Issuer Fee paid on the immediately preceding French Note Interest Payment Date and cannot be funded from amounts standing to the credit of the French Transaction Account. Any amount deducted from amounts standing to the credit of the French Transaction Account to pay a third party, will be reimbursed by the Issuer on the next French Interest Payment Date as part of the French Issuer Fee.

Governing Law

The French Notes shall be governed by and construed in accordance with the laws of France.

Limited Recourse

Any claim that the Issuer, as holder of the French Notes, has against the French Issuer in respect of the French Notes will be limited to the value of the French Issuer Assets and amounts realised on enforcement of security granted in respect thereof. The proceeds of realisation of the French Issuer Assets may, after paying or providing for all prior ranking claims of the French Issuer, be less than sums due to the Issuer, as holder of the French Notes, in respect of such French Notes. In the event that the proceeds of such enforcement are insufficient, the French Issuer's obligation to pay such amounts will be extinguished and the holders of the French Notes will have no further claim against the French Issuer in respect of such unpaid amounts.

The French Notes are, therefore, intended to operate as pass-through instruments enabling amounts received by the French Issuer under the French Issuer Assets, under the French Interest Rate Swap Agreement and in respect of the French Issuer Fee and amounts standing to the credit of the French Transaction Account and Eligible Investments and other investments made by or on behalf of the French Issuer (less certain administrative expenses and security costs) to be passed through to the Issuer to enable the Issuer to pay, among other things (and in accordance with the Issuer's relevant Priority of Payment), interest and principal on the Notes.

The French Interest Rate Swap Agreement

On or before the Closing Date, the French Issuer will enter into the French Interest Rate Swap Agreement with the Issuer, acting in its capacity as French Interest Rate Swap Provider, and the fixed/floating rate or floating/floating rate interest rate swap transactions (the **French Interest Rate Swap Transactions**) pursuant thereto (each as described below) in respect of the French Loans. The French Interest Rate Swap Transactions will constitute back-to-back obligations of the Issuer and will match the Interest Rate Swap Transactions entered into by the Issuer in respect of the French Loans.

The French Interest Rate Swap Transactions may only be terminated in accordance with certain limited termination events and events of default (each, a **French Interest Rate Swap Termination Event**).

Subject to the following, the French Interest Rate Swap Provider is obliged to make payments under the French Interest Rate Swap Transactions only to the extent that the French Issuer makes the corresponding payments under the French Interest Rate Swap Transactions, though the French Issuer Fee will cover such amounts to the extent not funded from French Available Issuer Income. Furthermore, a failure by the French Issuer to make timely payment of amounts due from it under the French Interest Rate Swap Transactions will constitute a default in respect of the relevant payment due under the relevant French Interest Rate Swap Transactions thereunder and entitle the French Interest Rate Swap Provider to terminate the relevant French Interest Rate Swap Transactions.

Other than in respect of the absence of (a) any rating requirements regarding the French Interest Rate Swap Provider, (b) any requirement for the French Interest Rate Swap Provider, where payments from the French Interest Rate Swap Provider to the French Issuer are subject to any withholding or deduction of taxes, to pay such additional amount as would be necessary to ensure that the amount actually received by the French Issuer would be equal to the full amount the French Issuer would have received had no such withholding or deduction of taxes been required and (c) a right to transfer or terminate the French Interest Rate Swap Agreement and the French Interest Rate Swap Transactions upon the occurrence of an Interest Rate Swap Tax Event, the French Interest Rate Swap Agreement will have substantially the same terms as the Interest Rate Swap Agreement and, the French Interest Rate Swap Transaction will have substantially the same terms as the Interest Rate Swap Transactions entered into in respect of the French Loans. In addition, the French Interest Rate Swap Agreement will terminate on the occurrence of a termination event under the Interest Rate Swap Agreement, unless a replacement interest rate swap provider has been appointed in accordance with the terms thereof.

Governing Law

The French Interest Swap Agreement will be governed by English law.

DESCRIPTION OF THE ITALIAN ISSUER, THE ITALIAN ISSUER RELATED PARTIES, AND THE ITALIAN NOTES

The Italian Issuer

Eclisse Parziale S.r.l. (the **Italian Issuer**) is a limited liability company with sole quotaholder (*società a responsabilità limitata con socio unico*) incorporated in the Republic of Italy on 21 October, 2005 under article 3 of Italian law No. 130 of 30 April, 1999 (*disposizioni sulla cartolarizzazione dei crediti*), as amended from time to time (the **Italian Securitisation Law**), with the name of "SPV Project 55 S.r.l.". By way of an extraordinary quotaholders' resolution held on 4 May, 2006, the corporate name of the Italian Issuer was changed from "SPV Project 55 S.r.l." to "Eclisse Parziale S.r.l.". The Italian Issuer is registered with the companies register of Brescia under No. 08705601006, with the register (*elenco generale*) held by *Ufficio Italiano dei Cambi*, pursuant to article 106 of Italian legislative decree No. 385 of 1 September, 1993 (the **Banking Act**) under No. 37453 and with the special register (*elenco speciale*) held by the Bank of Italy pursuant to article 107 of the Banking Act under No. 33138.9, and its tax identification number (*codice fiscale*) is 08705601006. Since the date of its incorporation, the Italian Issuer has not engaged in any business other than the purchase of the Italian Loan Receivables, the entering into of the Italian Law Transaction Documents and the activities ancillary thereto and has not declared or paid any dividends or incurred any indebtedness, other than the Italian Issuer's costs and expenses of incorporation or otherwise pursuant to the Italian Law Transaction Documents. The registered office of the Italian Issuer is Via Romanino, 1, 25122 Brescia, Italy. The duration of the Italian Issuer is established until 31 December 2100. The Italian Issuer has no employees.

The authorised equity capital of the Issuer is €10,000. The issued and paid-up equity capital of the Italian Issuer is €10,000. The sole quotaholder of the Italian Issuer is Stichting Eclisse Holding.

Principal activities

The principal corporate objectives of the Italian Issuer, as set out in article 2 of its by-laws (*statuto*), include the acquisition of monetary receivables for the purposes of securitisation transactions and the issuance of asset-backed security pursuant to article 3 of the Italian Securitisation Law.

For as long as any of the Italian Notes remain outstanding, the Italian Issuer will not, without the consent of the Representative of the Italian Noteholders and as provided in the Terms and Condition of the Italian Notes and the Italian Law Transaction Documents, incur any other financial indebtedness, engage in any activities except pursuant to the Italian Law Transaction Documents, pay any dividends, repay or otherwise return any equity capital, have any subsidiaries, employees or premises, consolidate or merge with any other person, convey or transfer its property or assets to any person, or increase its equity capital.

The sole director of the Italian Issuer is Giuseppe Romano Amato.

The Italian Servicer, Italian Master Servicer and Italian Special Servicer

Barclays Bank PLC acting through its Milan Branch will be appointed as the Italian Servicer. BCMSL will be appointed the Italian Master Servicer. Capmark will be appointed as the Italian Special Servicer.

Under the Italian Servicing Agreement to be entered into between the Italian Issuer and the Italian Servicer, the Italian Servicer will agree to undertake the servicing of the Italian Loans. The Italian Servicer will delegate the majority of its servicing obligations to the Italian Master Servicer and the majority of its special servicing functions to the Italian Special Servicer under the Italian Sub-Servicing Agreement to be entered into on or around the Closing Date between the Italian Issuer, the Italian Servicer, the Italian Master Servicer and the Italian Special Servicer.

General provisions applicable to the Italian Notes

The Italian Notes will be issued on the Closing Date in principal amount of €51,032,290. The Italian Notes will be represented by physical registered certificate (*certificato nominativo*) as indicated in the Terms and Conditions of the Italian Notes. Title to the Italian Notes will at all times be evidenced on the certificate and the register.

The Issuer will subscribe for the Italian Notes on the Closing Date out of a portion of the proceeds raised from the issue of the Notes.

By subscribing for the Italian Notes, the Issuer will be bound by the **Terms and Conditions of the Italian Notes** and shall be deemed to have agreed to and acknowledged the terms of the Italian Issuer by-laws.

The Italian Notes are structured to be a "pass-through" instrument. Thus, the amount of interest paid and principal repaid in respect of the Italian Notes on any Italian Note Interest Payment Date will be dependent upon the amount of interest paid, principal repaid and costs, Prepayment Fees and Break Costs received in respect of the Italian Loans during the relevant Collection Period immediately preceding such Italian Note Interest Payment Date amounts paid from and to the Italian Interest Rate Swap Provider under the Italian Interest Rate Swap Agreement, the amount of the Italian Issuer Fee paid by the Issuer, interest received in respect of amounts standing to the credit of the Italian Transaction Account and the interest element of any Eligible Investments or other investments made by or on behalf of the Italian Issuer, as well as upon the expenses of the Italian Issuer which are met out of cash-flow received in respect of the Italian Loans in accordance with the Italian Revenue Priority of Payments.

The Italian Notes will not be the obligation or responsibility of any person other than the Italian Issuer. In particular, but without limitation, the Italian Notes will not be the obligation or responsibility of, or be guaranteed by Barclays Bank PLC, any of the Italian Issuer Related Parties or any of their respective affiliates and none of such persons accepts any liability whatsoever in respect of any failure by the Italian Issuer to make payments of any amounts due in respect of the Italian Notes.

Summary of Terms and Conditions of the Italian Notes

Form, Denomination and Title

The Italian Notes will be represented by physical registered certificate (*certificato nominativo*) as indicated in the Terms and Conditions of the Italian Notes. Title to the Italian Notes will at all times be evidenced on the certificate and the register.

Interest

Interest on the Italian Notes will be payable on each Italian Note Interest Payment Date on an available funds basis in an amount equal to all amounts, other than in respect of principal, received under the Italian Loans including any amount in respect of Prepayment Fees and Break Costs, together with any amounts in respect of interest or break costs received in respect of the Italian Interest Rate Swap Agreements, interest received in respect of amounts standing to the credit of the Italian Transaction Account and the interest element of any Eligible Investments or other investments made by or on behalf of the Italian Issuer. In each case after providing for amounts ranking in priority to or *pari passu* with amounts due under the Italian Notes.

Redemption and Cancellation

Unless previously redeemed in full, the Italian Notes will be redeemed in full at the Italian Notes Principal Amount Outstanding on the Italian Note Maturity Date, less any principal losses arising in respect of the

Italian Loans. The **Italian Note Principal Amount Outstanding** at any time is the nominal amount of the Italian Notes on the Closing Date less any amounts of principal prepaid thereon from time to time.

The Italian Notes will be subject to mandatory redemption in part on each Italian Note Interest Payment Date to the extent that there is Italian Available Principal available for such purpose.

The Italian Notes will also be mandatorily redeemed in full if:

(a) by virtue of a change in law after the Closing Date, payments on the Italian Notes become subject to any withholding or deduction for tax; or

(b) by virtue of a change in law after the Closing Date, the amounts receivable by the Italian Issuer under or in respect of the Italian Issuer Assets are reduced for or on account of any Taxes,

subject to the Italian Issuer having sufficient funds available to it to discharge all liabilities connected with the Italian Notes.

The Italian Notes will, when redeemed in full, be cancelled and may not be resold or reissued.

Calculation and application of funds

In respect of the Italian Notes, the Italian Computation Agent will, two business days prior to each Italian Note Interest Payment Date or on any other day on which the Italian Issuer is obliged to make a Italian Issuer Priority Payment, instruct the Italian Account Bank;

(a) to pay the Italian Revenue Priority Amounts as and when they fall due;

(b) to apply the Italian Available Issuer Income (if any) then available in accordance with the Italian Revenue Priority of Payments; and

(c) to apply the Italian Available Principal (if any) then available in or towards repayment of the principal amount outstanding of the Italian Notes.

For more information on the application of funds by the Italian Issuer see "*Cashflows – 2. 0(B) Italian Issuer Priority Payments*" at page 299.

Italian Issuer Event of Default

An **Italian Issuer Event of Default** will occur in the event of any of the following:

(i) insolvency of the Italian Issuer; or

(ii) non-payment of principal or interest under the Italian Notes; or

(iii) breach of any representation or warranty as set out under the Terms and Conditions of the Italian Notes by the Italian Issuer.

On the occurrence of an Italian Issuer Event of Default the Italian Noteholders is entitled to serve an acceleration notice (the **Italian Issuer Acceleration Notice**) on the Italian Issuer. Following service of an Italian Issuer Acceleration Notice the Representative of the Italian Noteholders is entitled to enforce the Italian Notes Security.

Tax treatment of the Italian Notes

Italian legislative decree No. 239 of 1 April, 1996, as subsequently amended (**Decree 239**), provides for the applicable regime with respect to the tax treatment of interest, premium and other income (including the difference between the redemption amount and the issue price) from notes falling within the category of bonds (*obbligazioni*) or debentures similar to bonds (*titoli similari alle obbligazioni*) issued, *inter alia*, by Italian companies incorporated pursuant to law No. 130 of 30 April, 1999, provided that the notes are issued for an original maturity of not less than 18 months. The Italian Notes will have a maturity in excess of 18 months.

Tax

All payments by, or on behalf of, the Italian Issuer in respect of the Italian Notes shall be made free and clear of and without withholding or deduction for or on account of any present or future taxes, duties or charges whatsoever other than any withholding or deduction for or on account of "*imposta sostitutiva*" under Decree No. 239 or any withholding or deduction required to be made by applicable law. Neither the Italian Issuer nor any other person shall be obliged to pay any additional amount to the Issuer as holder of the Italian Notes on account of such withholding or deduction.

Early Redemption

The Italian Notes may only be redeemed within 18 months of the Closing Date with the consent of the Representative of the Italian Noteholders, as directed by the Issuer (in its capacity as Italian Noteholder) However, without prejudice to the above provisions, in the event that the Italian Notes are redeemed prior to 18 months from the Closing Date, the Italian Issuer will be required to pay a tax equal to 20% in respect of the interest and other amounts accrued from the date of the issue up to the time of the early redemption. Such payment will be made by the Italian Issuer however will affect the amounts to be received by the Issuer as Italian Noteholders by way of interest or other amounts, if any, under the Italian Notes.

Italian Issuer Fee

In exchange for issuing the Italian Notes, the Issuer will agree to pay the Italian Issuer the Italian Issuer Fee, in an amount equal to all costs and ongoing expenses due and payable by the Italian Issuer on an Italian Note Interest Payment Date in respect of items (a) to (f) of the Italian Revenue Priority of Payments, but in respect of amounts due to the Italian Interest Rate Swap Provider only to the extent such amounts are not funded by the Italian Available Issuer Income. The Issuer, as holder of the Italian Notes will pay the Italian Issuer Fee on each Italian Note Interest Payment Date. Any amount due in respect of the Italian Issuer Fee may be set-off against amounts owed to the Issuer by the Italian Issuer.

In addition, the Italian Corporate Services Provider may, by not less than three days' written notice, direct the Issuer to pay an amount to the Italian Issuer on any Business Day, in the event that the Italian Issuer has an obligation to make a payment to a party, without breach of the Italian Law Transaction Documents, where such amount has not been paid or otherwise provided for in the Italian Issuer Fee paid on the immediately preceding Italian Note Interest Payment Date and can not be funded from amounts standing to the credit of the Italian Transaction Account. Any amounts deducted from amounts standing to the credit of the Italian Transaction Account to pay a third party, will be reimbursed by the Issuer on the next Italian Interest Payment Date as part of the Italian Issuer Fee.

Limited Recourse

Any claim that the Issuer as holder of the Italian Notes has against the Italian Issuer in respect of the Italian Notes will be limited to the value of the Italian Related Security and amounts realised on enforcement of security granted in respect thereof. The proceeds of realisation of the Italian Security may, after paying or

providing for all prior ranking claims of the Italian Issuer, be less than sums due to the Issuer as holder of the Italian Notes. In the event that the proceeds of such enforcement are insufficient, the Italian Issuer's obligation to pay such amounts will be extinguished and the Issuer will have no further claim against the Italian Issuer in respect of such unpaid amounts.

The Italian Notes are, therefore, intended to operate as pass-through instruments enabling amounts received by the Italian Issuer under the Italian Loans and the Italian Related Security, under the Italian Interest Rate Swap Agreement, in respect of the Italian Issuer Fee and amounts standing to the credit of the Italian Transaction Account and Eligible Investments and other investments made by or on behalf of the Italian Issuer (less certain administrative expenses and security costs) to be passed through to the Issuer to enable the Issuer to pay, among other things (and in accordance with the Issuer's relevant Priority of Payment), interest and principal on the Notes.

Non-petition

Without prejudice to the right of the Representative of the Italian Noteholders to enforce the Italian Notes Security or to exercise any of its other rights, no Noteholder shall be entitled to institute against the Italian Issuer, or join any other person in instituting against the Italian Issuer, any reorganisation, liquidation, bankruptcy, insolvency or similar proceedings until six months plus one day has elapsed since the later of (A) the later of the date on which the Italian Notes have been redeemed in full and the Italian Note Maturity Date (the **Italian Cancellation Date**) and (B) the day on which the Italian Notes have been paid in full.

Governing Law

The Italian Notes shall be governed by and construed in accordance with the Italian law.

The Italian Intercreditor Agreement

On or about the Closing Date the Other Italian Issuer Secured Creditors will enter into an intercreditor agreement (the **Italian Intercreditor Agreement**) pursuant to which the Other Italian Issuer Secured Creditors have agreed to the limited recourse nature of the obligations of the Italian Issuer and the Italian Priority of Payments.

Governing Law

The Italian Intercreditor Agreement is governed by Italian law.

The Italian Deed of Pledge

On or about the Closing Date, the Italian Issuer will execute a deed of pledge (the **Italian Deed of Pledge**) pursuant to which the Italian Issuer will create in favour of the Italian Issuer Secured Creditors concurrently with the issue of the Italian Notes, a first ranking pledge over all monetary claims and rights and all the amounts (including payment for claims, indemnities, damages, penalties, credits and guarantees) to which the Italian Issuer is entitled from time to time pursuant to the Italian Loan Assignment Agreement, the Italian Agency Agreement, the Italian Intercreditor Agreement, the Italian Corporate Services Agreement and the Italian Shareholders' Agreement.

Governing Law

The Italian Deed of Pledge is governed by Italian law.

The Italian Deed of Charge

On or about the Closing Date the Italian Issuer will execute a deed of charge (the **Italian Deed of Charge** and the security created thereunder, together with the security created under the Italian Deed of Pledge, the **Italian Notes Security**) pursuant to which the Italian Issuer will grant in favour of the Representative of the Italian Noteholders for itself and as trustee for the benefit of the Italian Noteholders and the other Italian Issuer Secured Creditors, inter alia: (a) an English law assignment by way of first fixed security of all of the Italian Issuer's rights under the Italian Interest Rate Swap Agreement, the Master Loan Sale Agreement, the Italian Servicing Agreement, the Italian Account Bank Agreement and the Italian Issuer Parent Corporate Services Agreement and all other contracts, agreements, deeds and documents, present and future, governed by English law to which the Italian Issuer may become a party in relation to the Italian Notes and the Italian Loan Receivables; (b) a first fixed charge over the Italian Issuer's rights to any amounts standing to the credit of the Italian Transaction Account; (c) a first fixed charge over Eligible Investments or other investments made by or on behalf of the Italian Issuer and (d) a floating charge over all of the Issuer's assets which are subject to the assignments or charges described under (a), (b) or (c) above to the extent such assignments or charges do not effectively create a fixed charge.

Governing Law

The Italian Deed of Charge is governed by English law.

The Italian Mandate Agreement

Pursuant to the terms of a mandate agreement dated on or about the Closing Date between the Italian Issuer and the Representative of the Italian Noteholders (the **Italian Mandate Agreement**), the Representative of the Italian Noteholders is empowered to take such action in the name of the Italian Issuer, *inter alia*, following the delivery of an Italian Issuer Acceleration Notice, as the Representative of the Italian Noteholders may deem necessary to protect the interests of the Italian Noteholders and the Other Italian Issuer Secured Creditors.

Governing Law

The Italian Mandate Agreement is governed by Italian law.

Italian Agency Agreement

Pursuant to the terms of an agency agreement executed on or around the Closing Date between the Italian Issuer, the Italian Computation Agent, the Italian Paying Agent and the Representative of the Italian Noteholders (the **Italian Agency Agreement**) the Italian Computation Agent will provide the Italian Issuer with certain calculation services in respect of its payment obligations under, amongst other things, the Italian Notes.

Governing Law

The Italian Agency Agreement is governed by Italian law.

The Italian Interest Rate Swap Agreement

On or before the Closing Date, the Italian Issuer will enter into the Italian Interest Rate Swap Agreement with the Issuer, acting in its capacity as Italian Interest Rate Swap Provider, and the fixed/floating rate and floating/floating rate interest rate swap transactions (the **Italian Interest Rate Swap Transactions**) pursuant thereto (each as described below) in respect of the Italian Loans. The Italian Interest Rate Swap

Transactions will constitute back-to-back obligations of the Issuer and will match the Interest Rate Swap Transactions entered into by the Issuer in respect of the Italian Loans.

The Italian Interest Rate Swap Transactions may only be terminated in accordance with certain limited termination events and events of default (each, an **Italian Interest Rate Swap Termination Event**), some of which are more particularly described below.

Subject to the following, the Italian Interest Rate Swap Provider is obliged to make payments under the Italian Interest Rate Swap Transactions only to the extent that the Italian Issuer makes the corresponding payments under the Italian Interest Rate Swap Transactions, though the Italian Issuer Fee will cover such amounts to the extent not funded from Italian Available Issuer Income. Furthermore, a failure by the Italian Issuer to make timely payment of amounts due from it under the Italian Interest Rate Swap Transactions will constitute a default in respect of the relevant payment due under the relevant Italian Interest Rate Swap Transactions thereunder and entitle the Italian Interest Rate Swap Provider to terminate the relevant Italian Interest Rate Swap Transactions.

Other than in respect of the absence of (a) any rating requirements regarding the Italian Interest Rate Swap Provider, (b) any requirement for the Italian Interest Rate Swap Provider, where payments from the Italian Interest Rate Swap Provider to the Italian Issuer are subject to any withholding or deduction of taxes, to pay such additional amount as would be necessary to ensure that the amount actually received by the Italian Issuer would be equal to the full amount the Italian Issuer would have received had no such withholding or deduction of taxes been required and (c) a right to transfer or terminate the Italian Interest Rate Swap Agreement and the Italian Interest Rate Swap Transactions upon the occurrence of an Interest Rate Swap Tax Event, the Italian Interest Rate Swap Agreement and will have substantially the same terms as the Interest Rate Swap Agreement and the Interest Rate Swap Transactions entered into in respect of the Italian Loans. In addition, the Italian Interest Rate Swap Agreement will terminate on the occurrence of a termination event under the Interest Rate Swap Agreement unless a replacement interest rate swap provider has been appointed in accordance with the terms thereof.

Governing Law

The Italian Interest Swap Agreement will be governed by English law.

TRANSACTION DOCUMENTS

1. Loan Sale Documents

Consideration

Pursuant to the terms of a loan sale agreement to be entered into by the Issuer, the Austrian Seller, the Belgian Seller, the German Seller, the Italian Seller, the Italian Issuer, the Spanish Seller and the Trustee (the **Master Loan Sale Agreement**):

(a) the Austrian Seller will sell and the Issuer will purchase, the beneficial interest (Treugeberstellung) in the Austrian Seller's rights as Lender under the Austrian Finance Documents, including, without limitation, the relevant Credit Agreement, in particular the beneficial interest in the Austrian Loan Receivables, together with the Austrian Seller's interest in the various security interests granted in respect of the Austrian Loan;

(b) the Belgian Seller will sell and the Issuer will purchase the Belgian Loan, together with the Belgian Seller's interest in the Belgian Security Trust and the rights of the Belgian Seller as Lender under the Belgian Finance Documents including, without limitation, under the relevant Credit Agreement;

(c) the German Seller will sell and the Issuer will purchase the German Loans and will acquire the rights of the German Seller as Lender under the German Finance Documents, including, without limitation, the relevant Credit Agreement. In addition the Issuer will accede through the German Accession Agreements to the German Security Trusts Agreements as a Finance Party (under which the Relevant Security Agent holds and administers on behalf of the Finance Parties all German non-accessory security rights (nicht akzessorische Sicherheiten) as trustee (Treuhänder) and administers the German accessory security rights (akzessorische Sicherheiten));

(d) the Italian Seller will sell and the Italian Issuer will purchase the Italian Loans, together with the Italian Seller's interest in the Italian Related Security and the rights of the Italian Seller under the Italian Finance Documents, including, without limitation, the relevant Credit Agreement; and

(e) the Spanish Seller will sell and the Issuer will purchase the PH, to be issued by the Spanish Seller.

Pursuant to a loan sale agreement to be entered into between, amongst others, the French Seller and the French Issuer (the **French Loan Sale Agreement**) the French Seller will sell and the French Issuer will purchase the French Loan Receivables, together with the French Seller's interest in the French Related Security and the rights of the French Seller under the French Finance Documents, including, without limitation, the relevant Credit Agreement.

The aggregate of the initial purchase consideration payable on the Closing Date by the Issuer, the French Issuer and the Italian Issuer, as applicable, to the Relevant Seller pursuant to the Master Loan Sale Agreement and the French Loan Sale Agreement will be approximately €545,034,000.

On each Business Day the Issuer will pay to Barclays Bank PLC in its capacity as a Seller of the Loans, or its assignee, to the extent that the Issuer has funds, an amount by way of deferred consideration for the purchase of the Loans and the Loan Security (the **Deferred Consideration**). The Deferred Consideration will be paid in accordance with the applicable Priority of Payment and may be assigned, in whole or in part, by the Seller to a third party. The Deferred Consideration will be made up of:

(1) Excess Interest Swap Breakage Receipts;

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

(3) in respect of the Note Interest Payment Date falling in November 2006 only, an amount equal to the Initial Deferred Consideration

The **Initial Deferred Consideration** means an amount equal to:the excess (if any) of Expected Class X Excess Spread Amounts in respect of the Note Interest Payment Date falling in November 2006 (disregarding for such purposes the Class X Initial Cap) over the Class X Initial Cap.

Notice to Borrowers

Within 15 Business Days of the Closing Date, written notice will be given by the Relevant Seller to each Obligor of the transfer of the Loans, other than in respect of the Austrian Loan and the Spanish Loan, to the Issuer, the French Issuer or the Italian Issuer, as applicable. In addition written notice will, where applicable, be given to the Relevant Security Agent in respect of the Belgian Loan of the assignment of the Relevant Seller's beneficial interests in the security trusts granted in respect of the loans to the Issuer, and of the Issuer's assignment by way of security of such beneficial interest to the Trustee. The security granted in respect of the French Loans and the Italian Loans will be transferred directly to the French Issuer and the Italian Issuer, as applicable. In respect of the German Loans, the Issuer will accede as a new Finance Party to each of the German Security Trust Agreements.

Representations and Warranties

Neither the Issuer, the French Issuer, the Italian Issuer, the Representative of the Italian Noteholders nor the Trustee has made (or will make) any of the enquiries, searches or investigations which a prudent purchaser would normally make in relation to the purchase of the Loans or the Loan Security. In addition, neither the Issuer, the French Issuer, the Italian Issuer, the Representative of the Italian Noteholders nor the Trustee has made (or will make) any enquiry, search or investigation at any time in relation to compliance by any party with respect to the provisions of the Master Loan Sale Agreement, the French Loan Sale Agreements, the Credit Agreements or any other Finance Documents or in relation to any applicable laws or the execution, legality, validity, perfection, adequacy or enforceability of the Loans or the Loan Security.

In relation to all of the foregoing matters concerning the Loans and the Loan Security and the circumstances in which the Loans were made to the Borrowers prior to the transfer of the Loans or an interest in the Loans to the Issuer, the French Issuer and the Italian Issuer or in respect of the Spanish Loan the issue of the PH to the Issuer, the Issuer, the French Issuer, the Italian Issuer, the Representative of the Italian Noteholders and the Trustee will rely entirely on the representations and warranties to be given by the Relevant Seller or, in respect of the PH, Barclays Bank PLC as Originator of the Spanish Loan, to the Issuer, the French Issuer, the Italian Issuer, the Representative of the Italian Noteholders and the Trustee which are contained in the Master Loan Sale Agreement and the French Loan Sale Agreement, as applicable.

Subject to the agreed exceptions, materiality qualifications and, where relevant, the general principles of law limiting the same, the representations and warranties to be given by the Relevant Seller or, in respect of the PH, Barclays Bank PLC as Originator of the Spanish Loan, under the Master Loan Sale Agreement and the French Loan Sale Agreement will include:

(a) The obligations of the relevant Obligors under the Finance Documents constitute the legally valid and binding obligations of, and are enforceable against, the relevant Obligors.

(b) The charges by way of mortgage or charge, as applicable, in respect of the Properties granted under the relevant Security Agreements constitute legally valid, binding and subsisting first and in respect of certain of the Loans second priority mortgages or charges of the relevant Properties (subject to certain matters of law, any security interest required by law, completion of registration at the relevant land registry, in relation to the German Loans, undertakings to delete any existing prior ranking land charges and in relation to the Belgian Parallel Debt subject to the limitation that the mortgage only covers 25% of the Belgian Parallel Debt (the remainder being secured by a mortgage mandate (*mandat hypothécaire*)).

(c) The Relevant Security Agent or the Lender, as applicable, has, since the utilisation date in respect of each Loan, kept or caused to be kept full and proper accounts, books and records showing clearly all transactions, payments, receipts, proceedings and notices relating to the Loans and which are complete and accurate in all material respects. All such accounts, books and records are up to date as at the Closing Date and are held by or to the order of the Relevant Security Agent or the Lender, as applicable.

(d) The relevant Chargor is the legal and/or beneficial owner of each relevant Property and had, subject to matters disclosed in the relevant Report on Title in respect of each Property, a good and marketable title to the relevant Property subject, where applicable, to registration at the relevant land registry, in each case as at the date of the relevant Security Agreement.

(e) Each Property was, as at the date of the relevant Security Agreement or at the date the relevant Property became subject to the security in the relevant Security Agreement, held by the relevant Chargor free (save for any Related Security) from:

(i) financial encumbrances (save for pre-existing charges released on the utilisation date or undertakings in respect of which were obtained on the Closing Date and in respect of the Italian Loans, the second ranking mortgage securing a VAT loan facility granted by the Italian Seller) which would rank prior to the Related Security, save as disclosed in the relevant Report on Title; and

(ii) any encumbrances which would individually or in the aggregate materially or adversely affect the Chargor's title or the value of that Property for mortgage purposes set out in the Valuation (including any encumbrance contained in any Lease Documents relevant to such Properties), save as disclosed in the relevant Report on Title.

(f) The Relevant Security Agent is the sole legal owner and the Relevant Seller is the beneficial owner or as applicable the Relevant Seller is the sole owner (in each case subject to the interest of the Finance Parties and any necessary registrations) of each mortgage or charge granted under the Security Agreements, free and clear of all encumbrances, overriding interests (other than those to which each Property is subject), claims and equities and, save as disclosed in the relevant Report on Title, at the time of completion of the relevant mortgage or charge, there were no adverse entries of encumbrances or applications for adverse entries of encumbrances against any title at the relevant land registry to any relevant Property which would rank prior to the Relevant Security Agent's or the Relevant Seller's interests in the relevant mortgage, or charge other than in respect of which an undertaking has been given by the relevant Obligor to remove such mortgage or charge.

A **Security Interest** means any mortgage, pledge (including any pledge operating by law), lien, charge, assignment, or security interest or other agreement or arrangement having the effect of conferring security and **Security Interests** shall be construed accordingly.

(g) The Relevant Seller is entitled to transfer and assign its interests in the Loans and the relevant Related Security and its other rights as Lender under the Finance Documents in the manner contemplated under the Loan Sale Documents, to the Issuer or the Italian Issuer, as applicable, or in respect of the Spanish Loan issue the PH to the Issuer, in each case pursuant to the Loan Sale Documents and also at law.

(h) Prior to the utilisation date in relation to each Loan:

(i) the Originator commissioned a due diligence procedure which initially or after further investigation disclosed nothing which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of that Loan on the terms of the relevant Credit Agreement;

(ii) the Originator (having made all enquiries that would be made by a reasonably prudent lender of money secured on commercial property) was not aware of any matter or thing affecting the title of the relevant Chargor to any part of the Related Security which would cause a reasonably prudent lender of money secured on commercial property to decline to proceed with the making of that Loan on the terms of the relevant Credit Agreement;

(iii) the Originator made available a draft report on title substantially in the form of the relevant Reports on Title to the Valuer; and

(iv) the Originator obtained the Reports on Title, none of which showed any adverse entries, or, if any such report did reveal any adverse entry, such entry would not cause a reasonably prudent lender of money secured on commercial property (and in respect of a number of the Loans, residential property) to decline to proceed with the making of that Loan on the terms of the relevant Credit Agreement.

(i) Immediately prior to advancing each Loan, the relevant Property or Properties charged as Related Security were valued for the Originator by a qualified surveyor or valuer.

(j) Prior to the utilisation date in relation to each Loan, when advised by the Valuer that an environmental report was required, where reasonably appropriate an environmental consultant conducted an environmental survey of the relevant Property or Properties. The results of such environmental survey would, as at the relevant utilisation date, have been acceptable to a reasonably prudent lender of money secured on commercial property and have been taken into account in the preparation of the Valuation or otherwise in the amount advanced in respect of the relevant Property(ies).

(k) To the best of the knowledge and belief of the Originator:

(i) (having made no investigation of the relevant title) the Valuation was not negligently or fraudulently undertaken by the Valuer; and

(ii) (as a commercial lender only and not, for the avoidance of doubt, as a valuer) the Valuation did not fail to disclose any fact or circumstance that if disclosed would have caused the Relevant Seller or, in respect of the Spanish Loan, the Originator, acting as a reasonably prudent lender of money secured on commercial property, to decline to advance any Loan on the terms of the relevant Credit Agreement.

(l) The Relevant Seller is not aware (from any information received by it in the course of administering or acquiring the Loans without further inquiry) of any circumstances giving rise to a material reduction in the value of any Property since the relevant utilisation date (other than market forces

affecting the values of properties comparable to the relevant Property in the area where the relevant Property is located).

(m) To the best of the knowledge and belief of the Originator (having made no investigation of the relevant title) no Report on Title was negligently or fraudulently prepared by the lawyers who prepared the same.

(n) To the best of the knowledge and belief of the Originator, having used reasonable endeavours to ensure the same, each of the Properties is insured as required by the terms of the relevant Credit Agreement.

(o) The Relevant Seller has not received and (so far as the Relevant Seller is aware) the Relevant Security Agent, as applicable has not received written notice that any Insurance Policy is about to lapse on account of the failure by the relevant entity maintaining such insurance to pay the relevant premiums.

(p) The Relevant Seller is not aware of or has not received written notice of any material outstanding claim in respect of any Insurance Policy.

(q) The Relevant Seller has performed in all material respects all of its obligations under or in connection with the Loans and, so far as the Relevant Seller is aware, no Obligor has taken or has threatened to take any action against the Relevant Seller or the Relevant Security Agent, as applicable, for any material failure on the part of the Relevant Seller or the Relevant Security Agent, as applicable, to perform any such obligations.

(r) There is no monetary default, breach or violation under any Loan and the Relevant Seller is not aware of:

(i) any other default, breach or violation that materially and adversely affects the value of any Loan or its Related Security which has not been remedied, cured or waived (but only in a case where a reasonably prudent lender of money secured on commercial property would grant such a waiver);

(ii) any outstanding default, breach or violation by any Relevant Borrower under the relevant Loan or its Related Security; or

(iii) any outstanding event which, with the giving of notice or lapse of any applicable grace period, would constitute such a default, breach or violation that materially and adversely affects the value of any Loan or its Related Security.

(s) Neither the Relevant Seller nor the Relevant Security Agent, as applicable, (so far as the Relevant Seller is aware from information which it has received in the course of administering the Loans but without having made any specific or other enquiry) has received written notice of any default or forfeiture of any Lease or of the insolvency of any tenant of any Property which would, in any case, in the reasonable opinion of the Relevant Seller, render any Property unacceptable as security for the relevant Loan.

(t) In respect of any Property, the relevant Obligor's title to which is leasehold or its equivalent in any jurisdiction, the terms of the relevant Leases are such that a reasonably prudent lender of money secured on commercial property would regard them as suitable for the purposes of forming part of the security for a loan of the nature of the Loan relating to such Property.

The representations and warranties given by the Relevant Seller in connection with the Loans and the Loan Security under the Master Loan Sale Agreement or the French Loan Sale Agreement, as applicable, are referred to as the **Loan Warranties**.

Remedy for Material Breach of Loan Warranty

In the event of a Material Breach of Loan Warranty (as defined below) and only if related security is not enforced, the Relevant Seller will be required, within 90 days of receipt of written notice of the relevant Material Breach of Loan Warranty from or on behalf of the Issuer or the Trustee, the French Issuer or the Italian Issuer or the representative of the Italian Noteholders, as applicable, to remedy the matter giving rise to such breach of representation or warranty to the satisfaction of the Trustee or, in respect of the French Loans, the French Issuer (acting through the French Management Company) or, in respect of the Italian Loans, the Representative of the Italian Noteholders, if such matter is capable of remedy. In certain circumstances, the Relevant Seller may have an additional period, of up to 90 days, to cure the breach if the Relevant Seller has taken action to cure the breach or nonconformity acceptable in the reasonable opinion of the Relevant Servicer (as agent of the Issuer, the French Issuer or the Italian Issuer) and the Trustee, prior to the expiry of the initial 90 day period. A **Material Breach of Loan Warranty** means a breach of a Loan Warranty in any material respect where the facts and circumstances giving rise to that breach have, in the sole opinion of the Trustee, or, in respect of the French Loans, the French Issuer (acting through the French Management Company) or, in respect of the Italian Loans, the Representative of the Italian Noteholders, a material adverse effect on the value of the Loan and/or the Loan Security or the interests of the Noteholders or, in respect of the French Loans and the Italian Loans, the interests of the Issuer as holder of the French Note or the Italian Notes, as applicable. The Relevant Servicer will be required pursuant to the Relevant Servicing Agreement to notify the Issuer, the Trustee and the Relevant Seller if it knows or otherwise becomes aware of a breach of Loan Warranty.

If a Material Breach of Loan Warranty in respect of a French Loan is not capable of remedy or is not remedied within the specified period the sole remedy of the French Issuer will be the recission of the transfer of the affected French Loan provided that no enforcement action has been taken in respect of the Related Security. If a Material Breach of Loan Warranty in respect of the Austrian Loan, the Belgian Loan, the German Loans, the Italian Loans or the Spanish Loan is not capable of remedy or is not remedied within the specified period, the Relevant Seller will be required to repurchase all of the interest in the relevant Loan (and its Related Security) or, in respect of the Spanish Loan, repurchase the PH provided that no enforcement action has been taken in respect of the Related Security. The recission or repurchase must occur on a date not later than the second Note Interest Payment Date following the demand to rescind or repurchase, as applicable. The consideration payable in these circumstances will be an amount equal to the principal balance of the relevant Loan then outstanding (or if the Material Breach of Loan Warranty related to the principal balance outstanding of the Loan at the Cut-Off Date the consideration payable will be the higher of (x) the principal balance of the relevant Loan then outstanding or (y) the represented principal balance of the Loan at the Cut-Off Date less any principal amounts received by the Issuer, the French Issuer or the Italian Issuer in respect of such Loan) plus in all cases any accrued but unpaid interest thereon up to and including the date of recission or repurchase or, if such date is not a Note Interest Payment Date or, in respect of the French Loans, a French Note Interest Payment Date or, in respect of the Italian Loans, an Italian Note Interest Payment Date and an Acceleration Notice has not been served or the Notes have not otherwise become due and repayable in full and, in respect of the Italian Loans, an Italian Issuer Acceleration Notice has not been served or the Italian Notes have not otherwise become due and repayable in full the immediately following Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date, as applicable together with any additional costs incurred by the French Issuer, Italian Issuer or the Issuer as applicable, in respect of such Loan as a direct result of the Material Breach of Loan Warranty, or which has become irrecoverable as a result of it including any swap termination payments due to the Interest Rate Swap Provider, the French Interest Rate Swap Provider the Italian Interest Rate Swap Provider, as applicable (without double counting) arising as a result of the recission or repurchase and any

amounts advanced by or on behalf of the Issuer in respect of the relevant Loan as a Loan Protection Advance to the extent such amounts have not been capitalised as outstanding principal of the relevant Loan or recovered from the Relevant Borrower.

Governing law

The Master Loan Sale Agreement will be governed by English law. The French Loan Sale Agreement will be governed by French law.

2. Austrian Loan Trust Agreement

The Issuer and the Trustee will enter into the Austrian Loan Trust Agreement with the Austrian Seller on the Closing Date pursuant to which the Austrian Seller will sell and transfer to the Issuer the beneficial ownership in (i) the claims under the Austrian Loan which are claims of the Austrian Seller against the Austrian Borrower for the payment of money (as principal or as interest or other) which arises under or in connection with the Austrian Loan including all ancillary rights attached thereto, (ii) the Austrian Related Security, (iii) the proceeds resulting from the enforcement of the Austrian Related Security and (iv) all other rights of the Austrian Seller as lender under the Austrian Finance Documents. The Austrian Loan Trust Agreement will be subject to the terms and conditions of the Master Loan Sale Agreement.

Governing law

The Austrian Loan Trust Agreement will be governed by Austrian law.

3. German Law Assignment Agreement

The Issuer and the German Seller will enter into the German Law Assignment Agreement with the on the Closing Date pursuant to which the German Issuer will sell the German Loans, the German Seller's interests in the German Related Security and the rights of the German Seller under the German Finance Documents to the Issuer. The German LawAssignment Agreement will be subject to the terms and conditions of the Master Loan Sale Agreement.

Governing law

The German Law Assignment Agreement will be governed by German law.

4. Italian Loan Assignment Agreement

The Italian Issuer and the Italian Seller have entered into the Italian Loan Assignment Agreement and certain accession agreements pursuant to which the Italian Seller will sell the Italian Loans, the Italian Seller's interests in the Security as set out in the Italian accession agreements and the rights of the Italian Seller under the Italian Finance Documents to the Italian Issuer. The Italian Loan Assignment Agreement will be subject to the terms and conditions of the Master Loan Sale Agreement.

Governing law

The Italian Loan Assignment Agreement will be governed by Italian law.

5. The Spanish Subscription Agreement

The Issuer and the Trustee will enter into the Spanish Subscription Agreement with the Spanish Seller on the Closing Date pursuant to which the Spanish Seller will issue a PH and the Issuer will subscribe for the PH

issued in respect of the Spanish Loan to the Issuer. The Spanish Subscription Agreement will be subject to the terms and conditions of the Master Loan Sale Agreement.

Governing law

The Spanish Subscription Agreement will be governed by Spanish law.

6. Liquidity Facility Agreement

General

On or before the Closing Date, the Issuer will enter into a liquidity facility agreement (the **Liquidity Facility Agreement**) with the Liquidity Facility Provider, the Cash Manager and the Trustee pursuant to which the Liquidity Facility Provider will provide a renewable 364-day committed liquidity facility (the **Liquidity Facility**) to the Issuer. The Liquidity Facility will, subject to certain conditions, be available to be drawn by or on behalf of the Issuer where a Relevant Borrower fails to make a payment of scheduled interest in respect of a Loan. The Liquidity Facility will also, subject to certain conditions, be available to be drawn by or on behalf of the Issuer to make Loan Protection Advances, payments in respect of Revenue Priority Amounts and payments in respect of Senior Administrative Costs. The Liquidity Facility committed amount will be for an initial amount of €45,000,000 and will with respect to each Interest Period decrease as the outstanding principal balance of the Loans decreases in accordance with the terms of the Liquidity Facility Agreement, but at all times will be an amount equal to the lower of €45,000,000 and 11% of the outstanding principal balance of the Loans, or such lower amount as the Rating Agencies confirm will not adversely affect the then current ratings (if any) of any Class of Notes.

Loan Income Deficiency Drawings

The Borrowers are required to pay scheduled amounts of interest and/or principal under the terms of the relevant Credit Agreements. In the event that there is a shortfall in the amount of scheduled interest paid by a Borrower on any Loan Interest Payment Date, the Master Servicer (in respect of the French Loans, the Italian Loans and the Spanish Loan on the basis of information provided by or on behalf of the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable), will notify the Cash Manager of such shortfall and upon receipt of such notice, the Cash Manager must prior to an event of default in relation to the Liquidity Facility make a drawing under the Liquidity Facility on behalf of the Issuer in an amount equal to such shortfall in respect of scheduled interest under any of the Loans (each such drawing, a **Loan Income Deficiency Drawing**). The aggregate amount of Loan Income Deficiency Drawings and the Loan Protection Drawings in respect of a specific Loan may not exceed 40% of the outstanding principal balance of the Loan or if at any time an Appraisal Reduction has occurred in respect of that Loan, 40% of 90% of the appraisal value of the relevant Properties (each such amount, a **Maximum Loan Drawing Amount**). The proceeds of any Loan Income Deficiency Drawing will be credited to the Issuer Transaction Account and will form part of the Adjusted Available Issuer Income. The Issuer will not be permitted to make a drawing under the Liquidity Facility should a Borrower fail to make any scheduled payments of principal under a Loan.

Available Issuer Income will comprise:

(a) all monies (other than Prepayment Fees, Break Costs and principal, (save to the extent that such principal represents any amount to be paid to the Special Servicer as a Liquidation Fee)) paid to the Issuer under or in respect of the Credit Agreements in respect of the Issuer Loans and the Spanish Loan;

(b) all amounts of interest paid in respect of the French Notes and the Italian Notes (other than amounts of interest representing Prepayment Fees, Break Costs (to the extent that such costs have not been paid to the Issuer as French Interest Rate Swap Provider or Italian Interest Rate Swap Provider, as

applicable, in accordance with the French Revenue Priority of Payment or the Italian Priority of Payments, as applicable) and Interest Rate Swap Breakage Receipts to be applied in accordance with the Interest Rate Swap Breakage Receipts Priority of Payments);

(c) in respect of a Note Interest Payment Date, any interest accrued upon the Issuer Transaction Account, the Administrative Cost Reserve Account, the Class X Principal Account and the Liquidity Stand-by Account and paid into the Issuer Transaction Account, the Administrative Cost Reserve Account, the Class X Principal Account or the Liquidity Stand-by Account, as applicable, together with the interest 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 Transaction Account, the Administrative Cost Reserve Account, the Class X Principal Account or the Liquidity Stand-by Account and paid into the Issuer Transaction Account in each case received since the immediately preceding Note Interest Payment Date;

(d) Available Interest Rate Swap Breakage Receipts; and

(e) any amount received by the Issuer in respect of the Transaction Documents (other than any amount representing principal or amounts set out in items (a) to (d) above).

Available Issuer Principal means, in respect of any Note Interest Payment Date, the aggregate of (a) Available Pro Rata Principal (as defined below), (b) Available Sequential Principal (as defined below) and (c) Available Limited Sequential Principal (as defined below) as at that Calculation Date.

Loan Protection Drawing

If the relevant Credit Agreement permits the Lender or the Relevant Security Agent, as applicable, to make any third party payments on behalf of the Borrower and requires the Borrower to reimburse the Lender or, as the case may be, the Relevant Security Agent and on any Business Day prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Master Servicer or the Special Servicer, as the case may be, determines in accordance with the Relevant Servicing Agreement and the relevant Credit Agreement, that the Issuer should make a Loan Protection Advance to a Borrower (after the Relevant Servicer has (as agent of the Issuer and the Relevant Security Agent, as applicable, and to the extent permitted by the relevant Credit Agreement) utilised any amounts standing to the credit of the relevant Rent Account or as applicable any relevant account of the Borrower and has determined that there are insufficient amounts for such purpose standing to the credit of such account), the Master Servicer or the Special Servicer, as the case may be, shall so notify the Cash Manager and the Cash Manager will, prior to an event of default under the Liquidity Facility, request on behalf of the Issuer a drawing under the Liquidity Facility in an amount equal to the Loan Protection Advance (each such drawing, a **Loan Protection Drawing**). The proceeds of the Loan Protection Drawing will be credited to the Issuer Transaction Account or otherwise paid directly to any third parties in respect of which the Loan Protection Advance is to be made and in each case applied by the Cash Manager at the direction of the Master Servicer or the Special Servicer, as applicable, on behalf of the Issuer in making the Loan Protection Advance in accordance with the Relevant Servicing Agreement and the relevant Credit Agreement. If insufficient funds are available under the Liquidity Facility to make the relevant Loan Protection Advance then the shortfall in a Loan Protection Advance may be funded by the Relevant Servicer (in its sole discretion) or, if such Loan Protection Advance is to be made on a Note Interest Payment Date from Adjusted Available Issuer Income in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable. Neither the French Issuer nor the Italian Issuer is permitted to make a Loan Protection Advance.

Revenue Priority Amounts

If on any Business Day prior to delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager on behalf of the Issuer determines that there is a shortfall in the Available Issuer Income that can be applied on behalf of the Issuer to pay:

(a) the Italian Issuer Fee;

(b) the French Issuer Fee;

(c) (prior to enforcement of the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation; and

(d) any periodic payments due pursuant to the Interest Rate Swap Agreement,

together the **Revenue Priority Amounts**, the Cash Manager shall on the next Business Day and prior to a Liquidity Facility Event of Default make a request on behalf of the Issuer for a revenue priority amount drawing under the Liquidity Facility Agreement in an amount equal to such shortfall (each such drawing, a **Revenue Priority Amount Drawing**). The proceeds of any Revenue Priority Amount Drawing will be applied in satisfaction of such Revenue Priority Amounts or credited to the Issuer Transaction Account, and applied by the Cash Manager on behalf of the Issuer in making payment of the such Revenue Priority Amounts.

Administrative Cost Shortfall Drawings

If on any Calculation Date the Cash Manager determines that an Administrative Cost Shortfall (as defined below) would occur on the immediately following Note Interest Payment Date, the Cash Manager shall on the next Business Day and prior to an event of default under the Liquidity Facility make a request for a drawing (an **Administrative Cost Shortfall Drawing**) under the Liquidity Facility Agreement in an amount equal to the excess of such Administrative Cost Shortfall over the aggregate of (a) the amount standing to the credit of the Administrative Cost Reserve Account and (b) the Available Funds Target Reserve Reduction Amount on such Calculation Date, subject to an aggregate limit of €100,000 in respect of Administrative Cost Shortfall Drawings. The proceeds of any Administrative Cost Shortfall Drawing will be credited to the Issuer Transaction Account and will form part of the Adjusted Available Issuer Income.

Appraisal Reductions

Subject to the provisions described in the following paragraph, the Special Servicer or, in respect of the French Loans, the Italian Loans and the Spanish Loan, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, must, not later than 30 days after the occurrence of a Special Servicing Event, if the relevant Loan Event of Default is continuing, obtain a valuation in respect of the relevant Property. The costs of obtaining such valuation will be paid by the Special Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, subject to being reimbursed by the Issuer, the French Issuer or the Italian Issuer, as the case may be, in accordance with the terms of the Relevant Servicing Agreement and subject to the Pre-Acceleration Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments or the French Revenue Priority of Payments or the Italian Revenue Priority of Payments, as the case may be.

The Special Servicer, the French Servicer, the Italian Servicer or the Spanish Servicer, as applicable, will not be obliged to obtain such a valuation if a valuation has been obtained during the immediately preceding 12 months and the Relevant Servicer is of the opinion (without any liability on its part) that neither the relevant

Properties nor the relevant property markets have experienced any material change since the date of such previous valuation.

If the principal amount of the relevant Loan then outstanding (together with any unpaid interest, all currently due and unpaid taxes and assessments) (net of any amount placed into an escrow account in respect of such items), insurance premiums and if applicable, ground rents in respect of the relevant Properties exceeds the sum of 90% of the appraised value of the relevant Properties as determined by the Valuation, an appraisal reduction will be deemed to have occurred (an **Appraisal Reduction**) and the aggregate amount of Loan Income Deficiency Drawings and Loan Protection Drawings in respect of the relevant Loan may not exceed 40% of 90% of the appraisal value of the relevant Properties in respect of that Loan in accordance with the terms of the Liquidity Facility Agreement.

Liquidity Stand-by Drawings

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

(a) the rating of the Liquidity Facility Provider falls below the Liquidity Requisite Ratings; or

(b) the Liquidity Facility Provider refuses to renew the Liquidity Facility,

then the Issuer may find an alternative liquidity facility provider or may require the Liquidity Facility Provider to pay an amount equal to its undrawn commitment under the Liquidity Facility Agreement (a **Liquidity Stand-by Drawing** and together with a Loan Income Deficiency Drawing, a Loan Protection Drawing and a Revenue Priority Amounts Drawing, an Administrative Cost Shortfall Drawing the **Liquidity Drawings** and each a **Liquidity Drawing**) into an account solely for that purpose maintained with the Account Bank (such account, the **Liquidity Stand-by Account**). If the Liquidity Facility Provider is required to advance a Liquidity Stand-by Drawing to the Issuer, if it is so requested by or on behalf of the Issuer or if it so chooses, the Liquidity Facility Provider shall, at its expense transfer the facility to, or replace it with, a new liquidity facility provider. In the event that the Cash Manager, on behalf of the Issuer, makes a Liquidity Stand-by Drawing, the Cash Manager will be required, prior to the expenditure of the proceeds of such drawing as described above, to invest such funds in Eligible Investments. Amounts standing to the credit of the Liquidity Stand-by Account will be available to the Issuer prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full for the purposes of making deemed Loan Protection Drawings, Loan Income Deficiency Drawings, Revenue Priority Amount Drawings and Administrative Cost Shortfall Drawings as described above and in accordance with the terms of the Liquidity Facility Agreement. Following: (a) the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, (b) the rating of the Liquidity Facility Provider ceasing to be below the Liquidity Requisite Ratings or (c) certain events of default under the Liquidity Facility Agreement, principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing will be returned to the Liquidity Facility Provider and will not be applied in accordance with any of the Priority of Payments. If and to the extent that there is a reduction in the Liquidity Facility committed amount, there will be a *pro rata* repayment of amounts standing to the credit of the Liquidity Stand-by Account.

For these purposes:

Liquidity Requisite Ratings means a rating for a bank of at least "F1" (or better) by Fitch, "P-1" (or better) by Moody's and "A-1+" (or better) by S&P for that bank's short-term unsecured, unsubordinated and unguaranteed debt obligations; and

Eligible Investments means (a) euro denominated government securities or (b) euro demand or time deposits, certificates of deposit, money market funds and short term debt obligations (including commercial paper); provided that in all cases

(i) such investments will mature at least one Business Day prior to the next Note Interest Payment Date and the short-term unsecured, unguaranteed and unsubordinated debt obligations of the issuing or guaranteeing entity or the entity with which the demand or time deposits are made (being a bank or licensed EU credit institution) are rated at least "P-1" (short term) by Moody's, "F1+" by Fitch and "A-1+" by S&P (or in the case of longer dated securities "Aaa" (long term) by Moody's, "AAA" by Fitch and "AAA" by S&P) or are otherwise acceptable to the Rating Agencies and where the proceeds receivable in accordance with the terms of such an Eligible Investment upon its maturity is no less than the sum so invested or deposited; and

(ii) (to the extent they relate to amounts standing to the credit of the French Issuer Transaction Account) such investments will fall, in accordance with article R.214-95 of the French Monetary and Financial Code, within one of the following types of investments:

(A) deposits made with an institution set out in paragraph 1 of article R.214-97 of the French Monetary and Financial Code, excluding investment firms ("entreprises d'investissement"), which may be redeemed or withdrawn at any time upon request of the French Issuer within 24 hours at the latest, subject to the time required for currency deposits;

(B) French Treasury Bonds ("bons du Trésor");

(C) any debt instrument ("titre de créances") as referred to in paragraph 2 of article 3 of R.214-94 of the French Monetary and Financial Code, provided that such debt instrument shall: (I) be traded on a regulated market ("marché réglementé") located in a member State of the European Economic Area; and (II) not confer a direct or indirect right to acquire a share in the capital of a company;

(D) any negotiable debt instrument ("titre de créances négociable") within the meaning ascribed by articles L. 213-1 et seq. of the French Monetary and Financial Code;

(E) mutual fund shares ("actions de société d'investissement à capital variable") or mutual fund units ("parts de fonds communs de placement") which are principally invested in the securities referred to in paragraphs (B), (C) and (D) above;

(F) mutual debt fund units ("parts de fonds communs de créances") (other than units issued by the FCC); and/or

(G) any other investment as authorised by the laws and regulations applicable to fonds commun de créances.

Repayment of drawings

All payments due to the Liquidity Facility Provider under the Liquidity Facility Agreement (other than in respect of any Liquidity Subordinated Amounts) will rank in priority to payments of interest and principal on the Notes. **Liquidity Subordinated Amounts** are any amounts in respect of (a) increased costs, mandatory costs and tax gross up amounts payable to the Liquidity Facility Provider to the extent that such amounts exceed 0.125% per annum of the commitment provided under the Liquidity Facility Agreement and (b) if there is any Liquidity Stand-by Drawing then outstanding, the excess of the interest then payable in respect thereof over the aggregate of (i) an amount equal to the commitment fee which would otherwise then be payable (but for the Liquidity Stand-by Drawing) under the Liquidity Facility Agreement and (ii) an amount equal to the amount of interest earned in the relevant period in respect of the Liquidity Stand-by Account and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

The Issuer will repay any Loan Protection Drawing, Administrative Cost Shortfall Drawing and Revenue Priority Amount Drawing under the Liquidity Facility on the Note Interest Payment Date immediately following the date on which such drawing was made, or if earlier on the term date in respect of the Liquidity Facility or the Final Maturity Date. The Issuer must repay any Loan Income Deficiency Drawing on the earlier of: (a) the Note Interest Payment Date immediately following the date on which the Issuer, the French Issuer or the Italian Issuer receives amounts representing overdue amounts of scheduled interest on the relevant Loan, as applicable after having first accounted for any scheduled interest due on that day; (b) the receipt by the Issuer, the French Issuer or the Italian Issuer of proceeds of any enforcement in respect of a Loan and/or sale of a relevant Property, where there has not been any substitution in respect of such Property and (c) the term date in respect of the Liquidity Facility or the Final Maturity Date.

In the event that such Liquidity Drawings (other than Liquidity Standby Drawings) are not repaid on the relevant due date the amount outstanding under the Liquidity Facility will be deemed to be repaid (but only for the purposes of the Liquidity Facility) and redrawn on the relevant day in an amount equal to the amount outstanding subject to no events of default under the Liquidity Facility Agreement being outstanding or resulting from the redrawing. The procedure will be repeated on each Note Interest Payment Date or other due date thereafter, as applicable, up to the amount of the commitment in respect of the Liquidity Facility until all amounts outstanding under the Liquidity Facility are paid and/or repaid.

The Issuer will pay interest on Loan Income Deficiency Drawings, Loan Protection Drawings, Administrative Cost Shortfall Drawings and Revenue Priority Amount Drawings at a rate equal to EURIBOR (as determined under the Notes) plus a specified margin. The Issuer will pay interest on any Liquidity Stand-by Drawings at an amount equal to the commitment fee under the Liquidity Facility Agreement that would be paid had the Liquidity Stand-by Drawing not been made plus an amount equal to any interest earned on amounts standing to the credit of the Liquidity Stand-by Account following the date of the Liquidity Stand-by Drawing and the interest element of any proceeds of any Eligible Investments made out of amounts standing to the credit of the Liquidity Stand-by Account.

Governing law

The Liquidity Facility Agreement will be governed by English law.

7. The Interest Rate Swap Agreement

On or before the Closing Date, the Issuer will enter into the Interest Rate Swap Agreement with the Interest Rate Swap Provider and the Interest Rate Swap Transactions pursuant thereto (each as described below) in order to protect itself against potential interest rate exposure in relation to its floating rate interest payment obligations under the Notes.

A number of Loans bear interest at a fixed rate while each Class of the Notes bears interest at a floating rate based on three-month EURIBOR plus a margin, exposing the Issuer to potential interest rate risk in respect of payment obligations under such Notes. In addition the relevant Loan Interest Periods for the Floating Rate Loans will not match the Interest Periods under the Notes. In order to hedge against such exposure, the Issuer and the Interest Rate Swap Provider will enter into fixed/floating rate interest rate swap transactions or floating/floating rate interest rate swap transactions (together the **Interest Rate Swap Transactions**). Pursuant to the Interest Rate Swap Transactions in respect of the fixed rate loans, interest at a fixed rate will be due from the Issuer to the Interest Rate Swap Provider and interest at a floating rate based on three-month EURIBOR, as calculated in accordance with the Notes, will be due from the Interest Rate Swap Provider to the Issuer on each Note Interest Payment Date.

In relation to the Floating Rate Loans the Issuer will enter into floating/floating basis rate swap transactions with the Interest Rate Swap Provider, each evidenced by a swap confirmation pursuant to which, on each

Note Interest Payment Date, interest calculated by reference to a floating rate fixed as at the date which falls on each Loan Interest Payment Date in respect of the relevant interest accrual period under the Loan will be due from the Issuer and interest calculated by reference to a floating rate fixed at the date which falls on each Note Interest Payment Date will be due from the Interest Rate Swap Provider in respect of the relevant Interest Period and the Notes.

If the Issuer redeems the Notes in whole or in part prior to their respective scheduled redemption dates, it will be obliged to terminate the Interest Rate Swap Transactions in a corresponding amount. Depending on EURIBOR at the relevant time, a payment may be due from the Issuer to the Interest Rate Swap Provider or from the Interest Rate Swap Provider to the Issuer in connection with such termination.

The Interest Rate Swap Transactions may be terminated in accordance with certain termination events and events of default (each, an **Interest Rate Swap Termination Event**), some of which are more particularly described below.

Subject to the following, the Interest Rate Swap Provider is obliged to make payments under the Interest Rate Swap Transactions only to the extent that the Issuer makes the corresponding payments under the Interest Rate Swap Transactions, though the Issuer may meet such payments by drawing down funds under the Liquidity Facility. Furthermore, a failure by the Issuer to make timely payment of amounts due from it under the Interest Rate Swap Transactions will constitute a default in respect of the relevant payment due under the relevant Interest Rate Swap Transactions thereunder and entitle the Interest Rate Swap Provider to terminate the relevant Interest Rate Swap Transactions.

The Interest Rate Swap Provider will be obliged to make payments under the Interest Rate Swap Agreement without any withholding or deduction of taxes unless required by law. If any such withholding or deduction is required by law, the Interest Rate Swap Provider will be required to pay such additional amount as is necessary to ensure that the amount actually received by the Issuer will equal the full amount the Issuer would have received had no such withholding or deduction been required and, if such withholding or deduction is a withholding or deduction which will or would be or becomes the subject of any tax credit, allowance, set-off, repayment or refund to the Interest Rate Swap Provider, to use all reasonable endeavours to reach agreement to mitigate the incidence of tax on the Issuer and may transfer the relevant swap to an affiliate to mitigate the same.

The Interest Rate Swap Agreement will provide, however, that if due to action taken by a relevant taxing authority or brought in a court of competent jurisdiction or any change in tax law since the Closing Date the Interest Rate Swap Provider will, or there is a substantial likelihood that it will, on the next Note Interest Payment Date, be required to pay additional amounts in respect of tax under the Interest Rate Swap Agreement or will, or there is a substantial likelihood that it will, receive payment from the other party from which an amount is required to be deducted or withheld for or on account of tax (an **Interest Rate Swap Tax Event**), the Interest Rate Swap Provider will use its reasonable efforts to transfer its rights and obligations to another of its offices, branches or affiliates or a suitably rated third party to avoid the relevant Interest Rate Swap Tax Event. If no such transfer can be effected, the Interest Rate Swap Agreement and the relevant Interest Rate Swap Transaction may be terminated. The Interest Rate Swap Agreement will contain certain other limited termination events and events of default which will entitle either party to terminate it.

The Interest Rate Swap Provider will, on or prior to the Closing Date, have a rating assigned to its long-term unguaranteed, unsubordinated and unsecured debt obligations of "AA" by S&P, "AA+" by Fitch and "Aa1" by Moody's and its short-term unguaranteed, unsubordinated and unsecured debt obligations of "A-1+" by S&P, "F1+" by Fitch and "P-1" by Moody's.

If the short-term, unsecured and unsubordinated debt obligations of the Interest Rate Swap Provider cease to be rated as high as "A-1" by S&P or "P-1" by Moody's or "F1" by Fitch or the long-term unsubordinated and

unsecured debt obligations of the Interest Rate Swap Provider cease to be rated as high as "A1" by Moody's or "A" by Fitch (the **Minimum Interest Rate Swap Provider Ratings**), the Interest Rate Swap Provider, at its option must (unless in certain circumstances the Rating Agencies confirm that no downgrade to the then current ratings of the Notes shall occur as a result of such downgrade of the Interest Rate Swap Provider), within 30 days either:

(a) post acceptable collateral with the Issuer in respect of its obligations under the Interest Rate Swap Agreement in accordance with the requirements of the Rating Agencies (which in certain circumstances is subject to independent third party verification);

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

(c) procure another person with the acceptable Minimum Interest Rate Swap Provider Ratings to become co-obligor or guarantor in respect of its obligations under the Interest Rate Swap Agreement; or

(d) take such other actions as the Interest Rate Swap Provider may agree with the Rating Agencies as will result in the ratings of the Notes being maintained at, or restored to, the level they were at immediately prior to such downgrade or withdrawal.

If the Interest Rate Swap Provider does not perform (a), (b), (c) or (d) above (or, if having posted collateral pursuant to (a) above, such ratings fall below a further ratings trigger and the Interest Rate Swap Provider fails to take any of the measures described in (b), (c) or (d) above within the then applicable time limit) then the Issuer will be entitled to terminate the Interest Rate Swap Transactions and enter into replacement interest rate swap transactions with another appropriately rated entity unless the Rating Agencies confirm that no downgrade to the then current ratings of the Notes or the cessation of any such ratings would occur as a result. If the Interest Rate Swap Provider defaults in its obligations under the Interest Rate Swap Agreement resulting in the termination thereof, the Issuer will be obliged to procure replacement interest rate swap transactions within 20 days of such default unless the Rating Agencies confirm that no downgrade to the then current ratings of the Notes would occur as a result of the Interest Rate Swap Agreement being terminated. The Master Servicer will be required, under the terms of the Servicing Agreement, to take all reasonable steps to procure such replacement interest rate swap agreement on behalf of the Issuer and the Trustee.

In respect of those French Loans and Italian Loans the Issuer has entered into back-to-back swap arrangements with the French Issuer and the Italian Issuer, as applicable.

See further:

"*Description of the French Issuer, the French Issuer Related Parties, and the French Notes – The French Interest Rate Swap Agreement*" at page 268; and
"*Description of the Italian Issuer, the Italian Issuer Related Parties, and the Italian Notes – The Italian Interest Rate Swap Agreement*" at page 275.

Governing law

The Interest Rate Swap Agreement will be governed by English law.

8. Trust Deed

On or before the Closing Date, the Issuer and the Trustee will enter into a trust deed (the **Trust Deed**) pursuant to which the Notes will be constituted. The Trust Deed will include the form of the Notes and

contain a covenant from the Issuer to the Trustee to pay all amounts due under the Notes. The Trustee will hold the benefit of that covenant on trust for itself and the Noteholders in accordance with their respective interests.

The Trust Deed will contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders equally (except where expressly provided otherwise), but where there is, in the Trustee's opinion, a conflict between the interests of (a) the Class A Noteholders and (b) any other Class of Noteholders, the Trust Deed will require the Trustee to have regard to:

(a) if a Sequential Trigger Event is not outstanding at such time and if the conflict relates to a Category One Loan, the interests of the Class A Noteholders only, provided that there are Class A Notes then outstanding;

(b) if a Sequential Trigger Event is not outstanding at such time and if the conflict relates to a Category Two and/or a Category Three Loan, the interests of the Most Senior Class of Notes then outstanding (other than the Class A Notes); and

(c) at all times whilst a Sequential Trigger Event is outstanding to the interests of the Class A Noteholders.

If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class B Noteholders and (ii) the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class B Noteholders only, provided there are Class B Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class C Noteholders and (ii) the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class C Noteholders only, provided there are Class C Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class D Noteholders and (ii) the Class E Noteholders, the Class F Noteholders and the Class G Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class D Noteholders only, provided there are Class D Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class E Noteholders and (ii) the Class F Noteholders and the Class G Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class E Noteholders only, provided there are Class E Notes outstanding. If, in the Trustee's opinion, there is a conflict between the interests of (i) the Class F Noteholders and (ii) the Class G Noteholders, the Trust Deed will require the Trustee to have regard to the interests of the Class F Noteholders only, provided there are Class F Notes outstanding.

The Trustee shall not be required at any time to have regard to the interests of the Class X Noteholders, except where expressly provided otherwise. Only the holders of the Most Senior Class of Notes outstanding (except for the Class X Noteholders) may request or direct the Trustee to take any action under the Trust Deed.

Governing law

The Trust Deed will be governed by English law.

9. Issuer Deed of Charge

General

On or before the Closing Date, the Issuer will enter into a deed of charge (the **Issuer Deed of Charge**) with each of the Trustee, the Liquidity Facility Provider, the Interest Rate Swap Provider, the Cash Manager, the Agent Bank, the Paying Agents, the Account Bank, the French Issuer, the Italian Issuer, the Corporate Services Provider, the Master Servicer, the Special Servicer, the Spanish Servicer, Barclays Bank PLC (in its capacity as a Seller) (together with the Noteholders and any receiver or other appointee of the Trustee, the **Issuer Secured Creditors**) pursuant to which the Issuer will grant security in respect of its obligations, including the Notes.

Security

Under the Issuer Deed of Charge, the Issuer will grant the following security in favour of the Trustee who will hold such security on trust for the benefit of itself and the other Issuer Secured Creditors in accordance with their respective interests:

(a) an assignment by way of first fixed security of all its right, title, interest and benefit, present and future, in, to and under:

(i) the Master Loan Sale Agreement;

(ii) each Loan Sale Document (except the French Loan Sale Documents and the Italian Loan Sale Documents to which it is not a party);

(iii) the Servicing Agreement;

(iv) the Spanish Servicing Agreement;

(v) the Cash Management Agreement;

(vi) the Subscription Agreement;

(vii) the Liquidity Facility Agreement;

(viii) the Interest Rate Swap Agreement;

(ix) the French Interest Rate Swap Agreement;

(x) the Italian Interest Rate Swap Agreement;

(xi) the Trust Deed;

(xii) the Agency Agreement;

(xiii) the Corporate Services Agreement;

(xiv) the Bank Account Agreement;

(xv) the French Subscription Agreement; and

(xvi) the Italian Subscription Agreement;

(b) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, under the Loans and each Finance Document other than in respect of the German Related Security and the Italian Notes;

(c) a charge by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to the amounts from time to time standing to the credit of each Issuer Account (other than the Issuer Share Capital Account); and

(d) an assignment by way of first fixed security over all of its right, title, interest and benefit, present and future, in and to all Eligible Investments and all other investments (made by or on behalf of the Issuer); and

(e) a first floating charge over all of the property, assets and undertaking of the Issuer not already subject to fixed security,

(together with the security granted under the French Note Pledge Agreement and the trust created over the German Related Security, the **Issuer Security**), all as more particularly set out in the Issuer Deed of Charge.

Any principal amounts standing to the credit of the Class X Principal Account will be applied solely on redemption of the Class X Notes. Any interest received in respect of amounts standing to the credit of the Class X Principal Account or the interest element of any Eligible Investments made by or on behalf of the Issuer from amounts standing to the credit of the Class X Principal Account, will be applied as Available Issuer Income. Any surplus will thereafter be applied as Class X Additional Amounts.

The Trustee shall not be bound to enforce the security constituted by the Issuer Deed of Charge, the French Note Pledge Agreement or exercise any rights in relation to the German Related Security Trust or take proceedings against the Issuer or any other person to enforce the provisions of the Issuer Deed of Charge, the French Note Pledge Agreement, the German Related Security Trust or any of the other Transaction Documents or any other action thereunder unless:

(a) it shall have been directed or requested to do so either by an Extraordinary Resolution of the holders of the Most Senior Class of Notes (other than the Class X Notes) then outstanding or in writing by the holders of at least 25% in aggregate Principal Amount Outstanding of the Most Senior Class of Notes (other than the Class X Notes) then outstanding; and

(b) it shall have been indemnified and/or secured to its satisfaction against all liabilities, proceedings, claims and demands to which it may be or become liable and all costs, charges and expenses which may be incurred by it in connection therewith.

The Notes will be limited recourse obligations of the Issuer and enforcement or directons in respect of the Issuer Security, recourse in respect of obligations under the Notes and all other obligations of the Issuer will be limited to the proceeds of realisation of the Issuer Security.

Non-petition

Each of the Issuer Secured Creditors which is a party to the Issuer Deed of Charge (other than the Trustee) will agree in the Issuer Deed of Charge that, unless an Acceleration Notice has been served, or the Trustee, having become bound to serve an Acceleration Notice, fails to do so within a reasonable period and such failure is continuing, it will not take any steps for the purpose of recovering any debts due or owing to it by the Issuer or to petition or procure the petitioning for the winding-up or administration of the Issuer or to file documents with the court or serve a notice of intention to appoint an administrator in relation to the Issuer.

Enforcement

The Issuer Security (other than the rights of the Trustee in respect of the German Related Security Trust) will become enforceable on the occurrence of a Note Event of Default pursuant to Condition 10 (*Note Events of Default*) (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). In respect of a Note Event of Default, if the Issuer Security (other than the rights of the Trustee in respect of the German Related Security Trust) has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes or (b) the Trustee has been advised by such professional advisers as are selected by the Trustee, upon whom the Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or (c) the Trustee determines that not to effect such disposal would or would be likely to place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Governing law

The Issuer Deed of Charge will be governed by English law.

10. The French Note Pledge Agreement

On or before the Closing Date, the Issuer will enter into a french law pledge agreement (the **French Note Pledge Agreement**) with the Trustee pursuant to which the Issuer will pledge in favour of the Trustee, the French Notes and the French Residual Units held by the Issuer and issued by the French Issuer as security in respect of its obligations, including the Notes.

Governing law

The French Note Pledge Agreement will be governed by French law.

11. The German Related Security Trust

Prior to the Closing Date, the Issuer will enter into a trust agreement (the **German Related Security Trust**) with the Trustee, pursuant to which the Issuer will declare a trust over any interest the issuer acquires in respect of the German Related Security.

Governing law

The German Related Security Trust will be governed by English law

12. Bank Account Agreement

The Issuer, the Cash Manager, the Account Bank and the Trustee will each enter into an agreement (the **Bank Account Agreement**) on or before the Closing Date pursuant to which the Issuer will establish the following bank accounts:

(a) an account (the **Issuer Transaction Account**) into which all Collections in respect of the Loans (other than the French Loans and the Italian Loans) and amounts received by the Issuer under the French Notes and the Italian Notes to be transferred by the Relevant Servicer (as agent for the Issuer or the Relevant Security Agent as the case may be), under the Relevant Servicing Agreement or, in the case of the French Notes by the French Management Company under the French Issuer Regulations or in the case of the Italian Notes, the Italian Paying Agent under the Italian Agency Agreement (including, for the avoidance of doubt, Prepayment Fees and Break Costs and all amounts of interest representing Prepayment Fees and Break Costs paid under the French Notes and the Italian Notes), all drawings under the Liquidity Facility Agreement (other than a Liquidity Stand-by Drawing), all drawings in respect of the Administrative Cost Reserve Account, all payments to the Issuer under the Interest Rate Swap Agreement, the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement and all other amounts received by the Issuer in connection with the Loans or the Loan Security or otherwise received by the Issuer under the Transaction Documents are required to be paid;

(b) an account (the **Class X Principal Account**) into which the Issuer will deposit €100,000 which amount will be available to pay principal only on the Class X Notes when such principal is due in accordance with Condition 6.3(e) (*Class X Note Redemption*);

(c) an account (the **Issuer Share Capital Account**) into which the subscription monies in respect of the shares in the Issuer are required to be paid;

(d) an account (the **Administrative Cost Reserve Account**) which will be opened by the Issuer with the Account Bank and into which the Issuer will deposit an amount (if any) required to replenish such account up to the Administrative Cost Reserve Amount on each Note Interest Payment Date in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable, and from which the Cash Manager will make an Administrative Cost Reserve Account Drawing in respect of any Administrative Cost Shortfalls in accordance with the Cash Management Agreement; and

(e) an account (the **Liquidity Stand-by Account**) (and, together with the Issuer Transaction Account, the Issuer Share Capital Account, the Administrative Cost Reserve Account, the Class X Principal Account and any other accounts maintained by the Issuer in accordance with the terms of the Transaction Documents from time to time, the **Issuer Accounts**) which will be opened by the Issuer with the Account Bank when a Liquidity Stand-by Drawing is made and into which the Liquidity Stand-by Drawing will be deposited.

The Relevant Servicer (acting as agent for the Issuer and the Relevant Security Agent, as applicable) will be responsible, pursuant to the terms of the Relevant Servicing Agreement, for ensuring that the amounts received in connection with the Loans or the Loan Security in respect of the Loans other than the Italian Loans and the French Loans and amounts received in respect of the French Notes and the Italian Notes are paid into the Issuer Transaction Account. Payments out of the Issuer Transaction Account will be made in accordance with the provisions of the Cash Management Agreement and the relevant Priority of Payments contained therein as described under "*Cashflows*" at page 298.

If the Account Bank ceases to be an **Eligible Bank** (being a UK bank or a UK branch of a bank the short-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "F1" by Fitch, "P-1" by Moody's and "A-1+" by S&P and the long-term, unsecured, unguaranteed and unsubordinated debt obligations of which are rated at least "A" by Fitch, "A1" by Moody's and "AA-" by S&P, or is otherwise acceptable to the Rating Agencies), the Issuer will be required to arrange for the transfer (within 30 days) of the Issuer Accounts to an Eligible Bank on terms acceptable to the Trustee.

Governing law

The Bank Account Agreement will be governed by English law.

13. Corporate Services Agreement

Issuer Corporate Services Agreement

The Issuer, the Corporate Services Provider and the Trustee will each enter into one or more services agreements (together, the **Issuer Corporate Services Agreement**) on or before the Closing Date pursuant to which the Corporate Services Provider will agree to provide certain administrative services to the Issuer. Pursuant to the Corporate Services Agreement and the terms of a corporate services fee letter (the **Issuer Corporate Services Fee Letter**), to be entered into, *inter alia*, the Issuer and the Issuer Parent and the Corporate Services Provider, the Corporate Services Provider will be entitled to receive a fee for the provision of those administrative and certain other corporate services. The Corporate Services Agreement may be terminated by either the Issuer or the Corporate Services Provider pursuant to its terms, but such termination shall only take effect when a substitute corporate services provider has been appointed (on substantially the same terms as the Corporate Services Provider) in accordance with the Corporate Services Agreement.

The Issuer Corporate Services Agreement will be governed by English law.

14. Agency Agreement

Pursuant to an agency agreement to be entered into on or prior to the Closing Date (the **Agency Agreement**) between the Issuer, the Trustee, the Principal Paying Agent, the Italian Custodian, the Irish Paying Agent and the Agent Bank, provision will be made for, among other things, payment of principal and interest in respect of the Notes of each Class and custody of the Italian Notes.

Governing law

The Agency Agreement will be governed by English law.

15. Master Definitions Schedule

On or prior to the Closing Date, each of the Issuer, the French Issuer, the French Issuer Related Parties, the Italian Issuer, the Italian Issuer Related Parties, the Trustee, the Cash Manager, the Account Bank, the Liquidity Facility Provider, the Master Servicer, the Special Servicer, the Agent Bank, the Paying Agents and the Corporate Services Provider will sign, for the purposes of identification only, a definitions schedule (the **Master Definitions Schedule**) incorporating the definitions applicable to each of the Transaction Documents where not otherwise defined therein.

CASHFLOWS

(A) French Priority of Payments

The payment priorities in respect of the French Transaction Account will be set out in the French Issuer Regulations. The French Management Company will be responsible for instructing any payments of principal on the French Notes from amounts credited to the French Principal Ledger (as defined below) on the French Transaction Account (in accordance with the French Principal Priority of Payments) and for instructing payments of, among other things, interest on the French Notes from the French Revenue Ledger on the French Transaction Account (in accordance with the French Revenue Priority of Payments).

Payments from amounts credited to the French Revenue Ledger – French Revenue Priority Amounts

The French Management Company (on behalf of the French Issuer) will, on any Business Day, (including a French Note Interest Payment Date) pay out of the French Available Issuer Income (as defined below) standing to the credit of the French Transaction Account and credited to the French Revenue Ledger, (a) certain expenses due to third parties, other than those that are listed in paragraphs (a), (b), (c), (e) and (f) of the French Revenue Priority of Payments below, incurred by the French Issuer in connection with its management objectives (*stratêgie de gestion*), including the French Issuer's liability, if any, to taxation and (b) any periodic payments due pursuant to the French Interest Rate Swap Agreement (together the **French Revenue Priority Amounts**), provided that on any French Note Interest Payment Date, such payment shall be made in accordance with the French Revenue Priority of Payments.

French Revenue Priority of Payments

The French Management Company (on behalf of the French Issuer) will, on each French Note Interest Payment Date, apply French Available Issuer Income (as defined below) credited to a ledger in respect of revenue relating to the French Loans (the **French Revenue Ledger**) in the following order of priority (the **French Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the French Issuer to the French Management Company;

(b) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the French Issuer to the French Custodian and the French Account Bank;

(c) in or towards satisfaction of any amounts due and payable by the French Issuer to the French Servicer in respect of the French Servicing Fee, the French Special Servicing Fee and any other amounts due to the French Servicer pursuant to the French Servicing Agreement (including Liquidation Fees or Restructuring Fees);

(d) in or towards satisfaction of any amounts due and payable by the French Issuer on such French Note Interest Payment Date in respect of French Revenue Priority Amounts to third parties (other than those that are listed in paragraphs (a), (b), (c), (e) and (f) of the French Revenue Priority of Payments) incurred by the French Issuer in connection with its management objectives (*stratêgie de gestion*);

(e) in or towards satisfaction of any amounts due and payable by the French Issuer on such French Note Interest Payment Date to the French Interest Rate Swap Provider under and in accordance with the French Interest Rate Swap Agreement;

(f) in or towards payment of interest due and overdue on the French Notes; and

(g) any surplus to the French Issuer.

French Available Issuer Income on any date means:

(a) all amounts other than principal, (save to the extent that such principal represents any amount to be paid to the French Servicer as a Liquidation Fee) paid to the French Issuer under or in respect of the Finance Documents in respect of the French Loansin respect of the relevant Collection Period;

(b) in respect of a French Note Interest Payment Date, any interest accrued upon the French Transaction Account and paid into the French Transaction Account together with the interest element of the proceeds of any Eligible Investments or other investments made by or on behalf of the French Issuer out of amounts standing to the credit of the French Transaction Account and paid into the French Transaction Account in each case received since the immediately preceding French Note Interest Payment Date;

(c) all amounts received by the French Issuer under the French Interest Rate Swap Agreement;

(d) all amounts received by the French Issuer in respect of the French Issuer Fee; and

(e) any amount received by the French Issuer in respect of the Transction Documents (other than any amount representing principal or amounts set out in items (a) to (d) above).

French Principal Priority of Payments

The French Management Company (on behalf of the French Issuer) will on each French Note Interest Payment Date apply French Available Principal credited to a ledger in respect of principal relating to the French Loans (the **French Principal Ledger**) *pari passu* and *pro rata* in or towards the redemption of the French Notes (the **French Principal Priority of Payments)**.

French Available Principal means all amounts of principal received in respect of the French Loans in respect of the relevant Collection Period less any amount to be paid to the French Servicer as a Liquidation Fee and any amount of principal received by the French Issuer under the Transaction Documents (including the French Loan Sale Agreement).

(B) Italian Issuer Priority Payments

The payment priorities in respect of the Italian Transaction Account will be set out in the Terms and Conditions of the Italian Notes. The Italian Paying Agent will be responsible for making any payments of principal on the Italian Notes from amounts credited to the **Italian Principal Ledger** (being the principal ledger to which Italian Available Principal is credited) on the Italian Transaction Account (in accordance with the Italian Principal Priority of Payments) and for making payments of, among other things, interest on the Italian Notes from the **Italian Revenue Ledger** (being the revenue ledger to which the Italian Available Issuer Income is credited) on the Italian Transaction Account (in accordance with the Italian Revenue Priority of Payments).

Payments from amounts credited to the Italian Revenue Ledger – Italian Revenue Priority Amounts

The Italian Paying Agent (on behalf of the Italian Issuer) will, on any Business Day, (including an Italian Note Interest Payment Date) pay out of the Italian Available Issuer Income (as defined below) standing to the credit of the Italian Transaction Account and credited to the Italian Revenue Ledger, (a) certain expenses due to third parties, other than those that are listed in paragraphs (a), (c), (d), (e), (g) and (h) of the Italian

Revenue Priority of Payments below, incurred by the Italian Issuer in the ordinary course of its business, including the Italian Issuer's liability, if any, to taxation and (b) any periodic payments due pursuant to the Italian Interest Rate Swap Agreement (together the **Italian Revenue Priority Amounts**) provided that on any Italian Note Interest Payment Date, such payment shall be made in accordance with the Italian Revenue Priority of Payments.

Italian Revenue Priority of Payments

The Italian Paying Agent (on behalf of the Italian Issuer) will, on each Italian Note Interest Payment Date, apply Italian Available Issuer Income (as defined below) credited to the Italian Revenue Ledger in the following order of priority (the **Italian Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

(a) in or towards satisfaction of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Italian Issuer to the Representative of the Italian Noteholders or any appointee thereof;

(b) in or towards satisfaction, pro rata and pari passu, according to the respective amounts thereof, of any and all outstanding taxes due and payable by the Italian Issuer;

(c) in or towards satisfaction *pari passu* and *pro rata* according to the respective amounts thereof of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable by the Italian Issuer to the Italian Paying Agent, the Italian Computation Agent under the Italian Agency Agreement and the Italian Account Bank under the Italian Account Bank Agreement;

(d) in or towards satisfaction, *pari passu* and *pro rata* according to the respective amounts thereof of any costs, expenses, fees, remuneration and indemnity payments (if any) and any other amounts payable to the Italian Corporate Services Provider and the Italian Issuer Parent Corporate Services Provider;

(e) in or towards satisfaction of any amounts due and payable by the Italian Issuer to the Italian Servicer in respect of the Italian Servicing Fee, the Italian Special Servicing Fee and any other amounts due to the Italian Servicer pursuant to the Italian Servicing Agreement (including Liquidation Fees or Restructuring Fees);

(f) in or towards satisfaction of any amounts due and payable by the Italian Issuer on such Italian Note Interest Payment Date in respect of Italian Revenue Priority Amounts to third parties (other than those that are listed in paragraphs (a), (b), (c), (d), (e), (g) and (h) of the Italian Revenue Priority of Payments) incurred by the Italian Issuer in the ordinary course of its business and amounts required to be paid in order to preserve the corporate existence of the Italian Issuer, to maintain it in good standing, to comply with applicable legislation;

(g) in or towards satisfaction of any amounts due and payable by the Italian Issuer on such Italian Note Interest Payment Date to the Italian Interest Rate Swap Provider under and in accordance with the Italian Interest Rate Swap Agreement;

(h) in or towards payment of interest due and overdue on the Italian Notes; and

(i) any surplus to the Italian Issuer

Italian Available Issuer Income on any date means:

(a) all amounts other than principal, (save to the extent that such principal represents any amount to be paid to the Italian Servicer as a Liquidation Fee) paid to the Italian Issuer under or in respect of the

Finance Documents in respect of the Italian Loans in respect of the relevant Collection Period(being in respect of any Italian Note Interest Payment Date, the immediately preceeding Collection Period and in respect of any other date, the Collection Period in which such date falls);

(b) in respect of an Italian Note Interest Payment Date, any interest accrued upon the Italian Transaction Account and paid into the Italian Transaction Account together with the interest element of the proceeds of any Eligible Investments or other investments made by or on behalf of the Italian Issuer out of amounts standing to the credit of the Italian Transaction Account and paid into the Italian Transaction Account in each case received since the immediately preceding Italian Note Interest Payment Date;

(c) all amounts received by the Italian Issuer under the Italian Interest Rate Swap Agreement;

(d) all amounts received in respect of the Italian Issuer Fee; and

(e) any amount received by the Italian Issuer in respect of the Transction Documents (other than any amount qualified thereof as a payment of principal in in relation tot eh Italian Loans or amounts set out in items (a) to (d) above),

in each case standing to the credit of the Italian Transaction Account on such date.

Italian Principal Priority of Payments

Prior to the service of an Italian Issuer Acceleration Notice, the Italian Available Principal as calculated on each Calculation Date will be applied by the Italian Issuer on the Italian Note Interest Payment Date immediately following such Calculation Date in making payments or provisions (the **Italian Principal Priority of Payments** and, together with the Italian Revenue Priority of Payments, the **Pre-Enforcement Priority of Payments**):

(A) on each Italian Note Interest Payment Date up to, but excluding, the Decree 239 Italian Note Interest Payment Date, to retain all such amounts to the Italian Transaction Account unless otherwise directed by the Italian Noteholders to redeem the Italian Notes; or

(B) on the Decree 239 Italian Note Interest Payment Date and on each Italian Note Interest Payment Date thereafter, in or towards repayment, *pro rata* and *pari passu*, of the principal amount outstanding of the Italian Notes until the Italian Notes are repaid in full,

as the case may be.

Italian Available Principal means on each Italian Note Interest payment Date all amounts standing to the credit of the Italian transaction Account on such date, paid to the Italian Issuer under, or in connection with, the Italian Finance Documents in respect of the preceeding Collection Period and all amounts received by the Italian Issuer under the Transaction Documents (including the Master Loan Sale Agreement), in each case qualified thereof as a payment of principal in relation to the Italian Loans, together with any amount retained on the Italian Transaction Account on the preceeding Italian Note Interest Payment Date pursuant to item (*i*) of the Italian Principal Priority of Payments, less any amount to be paid to the Italian Servicer as a Liquidation Fee.

Italian Post-Enforcement Priority of Payment

Provided that at any time following delivery of an Italian Issuer Acceleration Notice, or, in the event that the Italian Issuer exercises its rights to redeem the Italian Notes in full under the Terms and Conditions of the Italian Notes, all amounts received or recovered by or on behalf of the Italian Issuer or the Representative of

the Italian Noteholders in respect of the Italian Loan Receivables, the Italian Notes Security and any of the other Italian Law Transaction Documents will be applied by or on behalf of the Representative of the Italian Noteholders in the order as set out in the Italian Revenue Priority of Payments ((a) to (h)) and thereafter all amounts will be applied in a redemption of the Italian Notes and thereafter any surplus will be paid to the Italian Issuer (the **Italian Post-Enforcement Priority of Payments** and, together with the Italian Pre-Enforcement Priority of Payments the **Italian Priority of Payments**) in each case, only if and to the extent that payments of a higher priority have been made in full, provided however that if the amount of the monies at any time available to the Italian Issuer or the Representative of the Italian Noteholders for the payments above shall be less than 10% of the Italian Note Principal Amount Outstanding of the Italian Notes, the Representative of the Italian Noteholders may at its discretion invest such monies in some or one of the investments authorised pursuant to the Italian Intercreditor Agreement.

The Representative of the Italian Noteholders at its discretion may vary such investments and may accumulate such investments and the resulting income until the earlier of: (a) the day on which the accumulations, together with any other funds for the time being under the control of the Representative of the Italian Noteholders and available for such purpose, amount to at least 10% of the Italian Note Principal Amount Outstanding and (b) the Business Day immediately following the service of an Italian Issuer Acceleration Notice that would have been an Italian Note Interest Payment Date. Such accumulations and funds shall then be applied to make the payments above.

The Italian Issuer is entitled, pursuant to the Italian Intercreditor Agreement, to dispose of the Italian Loan Receivables in order to finance the redemption of the Italian Notes following the delivery of an Italian Issuer Acceleration Notice.

In the event that the Italian Issuer redeems the Italian Notes in whole or in part prior to the date which is 18 months after the Italian Issue Date, the Italian Issuer will be required to pay a tax in Italy equal to 20% of all interest accrued on such principal amount repaid early up to the relevant repayment date. This requirement will apply whether or not the redemption takes place following an event of default under the Italian Notes (an **Italian Event of Default**) or pursuant to any requirement of the Italian Issuer to redeem the Italian Notes following the service of an Italian Issuer Acceleration Notice in connection with any such Italian Event of Default. Consequently, following an Italian Event of Default, the Italian Issuer may, with the consent of the Representative of the Italian Noteholders, and shall, if so instructed by the Representative of the Italian Noteholders, delay the redemption of the Italian Notes until the end of such 18-month period.

(C) Issuer Payment Priorities

The payment priorities in respect of the Issuer Transaction Account will be set out in the Cash Management Agreement. Prior to the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will be responsible for making any payments of principal on the Notes from amounts credited to the Principal Ledger on the Issuer Transaction Account (in accordance with the Pre-Acceleration Principal Priority of Payments) and for making payments of, among other things, interest on the Notes from the Revenue Ledger on the Issuer Transaction Account (in accordance with the Pre-Acceleration Revenue Priority of Payments). From and including the time at which the Trustee takes any steps to enforce the Issuer Security (but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full) the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Enforcement/Pre-Acceleration Priority of Payments. Following the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be responsible for making payments of principal and interest on the Notes in accordance with the Post-Acceleration Priority of Payments.

Payments from amounts credited to the Revenue Ledger – Revenue Priority Amounts

Prior to the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager (on behalf of the Issuer) will, on any Business Day, (including a Note Interest Payment Date) pay out of the Adjusted Available Issuer Income (as defined below) standing to the credit of the Issuer Transaction Account and credited to the Revenue Ledger, (a) (prior to the Trustee taking any steps to enforce the Issuer Security) certain expenses due to third parties that are not Issuer Secured Creditors incurred by the Issuer in the ordinary course of its business, including the Issuer's liability, if any, to taxation and (b) any periodic payments due pursuant to the Interest Rate Swap Agreement (together the **Revenue Priority Amounts**), provided that on any Note Interest Payment Date, such payment shall be made in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable.

Pre-Acceleration Revenue Priority of Payments

Prior to (a) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and (b) the Trustee taking any steps to enforce the Issuer Security, the Cash Manager (on behalf of the Issuer) will, on each Note Interest Payment Date, apply Adjusted Available Issuer Income (as defined below) credited to the Revenue Ledger in the following order of priority (the **Pre-Acceleration Revenue Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full):

(a) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*:

  (i) the Trustee and any person appointed by it under the Trust Deed, the Issuer Deed of Charge or any other Transaction Document to which it is a party;

  (ii) the French Issuer with respect to the French Issuer Fee; and

  (iii) the Italian Issuer with respect to the Italian Issuer Fee;

(b) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to, *pari passu* and *pro rata*, the Paying Agents, the Italian Custodian and the Agent Bank under the Agency Agreement and the Account Bank under the Bank Account Agreement;

(c) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to, *pari passu* and *pro rata*:

  (i) the Master Servicer in respect of the Servicing Fee and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Master Servicer or the Special Servicer pursuant to the Servicing Agreement (including without limitation Liquidation Fees or Restructuring Fees and a reimbursement of any amounts of Loan Protection Advances made by the Master Servicer or the Special Servicer on behalf of the Issuer);

  (ii) the Spanish Servicer in respect of the Spanish Servicing Fee and the Spanish Special Servicing Fee and any other amounts due to the Spanish Servicer pursuant to the Spanish Servicing Agreement (including Liquidation Fees or Restructuring Fees) (including in each case, a reimbursement of any amounts of Loan Protection Advances made by the Spanish Servicer on behalf of the Issuer); and

  (iii) the Cash Manager pursuant to the Cash Management Agreement;

(d) in or towards satisfaction, *pari passu* and *pro rata* according to amounts then due, of any amounts due and payable by the Issuer on such Note Interest Payment Date to:

(i) the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter; and

(ii) any payment of Revenue Priority Amounts to third parties (other than the Issuer Secured Creditors) incurred by the Issuer in the ordinary course of its business;

(e) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(f) in or towards satisfaction *pari passu* and *pro rata* according to amounts then due and payable by the Issuer (in its capacity as the French Interest Rate Swap Provider and the Italian Interest Rate Swap Provider) to the French Issuer and the Italian Issuer under and in accordance with the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement;

(g) in or towards satisfaction of any amounts due and payable by the Issuer on such Note Interest Payment Date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement (other than any Subordinated Interest Rate Swap Amounts);

(h) in or towards payment *pari passu* and *pro rata* according to the respective amounts of any amounts the Issuer has agreed to pay or otherwise provide to a Borrower in respect of Loan Protection Advances (in each case to the extent not already paid from amounts standing to the credit of the relevant Rent Account or other Borrower Account, as applicable, a Loan Protection Drawing or by the Master Servicer or the Special Servicer);

(i) in or towards payment of an amount equal to the Target Administrative Cost Reserve Amount to be deposited into the Administrative Cost Reserve Account;

(j) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class A Notes;

(k) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;

(l) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;

(m) in or towards payment of any interest due or overdue on the Class X Notes;

(n) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;

(o) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;

(p) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class F Notes;

(q) in or towards payment of interest due and overdue (and all interest due on such overdue interest) on the Class G Notes;

(r) in or towards payment of any Liquidity Subordinated Amounts payable by the Issuer on such Note Interest Payment Date to the Liquidity Facility Provider;

(s) in or towards payment of any Subordinated Interest Rate Swap Amounts payable by the Issuer on such Note Interest Payment Date to the Interest Rate Swap Provider;

(t) to retain in a separate ledger in the Issuer Transaction Account (the **Tax Reserve Ledger**) an amount equal to 5% of the amount paid to the Corporate Service Provider in respect of paragraph (d)(i) above in respect of such Note Interest Payment Date;

(u) in or towards payment of (i) the Initial Deferred Consideration on the Note Interest Payment falling in November 2006; and thereafter (ii) Class X Additional Amounts (such amounts the **Class X Excess Spread Additional Amounts**) to the Class X Noteholders; and

(v) any surplus to the Issuer.

Adjusted Available Issuer Income on any date means Available Issuer Income plus the following drawings under the Liquidity Facility Agreement, in each case standing to the credit of the Issuer Transaction Account:

(a) Loan Protection Drawings;

(b) Loan Income Deficiency Drawings;

(c) Revenue Priority Amount Drawings;

(d) Administrative Cost Shortfall Drawings; and

(e) where the Cash Manager has determined on any Calculation Date that an Administrative Cost Shortfall will occur an amount equal to the lesser of the amount standing to the credit of the Administrative Cost Reserve Account or the amount of such Administrative Cost Shortfall.

Administrative Cost Reserve Amount means €50,000.

Administrative Cost Shortfall means, in respect of any Calculation Date, the excess of the actual Senior Administrative Costs due on the immediately following Note Interest Payment Date without regard to the estimated Target Administrative Cost Reserve Amount in respect thereof over the estimated Senior Administrative Costs calculated on the immediately preceding Interest Determination Date without regard to the actual Target Administrative Cost Reserve Amount in respect thereof.

Available Funds Target Reserve Reduction Amount means the amount resulting from the difference between the actual amount required to replenish the Administrative Cost Reserve Account to the Administrative Cost Reserve Amount on the immediately following Note Interest Payment Date and the Target Administrative Cost Reserve Amount.

Subordinated Interest Rate Swap Amount means any termination amount due to the Interest Rate Swap Provider as a result of:

(a) the occurrence of an Interest Rate Swap Termination Event in respect of the Interest Rate Swap Provider (including, for the avoidance of doubt, where the Interest Rate Swap Provider is the Defaulting Party (as defined in the Interest Rate Swap Agreement)); or

(b) the failure by the Interest Rate Swap Provider to comply with the requirements under the Interest Rate Swap Agreement in relation to loss of Minimum Interest Rate Swap Provider Ratings (as

defined above in the section entitled "*Transaction Documents – The Interest Rate Swap Agreement*" at page 289).

Target Administrative Cost Reserve Amount means (a) the amount required to replenish the Administrative Cost Reserve Account up to the Administrative Cost Reserve Amount; or (b) if the Cash Manager determines on any Calculation Date that an Administrative Cost Shortfall will occur on the immediately following Note Interest Payment Date, such amount will be the excess of the amount required to replenish the Administrative Cost Reserve Account to the Administrative Cost Reserve Amount over the amount of such Administrative Cost Shortfall (such amount not to be less than zero).

Pre-Acceleration Principal Priority of Payments

Prior to (a) the delivery of an Acceleration Notice or the Notes otherwise becoming due and repayable in full or (b) the Trustee taking any steps to enforce the Issuer Security, the Cash Manager will, on each Note Interest Payment Date, apply Available Issuer Principal credited to the Principal Ledger in the order of priority (the **Pre-Acceleration Principal Priority of Payments**) (in each case only if and to the extent that the payments and provisions of a higher priority have been made in full) set out in the relevant paragraph of Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*).

Post-Enforcement/Pre-Acceleration Priority of Payments

From and including the time at which the Trustee takes any step to enforce the Issuer Security, but prior to service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it shall apply:

(a) Adjusted Available Issuer Income credited to the Revenue Ledger and available for distribution, in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Revenue Priority of Payments, disregarding items (d)(ii) and (v) and in respect of any Revenue Priority Amounts payable, disregarding amounts payable under limb (a) of the definition of Revenue Priority Amounts for this purpose; and

(b) Available Issuer Principal credited to the Principal Ledger and available for distribution in or towards satisfaction of the liabilities set out in, and in the same order of priority as, the Pre-Acceleration Principal Priority of Payments, disregarding the items set out at Condition 6.3(b)(ix), 6.3(c)(ix), 6.3(d)(i)(E) and 6.3(d)(ii)(D) for this purpose,

such priorities of payments, together, the (**Post-Enforcement/Pre-Acceleration Priority of Payments**). Thereafter any surplus shall be paid into a designated account to be established for this purpose by the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) or any receiver appointed by it.

Post-Acceleration Priority of Payments

Following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Trustee will be required to apply all funds received or recovered by it (other than any amount in respect of Prepayment Fees, Break Costs, Interest Rate Swap Breakage Receipts subject to the Interest Rate Swap Breakage Receipts Priority of Payments, interest received on the French Notes and the Italian Notes representing Prepayment Fees, Break Costs and Interest Rate Swap Breakage Receipts subject to the Interest Rate Swap Breakage Receipts Priority of Payments and amounts received by the Issuer under the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement following a prepayment by a Borrower of a Loan or a default by a Borrower where no Loan Principal Loss has occurred and any principal amounts standing to the credit of the Liquidity Stand-by Account in respect of a Liquidity Stand-by Drawing) in accordance with the following order of priority (the **Post-Acceleration Priority of Payments**

and together with the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments and the Post-Enforcement/Pre-Acceleration Priority of Payments, the **Priority of Payments**) (in each case, only if and to the extent that the payments and provisions of a higher priority have been made in full), all as more fully set out in the Cash Management Agreement:

(a) in or towards satisfaction of any amounts due and payable by the Issuer to *pari passu* and *pro rata*:

(i) the Trustee and any receiver or other person appointed by any of them under the Trust Deed, the Issuer Deed of Charge (or any other Transaction Document to which it is a party);

(ii) the French Issuer with respect to the French Issuer Fee; and

(iii) the Italian Issuer with respect to the Italian Issuer Fee;

(b) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*, the Paying Agents, the Italian Custodian and the Agent Bank in respect of amounts properly paid by such persons to the Noteholders without corresponding payment of funds by the Issuer under the Agency Agreement together with any other amounts due to the Paying Agents, the Italian Custidian or the Agent Bank pursuant to the Agency Agreement and the Account Bank under the Bank Account Agreement;

(c) in or towards satisfaction of any amounts due and payable by the Issuer to, *pari passu* and *pro rata*:

(i) the Master Servicer in respect of the Servicing Fee and the Special Servicer in respect of the Special Servicing Fee and any other amounts due to the Master Servicer or the Special Servicer pursuant to the Servicing Agreement (including without limitation Liquidation Fees or Restructuring Fees and the reimbursement of any Loan Protection Advances made by the Master Servicer or the Special Servicer on behalf of the Issuer);

(ii) the Spanish Servicer in respect of the Spanish Servicing Fee and the Spanish Special Servicing Fee and any other amounts due to the Spanish Servicer pursuant to the Spanish Servicing Agreement (including Liquidation Fees or Restructuring Fees), (including, in each case, a reimbursement of any amounts of Loan Protection Advances made by the Spanish Servicer on behalf of the Issuer); and

(iii) the Cash Manager pursuant to the Cash Management Agreement;

(d) in or towards satisfaction, *pari passu* and *pro rata* according to the amounts then due, of any amounts due and payable by the Issuer to the Corporate Services Provider under the Corporate Services Agreement and the Corporate Services Fee Letter;

(e) in or towards satisfaction of any amounts due and payable by the Issuer to the Liquidity Facility Provider under and in accordance with the Liquidity Facility Agreement (other than any Liquidity Subordinated Amounts);

(f) in or towards satisfaction *pari passu* and *pro rata* according to amounts then due and payable by the Issuer (in its capacity as the French Interest Rate Swap Provider and the Italian Interest Rate Swap Provider) to the French Issuer and the Italian Issuer under and in accordance with the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement;

(g) in or towards satisfaction of any amounts due and payable by the Issuer to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement (other than any Subordinated Interest Rate Swap Amounts);

(h) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class A Notes;

(i) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class B Notes;

(j) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class C Notes;

(k) in or towards payment of any interest due or overdue on the Class X Notes;

(l) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class D Notes;

(m) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class E Notes;

(n) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest) on the Class F Notes;

(o) in or towards payment of any principal and interest due and overdue (and all interest due on such overdue interest), on the Class G Notes;

(p) in or towards payment of any Liquidity Subordinated Amounts payable to the Liquidity Facility Provider;

(q) in or towards payment of any Subordinated Interest Rate Swap Amounts payable by the Issuer to the Interest Rate Swap Provider;

(r) in or towards payment of Class X Additional Amounts to the Class X Noteholders; and

(s) any surplus to the Issuer.

Application of Prepayment Fees

All amounts received or recovered by the Issuer in respect of any Prepayment Fees or amounts of interest received by the Issuer under the French Notes and the Italian Notes representing Prepayment Fees will be applied by the Issuer or, from and including the time at which the Trustee takes any step to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in or towards payment of any Class X Additional Amounts to the Class X Noteholders (such amount the **Class X Prepayment Fees**).

Break Costs Priority of Payments

On any Note Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date), any Break Costs received by the Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period, interest representing Break Costs paid in respect of the French Notes and the Italian Notes received by the French Issuer or the Italian Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period and any termination payments received by the Issuer in its capacity as French Interest Rate Swap Provider or Italian Interest Rate Swap Provider as a result of a prepayment of a French Loan or an Italian Loan where the French Issuer or the Italian Issuer has received Break Costs from the relevant Borrower will be applied by the Cash Manager on behalf of the Issuer or, from and including the

time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Break Costs Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

(a) in or towards payment of any amount due and payable by the Issuer on that Note Interest Payment Date or other relevant date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement, arising as a result of the termination of all or part of any Interest Rate Swap Transaction due to the prepayment by such Borrower of all or part of any Loan; and

(b) in or towards payment of any Class X Additional Amounts to the Class X Noteholders (such amount the **Class X Break Costs**).

Interest Rate Swap Breakage Receipts Priority of Payments

On any Note Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date):

(a) any Interest Rate Swap Breakage Receipts received by the Issuer as a result of any termination of all or part of an Interest Rate Swap Transaction following prepayment by a Borrower of all or any part of a Loan during the related Collection Period or following a default by a Borrower, to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds; and

(b) any amounts of interest received on the Italian Notes and the French Notes representing Interest Rate Swap Breakage Receipts received by the French Issuer and the Italian Issuer as a result of any termination of all or part of a French Interest Rate Swap Transaction or an Italian Interest Rate Swap Transaction following prepayment by a Borrower of all or any part of a Loan during the related Collection Period or following a default by a Borrower, to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds,

will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Interest Rate Swap Breakage Receipts Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

(a) in or towards payment *pro rata* and *pari passu* of any amount the Issuer as French Interest Rate Swap Provider and Italian Interest Rate Swap Provider, as applicable, is obliged to pay under the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Agreement following the prepayment of all or part of a Loan by a Borrower;

(b) in or towards payment of any amount the Issuer (in its capacity as Lender) has or would have to pay to the relevant Borrower under the relevant Credit Agreement in respect of the prepayment by such Borrower of such Loan; and

(c) in or towards payment to Barclays Bank PLC in its capacity as a Seller as Deferred Consideration pursuant to the terms of the Master Loan Sale Agreement (such amount the **Excess Interest Rate Swap Breakage Receipts**).

Post Write-off Recovery Funds

The aggregate amount of any recovery received or the amount of interest paid on the French Notes or the Italian Notes representing any recovery by the Relevant Servicer on behalf of the Issuer, the French Issuer or the Italian Issuer in respect of a Loan following the write-off of such Loan by the Relevant Servicer on the completion of enforcement procedures in relation to such Loan (**Post Write-off Recovery Funds**) will be applied by the Issuer as Available Issuer Income or, following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, by the Trustee as available funds under the Post-Acceleration Priority of Payments.

Application of Class X Additional Amounts

All the Class X Additional Amounts will be applied by the Issuer on each Note Interest Payment Date or, from and including the time at which the Trustee takes any step to enforce the Issuer Security, the Trustee on each Note Interest Payment Date or on the same day as funds are applied under the Post-Acceleration Priority of Payments, as applicable solely to the holders of the Class X Notes as more fully set out in Condition 5.3(d).

Amounts standing to the credit of the Administrative Cost Reserve Account

On the Final Maturity Date, or such earlier date as the Notes of each Class (other than the Class X Notes) have been redeemed in full, all amounts standing to the credit of the Administrative Cost Reserve Account will be paid to Barclays Bank PLC as Seller as Deferred Consideration for the sale of the Issuer Loans.

FRENCH, ITALIAN AND SPANISH SERVICING

Introduction

In the case of the French Loans, the Italian Loans and the Spanish Loan (each a **Local Loan** and together, the **Local Loans**), the servicing of these Loans and the Related Security involves two separate components. First, a servicer will be appointed on the Closing Date by each of the French Issuer, the Italian Issuer and the Issuer, being the French Servicer, the Italian Servicer and the Spanish Servicer, respectively (each a **Local Servicer** and together, the **Local Servicers**). Each Local Servicer will be responsible for servicing the French Loans, the Italian Loans and the Spanish Loan, as applicable, located in its relevant jurisdiction and for conducting all communications with the relevant Borrowers. If security is required to be enforced in respect of a French Loan, the French Servicer will co-operate with the French Issuer and the French Management Company, if security is required to be enforced in respect of an Italian Loan, the Italian Servicer will co-operate with the Italian Issuer and if security is required to be enforced in respect of the Spanish Loan, the Spanish Servicer will co-operate with the Issuer.

Secondly, the Issuer, the Trustee and, in respect of the Austrian Loan, the Austrian Seller will appoint, on the Closing Date, the master servicer (the **Master Servicer)** pursuant to the Servicing Agreement. The Master Servicer's duties will relate to the servicing and enforcement of the Austrian Loan, the Belgian Loan, the German Loans, the French Notes, the Italian Notes and the PH (together the **Issuer Assets**). In the case of the French Notes, the Italian Notes and the PH, the Master Servicer will perform its duties by, among other things, providing directions, in relation to action to be taken in respect of the relevant Local Loan, to, in respect of the French Loans, the French Management Company, in respect of the Italian Loans, the Representative of the Italian Noteholders and, in respect of the Spanish Loan, the Spanish Servicer. In respect of the Austrian Loan, the Belgian Loan and the German Loans, the duties and obligations of the Master Servicer will be similar to those of the Local Servicers. Pursuant to the Servicing Agreement, the Issuer, the Trustee and, in respect of the Austrian Loan, the Austrian Seller, will also appoint the Special Servicer to carry out certain servicing functions in respect of the Issuer Assets when a Loan (including a Local Loan) becomes a Specially Serviced Loan.

The French Issuer and the French Management Company will appoint Barclays Bank PLC under the terms of a servicing agreement dated on the Closing Date (the **French Servicing Agreement**) as the French Servicer of the French Loans. The French Management Company will act at the direction of the Issuer (as holder of the French Notes) or any agent of the Issuer in respect of any directions to be given to the French Servicer. The French Servicer will delegate the majority of its servicing obligations to BCMSL (in its capacity as **French Master Servicer**) and the majority of its special servicing functions to Capmark Services UK Limited (in its capacity as **French Special Servicer**) under the terms of a sub-servicing agreement between the French Servicer, the French Master Servicer and the French Special Servicer (the **French Sub-Servicing Agreement**). Notwithstanding the delegation of its obligations under the French Sub-Servicing Agreement, the French Servicer will not be released or discharged from liability under the French Servicing Agreement.

The Italian Issuer and the Representative of the Italian Noteholders will appoint Barclays Bank PLC under the terms of a servicing agreement dated on the Closing Date (the **Italian Servicing Agreement**) as the Italian Servicer of the Italian Loans. The Representative of the Italian Noteholders will act at the direction of the Issuer (as holder of the Italian Notes) or any agent of the Issuer in respect of any directions to be given to the Italian Servicer. The Italian Servicer will delegate the majority of its servicing obligations to Barclays Capital Mortgage Servicing Limited (in its capacity as **Italian Master Servicer**) and the majority of its special servicing functions to Capmark Services UK Limited (in its capacity as **Italian Special Servicer**), under the terms of a sub-servicing agreement between the Italian Servicer, the Italian Master Servicer and the Italian Special Servicer (the **Italian Sub-Servicing Agreement**).

The Issuer will appoint Barclays Bank S.A. under the terms of a servicing agreement dated on or about the Closing Date (the **Spanish Servicing Agreement** and, together with the French Servicing Agreement and the Italian Servicing Agreements, the **Local Servicing Agreements** and, each a **Local Servicing Agreement**) as the Spanish Servicer of the Spanish Loan. The Spanish Servicer will delegate the majority of its servicing obligations to Barclays Capital Mortgage Servicing Limited (acting in its capacity as **Spanish Master Servicer**) and the majority of its special servicing obligations to Capmark Services UK Limited (in its capacity as **Spanish Special Servicer**) pursuant to the terms of a Spanish sub-servicing agreement to be entered into on or about the Closing Date between the Spanish Servicer, the Spanish Master Servicer and the Spanish Special Servicer (the **Spanish Sub-Servicing Agreement**) and will additionally appoint or, will otherwise undertake to appoint on the request of the Issuer and/or the Trustee, the Spanish Master Servicer and the Spanish Special Servicer to act as its attorney pursuant to the terms of a Spanish power of attorney to be dated on or about the Closing Date (the **Spanish Servicing Power of Attorney**).

Each Security Agent in respect of the French Loans, the Italian Loans and the Spanish Loan will appoint the French Servicer, the Italian Servicer and the Spanish Servicer, as applicable, as its agent pursuant to the terms of the relevant Local Servicing Agreement. Each relevant Local Servicer, will exercise all duties, powers, directions and rights of each Security Agent under the relevant Finance Documents (including each relevant Credit Agreement). In acting as agent for the Relevant Security Agent, the relevant Local Servicer must act in accordance with the Servicing Standard (as defined below), the provisions of the relevant Local Servicing Agreement and the relevant Credit Agreement.

Servicing of the Local Loans

Servicing procedures will include monitoring compliance with and administering the options available to each Borrower in respect of a Local Loan under the terms and conditions of the relevant Credit Agreement. The relevant Local Servicer must take all measures it deems necessary or appropriate in its due professional discretion to administer and collect the relevant Local Loan and in exercising its obligations and discretions under the relevant Local Servicing Agreement in its capacity as agent of the French Issuer, the Italian Issuer, Issuer, and the Relevant Security Agent. The Local Servicer must act in accordance with the following requirements and, in the event that the Local Servicer considers there to be a conflict between them, in the following priority:

(a) all applicable legal and regulatory requirements;

(b) the terms of the applicable loan documentation in respect of the relevant Local Loan;

(c) the terms of the Local Servicing Agreement;

(d) (in respect of the French Loans) the directions of the French Management Company itself being directed by the Master Servicer or, if the relevant French Loan is a Specially Serviced Loan, the Special Servicer (in each case on behalf of the Issuer);

(e) (in respect of the Italian Loans) the directions of the Representative of the Italian Noteholders itself being directed by the Master Servicer or, if the relevant Italian Loan is a Specially Serviced Loan, the Special Servicer (in each case on behalf of the Issuer as Italian Noteholder);

(f) (in respect of the Spanish Loan) the directions of the Master Servicer or, where the relevant Local Loan is a Specially Serviced Loan, the Special Servicer (in each case on behalf of the Issuer and the Trustee);

the **Servicing Standard** being the maximisation of recovery of funds taking into account:

(i) the likelihood of recovery of amounts due in respect of that Loan;

(ii) the timing of recovery;

(iii) the costs of recovery, and

(iv) the interests of, in respect of the Issuer Loans and the Spanish Loan, the Issuer, in respect of the French Loans, the French Issuer and, in respect of the Italian Loans, the Italian Issuer,

giving due and careful consideration to customary and usual standards of practice of a reasonably prudent commercial mortgage lender servicing loans similar to the Loans in the relevant jurisdiction and without regard to any fees or other compensation to which it is entitled, or the ownership by it or any of its affiliates of an interest in the Notes or any relationship the Local Servicer (including the French Master Servicer, the French Special Servicer, the Italian Master Servicer, the Italian Special Servicer, the Spanish Master Servicer and the Spanish Special Servicer, each as agent of the relevant Local Servicer), the Master Servicer or the Special Servicer, as applicable, or any of their respective affiliates or any other person may have with any Borrower, Obligor or any other party to the Transaction Documents.

Direction of Local Servicers

Although the Local Servicers are appointed to act on behalf of the French Issuer, the Italian Issuer and the Representative of the Italian Noteholders, and the Issuer to exercise their respective powers and discretions in relation to the relevant Local Loans and Related Security, the Local Servicers must notify the Master Servicer or, in the case of a Specially Serviced Loan, the Special Servicer, the French Issuer and the French Management Company, or in the case of the Italian Loans, the Italian Issuer and the Representative of the Italian Noteholders prior to actually exercising any such powers or discretions including, for example, consenting to the amendment, variation or waiver of the terms of any Finance Document. Following such notification, the relevant Local Servicer may only exercise the relevant discretion in accordance with the instructions of, in the case of the French Loans, the French Management Company (as directed by the Issuer or any of its agents), in respect of the Italian Loans, the Representative of the Italian Noteholders as directed by the Issuer or any of its agents (and in respect of the Spanish Loan the Issuer or any of its agents. In practise the instructions will be given by the Master Servicer or, as applicable, the Special Servicer (each as agent of the Issuer and the Trustee) and the Local Servicer will be deemed not to be in breach of its obligations if it does not exercise the relevant discretion prior to obtaining the consent of the French Management Company or the Representative of the Italian Noteholders or the Master Servicer or, as the case may be, the Special Servicer, as applicable, or if it exercises the discretion in the manner instructed by the French Management Company or the Representative of the Italian Noteholders or the Master Servicer or the Special Servicer, as applicable.

French law requires the French Management Company to retain responsibility for the management of the French Issuer and its assets. However, pursuant to the French Issuer Regulations, the French Management Company may, in respect of any servicing activities, be directed by the Issuer (as holder of the French Notes and the French Residual Units). The Issuer has pursuant to the terms of the Servicing Agreement appointed the Master Servicer to direct the French Management Company on its behalf as to how the French Management Company should instruct the French Servicer regarding the performance of the French Servicer's duties. Should a French Loan become a Specially Serviced Loan, the French Management Company will be directed by the Special Servicer as to the manner in which the French Servicer should be directed in place of the Master Servicer. The French Management Company must act in accordance with the best interest of and at the instruction of the Issuer as the holder of the French Notes and the French Residual Units. Neither the Master Servicer nor the Special Servicer will be liable to the Issuer, the Noteholders or any other person for any losses arising as a result of the French Management Company failing to issue its consent in a timely manner, or at all.

Following the service of an Acceleration Notice by the Trustee or the Trustee otherwise taking action to enforce the Issuer Security, the Trustee will be entitled to issue instructions and directions directly to the French Management Company to give directions to the French Servicer, the Representative of the Italian Noteholders to give directions to the Italian Servicer and to the Spanish Servicer in place of the Master Servicer and the Special Servicer.

The Master Servicer or the Special Servicer (as agent of the Issuer) may direct the Spanish Servicer to terminate the appointment of the Spanish Special Servicer and to appoint a new entity to act as Spanish Special Servicer. The French Management Company, if instructed to do so by the Issuer as French Noteholder or any agent of the Issuer, may request the French Servicer to terminate the appointment of the French Special Servicer and appoint a new entity to act as French Special Servicer. The Representative of the Italian Noteholders, if instructed to do so by the Issuer, as Italian Noteholder, or the Master Servicer or Special Servicer, as applicable (as agents of the Issuer), may request the Italian Servicer to terminate the appointment of the Italian Special Servicer and appoint a new entity to act as Italian Special Servicer. In each case the cost of any such substitution must be paid by the relevant new Special Servicer.

Collection

Each Local Servicer will as permitted by and in accordance with the relevant Credit Agreements (as agent for the French Issuer, the Italian Issuer, the Issuer and the Relevant Security Agent), collect all payments due under or in connection with the Local Loans.

The French Management Company will determine, from time to time, all French Issuer Priority Payments required to be paid by the French Issuer based on information provided by the French Servicer. Such amounts will be paid by the French Management Company using funds standing to the credit of the French Transaction Account. If insufficient funds are available in the French Transaction Account for such purpose, the French Management Company will notify the Master Servicer (acting on behalf of the Issuer) thereof, whereupon the Issuer may advance the shortfall to the French Issuer pursuant to the obligations of the Issuer to pay the French Issuer Fee. Any French Issuer Priority Payments paid from funds standing to the credit of the French Transaction Account will be reimbursed by the Issuer pursuant to its obligation to pay the French Issuer Fee on the immediately following Note Interest Payment Date.

The French Servicer is required to give instructions to the relevant account bank in respect of each Rent Account where the Rent Account is opened in its name or in respect of those French Loans where the Rent Account is not opened in its name, the Debt Service Account opened in its name to transfer French Issuer Income and French Issuer Principal from such accounts in respect of the French Loans to the French Transaction Account. Upon being notified by the French Servicer of the amounts of principal, interest and other amount due in respect of the French Loans, the French Management Company will transfer monies on each French Note Interest Payment Date from the French Transaction Account to the Issuer Transaction Account, in respect of the payment of principal and interest on the French Notes, after paying amounts ranking senior to amounts due in respect of the French Notes.

The Italian Servicer will determine, from time to time, all Italian Issuer Priority Payments required to be paid by the Italian Issuer. Such amounts will be paid by the Italian Issuer using funds standing to the credit of the Italian Transaction Account. If insufficient funds are available in the Italian Transaction Account for such purpose, the Italian Servicer will notify the Master Servicer thereof, whereupon the Issuer may advance the shortfall to the Italian Issuer pursuant to the obligations of the Issuer to pay the Italian Issuer Fee. Any Italian Issuer Priority Amounts paid from funds standing to the credit of the Italian Transaction Account will be reimbursed by the Issuer pursuant to its obligation to pay the Italian Issuer Fee on the immediately following Note Interest Payment Date.

The Italian Servicer is required to give instructions to the relevant borrower account banks in respect of each Italian Loan to transfer Italian Available Issuer Income and Italian Available Issuer Principal from the Rent Accounts in respect of the Italian Loans to the Italian Transaction Account. The Italian Servicer will calculate the Italian Issuer Income and the Italian Issuer Principal Receipts, and on the basis of such information, the Italian Computation Agent will allocate the amounts so transferred towards interest, principal and other amounts due in respect of the relevant Italian Loan. The Italian Paying Agent will then transfer monies on each Italian Note Interest Payment Date from the Italian Transaction Account to the Issuer Transaction Account, in respect of principal and interest on the Italian Notes, after paying amounts ranking senior to amounts due in respect of the Italian Notes.

The Spanish Servicer will give instructions to the borrower account bank in respect of the Spanish Loan to transfer monies from the relevant Borrower Accounts to the Issuer Transaction Account in accordance with the obligations of the Spanish Borrower to make payments to the Spanish Seller and from the Spanish Seller to the Issuer in respect of the PH. The Spanish Servicer will identify the amounts transferred to the Issuer Transaction Account between interest, principal and other amounts due in respect of the Spanish Loan.

Enforcement Procedures

Each Local Servicer will be responsible for the supervision and monitoring of payments falling due in respect of all Loans serviced by it. Each Local Servicer will agree to comply with their procedures for enforcement of the relevant Loans and the Related Security and will take such enforcement action as is appropriate in accordance with the Servicing Standard, the provisions of the relevant Local Servicing Agreement and the relevant Credit Agreement. Any enforcement action will be carried out in respect of the Spanish Loan, by the Spanish Servicer in consultation with the Master Servicer or, in respect of any Specially Serviced Loan, the Special Servicer who, pursuant to the Servicing Agreement, may direct the Local Servicers as to the timing and manner of enforcement of a Loan and its Related Security. In respect of the French Servicer, any enforcement action will be carried out in consultation with the French Management Company who, pursuant to the French Issuer Regulations, may direct the French Servicer as to the manner and timing of enforcement of a French Loan and its Related Security. The French Management Company may itself be directed by the Master Servicer or, if a French Loan is a Specially Serviced Loan, the Special Servicer, each as agent of the Issuer (in its capacity as French Noteholder). In respect of the Italian Servicer, any enforcement action will be carried out in consultation with the Representative of the Italian Noteholders who, pursuant to the Italian Intercreditor Agreement and the Terms and Conditions of the Italian Notes, may direct the Italian Servicer as to manner and timing of enforcement of an Italian Loan and its Related Security.

Any enforcement action taken by the Local Servicer must at all times comply with the laws of that jurisdiction applicable to the enforcement of the relevant Loans and their Related Security. In France, Italy and Spain it is not possible to appoint a receiver in respect of a relevant Property or to exercise a mortgagee's power of sale. Rather, enforcement of the Related Security in France, Italy and Spain, if sale of the applicable Property is required, will be effected through appropriate court proceedings.

Amendments to the Finance Documents

The Local Servicer may and will, if directed by the Master Servicer or the Special Servicer, as applicable, or in respect of the French Loans, as directed by the French Management Company and, in respect of the Italian Loans, as directed by the Italian Issuer and the Representative of the Italian Noteholders, (each being directed by the Master Servicer or the Special Servicer on behalf of the Issuer in each case pursuant to terms of the Servicing Agreement, acting in accordance with the Servicing Standard), agree to any request by a Borrower and/or an Obligor, as applicable, to vary, waive or amend the terms and conditions of the relevant Finance Documents in respect of a Local Loan. A waiver, variation or amendment of the Finance Documents in respect of a Local Loan will only be made if:

(a) no Acceleration Notice has been given by the Trustee which remains in effect and the Issuer Security has not otherwise become enforceable and there is no event of default in respect of the French Notes, or the PH and no Italian Issuer Acceleration Notice has been given by the Representative of the Italian Noteholders which remains in effect and the Italian Issuer Security has not otherwise become enforceable, as applicable, at the date on which the relevant waiver, amendment or variation is agreed;

(b) neither the French Issuer, the Italian Issuer nor the Issuer will be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation, waiver or amendment other than to the extent permitted by the terms of the Credit Agreement;

(c) the effect of such variation, amendment or waiver would not be to extend the final maturity date of the relevant Loan to a date falling in the case of the French Loans, less than two years from the French Note Maturity Date, in the case of the Italian Loans less than four years from the Italian Note Maturity Date and, in the case of the Spanish Loan less than two years from the Final Maturity Date;

(d) each Related Security will continue to include a full first ranking legal mortgage or charge over the legal and beneficial interest in all of the relevant Properties or other security satisfactory to the Local Servicer has been obtained; and

(e) prior notice of any such amendment, waiver or variation is given to the French Management Company, the Representative of the Italian Noteholders, the Master Servicer and/or the Special Servicer, as applicable,

unless prior written confirmation has been received from the Rating Agencies (other than Moody's) that any such amendment, variation or waiver will not result in the then current ratings of any Notes being adversely affected or, if the Rating Agencies (other than Moody's) confirm that such amendment, variation or waiver will have an adverse effect, or fail or refuse to given any such confirmation, on the then current ratings of the Notes or the Notes of any class, the Trustee has additionally consented to the amendment, variation or waiver.

Local Servicer quarterly report and quarterly financial report

Pursuant to each Local Servicing Agreement, the relevant Local Servicer will agree to deliver (a) to, amongst others, the Master Servicer and the Special Servicer as soon as is reasonably practical after each Loan Interest Payment Date a servicing report in respect of the performance of the Loans and the Collections and containing information in respect of the Properties (to the extent such information is provided by the Borrowers) during the related Collection Period and (b) to the Master Servicer, the Italian Computation Agent, the Italian Issuer and the French Management Company (as applicable) two Business Days prior to each Calculation Date a financial report in respect of, among other things, the Collections arising from the Loans serviced by the relevant Local Servicer. Each Local Servicer will endeavour to comply with current market reporting standards in respect of commercial mortgages which have been securitised in the relevant jurisdiction.

Insurance

Each Local Servicer will, as agent for the French Issuer, the Italian Issuer or the Relevant Security Agent, as the case may be, monitor the arrangements for insurance which relate to the Loans and the Loan Security serviced by them and will establish and maintain procedures to ensure that all Insurance Policies in respect of the relevant Properties are renewed on a timely basis.

To the extent that the French Issuer, the Italian Issuer, the Issuer and/or the Relevant Security Agent has power to do so under a policy of buildings insurance, the Local Servicer will, as soon as practicable after

becoming aware of the occurrence of any event giving rise to a claim under such Insurance Policy, prepare and submit as agent of the French Issuer, the Italian Issuer, the Issuer or the Relevant Security Agent, as the case may be, such claim on their behalf in accordance with the terms and conditions of such Insurance Policy and with any requirements of the relevant insurer.

The Relevant Servicer will, as agent of the French Issuer, the Italian Issuer, the Issuer and/or the Relevant Security Agent, use reasonable endeavours to procure that each Borrower complies with its obligations in respect of insurance in accordance with the terms of the relevant Credit Agreement.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any of the Properties 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 relevant Credit Agreement, the Relevant Servicer, as agent of the French Issuer, the Italian Issuer, the Issuer and the Relevant Security Agent, will if permitted pursuant to the terms of the Credit Agreement arrange such insurance in accordance with the terms of that Credit Agreement. Under the terms of the Credit Agreements, the Relevant Borrower is required to reimburse the Lender and/or the Relevant Security Agent for such costs of insurance. See also "*Risk Factors – Insurance*" at page 77.

Fees

On each French Note Interest Payment Date, Italian Note Interest Payment Date or Note Interest Payment Date, the Local Servicer will be entitled to receive a fee for servicing the Local Loans of up to 0.08% per annum, plus value added tax, if applicable, of the principal balance outstanding of the Local Loans (other than any Specially Serviced Loans) serviced by it, a fee for reporting in respect of the Local Loans equal to 0.02% per annum, plus value added tax, if applicable, of the principal balance outstanding of the Local Loans serviced by it and an additional fee equal to €1000 per annum (in respect of the French Loans, the **French Servicing Fee**, in respect of the Italian Loans, the **Italian Servicing Fee**, in respect of the Spanish Loans, the **Spanish Servicing Fee**, and together, the **Local Servicing Fee**). The Local Servicing Agreement will also provide for the Local Servicer to be reimbursed for all reasonable out-of-pocket expenses and charges properly incurred by the Local Servicer in the performance of its services under the Local Servicing Agreement. On each French Note Interest Payment Date, Italian Note Interest Payment Date or Note Interest Payment Date, the French Issuer, the Italian Issuer or the Issuer, as applicable, will pay to the Local Servicer all amounts due to the such Local Servicer subject, as applicable, to the French Revenue Priority of Payments, the relevant Italian Revenue Priority of Payments or, in respect of amounts due to the Spanish Servicer, the relevant Priority of Payments (see further "*Cashflows*" at page 298).

In addition, pursuant to the Local Servicing Agreement, if the Local Loan is a Specially Serviced Loan, the French Issuer, the Italian Issuer or the Issuer, as the case may be, will be required to pay to the relevant Local Servicer a fee (in respect of the French Loans, the **French Special Servicing Fee**, in respect of the Italian Loans, the **Italian Special Servicing Fee**, in respect of the Spanish Loans, the **Spanish Special Servicing Fee**, and together the **Local Special Servicing Fee**) equal to 0.23%, plus value added tax, if applicable, of the then principal balance outstanding of that Specially Serviced Loan. Any Local Special Servicing Fee will be paid, as applicable, in accordance with the French Revenue Priority of Payments, the relevant Italian Priority of Payments or the relevant Priority of Payments (see further "*Cashflows*" at page 298) for a period commencing on the date the relevant Local Loan becomes a Specially Serviced Loan and ending on the date on which the properties are sold on enforcement or, if earlier, the date on which that Loan is deemed to be corrected (as defined below).

The Local Special Servicing Fee will accrue on a daily basis over such period and will be payable on each French Note Interest Payment Date, Italian Note Interest Payment Date or Note Interest Payment Date, as applicable, commencing with the French Note Interest Payment Date, the Italian Note Interest Payment Date or the Note Interest Payment Date following the date on which such period begins and ending on the French

Note Interest Payment Date, the Italian Note Interest Payment Date or the Note Interest Payment Date following the end of such period.

In addition to the Local Special Servicing Fee, the Local Servicer will be entitled to a fee (the **Local Liquidation Fee**) in respect of the Loans serviced by them equal to 0.85%, plus value added tax, if applicable, of the aggregate of (a) the proceeds (net of all costs and expenses (including any swap breakage costs) incurred as a result of the default of the relevant Local Loan, enforcement and sale), together with (b) any swap breakage gains, in each case arising on the sale of any Property or Properties while the relevant Local Loan was a Specially Serviced Loan.

In addition to the Local Special Servicing Fee and the Local Liquidation Fee (if any) in respect of the Local Loans, the Local Servicer will be entitled to receive a fee (the **Local Restructuring Fee**) in consideration of providing services in relation to any Specially Serviced Loan to be payable at such time as the Local Loan is deemed to be corrected. When a Local Loan is deemed to be corrected, the Local Restructuring Fee will be equal to 0.85% plus value added tax, if applicable, of each collection of principal and interest received on the relevant Local 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 relevant Local Loan to below the amount of principal outstanding under the relevant Local Loan at the date it was first deemed to be corrected) for so long as it continues to be deemed corrected. The Restructuring Fee with respect to the relevant Local Loan will cease to be payable if the relevant Local Loan is no longer deemed to be corrected, but will again become payable if and when the relevant Local Loan is again deemed to be corrected to the relevant Local Servicer at the date on which it is deemed to be corrected again. Non-payment of the Restructuring Fee will not entitle the relevant Local Servicer to terminate the arrangements under the relevant Local Servicing Agreement.

The Local Servicer, to the extent permitted by the relevant Credit Agreement (including any amendments to such Credit Agreements), may seek to recover any Local Restructuring Fees and Local Liquidation Fees from the Relevant Borrower.

The Local Liquidation Fee and the Local Restructuring Fee will only be payable to the extent that the French Issuer, the Italian Issuer or the Issuer has sufficient funds to pay such amount as provided in the French Revenue Priority of Payments, the Italian Revenue Priority of Payments or, in the case of the Spanish Loan, the Priority of Payments (see further "*Cashflows*" at page 298).

Removal or resignation of the Local Servicer

The appointment of the Local Servicer may be terminated by the French Management Company acting on behalf of the French Issuer, the Italian Issuer as directed by the Representative of the Italian Noteholders, on behalf of the Issuer, as applicable, (with, other than in the case of the French Issuer, the consent of the Trustee) or, in respect of the Spanish Loan only, the Trustee, upon written notice to the Local Servicer on the occurrence of certain events (each a **Local Servicer Termination Event**), including if:

(a) the Local Servicer fails to pay or to procure the payment of any amount due and payable by it and either (i) such payment is not made within five Business Days of such time or (ii) if the Local Servicer's failure to make such payment was due to inadvertent error, such failure is not remedied for a period of ten Business Days after the Local Servicer becomes aware of the default;

(b) subject as provided further in the Transaction Documents, the Local Servicer fails to comply with any of its covenants and obligations under the Local Servicing Agreement which in the opinion of the French Management Company, the Representative of the Italian Noteholders or the Trustee, as applicable, is materially prejudicial to the interests of the holders of the French Notes and the French Residual Units, the Italian Notes and/or the Notes and such failure either is not remediable or is not

remedied for a period of 30 Business Days after the earlier of the Local Servicer becoming aware of such default and delivery of a written notice of such default being served on the Local Servicer by the French Management Company, the Representative of the Italian Noteholders or the Issuer and/or the Trustee;

(c) at any time the Local Servicer fails to obtain or maintain the necessary licenses or regulatory approvals enabling it to continue servicing the relevant Loan; or

(d) the occurrence of certain insolvency events in relation to the Local Servicer.

Prior to or contemporaneously with any termination of the appointment of the Local Servicer, it will first be necessary for the French Issuer, the Italian Issuer or the Issuer, as applicable, to appoint a substitute local servicer which must comply with the terms of the Local Servicing Agreement.

In addition, subject to the fulfilment of certain conditions including, without limitation, that a substitute local servicer has been appointed, the Local Servicer as agent of the French Issuer, the Italian Issuer, the Issuer and the Relevant Security Agent may voluntarily resign by giving not less than three months' notice of termination to the French Issuer, the French Management Company, the Italian Issuer, the Representative of the Italian Noteholders, the Issuer, the Relevant Security Agent and the Trustee.

Any such substitute local servicer (whether appointed upon a termination of the appointment of, or the resignation of, the Local Servicer, as the case may be) will be required to have experience of servicing loans secured on commercial mortgage properties in the relevant jurisdiction or, as applicable, have procured the services of a sub-servicer who has experience of servicing loans secured on commercial mortgage properties in the relevant jurisdiction and will enter into an agreement on substantially the same terms in all material respects as the relevant Local Servicing Agreement, taking into account also what is market standard for such agreements in similar transactions at the time. In addition, any substitute local servicer must comply with any legal requirements in respect of the relevant jurisdiction. Under the terms of the Local Servicing Agreement, the appointment of a substitute local 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 Notes unless such appointment is otherwise agreed to by Extraordinary Resolutions of each Class of Noteholders. Any costs incurred by the French Issuer, the Italian Issuer or the Issuer as a result of appointing any such substitute local servicer shall, save as specified above, be paid by the relevant Local Servicer whose appointment is being terminated. The fee payable to any such substitute local servicer should not, without the prior written consent of the French Management Company, the Representative of the Italian Noteholders or the Trustee, exceed the amount payable to the relevant Local Servicer pursuant to the relevant Local Servicing Agreement and in any event should not exceed the rate then customarily payable to providers of commercial mortgage loan servicing services in the relevant jurisdiction.

Upon termination of the appointment of, or the resignation of, the Local Servicer, the Local Servicer must deliver any documents and all books of account and other records maintained by it relating to the Loans and/or the Loan Security to, or at the direction of, the substitute local servicer and in the case of the French Servicer the French Management Company and shall take such further action as the substitute local servicer and, in the case of the French Loans, the French Management Company, shall reasonably request to enable the substitute local servicer to perform the services due to be performed by the Local Servicer under the relevant Local Servicing Agreement.

Delegation by the Local Servicer

Each Local Servicer, as applicable, may, other than in respect of any delegation to the French Master Servicer, the French Special Servicer, the Italian Master Servicer, the Italian Special Servicer, the Spanish Master Servicer or the Spanish Special Servicer, and in respect of the Spanish Servicer after giving written

notice to the Master Servicer, the Special Servicer, the Issuer, the Trustee and the Rating Agencies and in respect of the French Servicer, after giving written notice to the French Management Company only in respect of the Italian Servicer, after giving written notice to the Representative of the Italian Noteholders, delegate or subcontract the performance of any of its obligations or duties under the Local Servicing Agreement subject, in respect of the Spanish Servicer, to any direction by the Master Servicer or the Special Servicer or, in respect of the French Servicer, subject to any direction by the French Management Company and, in respect of the Italian Servicer, subject to any direction by the Representative of the Italian Noteholders. No such notice or consent shall be required in connection with the engagement on a case-by-case basis by the Local 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 Local Servicer. Upon the appointment of any such delegate or subcontractor the Local Servicer will nevertheless remain responsible for the performance of those sub-delegated duties to the French Issuer, the Italian Issuer, the Issuer, the Relevant Security Agent and/or the Trustee.

In addition, in certain circumstances the Special Servicer may, subject to the relevant Local Servicer being indemnified to its satisfaction by the Special Servicer, require a Local Servicer or in the case of the French Loans and the Italian Loans by directing the French Management Company and the Representative of the Italian Noteholders, as applicable, to direct the Local Servicer to appoint a substitute French Special Servicer, Italian Special Servicer or Spanish Special Servicer to perform its duties in respect of a Specially Serviced Loan (See further "*Issuer Servicing – Appointment of the Special Servicer*" at page 322). Any subcontractor or delegate appointed by a Local Servicer, including BCMSL and Capmark as the sub-delegate of the French Servicer, the Italian Servicer and the Spanish Servicer, must agree to abide by any instructions or directions issued to it by the Master Servicer or the Special Servicer (or, in certain limited circumstances, the Trustee) and in the case of the French Loans and the Italian Loans, the French Management Company and the Representative of the Italian Noteholders to the same extent that the relevant Local Servicer would have been obliged to abide by such instructions and directions, had no such subcontracting or delegation taken place.

Governing Law

The French Servicing Agreement will be governed by French law, the Italian Servicing Agreement will be governed by English Law and the Spanish Servicing Agreement will be governed by Spanish Law.

ISSUER SERVICING

Introduction

Each of the Issuer, the Trustee and Barclays Bank PLC as Lender in respect of the Austrian Loan, will appoint Barclays Capital Mortgage Servicing Limited (**BCMSL**) under the terms of a servicing agreement dated on or before the Closing Date (the **Servicing Agreement**) as the initial Master Servicer and Capmark Services UK Limited (**Capmark**) as initial Special Servicer of the Austrian Loan, the Belgian Loan and the German Loans (together the **Issuer Loans** and each an **Issuer Loan**) and to exercise the rights of the Issuer as Lender under the Finance Documents in respect of the Issuer Loans. The Master Servicer will perform the day-to-day servicing of the Issuer Loans and exercise the rights of the Issuer or, in respect of the Austrian Loan, Barclays Bank PLC, each as Lender under the Finance Documents. In addition, the Master Servicer will, on behalf of the Issuer and the Trustee, exercise certain discretions of and exercise the rights of the Issuer, as holder of the French Notes, the Italian Notes and the PH and will direct the French Management Company and the Representative of the Italian Noteholders or, as applicable, the Spanish Servicer as to certain servicing actions to be undertaken in respect of the Local Loans. Following the occurrence of a Special Servicing Event (as defined below) the Special Servicer will commence servicing the relevant Specially Serviced Loan which is an Issuer Loan and will direct the French Management Company, the Representative of the Italian Noteholders and the Spanish Servicer, as applicable, in respect of any Local Loan that is a Specially Serviced Loan. The Master Servicer and the Special Servicer will continue to service other commercial mortgage loans in addition to the Loans under the Finance Documents.

Each Relevant Security Agent in respect of the Issuer Loans will appoint the Master Servicer and the Special Servicer as its agents pursuant to the terms of the Servicing Agreement. The Master Servicer or, in respect of a Specially Serviced Loan that is an Issuer Loan, the Special Servicer, will exercise all duties, powers, directions and rights of each relevant Security Agent under the relevant Finance Documents (including each relevant Credit Agreement). In acting as agent for the Relevant Security Agent, the Master Servicer or the Special Servicer must act in accordance with the Servicing Standard (as defined below), the provisions of the Servicing Agreement and the relevant Credit Agreement.

Servicing of the Loans

Servicing procedures will include monitoring compliance with and administering the options available to each Borrower under the terms and conditions of the relevant Credit Agreement in respect of the Issuer Loans and directly or indirectly directing the relevant Local Servicer in respect of the Local Loans. Each of the Master Servicer and (where applicable) the Special Servicer will take all measures it deems necessary or appropriate in its due professional discretion to administer and collect amounts due in respect of the Issuer Loans and in exercising its obligations and discretions under the Servicing Agreement in its capacity as agent of the Issuer and the Relevant Security Agent, including directing the French Management Company, the Representative of the Italian Noteholders (as to how to direct the French Servicer and the Italian Servicer) and the Spanish Servicer, as applicable, in respect of the Local Loans and exercising the other rights of the Issuer as holder of the Italian Notes, the French Notes and the PH. Each of the Master Servicer and the Special Servicer must act in accordance with the following requirements and, in the event that the Master Servicer or Special Servicer considers there to be a conflict between them, in the following priority:

(a) all applicable legal and regulatory requirements;

(b) in respect of the Issuer Loans and when directing the relevant entities in respect of the Local Loans, the terms of the applicable loan documentation in respect of the relevant Loans;

(c) the directions of the Trustee (if any) which can only be given after the Issuer Security has become enforceable; and

(d) the Servicing Standard.

Appointment of the Special Servicer

The Master Servicer or the Special Servicer, as applicable, or, in respect of any Local Loan, the relevant Local Servicer will promptly give notice to the Issuer, the Trustee, (in respect of a Local Loan) the Master Servicer and the Special Servicer, the Cash Manager, the Operating Adviser and the Rating Agencies, and the Special Servicer (where applicable) of the occurrence of any Special Servicing Event in respect of a Loan. Upon the delivery of such notice, that Loan will become a **Specially Serviced Loan**.

A **Special Servicing Event** in respect of a Loan will be the occurrence of any of the following:

(a) a payment default occurring with regards to any payment due on the maturity of the relevant Loan (taking into account any permitted extensions to its maturity);

(b) a scheduled payment due and payable in respect of the relevant Loan being delinquent for more than 60 days past its due date;

(c) insolvency or bankruptcy proceedings being commenced in respect of the Relevant Borrower;

(d) in the Master Servicer's sole opinion (in the case of a Local Loan as notified by the relevant Local Servicer) a breach of a material covenant under the relevant Credit Agreement occurring or, to the knowledge of the Master Servicer, being likely to occur, and in the Master Servicer's sole opinion such breach is not likely to be cured within 30 days of its occurrence;

(e) any relevant Obligor notifying the Master Servicer, the Special Servicer, the Relevant Security Agent, the Issuer, the relevant Local Servicer (or any of its subcontractors or delegates), the French Issuer, the Italian Issuer, the Spanish Seller, the Austrian Seller or the Trustee, as applicable, in writing of its inability to pay its debts generally as they become due, its entering into an assignment for the benefit of its creditors or its voluntary suspension of payment of its obligations; or

(f) any other Loan Event of Default occurring in relation to the relevant Loan that, in the good faith and reasonable judgment of the Master Servicer (in the case of a Local Loan as notified by the relevant Local Servicer), materially impairs or could materially impair or jeopardise the Related Security for the relevant Loan or the value thereof as Related Security for that Loan and the ability of a Borrower to satisfy its obligations in respect of the relevant Loan.

Upon an Issuer Loan becoming a Specially Serviced Loan, actions in respect of the relevant Loan will be undertaken by the Special Servicer except where otherwise provided. In particular, the Master Servicer will remain responsible for the collection of amounts from the Borrower Accounts in respect of such Issuer Loan and will (in its capacity as agent of each Security Agent) maintain, where applicable, signing authority on the Borrower Accounts.

Upon a Local Loan becoming a Specially Serviced Loan, the majority of the special servicing obligations in respect of the relevant Loan will be undertaken by the French Special Servicer, the Italian Special Servicer or the Spanish Special Servicer, as applicable, as a sub delegate of the French Servicer, the Italian Servicer or the Spanish Servicer.

In addition, upon a Local Loan becoming a Specially Serviced Loan, the Special Servicer may, subject to the relevant Local Servicer being indemnified to its satisfaction, require the Spanish Servicer or direct the French Management Company or the Representative of the Italian Noteholders, as applicable, to require the French Servicer or the Italian Servicer to replace the French Special Servicer, the Italian Special Servicer or the Spanish Special Servicer with an entity which is acceptable to the Special Servicer. Any replacement

French Special Servicer, Italian Special Servicer or Spanish Special Servicer so appointed will perform the duties of the Local Servicer under the applicable Local Servicing Agreement insofar as they relate to such Specially Serviced Loan for so long as the relevant Local Loan remains a Specially Serviced Loan. All fees, costs and expenses payable to the French Special Servicer, the Italian Special Servicer or the Spanish Special Servicer appointed at the request of the Special Servicer in excess of any amounts due under the French Sub-Servicing Agreement, the Italian Sub-Servicing Agreement or the Spanish Sub-Servicing Agreement will be paid by the Special Servicer on such terms as may be agreed by the Special Servicer and the French Special Servicer, the Italian Special Servicer or the Spanish Special Servicer, without recourse to the relevant Local Servicer, the Master Servicer, the Issuer or the Trustee.

Direction of Local Servicers and Exercise of Discretions

As described above, in exercising any discretion in relation to any Local Loan or Related Security serviced by it, including any discretion as to whether or not to grant a waiver, variation or amendment of any of the terms thereof, each Local Servicer may only act in accordance with the instructions of the Master Servicer or, if the relevant Local Loan is a Specially Serviced Loan, the Special Servicer or, in respect of the French Loans and the Italian Loans as directed by the French Management Company or the Representative of the Italian Noteholders, itself directed by the Master Servicer or the Special Servicer, as applicable. Furthermore, on the occurrence of an event of default in respect of a Local Loan, each Local Servicer must comply with their enforcement procedures and with any further instructions given directly or indirectly by the Master Servicer or, if the Local Loan has become a Specially Serviced Loan, the Special Servicer in relation thereto provided that, in the event of a conflict between the enforcement procedures and the direct or indirect instructions of the Master Servicer or the Special Servicer, the directions of Master Servicer or the Special Servicer shall prevail provided that the Master Servicer and the Special Servicer may only give such instructions in accordance with the Servicing Standard. Following the service of an Acceleration Notice by the Trustee or any other action taken by the Trustee to enforce the Issuer Security, the Trustee will be entitled to issue instructions and directions directly to the Spanish Servicer in place of the Master Servicer or, as the case may be, the Special Servicer. The Trustee may not issue direct instructions to the French Servicer or the Italian Servicer in such circumstances, although it may direct the French Management Company or the Representative of the Italian Noteholders as to what action to direct the French Servicer or the Italian Servicer, as applicable, to take.

Neither the Master Servicer nor the Special Servicer will be required to obtain the consent of the Trustee or any other person prior to exercising any discretions and/or issuing any instructions or directions in relation to the Local Loans and the Related Security. However, where any direction or instruction related to an amendment, waiver or consent of the Finance Documents in respect of a Local Loan, the Master Servicer or, as applicable, the Special Servicer may only give a direction or instruction to take such action as it would be permitted to take had the Local Loan been an Issuer Loan, including but not limited to, obtaining any prior confirmation or consent from the Rating Agencies (other than Moody's) and/or the Trustee taking into account any requirements of the law of the relevant jurisdiction.

Collection and Enforcement procedures

The Master Servicer will, as permitted by and in accordance with the relevant Credit Agreements (as agent for the Issuer and the Relevant Security Agent), collect all payments due under or in connection with the Issuer Loans.

The Master Servicer will initially be responsible for the supervision and monitoring of payments falling due in respect of the Issuer Loans. On the occurrence of an event of default under the Issuer Loans, the Master Servicer (except in the case of the German Loans) or, if the Issuer Loan is a Specially Serviced Loan, the Special Servicer (each as agent for the Issuer and the Relevant Security Agent) will implement enforcement procedures which meet the requirements of the Servicing Agreement including, without limitation, the

Servicing Standard. These procedures may involve the deferral of formal enforcement procedures such as the appointment of a receiver or an administrator and may involve the restructuring of an Issuer Loan by the amendment or waiver of certain of the provisions. Any such restructuring will have to comply with the provisions of the Servicing Agreement. In respect of the German Loans only, the Special Servicer, acting through its subsidiary and not the Master Servicer will take any appropriate enforcement action.

Amendments to the Finance Documents

The Master Servicer or the Special Servicer, as applicable, (as agent for the Issuer and the Relevant Security Agent) may (but will not be obliged to) in accordance with the Servicing Standard agree to any request by a Borrower and/or an Obligor, as applicable, to vary, waive or amend the terms and conditions of the relevant Finance Documents in respect of an Issuer Loan. A waiver, variation or amendment of the Finance Documents in respect of an Issuer Loan will only be made if:

(a) no Acceleration Notice has been given by the Trustee which remains in effect and the Issuer Security has not otherwise become enforceable at the date on which the relevant waiver, amendment or variation is agreed;

(b) the Issuer will not be required to make a further advance including, without limitation, any deferral of interest because of the relevant variation, waiver or amendment other than to the extent permitted by the terms of the Credit Agreement;

(c) the effect of such variation, amendment or waiver would not be to extend the final maturity date of the relevant Loan to a date falling less than two years from the Final Maturity Date;

(d) each Related Security will continue to include a full first ranking legal mortgage or charge over the legal and beneficial interest in all of the relevant Properties or other security satisfactory to the Master Servicer or the Special Servicer has been obtained; and

(e) prior notice of any such amendment, wavier or variation is given to the Special Servicer,

unless prior written confirmation has been received from the Rating Agencies that any such amendment, variation or waiver will not result in the then current ratings of any Notes being adversely affected or, if the Rating Agencies confirm that such amendment, variation or waiver will have an adverse effect, or fail or refuse to given any such confirmation, on the then current ratings of the Notes or the Notes of any class, the Trustee has consented to the amendment, variation or waiver.

Loan Protection Advances

The terms of the Credit Agreements require the Borrowers to comply with their obligation to make certain payments to third parties such as insurers, landlords and swap providers and other third parties in connection with operating expenses. Failure by a Borrower to make such payments when due could result in the arrangements with the third party being terminated, which could jeopardise the interests of the Issuer. If (a) the Credit Agreement permits the Lender or the Relevant Security Agent to make any such third party payments on the Borrower's behalf and requires the Borrower to reimburse the Lender or, as the case may be, the Relevant Security Agent for any payments so made and (b) the Master Servicer or, as applicable, the Special Servicer determines, having undertaken a Recoverability Determination, that it would be in the interests of the Issuer to make the payment in respect of an Issuer Loan, the Relevant Servicer may arrange for the payment, directly to the third party, of the amount due.

If the Master Servicer or, as applicable, the Special Servicer determines that a third party payment should be made in respect of an Issuer Loan it will first use any amounts standing to the credit of the relevant Rent Account, in accordance with the terms of the relevant Credit Agreement. If insufficient funds are available

in the Rent Account to make the third party payment, the Master Servicer or, as applicable, the Special Servicer will notify the Cash Manager of the amount of such shortfall and the Issuer will make a loan protection advance in the amount of such shortfall subject to the terms of the Transaction Documents (any such payment being a **Loan Protection Advance**). Upon receipt of such notice, the Cash Manager will make a Loan Protection Drawing in an amount equal to the required Loan Protection Advance in accordance with the terms of the Liquidity Facility Agreement (see "*Transaction Documents - Issuer Transaction Accounts - Liquidity Facility Agreement*" at page 284). To the extent that any Loan Protection Advance cannot be funded from the proceeds of any Loan Protection Drawing the Relevant Servicer may (in its sole discretion), make all or part of the payment to the third party using its own funds in which case such amounts will be repaid by the Issuer from Available Issuer Income on the Note Interest Payment Date immediately following the date on which such Loan Protection Advance is made together with interest thereon at a rate of 1.0% per annum over the base lending rate, from time to time, of Barclays Bank PLC or such other UK clearing bank as the Master Servicer or the Special Servicer, as the case may be, and the Trustee may agree (the **Reimbursement Rate**). To the extent that any Loan Protection Advance cannot be funded from the proceeds of any Loan Protection Drawing and the Master Servicer or, as applicable, the Special Servicer does not want to fund all or part of such advance using its own funds, and such Loan Protection Advance is to be made on a Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Cash Manager will use Available Issuer Income to the extent of any shortfall, in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments.

In determining whether or not the Issuer or the Master Servicer or, as applicable, the Special Servicer should make a Loan Protection Advance, the Relevant Servicer will be required to make a determination as to whether the Issuer Loan will generate sufficient income and/or have a sufficiently high value to repay all amounts due under the Loan and any amounts in respect of the Loan Protection Advance (a **Recoverability Determination**). In making a Recoverability Determination the Master Servicer or, as applicable, the Special Servicer must have regard to, among other things, the value of the property, the amount of any proposed Loan Protection Advance, the amount of any costs if the Loan Protection Advance were not made (including swap termination amounts) and the cost and timing of any refinancing or potential refinancing. The Recoverability Determination will not necessarily be the determining factor in whether a Loan Protection Advance is to be made. The Relevant Servicer shall (in accordance with the Servicing Standard, but subject to the Relevant Servicer determining in its sole discretion if its own funds are to be used) exercise its discretion in respect of whether to make a Loan Protection Advance having weighed up the Recoverability Determination against the potential cost or loss to the Issuer of not making such an advance. No Loan Protection Advance may be made in respect of a Local Loan other than in respect of a Spanish Loan.

Loan Income Deficiency Drawings

Under the terms of the Servicing Agreement, the Master Servicer or the Special Servicer, as applicable, to the extent that the Relevant Borrower in respect of a Local Loan or an Issuer Loan fails to pay any amount (in whole or in part) in respect of any amount of scheduled interest due under the relevant Credit Agreement, shall, subject to being notified by the relevant Local Servicer in respect of any failure to pay by a Borrower in respect of a Local Loan notify the Cash Manager of the amount of such shortfall and, upon receipt of such notice, the Cash Manager must make a Loan Income Deficiency Drawing on the immediately following Business Day, subject to the terms of the Liquidity Facility Agreement.

Servicer quarterly report and quarterly financial report

Pursuant to the Servicing Agreement, the Master Servicer (subject where applicable to receipt of and acting on information provided by the Special Servicer and each Local Servicer) will agree to deliver (a) to the Issuer, the Trustee, the Cash Manager, the Special Servicer (where necessary) and the Rating Agencies as

soon as is reasonably practical after each Loan Interest Payment Date a servicing report in respect of the performance of the Loans and the Collections and containing information in respect of the Properties (to the extent such information is provided by the Borrowers) during the related Collection Period and (b) to the Cash Manager on or prior to each Calculation Date a financial report in respect of, *inter alia*, the Collections. The Master Servicer will endeavour to comply with current market reporting standards in respect of commercial mortgages which have been securitised in Europe. The Cash Manager will provide or make available through its website (which is located at www.jpmorganaccess.com[1]) to the Trustee, for the benefit of, *inter alia*, each Noteholder, a statement to Noteholders. The statement to Noteholders shall be based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

Insurance

The Master Servicer or, as applicable, the Special Servicer will, as agent for the Issuer or the Relevant Security Agent, as the case may be, monitor the arrangements for insurance which relate to the Issuer Loans and the Loan Security and will establish and maintain procedures to ensure that all Insurance Policies in respect of the Properties in respect of the Issuer Loans are renewed on a timely basis.

To the extent that the Issuer, the Austrian Seller and/or the Relevant Security Agent has power to do so under a policy of buildings insurance, the Master Servicer or, as applicable, the Special Servicer will, as soon as practicable after becoming aware of the occurrence of any event giving rise to a claim under such Insurance Policy, prepare and submit as agent of the Issuer, the Austrian Seller or the Relevant Security Agent, as the case may be, such claim on behalf of the Issuer and/or the Relevant Security Agent in accordance with the terms and conditions of such Insurance Policy and with any requirements of the relevant insurer.

The Master Servicer or, as applicable, the Special Servicer will, as agent of the Issuer, the Austrian Seller and the Relevant Security Agent, use reasonable endeavours to procure that each Borrower complies with its obligations in respect of insurance in accordance with the terms of the relevant Credit Agreement in respect of the Issuer Loans. If the Master Servicer or, as applicable, the Special Servicer becomes aware that a Borrower in respect of the Issuer Loans has failed to pay premiums due under any policy of buildings insurance, the Master Servicer or, as applicable, the Special Servicer may, provided that the conditions specified under "Loan Protection Advances" above are satisfied, make a Loan Protection Advance and pay premiums due and payable under any policy of buildings insurance in order that the cover provided by such Insurance Policy does not lapse. Any such amount paid will constitute a Loan Protection Advance payable together with interest there on at the Reimbursement Rate on the Note Interest Payment Date immediately following the date on which the advance is made.

Upon receipt of notice that any policy of buildings insurance has lapsed or that any of the Properties 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 relevant Credit Agreement in respect of the Issuer Loans, the Master Servicer or, as applicable, the Special Servicer, as agent of the Issuer, the Austrian Seller and the Relevant Security Agent, will arrange such insurance in accordance with the terms of that Credit Agreement in respect of the Issuer Loans. Under the terms of the Credit Agreements, the Relevant Borrower is required to reimburse the Issuer (as Lender) for such costs of insurance. See also "*Risk Factors - Insurance*" at page 77.

Fees

On each Note Interest payment Date, the Master Servicer will be entitled to receive from the Issuer a fee for servicing the Issuer Loans of 0.08% per annum, plus value added tax, if applicable, of the principal balance outstanding of the Issuer Loans (other than any Specially Serviced Loans) and a fee for reporting in respect

[1] The www.jpmorganaccess.com website and the contents thereof do not form any part of this Prospectus.

of the Loans equal to 0.02% per annum, plus value added tax, if applicable, of the principal balance outstanding of the Issuer Loans (together, the **Servicing Fee**). The Servicing Agreement will also provide for the Master Servicer to be reimbursed by the Issuer for all reasonable out-of-pocket expenses and charges properly incurred by the Master Servicer in the performance of its services under the Servicing Agreement. On each Note Interest Payment Date the Issuer will pay to the Master Servicer all amounts due to the Master Servicer subject to the relevant Priority of Payments (see further "*Cashflows*") at page 298.

Pursuant to the Servicing Agreement, if the Special Servicer is appointed in respect of any Loan, the Issuer will be required to pay to the Special Servicer a fee (the **Special Servicing Fee**) equal to 0.23% per annum of the then principal balance outstanding of that Specially Serviced Loan (other than the Flora Park Loan) and, if the Flora Park Loan is a Specially Serviced Loan, 0.20% per annum of the then principal balance outstanding of the Flora Park Loan plus, in each case, value added tax, if applicable, subject to the relevant Priority of Payments (see further "*Cashflows*" at page 298) for a period commencing on the date the relevant Loan becomes a Specially Serviced Loan and ending on the date on which the properties are sold on enforcement or, if earlier, the date on which that Loan is deemed to be corrected.

A Loan will be deemed to be **corrected** and the servicing in respect of such Loan or in respect of a Local Loan the directions, rights in respect of such Loan will revert to the Master Servicer and it will cease to be a Specially Serviced Loan if any of the following occurs with respect to the circumstances identified (and provided that no other Special Servicing Event then exists with respect to that Loan):

(a) with respect to the circumstances described in item (b) in the definition of Special Servicing Event, the Relevant Borrower has made one timely quarterly payment in full;

(b) with respect to the circumstances described in items (c) in the definition of Special Servicing Event such proceedings are terminated;

(c) with respect to the circumstances described in item (d) in the definition of Special Servicing Event such circumstances cease to exist in the good faith and reasonable judgment of the Special Servicer (in respect of a Local Loan subject to receipt of any necessary information from a Local Servicer);

(d) with respect to the circumstances described in item (e) in the definition of Special Servicing Event the relevant Obligor ceases to claim an inability to pay its debts or suspend the payment of obligations or the termination of any assignment for the benefit of its creditors; or

(e) with respect to the circumstances described in item (f) in the definition of Special Servicing Event such default is in the good faith and reasonable judgement of the Special Servicer (in respect of a Local Loan subject to receipt of any necessary information from a Local Servicer), 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**) in respect of the Loans equal to (in respect of Issuer Loans other than the Flora Park Loan) 0.85% or (in respect of the Flora Park Loan) 0.70% (in each case exclusive of value added tax) of the aggregate of (a) the proceeds (net of all costs and expenses (including any swap breakage costs) incurred as a result of the default of the Loan, enforcement and sale), together with (b) any swap breakage gains, in each case arising on the sale of any Property or Properties while the relevant Loan was a Specially Serviced Loan.

In addition to the Special Servicing Fee and the Liquidation Fee (if any) in respect of the Loans, the Special Servicer will be entitled to receive a fee (the **Restructuring Fee**) in consideration of providing services in relation to any Specially Serviced Loan to be payable at such time as the Loan is deemed to be corrected.

When a Loan is deemed to be corrected, the Restructuring Fee will be equal to (in respect of Issuer Loans other than the Flora Park Loan) 0.85% or (in respect of the Flora Park Loan) 0.70% (in each case exclusive of value added tax) of each collection of principal and interest received on the relevant Issuer 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 relevant Issuer Loan to below the amount of principal outstanding under the relevant Issuer Loan at the date it was first deemed to be corrected) for so long as it continues to be deemed corrected. The Restructuring Fee with respect to the relevant Issuer Loan will cease to be payable if the relevant Issuer Loan is no longer deemed to be corrected, but will again become payable if and when the relevant Issuer Loan is again deemed to be corrected to the Special Servicer appointed in respect of that Issuer Loan at the date on which it is deemed to be corrected again. Non-payment of the Restructuring Fee will not entitle the Special Servicer to terminate the arrangements under the Servicing Agreement.

The Special Servicer, to the extent permitted by the relevant Credit Agreement (including any amendments to such Credit Agreements), may seek to recover any Restructuring Fees and Liquidation Fees from the Relevant Borrower.

The Liquidation Fee and the Restructuring Fee will only be payable to the extent that the Issuer has sufficient funds to pay such amount as provided in the relevant Priority of Payments (see further "*Cashflows*" at page 298).

Removal or resignation of the Master Servicer or the Special Servicer

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

(a) the Master Servicer or the Special Servicer, as applicable, fails to pay or to procure the payment of any amount due and payable by it and either (i) such payment is not made within five Business Days of such time or (ii) if the Master Servicer's or the Special Servicer's, as applicable, failure to make such payment was due to inadvertent error, such failure is not remedied for a period of ten Business Days after the Master Servicer or the Special Servicer, as applicable, becomes aware of the default;

(b) subject as provided further in the Transaction Documents, the Master 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 Trustee is materially prejudicial to the interests of the holders of the Notes and such failure either is not remediable or is not remedied for a period of 30 Business Days after the earlier of the Master 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 Master Servicer or the Special Servicer, as applicable, by the Issuer or the Trustee;

(c) at any time the Master Servicer or the Special Servicer, as applicable, fails to obtain or maintain the necessary licenses or regulatory approvals enabling it to continue servicing any Loan; or

(d) the occurrence of certain insolvency events in relation to the Master Servicer or the Special Servicer.

In addition, if the Issuer is so instructed by the Controlling Creditor the Issuer will terminate the appointment of the person then acting as special servicer of a Loan and, subject to certain conditions, appoint a qualified successor thereto (such successor to pay any costs incurred by the Issuer in replacement of the existing special servicer). There may be different special servicers appointed in respect of the Loans.

Controlling Creditor means, at any time:

(a) the holders of the most junior Class of Notes then having a Principal Amount Outstanding greater than 25% 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% of its original aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes.

Prior to or contemporaneously with any termination of the appointment of the Master Servicer or the Special Servicer, as the case may be, it will first be necessary for the Issuer and the Trustee to appoint a substitute master servicer or substitute special servicer, as the case may be, approved by the Trustee.

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

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

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

Appointment of the Operating Adviser

The Controlling Creditor may elect to appoint a representative (the **Operating Adviser**) to represent its interests. The Special Servicer must notify the Operating Adviser prior to doing or directing a Local Servicer to do any of the following in relation to a Specially Serviced Loan:

(a) the appointment of a receiver or administrator or similar actions to be taken in relation to any Loan;

(b) the amendment, waiver or modification of any term of any Finance Documents which, in the opinion of the Special Servicer, 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 any Related Security, or the acceptance of substitute or additional Related Security other than in accordance with the terms of the relevant Credit Agreement.

Before taking any action or directing any Local Servicer (directly, or indirectly) to take any action in connection with the matters referred to in paragraphs (a) to (c) above, the Special Servicer must take due account of the advice and representations of the Operating Adviser, although if the Special Servicer determines that immediate action is necessary to fulfil its other obligations under the Servicing Agreement, the Special Servicer may take whatever action it considers necessary (including directing, directly or indirectly, the Local Servicer in respect of any Local Loan) without waiting for the Operating Adviser's response. If any Operating Adviser objects in writing to the proposed actions to be taken within ten Business Days after being notified of such proposed action and after being provided with all reasonably requested information, the Special Servicer must take due account of the advice and representations of the Operating Adviser regarding any further steps the Operating Adviser considers should be taken in the interests of the Controlling Creditor (but again, without prejudice to the Special Servicer's obligation to act in accordance with the other provisions of the Servicing Agreement). The Special Servicer will not be obliged to take account of the advice of the Operating Adviser if the Special Servicer has notified the Operating Adviser in writing of the actions that the Special Servicer proposes to take with respect to the Loan and, for 30 days following the first such notice, the Operating Adviser has objected to all of those proposed actions and has failed to suggest any alternative actions that the Special Servicer considers to be in accordance with the Servicing Agreement.

Delegation by the Master Servicer and Special Servicer

The Master Servicer or the Special Servicer, as applicable, may, after giving written notice to the Trustee and the Rating Agencies, delegate or subcontract the performance of any of its obligations or duties under the Servicing Agreement. No such notice shall be required in connection with the engagement on a case-by-case basis by the Master 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 Master Servicer or the Special Servicer, as applicable, of any of their respective functions or exercise of its power under the Servicing Agreement. Upon the appointment of any such delegate or subcontractor the Master Servicer or the Special Servicer, as the case may be, will nevertheless remain responsible for the performance of those sub-delegated duties to the Issuer, the Relevant Security Agent and the Trustee.

Governing Law

The Servicing Agreement will be governed by English law.

SELLER/INTEREST RATE SWAP PROVIDER

Barclays Bank PLC is the Seller under the Master Loan Sale Agreement and will be appointed to act as Interest Rate Swap Provider pursuant to the Interest Rate Swap Agreement.

Barclays Bank PLC

Barclays Bank PLC is a public limited company registered in England and Wales under number 1026167. The liability of the members of Barclays Bank PLC is limited. It has its registered head office at 1 Churchill Place, London E14 5HP. Barclays Bank PLC was incorporated on 7 August 1925 under the Colonial Bank Act 1925 and on 4 October 1971 was registered as a company limited by shares under the Companies Act 1948 to 1967. Pursuant to The Barclays Bank Act 1984, on 1 January 1985, Barclays Bank was re-registered as a public limited company and its name was changed from "Barclays Bank International Limited" to "Barclays Bank PLC".

Barclays Bank PLC and its subsidiary undertakings (taken together, the **Barclays Group**) is a major global financial services provider engaged in retail and commercial banking, credit cards, investment banking, wealth management and investment management services. The Barclays Group also operates in many other countries around the world. The whole of the issued ordinary share capital of Barclays Bank PLC is beneficially owned by Barclays PLC, which is the ultimate holding company of the Barclays Group and one of the largest financial services companies in the world by market capitalisation.

The short term unsecured obligations of Barclays Bank PLC are rated "A-1+" by S&P, "P-1" by Moody's and "F1+" by Fitch Ratings Limited and the long-term obligations of Barclays Bank PLC are rated "AA" by S&P, "Aa1" by Moody's and "AA+" by Fitch Ratings Limited.

By Regulation, the European Union agreed that virtually all listed companies must use IFRS adopted for use in the European Union in the preparation of their 2005 consolidated accounts. Barclays PLC and Barclays Bank PLC have applied IFRS from 1 January 2004, with the exception of the standards relating to financial instruments (IAS 32 and IAS 39) and insurance contracts (IFRS 4) which were applied only with effect from 1 January 2005. Therefore, in the 2005 Barclays PLC Annual Report and the 2005 Barclays Bank PLC Annual Report, the impacts of adopting IAS 32, IAS 39 and IFRS 4 are not included in the 2004 comparatives in accordance with First-time Adoption of International Financial Reporting Standards (IFRS 1). The results for 2005 are therefore not entirely comparable to those for 2004 in affected areas.

Based on Barclays Group's audited financial information for the year ended 31 December 2005, the Barclays Group had total assets of £924,170 million (2004: £538,300 million), total net loans and advances[1] of £300,001 million (2004: £343,041 million), total deposits[2] of £313,811 million (2004: £328,516 million), and total shareholders' equity of £24,243 million (2004: £16,849 million) (including minority interests of £1,578 million (2004: £211 million)). The profit before tax of the Barclays Group for the year ended 31 December 2005 was £5,311 million (2004: £4,589 million) after charging impairment loss on loans and advances and other credit risk provisions of £1,571 million (2004: £1,093 million).

The annual report on Form 20-F for the year ended 31 December 2005 of Barclays PLC and Barclays Bank PLC is on file with the Securities and Exchange Commission. Barclays will provide, without charge to each person to whom this base prospectus is delivered, on the request of that person, a copy of the Form 20-F referred to in the previous sentence. Written requests should be directed to: Barclays Bank PLC, 1 Churchill Place, London E14 5HP, England, Attention: Barclays Group Corporate Secretariat.

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1 Total net loans and advances include balances relating to both banks and customer accounts.

2 Total deposits include deposits from banks and customer accounts.

None of the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes or the Class F Notes or the Class G Notes will be obligations of Barclays or any of its affiliates.

LIQUIDITY FACILITY PROVIDER

Danske Banks A/S was founded in 1871 and has, through the years, merged with a number of financial institutions. Danske Bank is a commercial bank with limited liability and carries on business under the Danish Financial Business Act, Consolidation Act No. 286 of 4 April 2006, as amended.

The registered office of Danske Bank is at Holmens Kanal 2-12, DK-1092 Copenhagen K, Denmark; the telephone number is +45 33 44 00 00; CVR-nr. 61 12 62 28-København.

The Danske Bank Group provides a wide range of banking, mortgage and insurance products as well as other financial services, and is the largest financial institution in Denmark – and one of the largest in the Nordic region – measured by total assets.

The total assets of the consolidated Group were DKK 2,432 billion (USD 384.6 billion) at the end of 2005. Shareholders' equity was DKK 75 billion (USD 11.9 billion) at the end of 2005. Shareholders' equity was DKK 70 billion (USD 11.4 billion) at the end of the first quarter of 2006. The change in Group equity since the end of 2005 primarily reflects the dividend payment in March 2006 and the recognition of the net profit for the period.

Current credit ratings of Danske Bank A/S are as follows: Moody's: P-1 (short-term) and Aa1 (long-term), S&P: A-1+ (short-term) and AA- (long-term), Fitch: F1+ (short-term) and AA- (long-term).

ACCOUNT BANK

JPMorgan Chase Bank, N.A. will be appointed to act as Account Bank pursuant to the terms of the Bank Account Agreement.

JPMorgan Chase Bank

JPMorgan Chase Bank, National Association (**JMPCB**) is a wholly-owned bank subsidiary of JPMorgan Chase & Co., a Delaware corporation. JPMCB is a commercial bank offering a wide range of banking services to its customers both domestically and internationally. It is chartered, and its business is subject to examination and regulation, by the Office of the Comptroller of the Currency, a bureau of the United States Department of the Treasury. It is a member of the Federal Reserve System and its deposits are insured by the Federal Deposit Insurance Corporation.

Effective 1 July 2004, Bank One Corporation merged with and into JPMorgan Chase & Co., the surviving corporation in the merger, pursuant to the Agreement and Plan of Merger dated as of 14 January 2004.

Prior to 13 November 2004, JPMCB was in the legal form of a banking corporation organized under the laws of the State of New York and was named JPMorgan Chase Bank. On that date, it became a national banking association and its name was changed to JPMorgan Chase Bank, National Association (the **Conversion**). Immediately after the Conversion, Bank One, N.A. (Chicago) and Bank One, N.A. (Columbus) merged into JPMCB.

As at the date of this document, the short-term unsecured and unsubordinated debt obligations of the Account Bank are rated "F1+" by Fitch, "A-1+" by S&P and "P-1" by Moody's and the long-term unsecured and unsubordinated debt obligations of the Account Bank are rated "AA-/A+" by Fitch, "AA-" by S&P and "Aa2" by Moody's.

In its capacity as Account Bank, JPMorgan Chase Bank, N.A. will be acting through its branch at Trinity Tower, 9 Thomas More Street, London E1W 1YT.

The information contained herein with respect to JPMorgan Chase Bank, N.A. and JPMorgan Chase Bank has been obtained from JPMorgan Chase Bank, N.A. Delivery of this Prospectus shall not create any implication that there has been no change in the affairs of JPMorgan Chase Bank, N.A. since the date hereof or that the information contained or referred to herein is correct as of any time subsequent to this date.

JPMorgan Chase & Co. (**JPMorgan**) has entered into an agreement with The Bank of New York Company, Inc. (**BNY**) pursuant to which JPMorgan intends to exchange select portions of its corporate trust business, including municipal, corporate and structured finance trusteeships, for BNY's consumer, small-business and middle-market banking businesses. This transaction has been approved by both companies' boards of directors and is subject to regulatory approvals. It is expected to close in the late third quarter or fourth quarter of 2006.

CASH MANAGEMENT

Cash Manager

On or before the Closing Date the Issuer will enter into a cash management agreement between the Issuer, the Master Servicer, the Special Servicer, the Trustee, the Account Bank, the Cash Manager and the Seller (the **Cash Management Agreement**), pursuant to which each of the Issuer and the Trustee will appoint JPMorgan Chase Bank, N.A. (in its capacity as the **Cash Manager**) to be its agent to provide certain cash management services in respect of the Issuer Accounts (the **Cash Management Services**). The Cash Manager will undertake with the Issuer and the Trustee that, in performing the services to be performed and in exercising its discretion under the Cash Management Agreement, the Cash Manager will be required to perform such responsibilities and duties diligently and in conformity with the Issuer's obligations with respect to the transaction and that it will be obliged to comply with any directions, orders and instructions which the Issuer or the Trustee may from time to time give to the Cash Manager in accordance with the provisions of the Cash Management Agreement, the Trust Deed and the Issuer Deed of Charge.

Calculation of Amounts and Payments

Under the Servicing Agreement, the Master Servicer (in respect of the Italian Loans, the French Loans and the Spanish Loan subject to the Master Servicer obtaining such information from the Italian Servicer, the French Servicer or the Spanish Servicer as applicable) is required to identify funds paid under the Credit Agreements and any Related Security, as principal, interest and other amounts on the relevant ledger in accordance with the respective interests of the Issuer, and the Seller (if any) in the Loans. The Master Servicer will advise the Cash Manager of these determinations and the Cash Manager will allocate funds accordingly. Any such amounts to be paid to the Issuer will be paid to the Issuer Transaction Account and credited by the Cash Manager to the relevant ledger set out below. The Cash Manager is required to apply such funds in accordance with the Priority of Payments set out in the Cash Management Agreement and described above. See "*Cashflows*" at page 298.

The Cash Manager will be authorised to invest any available funds standing to the credit of the Issuer Transaction Account, the Administrative Cost Reserve Account, the Class X Principal Account and the Liquidity Stand-by Account (if applicable) in Eligible Investments in accordance with the provisions of the Cash Management Agreement. All amounts earned on such investments of amounts held in the Issuer Transaction Account and the Liquidity Stand-by Account will be included in Available Issuer Income.

On each Calculation Date, the Cash Manager is required to determine, from information provided by the Master Servicer in respect of the Collections from the immediately preceding Collection Period, 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 available to make such payments. In addition, the Cash Manager will calculate the Principal Amount Outstanding for each Class of Notes for the Interest Period commencing on the next following Note Interest Payment Date and the amount of each principal payment (if any) due on each class of notes on the next following Note Interest Payment Date.

The Cash Manager will from time to time, pay, on behalf of the Issuer, all periodic and non-recurring expenses of the Issuer.

The Cash Manager will make all payments to the Paying Agents as required to carry out an optional redemption of notes pursuant to Condition 6.2 (*Redemption for taxation or other reasons*), or Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) or Condition 6.4 (*Redemption upon exercise of Servicer Call Option*), in each case according to the provisions of the relevant Condition. See further "*Terms and Conditions of the Notes*" at page 346.

The Cash Manager will make requests for drawings under the Liquidity Facility on behalf of the Issuer in accordance with the terms of the Liquidity Facility Agreement, including Loan Income Deficiency Drawings, Loan Protection Drawings, Revenue Priority Amount Drawings and Administrative Costs Shortfall Drawings, the Cash Manager will procure the transfer of such drawings to the Issuer Transaction Account. See further "*Transaction Documents – Liquidity Facility Agreement*" at page 284.

If a Relevant Event (as defined in the Liquidity Facility Agreement) occurs and is outstanding in relation to the Liquidity Facility Provider and the Issuer has not entered into a replacement liquidity facility with a Qualifying Bank with the Liquidity Requisite Ratings, the Cash Manager shall within five Business Days of the occurrence of the Relevant Event request on behalf of the Issuer a Liquidity Stand-by Drawing in an amount equal to the undrawn portion of the Liquidity Facility Commitment at that time. In the event that the Cash Manager makes a Liquidity Stand-by Drawing on behalf of the Issuer, the Cash Manager shall procure that the Liquidity Stand-by Drawing is credited to the Liquidity Stand-by Account opened with the Account Bank.

If the Cash Manager fails to make a drawing under the Liquidity Facility when it is required to do so, then either the Issuer or, if the Issuer fails to do so, the Trustee may submit the relevant notice of drawdown.

Qualifying Bank means a liquidity facility provider which is within the charge to UK corporation tax in respect of, and beneficially entitled to, a payment of interest on a Loan under the Liquidity Facility, where such Liquidity Loan is made by a person that was a bank for the purposes of section 349 of the Income and Corporation Taxes Act 1988 (the **Taxes Act**) (as currently defined in section 840A of the Taxes Act) at the time the Liquidity Loan was made.

Ledgers

The Cash Manager will maintain the following ledgers:

(a) a ledger in respect of revenue (the **Revenue Ledger**);

(b) a ledger in respect of principal (the **Principal Ledger**);

(c) a ledger in respect of drawings under the Liquidity Facility (the **Liquidity Ledger**);

(d) a ledger in respect of Prepayment Fees (the **Prepayment Fees Ledger**);

(e) a ledger in respect of Break Costs (the **Break Costs Ledger**);

(f) a ledger in respect of Interest Rate Swap Breakage Receipts (the **Interest Rate Swap Breakage Receipts Ledger**);

(g) a ledger in respect of Post Write-off Recovery Funds (the **Post Write-off Recovery Funds Ledger**); and

(h) a ledger in respect of 5% of the amount due to the Corporate Services Provider (the **Tax Reserve Ledger**).

In addition, the Cash Manager will maintain such other ledgers as the Issuer, the Trustee, the Master Servicer or the Special Servicer may from time to time request.

The Cash Manager will from time to time in accordance with the payments made:

(a) credit the Revenue Ledger with all Available Issuer Income, Loan Income Deficiency Drawings, Loan Protection Drawings, Revenue Priority Amount Drawings, Administrative Cost Shortfall Drawings and any drawings from the Administrative Reserve Account transferred and credited to the Issuer Transaction Account save, in respect of any Loan Protection Drawings and Revenue Priority Amount Drawings, to the extent such drawings are paid directly to the relevant third party recipient to which amounts are owed by the Relevant Borrower and in respect of which such a Loan Protection Drawing or a Revenue Priority Amounts Drawing was made and debit the Revenue Ledger with all payments by or on behalf of the Issuer out of Available Issuer Income, Adjusted Available Issuer Income or amounts applied in accordance with the Post-Acceleration Priority of Payments (other than payments made in respect of Post Write-off Recovery Funds, Interest Rate Swap Breakage Receipts allocated to Available Issuer Income or available amounts to be applied under the Post-Acceleration Priority of Payments);

(b) credit the Principal Ledger with all Available Issuer Principal transferred and credited to the Issuer Transaction Account and debit the Principal Ledger with all payments made out of Available Issuer Principal or amounts applied in accordance with the Post-Acceleration Priority of Payments (including, Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds each as defined below) (other than payments made in respect of Interest Rate Swap Breakage Receipts allocated to Available Issuer Principal or available amounts to be applied under the Post-Acceleration Priority of Payments);

(c) credit the Liquidity Ledger with any amounts paid to the Liquidity Facility Provider on a Note Interest Payment Date and debit the Liquidity Ledger with all drawings under the Liquidity Facility Agreement;

(d) credit the Prepayment Fees Ledger with all Prepayment Fees and amounts of interest received on the French Notes and the Italian Notes representing Prepayment Fees transferred and credited to the Issuer Transaction Account and debit the Prepayment Fees Ledger with all payments made out of Prepayment Fees and amounts of interest received on the French Notes and the Italian Notes representing Prepayment Fees;

(e) credit the Break Costs Ledger with all Break Costs and amounts of interest received on the French Notes and the Italian Notes representing Break Costs transferred and credited to the Issuer Transaction Account and debit the Break Costs Ledger with all payments made out of Break Costs and amounts representing Break Costs received in respect of the French Notes and the Italian Notes;

(f) credit the Interest Rate Swap Breakage Receipts Ledger with all Interest Rate Swap Breakage Receipts received by the Issuer (including any amount received under the French Interest Rate Swap Agreement and the Italian Interest Rate Swap Agreement) and any amounts of interest received on the French Notes and the Italian Notes representing Interest Rate Swap Breakage Receipts received by the French Issuer and the Italian Issuer pursuant to the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Agreement, as applicable transferred and credited to the Issuer Transaction Account and debit the Interest Rate Swap Breakage Ledger with all payments made out of such Interest Rate Swap Breakage Receipts or amounts representing Interest Rate Swap Breakage Receipts;

(g) credit the Post Write-off Recovery Funds Ledger with all Post Write-off Recovery Funds transferred and credited to the Issuer Transaction Account and debit the Post Write-off Recovery Funds Ledger with all payments made out of Post Write-off Recovery Funds; and

(h) credit the Tax Reserve Ledger with all amounts retained by the Issuer in accordance with the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments.

Cash Management Quarterly Report

The Cash Manager will three Business Days before each Note Interest Payment Date deliver to the Issuer, the Trustee, the Master Servicer and the Rating Agencies a report in respect of the immediately preceding Collection Period in which it will notify the recipients of, among other things, all amounts received in the Issuer Transaction Account and payments made with respect thereto.

Cash Management Fee

The Issuer will pay to the Cash Manager on each Note Interest Payment Date a cash management fee as agreed between the Cash Manager and the Issuer and will reimburse the Cash Manager for all out-of-pocket costs and expenses properly incurred by the Cash Manager in the performance of its services. Any successor cash manager will receive remuneration on the same basis.

Termination of Appointment of the Cash Manager

The Issuer or the Trustee may terminate the Cash Manager's appointment upon not less than three months' written notice or immediately upon the occurrence of a termination event, including, among other things:

(a) a failure by the Cash Manager to make when due a payment required to be made by the Cash Manager on behalf of the Issuer;

(b) a default in the performance of any of its other duties under the Cash Management Agreement which continues unremedied for ten Business Days; or

(c) a petition is presented or an effective resolution passed for its winding up or the appointment of an administrator, or similar official.

On the termination of the appointment of the Cash Manager by the Issuer or the Trustee, the Issuer or the Trustee may, subject to certain conditions, appoint a successor cash manager.

In addition, the Cash Manager may resign as Cash Manager upon not less than three months' written notice of resignation to each of the Issuer, the Master Servicer, the Special Servicer, the Seller, the Account Bank and the Trustee provided that a suitably qualified successor Cash Manager shall have been appointed.

Governing law

The Cash Management Agreement is governed by English law.

ESTIMATED AVERAGE LIVES OF THE NOTES AND ASSUMPTIONS

The average lives of the Notes cannot be predicted because the Loans may, in certain circumstances, be prepaid and a number of other relevant factors are unknown (see also "*Risk Factors – Forward-Looking Statements*" at page 81.

Calculations of possible average lives of the Notes can be made based on certain assumptions. Such assumptions include, without limitation, the following assumptions:

(a) the Loans making up the Loan Pool are not sold by the Issuer, the French Issuer or the Italian Issuer, as applicable;

(b) the Loans do not default, nor are they enforced and no loss arises;

(c) the Closing Date is 22 September 2006;

(d) the Issuer exercises its option to redeem the Notes following the exercise by the Master Servicer or the Special Servicer, as the case may be, of the 10% clean-up call as soon as it is exercisable;

(e) Note Interest Payment Dates are the 20th of every February, May, August and November, with the first Note Interest Payment Date being 20 November 2006, regardless of such day being a Business Day;

(f) none of the Interest Rate Swap Transactions, the Italian Interest Rate Swap Transactions nor the French Interest Rate Swap Transactions will be terminated;

(g) the Loans prepay at the rate specific to each scenario set out in the tables below; and

(h) the average lives of the Notes are calculated on an 30/360 day count basis.

The assumptions (other than paragraphs (c), (e), and (h) above) relate to circumstances which are not predictable.

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

Loan Repayment Profile: The following table shows the Loan repayment profile of the portfolio assuming no prepayments.

Loan Repayment Profile based on Scheduled Repayments (End of Period)										
Period	Flora Park	Anec Blau	Century Center	German Supermarket Portfolio	Cassina Plaza	ATU Germany	Bielefeld/Berlin Portfolio	Nanterre	Netto Portfolio	CRIPA Portfolio
Cut-Off	118,894,000	53,410,000	46,250,000	41,939,000	39,888,550	32,972,101	26,900,000	23,926,020	22,830,000	22,657,250
1	118,506,000	53,410,000	46,250,000	41,600,000	39,888,550	32,781,044	26,851,000	23,692,020	22,720,000	22,545,250
2	118,113,000	53,410,000	46,250,000	41,257,000	39,888,550	32,611,216	26,798,000	23,455,020	22,610,000	22,431,250
3	117,715,000	53,410,000	46,043,000	40,899,000	39,888,550	32,441,389	26,749,000	23,216,020	22,500,000	22,310,250
4	117,312,000	53,410,000	45,834,000	40,543,000	39,888,550	32,271,561	26,698,000	22,975,020	22,375,000	22,202,250
5	116,904,000	53,410,000	45,623,000	40,187,000	39,888,550	32,101,734	26,621,000	22,732,020	22,250,000	22,096,250
6	116,491,000	53,410,000	45,409,000	39,827,000	39,888,550	31,931,906	26,543,000	22,486,020	22,125,000	22,024,250
7	116,073,000	53,410,000	45,193,000	39,459,000	39,888,550	31,762,078	26,466,000	22,238,020	22,000,000	21,965,250
8	115,650,000	53,410,000	44,974,000	39,086,000	39,888,550	31,592,251	26,375,000	21,988,020	21,862,500	21,858,250
9	115,222,000	53,410,000	44,753,000	38,730,000	39,888,550	31,422,423	26,273,000	21,735,020	21,725,000	21,736,250
10	114,789,000	53,410,000	44,529,000	38,346,000	39,888,550	31,252,596	26,170,000	21,480,020	21,587,500	21,618,250
11	114,351,000	53,410,000	44,303,000	37,964,000	39,888,550	31,082,768	26,065,000	21,223,020	21,450,000	21,534,250
12	113,908,000	53,410,000	44,074,000	37,577,000	39,888,550	30,912,941	25,967,000	20,963,020	21,300,000	21,455,250
13	113,460,000	53,410,000	43,842,000	37,190,000	39,888,550	30,743,113	25,868,000	20,701,020	21,150,000	21,352,250
14	113,007,000	53,410,000	43,608,000	-	39,888,550	30,573,285	25,767,000	20,436,020	21,000,000	21,243,250
15	112,549,000	53,410,000	43,371,000	-	39,888,550	30,403,458	25,661,000	20,169,020	20,850,000	21,112,250
16	112,086,000	53,410,000	43,131,000	-	39,888,550	30,233,630	25,549,000	19,899,020	20,687,500	21,003,250
17	111,623,000	53,410,000	42,889,000	-	39,888,550	30,063,803	25,436,000	-	20,525,000	20,961,250
18	111,155,000	-	42,644,000	-	39,888,550	29,893,975	25,321,000	-	20,362,500	20,894,250
19	110,740,000	-	42,396,000	-	39,888,550	29,724,147	25,221,000	-	20,200,000	20,760,250
20	-	-	42,145,000	-	39,888,550	29,554,320	25,115,000	-	20,025,000	20,627,250
21	-	-	41,891,000	-	39,888,550	29,384,492	25,013,000	-	19,850,000	20,491,250
22	-	-	41,634,000	-	39,888,550	29,214,665	24,925,000	-	19,675,000	20,354,250
23	-	-	41,374,000	-	39,888,550	29,044,837	24,821,000	-	19,500,000	20,212,250
24	-	-	41,111,000	-	39,888,550	28,875,010	24,738,000	-	-	20,068,250
25	-	-	40,845,000	-	39,888,550	28,875,010	24,685,000	-	-	19,925,250
26	-	-	-	-	39,888,550	-	24,616,000	-	-	19,791,250
27	-	-	-	-	39,888,550	-	24,547,000	-	-	19,651,250
28	-	-	-	-	39,888,550	-	24,470,000	-	-	19,548,250
29	-	-	-	-	-	-	24,366,000	-	-	19,463,250
30	-	-	-	-	-	-	24,260,000	-	-	19,329,250
31	-	-	-	-	-	-	24,156,000	-	-	19,172,250
32	-	-	-	-	-	-	24,037,000	-	-	19,044,250
33	-	-	-	-	-	-	23,907,000	-	-	18,960,250
34	-	-	-	-	-	-	23,775,000	-	-	18,855,250
35	-	-	-	-	-	-	23,641,000	-	-	18,716,250
36	-	-	-	-	-	-	23,514,000	-	-	18,581,250
37	-	-	-	-	-	-	23,386,000	-	-	18,432,250
38	-	-	-	-	-	-	-	-	-	-

Loan Repayment Profile based on Scheduled Repayments (End of Period)											
Period	KingBu Portfolio	French Retail	French Retail VAT	Malakoff	Montrouge	ATU Austria	Pomezia	Toulouse 1	Toulouse 2	Aggregated Scheduled Amortisation (without Balloon)	Aggregated Scheduled Amortisation (with Balloon)
Cut-Off	21,280,875	20,165,000	1,936,272	18,600,000	16,750,000	15,121,768	11,143,740	6,170,000	4,200,000	-	-
1	21,147,375	20,165,000	1,936,272	18,600,000	16,750,000	15,034,484	11,027,350	6,170,000	4,200,000	1,760,231	1,760,231
2	21,014,375	20,165,000	1,936,272	18,600,000	16,750,000	14,956,898	10,910,960	6,170,000	4,200,000	1,746,804	1,746,804
3	20,881,175	20,165,000	-	18,600,000	16,750,000	14,879,312	10,794,570	6,170,000	4,200,000	1,979,004	3,915,275
4	20,747,675	20,165,000	-	18,600,000	16,750,000	14,801,726	10,678,180	6,170,000	4,200,000	1,990,304	1,990,304
5	20,613,875	20,165,000	-	18,600,000	16,750,000	14,724,140	10,561,790	6,170,000	4,200,000	2,023,604	2,023,604
6	20,477,975	20,165,000	-	18,600,000	16,750,000	14,646,554	10,445,400	6,170,000	4,200,000	2,007,704	2,007,704
7	20,340,975	20,165,000	-	18,600,000	16,750,000	14,568,968	10,329,010	6,170,000	4,200,000	2,011,804	2,011,804
8	20,201,875	20,165,000	-	18,600,000	16,750,000	14,491,382	10,212,620	6,170,000	4,200,000	2,103,404	2,103,404
9	20,058,875	20,165,000	-	18,600,000	16,750,000	14,413,796	10,096,230	6,170,000	4,200,000	2,126,304	2,126,304
10	19,913,775	20,165,000	-	18,600,000	16,750,000	14,336,210	9,979,840	6,170,000	4,200,000	2,163,404	2,163,404
11	19,767,675	20,165,000	-	18,600,000	16,750,000	14,258,624	9,863,450	6,170,000	4,200,000	2,139,404	2,139,404
12	19,619,475	20,165,000	-	18,600,000	16,750,000	14,181,038	9,747,060	6,170,000	4,200,000	2,158,004	2,158,004
13	19,470,975	20,165,000	-	18,600,000	16,750,000	14,103,452	9,630,670	6,170,000	4,200,000	2,193,304	2,193,304
14	19,322,175	20,165,000	-	18,600,000	16,750,000	14,025,866	9,514,280	6,170,000	4,200,000	1,824,604	39,014,604
15	19,172,075	20,165,000	-	18,600,000	16,750,000	13,948,280	9,397,890	6,170,000	4,200,000	1,862,904	1,862,904
16	19,019,875	20,165,000	-	18,600,000	16,750,000	13,870,694	9,281,500	6,170,000	4,200,000	1,872,504	1,872,504
17	18,867,075	20,165,000	-	18,600,000	16,750,000	13,793,108	-	6,170,000	4,200,000	1,422,714	30,603,234
18	18,713,775	20,165,000	-	18,600,000	16,750,000	13,715,522	-	6,170,000	4,200,000	1,458,214	54,868,214
19	18,560,175	20,165,000	-	18,600,000	16,750,000	13,637,935	-	6,170,000	4,200,000	1,460,515	1,460,515
20	18,406,575	20,165,000	-	18,600,000	16,750,000	13,560,348	-	6,170,000	4,200,000	1,066,015	111,806,015
21	18,252,775	20,165,000	-	18,600,000	16,750,000	13,482,761	-	6,170,000	4,200,000	1,068,215	1,068,215
22	18,098,375	20,165,000	-	18,600,000	16,750,000	13,405,174	-	6,170,000	-	1,058,815	5,258,815
23	17,941,375	20,165,000	-	18,600,000	16,750,000	13,327,587	-	6,170,000	-	1,085,415	1,085,415
24	17,783,575	20,165,000	-	-	16,750,000	13,250,000	-	6,170,000	-	895,215	38,995,215
25	-	-	-	-	16,750,000	13,250,000	-	6,170,000	-	462,000	38,410,575
26	-	-	-	-	-	-	-	-	-	203,000	106,093,010
27	-	-	-	-	-	-	-	-	-	209,000	209,000
28	-	-	-	-	-	-	-	-	-	180,000	180,000
29	-	-	-	-	-	-	-	-	-	189,000	40,077,550
30	-	-	-	-	-	-	-	-	-	240,000	240,000
31	-	-	-	-	-	-	-	-	-	261,000	261,000
32	-	-	-	-	-	-	-	-	-	247,000	247,000
33	-	-	-	-	-	-	-	-	-	214,000	214,000
34	-	-	-	-	-	-	-	-	-	237,000	237,000
35	-	-	-	-	-	-	-	-	-	273,000	273,000
36	-	-	-	-	-	-	-	-	-	262,000	262,000
37	-	-	-	-	-	-	-	-	-	277,000	277,000
38	-	-	-	-	-	-	-	-	-	-	41,818,250

Scenario 1: 0% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 0% annual Constant Prepayment Rate (**CPR**).

	Notes Decreasing Balance (End of Period)									Subordination						
Period	Loans	Class A	Class B	Class C	Class D	Class E	Class F	Class G	Notes	Class A	Class B	Class C	Class D	Class E	Class F	Class G
Closing	100%	100%	100%	100%	100%	100%	100%	100%	100%	81%	33%	22%	15%	7%	1%	-
1	100%	100%	99%	100%	100%	100%	100%	100%	100%	81%	33%	22%	15%	7%	1%	-
2	99%	100%	99%	100%	100%	100%	100%	100%	99%	81%	33%	22%	15%	7%	1%	-
3	99%	98%	98%	100%	100%	100%	100%	100%	99%	81%	33%	22%	16%	7%	1%	-
4	98%	98%	97%	100%	100%	100%	100%	100%	98%	81%	33%	22%	16%	7%	1%	-
5	98%	98%	96%	100%	100%	100%	100%	100%	98%	81%	33%	22%	16%	7%	1%	-
6	98%	98%	96%	100%	100%	100%	100%	100%	98%	81%	33%	22%	16%	7%	2%	-
7	97%	98%	95%	100%	100%	100%	100%	100%	97%	81%	33%	23%	16%	7%	2%	-
8	97%	98%	94%	100%	100%	100%	100%	100%	97%	81%	34%	23%	16%	7%	2%	-
9	96%	98%	93%	100%	100%	100%	100%	100%	96%	80%	34%	23%	16%	7%	2%	-
10	96%	98%	92%	100%	100%	100%	100%	100%	96%	80%	34%	23%	16%	7%	2%	-
11	96%	98%	92%	100%	100%	100%	100%	100%	96%	80%	34%	23%	16%	7%	2%	-
12	95%	98%	91%	100%	100%	100%	100%	100%	95%	80%	34%	23%	16%	7%	2%	-
13	95%	98%	90%	100%	100%	100%	100%	100%	95%	80%	34%	23%	16%	7%	2%	-
14	88%	98%	78%	95%	95%	95%	95%	100%	88%	79%	35%	24%	17%	8%	2%	-
15	87%	98%	78%	95%	95%	95%	95%	100%	87%	78%	36%	24%	17%	8%	2%	-
16	87%	98%	77%	95%	95%	95%	95%	100%	87%	78%	36%	24%	17%	8%	2%	-
17	81%	98%	68%	91%	91%	91%	91%	100%	81%	77%	37%	25%	17%	8%	2%	-
18	71%	47%	67%	91%	91%	91%	91%	100%	71%	87%	42%	28%	20%	9%	2%	-
19	71%	47%	67%	91%	91%	91%	91%	100%	71%	87%	42%	28%	20%	9%	2%	-
20	50%	47%	44%	60%	60%	60%	60%	100%	51%	82%	40%	27%	19%	10%	3%	-
21	50%	47%	44%	60%	60%	60%	60%	100%	50%	82%	40%	28%	20%	10%	3%	-
22	49%	43%	43%	60%	60%	60%	60%	100%	49%	83%	41%	28%	20%	10%	3%	-
23	49%	43%	43%	60%	60%	60%	60%	100%	49%	83%	41%	28%	20%	10%	3%	-
24	42%	25%	37%	58%	58%	58%	58%	100%	42%	88%	46%	32%	22%	11%	3%	-
25	35%	6%	32%	55%	55%	55%	55%	95%	35%	97%	53%	36%	26%	13%	4%	-
26	15%	-	11%	29%	29%	29%	29%	82%	15%	100%	66%	46%	34%	18%	8%	-
27	15%	-	11%	29%	29%	29%	29%	82%	15%	100%	66%	46%	34%	18%	8%	-
28	15%	-	11%	29%	29%	29%	29%	82%	15%	100%	66%	46%	34%	18%	8%	-
29	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	8%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Life (yrs)	5.5	5.1	5.0	5.9	5.9	5.9	5.9	7.0	5.3							

Scenario 2: 2.5% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 2.5% annual CPR.

	Notes Decreasing Balance (End of Period)									Subordination						
Period	**Loans**	**Class A**	**Class B**	**Class C**	**Class D**	**Class E**	**Class F**	**Class G**	**Notes**	**Class A**	**Class B**	**Class C**	**Class D**	**Class E**	**Class F**	**Class G**
Closing	100%	100%	100%	100%	100%	100%	100%	100%	100%	81%	33%	22%	15%	7%	1%	-
1	99%	99%	99%	100%	100%	100%	100%	100%	99%	81%	33%	22%	15%	7%	1%	-
2	98%	99%	97%	99%	99%	99%	99%	100%	98%	81%	33%	22%	15%	7%	1%	-
3	97%	96%	96%	99%	99%	99%	99%	100%	97%	81%	33%	22%	16%	7%	2%	-
4	96%	96%	94%	98%	98%	98%	98%	100%	96%	81%	33%	22%	16%	7%	2%	-
5	95%	95%	93%	98%	98%	98%	98%	99%	95%	81%	33%	23%	16%	7%	2%	-
6	94%	94%	91%	97%	97%	97%	97%	99%	94%	81%	34%	23%	16%	7%	2%	-
7	93%	94%	90%	97%	97%	97%	97%	99%	93%	81%	34%	23%	16%	7%	2%	-
8	92%	93%	89%	96%	96%	96%	96%	99%	92%	81%	34%	23%	16%	7%	2%	-
9	91%	93%	87%	96%	96%	96%	96%	99%	91%	80%	34%	23%	16%	7%	2%	-
10	90%	92%	86%	95%	95%	95%	95%	99%	90%	80%	34%	23%	16%	8%	2%	-
11	89%	92%	84%	95%	95%	95%	95%	99%	89%	80%	35%	23%	16%	8%	2%	-
12	88%	91%	83%	94%	94%	94%	94%	99%	88%	80%	35%	23%	16%	8%	2%	-
13	87%	90%	82%	94%	94%	94%	94%	99%	87%	80%	35%	24%	17%	8%	2%	-
14	80%	90%	70%	89%	89%	89%	89%	98%	80%	79%	36%	24%	17%	8%	2%	-
15	79%	89%	69%	88%	88%	88%	88%	98%	79%	78%	36%	25%	17%	8%	2%	-
16	79%	89%	68%	88%	88%	88%	88%	98%	79%	78%	37%	25%	17%	8%	2%	-
17	73%	88%	59%	84%	84%	84%	84%	98%	73%	77%	38%	25%	18%	8%	2%	-
18	64%	42%	58%	83%	83%	83%	83%	98%	64%	87%	43%	29%	20%	10%	2%	-
19	63%	42%	58%	83%	83%	83%	83%	98%	63%	87%	43%	29%	20%	10%	2%	-
20	44%	41%	38%	55%	55%	55%	55%	98%	44%	82%	41%	28%	20%	10%	3%	-
21	44%	41%	37%	54%	54%	54%	54%	98%	44%	82%	42%	28%	20%	10%	3%	-
22	43%	37%	36%	54%	54%	54%	54%	97%	43%	83%	42%	29%	21%	10%	3%	-
23	42%	37%	36%	54%	54%	54%	54%	97%	42%	83%	43%	29%	21%	10%	3%	-
24	36%	22%	30%	51%	51%	51%	51%	97%	36%	88%	48%	33%	24%	12%	4%	-
25	30%	5%	26%	48%	48%	48%	48%	92%	30%	97%	55%	38%	27%	14%	5%	-
26	13%	-	8%	25%	25%	25%	25%	80%	13%	100%	69%	48%	36%	20%	9%	-
27	13%	-	8%	25%	25%	25%	25%	79%	13%	100%	69%	48%	36%	20%	9%	-
28	13%	-	8%	25%	25%	25%	25%	79%	13%	100%	69%	49%	36%	20%	9%	-
29	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	7%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Life (yrs)	5.1	4.8	4.6	5.6	5.6	5.6	5.6	6.9	5.0							

Scenario 3: 5.0% CPR: The following table shows the percentage of initial balances outstanding and subordination of the Notes assuming a 5.0% annual CPR.

	Notes Decreasing Balance (End of Period)									Subordination						
Period	**Loans**	**Class A**	**Class B**	**Class C**	**Class D**	**Class E**	**Class F**	**Class G**	**Notes**	**Class A**	**Class B**	**Class C**	**Class D**	**Class E**	**Class F**	**Class G**
Closing	100%	100%	100%	100%	100%	100%	100%	100%	100%	81%	33%	22%	15%	7%	1%	-
1	98%	99%	98%	99%	99%	99%	99%	100%	98%	81%	33%	22%	15%	7%	1%	-
2	97%	97%	96%	98%	98%	98%	98%	100%	97%	81%	33%	22%	16%	7%	2%	-
3	95%	94%	94%	97%	97%	97%	97%	99%	95%	81%	33%	22%	16%	7%	2%	-
4	93%	93%	91%	96%	96%	96%	96%	99%	93%	81%	34%	23%	16%	7%	2%	-
5	92%	92%	89%	95%	95%	95%	95%	99%	92%	81%	34%	23%	16%	7%	2%	-
6	90%	91%	87%	94%	94%	94%	94%	99%	90%	81%	34%	23%	16%	7%	2%	-
7	89%	90%	85%	93%	93%	93%	93%	98%	89%	81%	34%	23%	16%	8%	2%	-
8	87%	89%	83%	92%	92%	92%	92%	98%	87%	81%	34%	23%	16%	8%	2%	-
9	86%	87%	81%	91%	91%	91%	91%	98%	86%	80%	35%	23%	16%	8%	2%	-
10	84%	86%	79%	90%	90%	90%	90%	98%	84%	80%	35%	24%	17%	8%	2%	-
11	83%	85%	77%	90%	90%	90%	90%	98%	83%	80%	35%	24%	17%	8%	2%	-
12	82%	84%	76%	89%	89%	89%	89%	97%	82%	80%	36%	24%	17%	8%	2%	-
13	80%	83%	74%	88%	88%	88%	88%	97%	80%	80%	36%	24%	17%	8%	2%	-
14	73%	82%	63%	83%	83%	83%	83%	97%	73%	79%	37%	25%	18%	8%	2%	-
15	72%	81%	61%	82%	82%	82%	82%	97%	72%	78%	37%	25%	18%	8%	2%	-
16	71%	80%	60%	81%	81%	81%	81%	96%	71%	78%	38%	25%	18%	8%	2%	-
17	65%	79%	52%	77%	77%	77%	77%	96%	65%	77%	39%	26%	18%	9%	2%	-
18	57%	37%	51%	76%	76%	76%	76%	96%	57%	87%	44%	30%	21%	10%	2%	-
19	56%	37%	49%	75%	75%	75%	75%	96%	56%	87%	44%	30%	21%	10%	3%	-
20	39%	36%	32%	49%	49%	49%	49%	95%	39%	82%	43%	29%	21%	11%	4%	-
21	38%	36%	31%	49%	49%	49%	49%	95%	38%	82%	43%	30%	21%	11%	4%	-
22	37%	32%	30%	48%	48%	48%	48%	95%	37%	83%	44%	30%	22%	11%	4%	-
23	37%	32%	29%	48%	48%	48%	48%	94%	37%	83%	44%	30%	22%	11%	4%	-
24	31%	19%	25%	45%	45%	45%	45%	94%	31%	88%	50%	34%	25%	13%	4%	-
25	25%	4%	21%	42%	42%	42%	42%	89%	25%	97%	57%	39%	28%	15%	5%	-
26	11%	-	7%	22%	22%	22%	22%	77%	11%	100%	72%	51%	38%	21%	10%	-
27	11%	-	6%	22%	22%	22%	22%	76%	11%	100%	72%	51%	38%	21%	10%	-
28	11%	-	6%	21%	21%	21%	21%	76%	11%	100%	72%	51%	38%	21%	10%	-
29	6%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
30	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
31	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
32	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
33	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
34	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
35	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
36	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
37	5%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
38	0%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Average Life (yrs)	4.8	4.5	4.2	5.2	5.2	5.2	5.2	6.8	4.6							

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be €545,134,000 and this sum (other than the issue proceeds of the Class X Notes) will be applied by the Issuer towards payment to the Relevant Seller, pursuant to the terms of the Master Loan Sale Agreement, of the purchase consideration for the beneficial interest in the Austrian Loan, the Belgian Loan, the German Loans and the PH in respect of the Spanish Loan and the related interests in the Related Security and pursuant to the terms of the French Subscription Agreement and the Italian Subscription Agreement, the French Notes and the Italian Notes, respectively.

The net proceeds from the issue of the Class X Notes will be deposited in the Class X Principal Accounts.

The net proceeds from the issue of the French Notes will be applied by the French Issuer towards payment to the French Seller, pursuant to the French Loan Sale Agreement, of the purchase price for the French Loans and the related interests in the French Related Security.

The net proceeds from the issue of the Italian Notes will be applied by the Italian Issuer towards payment to the Italian Seller, pursuant to the Master Loan Sale Agreement and the Italian Loan Assignment Agreement, of the purchase price for the Italian Loans and the related interests in the Italian Related Security.

Fees, commissions and expenses incurred by the Issuer in connection with the issue of the Notes will be met by Barclays Bank PLC.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes in the form in which (subject to modification) they will be set out in the Trust Deed. The Conditions set out below will apply to the Notes in global form.

The issue of the €104,481,000 Class A Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class A Notes**), the €263,193,000 Class B Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class B Notes**), €57,860,000 Class C Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class C Notes**), the €100,000 Class X Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class X Notes**), the €36,050,000 Class D Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class D Notes**), the €44,950,000 Class E Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class E Notes**), the €30,500,000 Class F Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class F Notes**) and the €8,000,000 Class G Commercial Mortgage Backed Floating Rate Notes due 2019 (the **Class G Notes** and, together with the Class A Notes, the Class B Notes, the C Notes, the Class X Notes, the Class D Notes, the Class E Notes and the Class F Notes, the **Notes)** by FORNAX (ECLIPSE 2006-2) B.V. (the **Issuer**) was authorised by a resolution of the Managing Director of the Issuer passed on or about 19 September 2006.

The Notes are constituted by a trust deed (such trust deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) dated on or about 22 September 2006 (the **Closing Date**) made between the Issuer and J. P. Morgan Corporate Trustee Services Limited (the **Trustee**, which expression includes its successors as trustee or any further or other trustee(s) under the Trust Deed as trustee(s) for the holders of the Notes (the **Noteholders**)).

The proceeds of the issue of the Notes will be applied in or towards acquiring the beneficial interests in the Austrian Loan, the Belgian Loan, the German Loans and the PH from the Relevant Seller and the French Notes and the Italian Notes from the French Issuer and the Italian Issuer, as applicable.

References herein to the Notes shall include reference to:

(a) whilst the Notes are represented by a Global Note (as defined in Condition 1.2 (*Permanent Global Notes*)), units of €100,000 (as reduced by any redemption in part of a Note pursuant to Condition 6 (*Redemption*));

(b) any Global Note; and

(c) any Definitive Notes (as defined in Condition 2.1 (*Issue of Definitive Notes*)) issued in exchange for a Global Note.

References herein to interest include references to any interest deferred in accordance with Condition 16.1 (*Interest*) and interest on such deferred interest, unless the context otherwise requires.

The Noteholders are subject to and have the benefit of an agency agreement (as amended and/or supplemented from time to time, the **Agency Agreement**) dated the Closing Date between the Issuer, JPMorgan Chase Bank, N.A. as principal paying agent (in such capacity, the **Principal Paying Agent**, which expression includes any successor principal paying agent appointed from time to time in respect of the Notes) and as agent bank (in such capacity, the **Agent Bank**, which expression includes any successor agent bank appointed from time to time in connection with the Notes) and J.P. Morgan Bank (Ireland) plc as Irish paying agent (the **Irish Paying Agent**, which expression includes any successor Irish paying agent appointed from time to time in connection with the Notes and together with the Principal Paying Agent and any other paying agent appointed from time to time in connection with the Notes, the **Paying Agents**) and the Trustee.

The security for the Notes is granted or created pursuant to :(i) a deed of charge under English law (the **Issuer Deed of Charge**, which expression includes such deed of charge as from time to time modified in accordance with the provisions therein contained and any deed or other document expressed to be supplemental thereto as from time to time so modified) dated the Closing Date and made between, among others, the Issuer and the Trustee, and (ii) a pledge agreement under French law (the **French Note Pledge Agreement** which expression includes such pledge agreement as from time to time modified in accordance with the provisions therein contained and any agreement or document expressed to be supplemental thereto as from time to time so modified) dated the Closing Date and made between the Issuer and the Trustee . In addition, the Issuer will declare a trust over any rights it acquires in relation to the German Related Security in favour of the Trustee for the benefit of the Issuer Secured Creditors, pursuant to the terms of an English law trust (the **German Security Trust**, which expression shall include such trust as from time to time modified in accordance with the provisions therein contained and any deed, agreement or document expressed to be supplemental thereto as from time to time so modified) dated prior to the Closing Date.

The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, the Agency Agreement and the Issuer Deed of Charge applicable to them and all the provisions of the other Transaction Documents (including the Bank Account Agreement, the Servicing Agreement, the Liquidity Facility Agreement, the Cash Management Agreement, the Interest Rate Swap Agreement, the Loan Sale Documents, the Corporate Services Agreement, the Subscription Agreement, the French Bank Account Agreement, the French Subscription Agreement, the Terms and Conditions of the French Notes, the French Issuer Regulations, the French Interest Rate Swap Agreement, the Italian Bank Account Agreement, the Italian Subscription Agreement, the Italian Deed of Charge, the Italian Deed of Pledge, the Italian Corporate Services Agreement, the Italian Issuer Parent Corporate Services Agreement, the Italian Agency Agreement, the Italian Mandate Agreement, the Italian Interest Rate Swap Agreement and the Master Definitions Schedule (each as defined in the master definitions schedule signed for identification by, among others, the Issuer and the Trustee on or about the Closing Date (the **Master Definitions Schedule**)).

The statements in these terms and conditions (the **Conditions**) include summaries of, and are subject to, the detailed provisions of the Trust Deed, the Agency Agreement, the Issuer Deed of Charge and the other Transaction Documents. Capitalised terms used in these Conditions but not otherwise defined shall have the meanings set out in the Master Definitions Schedule. These Conditions shall be construed in accordance with the principles of construction set out in the Master Definitions Schedule.

As used in these Conditions:

(a) a reference to a **Class of Notes,** to a **relevant Class** or to a **Class of Noteholders** shall be a reference to the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes, or, as the case may be, the respective holders thereof and **Classes**, in a similar context, shall be construed accordingly; and

(b) **Most Senior Class of Notes** means:

(a) the Class A Notes; or

(b) if no Class A Notes are then outstanding (as defined in the Trust Deed), the Class B Notes (if, at any time, any Class B Notes are then outstanding); or

(c) if no Class A Notes or Class B Notes are then outstanding, the Class C Notes (if, at any time, any Class C Notes are then outstanding); or

(d) if no Class A Notes, Class B Notes or Class C Notes are then outstanding, the Class D Notes (if, at any time, any Class D Notes are then outstanding); or

(e) if no Class A Notes, Class B Notes, Class C Notes or Class D Notes are then outstanding, the Class E Notes (if, at any time, any Class E Notes are then outstanding); or

(f) if no Class A Notes, Class B Notes, Class C Notes, Class D Notes or Class E Notes are then outstanding, the Class F Notes (if, at any time, any Class F Notes are then outstanding); or

(g) if no Class A Notes, Class B Notes, Class C Notes, Class D Notes, Class E Notes or Class F Notes are then outstanding, the Class G Notes (if, at any time, any Class G Notes are then outstanding),

provided that if a Sequential Trigger Event is not outstanding at such time and the Most Senior Class of Notes is being determined, in respect of any matter relating to a Category Two Loan, and/or Category Three Loan, the Most Senior Class of Notes will not be the Class A Notes, even if Class A Notes are then outstanding.

The Class X Notes can never be the Most Senior Class of Notes.

Copies of each of the Transaction Documents are available to Noteholders for inspection at the specified office of each of the Trustee and the Irish Paying Agent.

1. GLOBAL NOTES

1.1 Temporary Global Notes

The Notes of each Class will initially be represented by a temporary global Note of the relevant Class (each, a **Temporary Global Note**) in the aggregate principal amount on issue of €104,481,000 for the Class A Notes, €263,193,000 for the Class B Notes, €57,860,000 for the Class C Notes, €100,000 for the Class X Notes, €36,050,000 for the Class D Notes, €44,950,000 for the Class E Notes, €30,500,000 for the Class F Notes and €8,000,000 for the Class G Notes.

The Temporary Global Notes will be deposited on behalf of the subscribers of the Notes with a common depositary (the **Common Depositary**) for Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) on the Closing Date. Upon deposit of the Temporary Global Notes, Euroclear or Clearstream, Luxembourg will credit the account of each Accountholder (as defined below) with the principal amount of Notes for which it has subscribed and paid.

1.2 Permanent Global Notes

Interests in each Temporary Global Note will be exchangeable on or after the date which falls 40 days after the Closing Date (the **Exchange Date**), provided certification that such beneficial owner is not a U.S. person (as defined under Regulation S of the Securities Act) (**Certification**) by the relevant Noteholders has been received, for interests in a permanent global Note of the relevant Class (each a **Permanent Global Note**) which will also be deposited with the Common Depositary unless the interests in the relevant Permanent Global Note have already been exchanged for Notes in definitive form in which event the interests in such Temporary Global Note may only be exchanged (subject to Certification) for Notes of the relevant Class in definitive form. The expression **Global Note** shall be read and construed to mean a Temporary Global Note or a Permanent Global Note, as the context may require. On the exchange of each Temporary Global Note for the relevant Permanent Global Note such Permanent Global Note will remain deposited with the Common Depositary.

1.3 Form and title

Each Global Note shall be issued in bearer form without coupons or talons.

Title to the Global Notes will pass by delivery. Notes represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as appropriate.

For so long as the Notes of a Class are represented by one or both Global Notes in respect of that Class, the Issuer, the Trustee and all other parties may (to the fullest extent permitted by applicable laws) deem and treat each person who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (an **Accountholder**) as the holder of such principal amount of such Notes, in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes or interest in such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders), other than for the purposes of payment of principal and interest on such Global Notes, the right to which shall be vested, as against the Issuer, the Paying Agents and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to the terms of the Trust Deed. The expressions **Noteholders** and **holder of Notes** and related expressions shall be construed accordingly.

(a) **Class A Noteholders** means Noteholders in respect of the Class A Notes;

(b) **Class B Noteholders** means Noteholders in respect of the Class B Notes;

(c) **Class C Noteholders** means Noteholders in respect of the Class C Notes;

(d) **Class X Noteholders** means Noteholders in respect of the Class X Notes;

(e) **Class D Noteholders** means Noteholders in respect of the Class D Notes;

(f) **Class E Noteholders** means Noteholders in respect of the Class E Notes;

(g) **Class F Noteholders** means Noteholders in respect of the Class F Notes; and

(h) **Class G Noteholders** means Noteholders in respect of the Class G Notes.

2. DEFINITIVE NOTES

2.1 Issue of Definitive Notes

A Global Note will be exchanged free of charge (in whole but not in part) for Notes in definitive bearer form (**Definitive Notes**) only if at any time either of the following applies:

(a) both Euroclear and Clearstream, Luxembourg are closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announce an intention permanently to cease business or do in fact do so and no alternative clearing system satisfactory to the Trustee is available; or

(b) as a result of any amendment to, or change in, the laws or regulations of The Netherlands or any applicable jurisdiction (or of any political subdivision thereof) or of any authority therein or thereof having power to tax or in the interpretation by a revenue authority or a court of administration of such laws or regulations which becomes effective on or after the

Closing Date, the Issuer or any Paying Agent is or will on the next Note Interest Payment Date (as defined below) become required to make any deduction or withholding from any payment in respect of the Notes which would not be required were the Notes in definitive form.

Thereupon, the whole of such Global Note will be exchanged for Definitive Notes (in the form provided in Condition 2.2 (*Title to and transfer of Definitive Notes*)).

These Conditions and the Transaction Documents will be amended in such manner as the Trustee may require to take account of the issue of Definitive Notes.

2.2 Title to and transfer of Definitive Notes

Each Definitive Note shall be issued in bearer form, serially numbered, in the denomination of €100,000.

Title to the Definitive Notes will pass by delivery.

The Issuer, the Paying Agents and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the holder of any Definitive Note as the absolute owner for all purposes (whether or not the Definitive Note shall be overdue and notwithstanding any notice of ownership, theft or loss, of any trust or other interest therein or of any writing on the Definitive Note) and the Issuer, the Trustee and the Paying Agents shall not be required to obtain any proof thereof or as to the identity of such holder.

2.3 Trading in differing nominal amounts

(a) For so long as the Notes of any Class are represented by a Global Note, and the rules of Euroclear and Clearstream, Luxembourg so permit, the Notes of that Class will be tradeable in minimum nominal amounts of €100,000 and integral multiples of €1,000 in excess thereof.

(b) If Definitive Notes for that Class of Notes are required to be issued and printed, any Noteholder holding Notes having a nominal amount which cannot be represented by a Definitive Note in the denomination of €100,000 will not be entitled to receive a Definitive Note in respect of such Notes and will not therefore be able to receive principal or interest in respect of such Notes.

(c) At any meeting of Noteholders of any Class while the Notes of that Class are represented by a Global Note:

(i) any vote cast will be valid only if it is in respect of not less than €100,000 in nominal amount; and

(ii) any such holding will be counted for the purposes of determining whether or not a meeting is quorate only to the extent that it is in respect of not less than €100,000 in nominal amount.

3. STATUS, SECURITY AND PRIORITY OF PAYMENTS

3.1 Status and relationship between Classes of Notes

(a) The Class A Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class A Notes rank *pari passu* without preference or priority amongst themselves.

(b) The Class B Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class B Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, as provided in these Conditions and the Transaction Documents.

(c) The Class C Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class C Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes and the Class B Notes, as provided in these Conditions and the Transaction Documents.

(d) The Class X Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class X Notes rank *pari passu* without preference or priority amongst themselves but, with respect to interest, junior to the Class A Notes, the Class B Notes and the Class C Notes. The Class X Notes will be redeemed solely from amounts standing to the credit of the Class X Principal Account. Both before and after enforcement of the Issuer Security, the Class X Notes, with respect to payments of Class X Additional Amounts, are also entitled to additional security which may not be used to pay principal or interest on any other Notes and therefore with respect to Class X Additional Amounts do not rank against any other Notes with respect to such amounts.

(e) The Class D Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class D Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes and, (with respect to interest only) the Class X Notes as provided in these Conditions and the Transaction Documents.

(f) The Class E Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class E Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes, (with respect to interest only) the Class X Notes and the Class D Notes as provided in these Conditions and the Transaction Documents.

(g) The Class F Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class F Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes, (with respect to interest only) the Class X Notes, the Class D Notes and the Class E Notes as provided in these Conditions and the Transaction Documents.

(h) The Class G Notes constitute direct, secured and limited recourse obligations of the Issuer. The Class G Notes rank *pari passu* without preference or priority amongst themselves but junior to the Class A Notes, the Class B Notes, the Class C Notes, (with respect to interest only) the Class X Notes, the Class D Notes, the Class E Notes and the Class F Notes, as provided in these Conditions and the Transaction Documents.

(i) The Trust Deed and the Issuer Deed of Charge contain provisions requiring the Trustee to have regard to the interests of the Class A Noteholders, the Class B Noteholders, the Class C Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders, equally as regards all rights, powers, trusts, authorities, duties and discretions of the Trustee (except where expressly provided otherwise), but requiring the Trustee in any such case to have regard only to:

(i) subject to (viii) below, the interests of the Class A Noteholders for so long as the Class A Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class A Noteholders; and

(B) the Class B Noteholders, the Class C Noteholders, the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and/or the Class G Noteholders; or

(ii) subject to (i) above and (viii) below, the interests of the Class B Noteholders, for so long as the Class B Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class B Noteholders; and

(B) the Class C Noteholders, the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and/or the Class G Noteholders; or

(iii) subject to paragraphs (i), (ii) above and (viii) below, the interests of the Class C Noteholders for so long as the Class C Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class C Noteholders; and

(B) the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and/or the Class G Noteholders; or

(iv) subject to paragraphs (i), (ii) and (iii) above and (viii) below the interests of the Class D Noteholders for so long as the Class D Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class D Noteholders; and

(B) the Class X Noteholders, the Class E Noteholders, the Class F Noteholders and/or the Class G Noteholders; or

(v) subject to paragraphs (i), (ii), (iii) and (iv) above and (viii) below, the interests of the Class E Noteholders for so long as the Class E Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class E Noteholders; and

(B) the Class X Noteholders, the Class F Noteholders and/or the Class G Noteholders; or

(vi) subject to paragraphs (i), (ii), (iii), (iv) and (v) above and (viii) below, the interests of the Class F Noteholders for so long as the Class F Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class F Noteholders; and

(B) the Class X Noteholders and/or the Class G Noteholders; or

(vii) subject to paragraphs (i), (ii), (iii), (iv), (v) and (vi) above and (viii) below, the interests of the Class G Noteholders for so long as the Class G Notes are outstanding, if, in the Trustee's opinion, there is a conflict between the interests of:

(A) the Class G Noteholders; and

(B) the Class X Noteholders.

(viii) if in the opinion of the Trustee there is a conflict between the interests of the Class A Noteholders and any other Class of Noteholders:

(A) if a Sequential Trigger Event is not outstanding and if the conflict relates to a Category One Loan, the interests of the Class A Noteholders for so long as the Class A Notes are outstanding;

(B) if a Sequential Trigger Event is not outstanding and if the conflict relates to a Category Two Loan and/or a Category Three Loan, the interests of the holders of the Most Senior Class of Notes outstanding other than the Class A Notes; and

(C) for the avoidance of doubt, if a Sequential Trigger Event is outstanding, the Class A Notes for so long as the Class A Notes are outstanding.

The Trustee is not required at any time to have regard to the interests of the Class X Noteholders or to act upon or comply with any direction or request of any Class X Noteholder (other than in respect of a Class X Consent Notice).

So long as any of the Notes remain outstanding, the Trustee is not required to have regard to the interests of any Issuer Secured Creditors (other than the Noteholders) or, at any time, any other person or to act upon or comply with any direction or request of any Issuer Secured Creditor or, at any time, any other person.

(g) The Trust Deed and the Issuer Deed of Charge contain provisions that the Trustee may be directed to act only by the holders of the Most Senior Class of Notes outstanding and subject to being indemnified and/or secured to its full satisfaction.

As used in these Conditions, **Issuer Secured Creditors** means the Noteholders, the Trustee, any receiver or other appointee of the Trustee, the French Issuer, the Italian Issuer, the Master Servicer, the Special Servicer, the Spanish Servicer, Barclays Bank PLC (in its capacity as a Seller), the Corporate Services Provider, the Liquidity Facility Provider, the Cash Manager, the Interest Rate Swap Provider, the Account Bank, the Principal Paying Agent, the Agent Bank, the Irish Paying Agent and any other Paying Agent.

3.2 Issuer Security and Priority of Payments

The Issuer Security in respect of the Notes and the other payment obligations of the Issuer under the Transaction Documents is set out in the Issuer Deed of Charge,the French Note Pledge Agreement, the German Related Security Trust and the Cash Management Agreement. The Cash Management Agreement contains the Priorities of Payments which regulate the priority of application of the Issuer Charged Property (and the proceeds thereof) among the persons entitled thereto by the Cash Manager (acting on behalf of (a) the Issuer, prior to the Trustee having taken any steps to enforce the Issuer Security and (b) the Trustee, and with its consent, after the Trustee has taken any such steps to enforce the Issuer Security (other than in respect of the German Related Security Trust).

The Issuer Security will become enforceable on the occurrence of a Note Event of Default (or on the Final Maturity Date or any earlier redemption in full of the Notes, in each case upon failure to pay amounts due on the Notes). If the Issuer Security has become enforceable otherwise than by reason of a default in payment of any amount due on the Notes, the Trustee will not be entitled to dispose of the assets comprising the Issuer Security or any part thereof unless (a) a sufficient amount would be realised to allow discharge in full of all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes, or (b) the Trustee has been advised by such professional advisers as are selected by the Trustee upon whom the Trustee shall be entitled to rely, that the cash flow prospectively receivable by the Issuer

will not (or that there is a significant risk that it will not) be sufficient, having regard to any other relevant actual, contingent or prospective liabilities of the Issuer, to discharge in full all amounts owing to the Noteholders and any amounts required under the Cash Management Agreement to be paid *pari passu* with, or in priority to, the Notes and that the shortfall will (or that there is a significant risk that it will) exceed the shortfall resulting from disposal of the assets comprising the Issuer Charged Property or (c) the Trustee determines that not to effect such disposal would place the Issuer Security in jeopardy, and, in any event, the Trustee has been secured and/or indemnified to its satisfaction.

Issuer Charged Property means all of the property, assets, rights and undertakings of the Issuer whatsoever and wheresoever situated, present and future, for the time being held as security (whether fixed or floating) or on trust for the Issuer Secured Creditors under or pursuant to the Issuer Deed of Charge, the French Note Pledge Agreement and/or the German Related Security Trust and references to the Issuer Charged Property shall be construed as including (where appropriate) references to any part of it.

4. COVENANTS

4.1 Restrictions

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

(a) *Negative pledge*

(save for the Issuer Security) create or permit to subsist any mortgage, sub-mortgage, charge, sub-charge, assignment, pledge, lien, hypothecation or other security interest whatsoever, however created or arising (unless arising by operation of law) over any of its property, assets or undertakings, present and future, (including the Issuer Charged Property) or any interest, estate, right, title or benefit therein or use, invest or dispose of, including by way of sale or the grant of any security interest of whatsoever nature or otherwise deal with, or agree or attempt or purport to sell or otherwise dispose of (in each case whether by one transaction or a series of transactions) or grant any option or right to acquire any such property, assets or undertakings present or future;

(b) *Restrictions on activities*

(i) engage in any activity whatsoever which is not, or is not reasonably incidental to, any of the activities in which the Transaction Documents provide or envisage that the Issuer will engage in;

(ii) open or have an interest in any account whatsoever with any bank or other financial institution, save where such account or the Issuer's interest therein is immediately charged in favour of the Trustee so as to form part of the Issuer Security;

(iii) have any subsidiaries;

(iv) own or lease any premises or have any employees;

(v) amend, supplement or otherwise modify its Memorandum and Articles of Association; or

(vi) issue any further shares;

(c) *Separateness*

(i) not have any employees (except directors);

(ii) not establish or operate any pension scheme or similar arrangement;

(iii) not become liable in respect of any pension scheme or similar arrangement operated by any other person;

(iv) keep all books and records separate from any other person or entity;

(v) keep all accounts separate from those of any other person or entity;

(vi) not commingle assets with those of any other entity;

(vii) conduct its own business in its own name;

(viii) maintain separate financial records;

(ix) use separate stationery, invoices, and cheque books;

(x) hold itself out as a separate entity; and

(xi) correct any known misunderstanding regarding its separate identity.

(d) *Borrowings*

incur or permit to subsist any other indebtedness in respect of borrowed money whatsoever, except in respect of the Notes or give any guarantee or indemnity in respect of any indebtedness or any other obligation of any person;

(e) *Merger*

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

(i) the person (if other than the Issuer) which is formed pursuant to or survives such consolidation or merger or which acquires by conveyance or transfer the properties or assets of the Issuer substantially as an entirety shall be a person incorporated and existing under the laws of The Netherlands, the objects of which include the funding, purchase and administration of mortgages and mortgage loans, and who shall expressly assume, by an instrument supplemental to each of the Transaction Documents, in form and substance satisfactory to the Trustee, the obligation to make due and punctual payment of all monies owing by the Issuer, including principal and interest on the Notes, and the performance and observance of every covenant in each of the Transaction Documents to be performed or observed on the part of the Issuer;

(ii) immediately after giving effect to such transaction, no Note Event of Default (as defined in Condition 10 (*Note Events of Default*)) shall have occurred and be continuing;

(iii) such consolidation, merger, conveyance or transfer has been approved by Extraordinary Resolution of each Class of the Noteholders;

(iv) all persons required by the Trustee shall have executed and delivered such documentation as the Trustee may require;

(v) the Issuer shall have delivered to the Trustee a legal opinion of Dutch lawyers acceptable to the Trustee in a form acceptable to the Trustee to the effect that such consolidation, merger, conveyance or transfer and such supplemental instruments and other documents comply with paragraphs (i) and (iv) above and are binding on the Issuer (or any successor thereto) or, as the case may be, the person referred to in paragraph (i) above;

(vi) the then current ratings of the Notes are not adversely affected by such consolidation, merger, conveyance or transfer;

(f) *Disposal of assets*

transfer, sell, lend, part with or otherwise dispose of, or deal with, or grant any option or present or future right to acquire any of its assets or undertaking or any interest, estate, right, title or benefit therein;

(g) *Assets*

own assets other than those representing its share capital, the funds arising from the issue of the Notes, the property, rights and assets secured by the Issuer Security and associated and ancillary rights and interests thereto, the benefit of the Transaction Documents and any investments and other rights or interests created or acquired thereunder, as all of the same may vary from time to time;

(h) *Dividends or distributions*

pay any dividend or make any other distribution to its shareholders or issue any further shares, other than in accordance with the Issuer Deed of Charge;

(i) *Centre of main interests*

cause or allow its "centre of main interests" (within the meaning of Council Regulation (EC) no. 1346/2000 on insolvency proceedings) to be in, or maintain an "establishment" in, any jurisdiction other than The Netherlands;

(j) *Other*

cause or permit the validity or effectiveness of any of the Transaction Documents, or the priority of the security interests created thereby, to be amended, terminated, postponed or discharged, or consent to any variation of, or exercise any powers of consent or waiver pursuant to the Trust Deed, the Issuer Deed of Charge or any of the other Transaction Documents, or dispose of any part of the Issuer Charged Property;

(k) *Bank accounts*

have an interest in any bank account other than the Issuer Accounts, unless such account or interest therein is charged to the Trustee on terms acceptable to it;

(l) *Value added tax*

apply to become part of any group for the purposes of VAT with any other company or group of companies, or such act, regulation, order, statutory instrument or directive which may from time to time re-enact, replace, amend, vary, codify, consolidate or repeal the Dutch Value Added Tax Act 1968 (*Wet op de omzetbelasting 1968*); or

(m) *Surrender of group relief*

offer or consent to surrender to any company any amounts which are available for surrender by way of group relief within the meaning of the Dutch Value Added Tax Act 1968.

4.2 Master Servicer

(a) So long as any of the Notes remain outstanding, the Issuer will procure that there will at all times be a Master Servicer for the servicing of the Loans (as defined in the Master Definitions Schedule) other than the French Loans, the Italian Loans and the Spanish Loan and the performance of the other administrative duties set out in the Servicing Agreement including exercising certain rights of the Issuer in respect of the French Notes, the Italian Notes and the PH and will use all reasonable endeavours, subject to the terms and conditions of the Italian Notes, the French Notes and the PH, to ensure that there is an Italian Servicer in respect of the Italian Loans, a French Servicer in respect of the French Loans and a Spanish Servicer in respect of the Spanish Loan.

(b) The Servicing Agreements will provide that (i) the Master Servicer will not be permitted to terminate its appointment unless a replacement master servicer acceptable to the Issuer and the Trustee has been appointed and (ii) the appointment of the Master Servicer may be terminated by the Trustee if, among other things, the Master Servicer defaults in any material respect in the observance and performance of any obligation imposed on it under the Relevant Servicing Agreement, which default is not remedied within 30 Business Days after written notice of such default shall have been served on the Master Servicer by the Issuer or the Trustee.

4.3 Special Servicer

If any Class of Noteholders is the Controlling Creditor, then the Issuer, upon being so instructed by an Extraordinary Resolution of that Class of Noteholders, will exercise its rights under the Servicing Agreement to appoint a substitute or successor special servicer in respect of the relevant Loan or in respect of the French Loans, the Italian Loans or the Spanish Loan, to exercise the rights of the Issuer in respect of the French Notes, the Italian Notes or the PH subject to the conditions of the Servicing Agreement.

Controlling Creditor means, at any time:

(a) the holders of the most junior Class of Notes (other than the Class X Notes) then having an aggregate Principal Amount Outstanding greater than 25% of its aggregate Principal Amount Outstanding on the Closing Date; or

(b) if no Class of Notes then has an aggregate Principal Amount Outstanding greater than 25% of its aggregate Principal Amount Outstanding on the Closing Date, the holders of the then most junior Class of Notes (other than the Class X Notes).

4.4 Operating Adviser

If any Class of Noteholders is the Controlling Creditor it may by an Extraordinary Resolution passed by the relevant Class of Noteholders appoint an adviser (the **Operating Adviser**) with whom the Special Servicer will be required to liaise in accordance with the terms of the Servicing Agreements.

5. INTEREST

5.1 Period of accrual

The Notes will bear interest from (and including) the Closing Date. Interest shall cease to accrue on any part of the Principal Amount Outstanding of any Note from the due date for redemption unless, upon due presentation, payment of principal or any part thereof due is improperly withheld or refused or any other default is made in respect thereof. In such event, interest will continue to accrue as provided in the Trust Deed.

5.2 Note Interest Payment Dates and Interest Periods

Interest on the Notes is, subject as provided below in relation to the first payment, payable quarterly in arrear on 20 February, 20 May, 20 August and 20 November in each year unless the same is not a Business Day in which case it shall be postponed to the following Business Day in the same calendar month (if there is one) or brought forward to the previous Business Day (if there is not) (each, a **Note Interest Payment Date**). The first such payment is due on the Note Interest Payment Date falling in November 2006 in respect of the period from (and including) the Closing Date to (but excluding) that Note Interest Payment Date. Each period from (and including) a Note Interest Payment Date (or the Closing Date, in the case of the first Interest Period) to (but excluding) the next (or, in the case of the first Interest Period, the first) Note Interest Payment Date is in these Conditions called an **Interest Period**.

5.3 Rates of Interest

The rate of interest payable from time to time (the **Rate of Interest**) and the Interest Payment (as defined below) in respect of each Class of Notes will be determined by the Agent Bank on the basis of the following provisions:

(a) The Agent Bank will, at or as soon as practicable after 11.00 a.m. (Brussels time) on the day falling two TARGET Business Days before the first day of the relevant Interest Period (each, an **Interest Determination Date**), determine the Rate of Interest applicable to each Class of Notes, and calculate the amount of interest payable on each of the Notes (each payment so calculated, an **Interest Payment**), for such Interest Period. The Rate of Interest applicable to the Notes of each Class for any Interest Period will be equal to:

(i) in the case of the Class A Notes, EURIBOR (as determined in accordance with Condition 5.3(b) (*Determination of EURIBOR*)) plus a margin of 0.13% per annum;

(ii) in the case of the Class B Notes, EURIBOR (as so determined) plus a margin of 0.18% per annum;

(iii) in the case of the Class C Notes, EURIBOR (as so determined) plus a margin of 0.21% per annum;

(iv) in the case of the Class X Notes, EURIBOR (as so determined) plus a margin of 0.13% per annum (the **Class X Floating Rate**) plus the Expected Class X Excess Spread Rate (together, the **Class X Interest Rate**);

(v) in the case of the Class D Notes, EURIBOR (as so determined) plus a margin of 0.27% per annum;

(vi) in the case of the Class E Notes, EURIBOR (as so determined) plus a margin of 0.45% per annum;

(vii) in the case of the Class F Notes, EURIBOR (as so determined) plus a margin of 0.85% per annum; and

(viii) in the case of the Class G Notes, EURIBOR (as so determined) plus a margin of 2.90% per annum (subject to the Class G Available Funds Cap).

The Interest Payment in relation to a Note of a particular Class (excluding the Class X Notes) shall be calculated by applying the Rate of Interest applicable to the Notes of that Class to the Principal Amount Outstanding of each Note of that Class, multiplying the product of such calculation by the actual number of days in the relevant Interest Period divided by 360 and rounding the resultant figure to the nearest cent (fractions of half a cent being rounded downwards).

The Interest Payment in relation to the Class X Notes shall be calculated by applying the Class X Interest Rate in accordance with Condition 5.3 (*Rates of Interest*).

For the purposes of these Conditions:

Business Day means a day (other than a Saturday or a Sunday or a public holiday) on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealings in foreign exchange and foreign currency deposits) in London, Dublin and Amsterdam and which is a TARGET Business Day.

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

(b) Determination of EURIBOR

For the purposes of determining the Rate of Interest in respect of each Class of Notes under Condition 5.3(a) (*Rates of Interest*), EURIBOR will be determined by the Agent Bank on the basis of the following provisions:

(i) on each Interest Determination Date, the Agent Bank will determine the interest rate for three month euro deposits (or, in respect of the first such Interest Period, a linear interpolation of the rate for two month and three month euro deposits) in the Eurozone inter-bank market which appears on Moneyline Telerate Screen No. 248 (or (x) such other page as may replace Moneyline Telerate Screen No. 248 on that service for the purpose of displaying such information or (y) if that service ceases to display such information, EURIBOR 01 Reuters) (the **EURIBOR Screen Rate**) at or about 11.00 a.m. (Luxembourg time) on such date; or

(ii) if the EURIBOR Screen Rate is not then available, the arithmetic mean (rounded to five decimal places, 0.000005 rounded upwards) of the rates notified to the Agent Bank at its request by each of four reference banks duly appointed for such purpose (the **Reference Banks**) (provided that, once a Reference Bank has been appointed by the Agent Bank that Reference Bank shall not be changed unless and until it ceases to be capable of acting as such) as the rate at which three month deposits in euro in an amount of €100,000,000 are offered for the same period as that Interest Period by those Reference Banks to prime banks in the Eurozone inter-bank market at or about 11.00 a.m. (Luxembourg time) on that Interest Determination Date (or, in respect of the first Interest Period, the arithmetic mean of a linear interpolation of such rates for two and three month euro deposits notified by the Reference Banks). If, on any such Interest Determination Date, at least two of the Reference Banks provide such offered quotations to the Agent Bank the relevant rate shall be

determined, as aforesaid, on the basis of the offered quotations of those Reference Banks providing such quotations. If, on any such Interest Determination Date, only one of the Reference Banks provides the Agent Bank with such an offered quotation, the Agent Bank shall forthwith consult with the Trustee and the Issuer for the purposes of agreeing one additional bank to provide such a quotation to the Agent Bank (which bank is in the sole opinion of the Trustee suitable for such purpose) and the rate for the Interest Period in question shall be determined, as aforesaid, on the basis of the offered quotations of the Reference Bank and such bank as so agreed. If no Reference Bank provides the Agent Bank with such an offered quotation or no such bank is so agreed or such bank as so agreed does not provide such a quotation, then the rate for the relevant Interest Period shall be the rate in effect for the last preceding Interest Period.

For the purposes of these Conditions, **Eurozone** means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community (signed in Rome on 25 March 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February 1992) and the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997).

(c) Class X Interest Rate and Class X Additional Amounts

The rate of interest applicable to the Class X Notes for any Interest Period will be the Class X Interest Rate as calculated on each Interest Determination Date.

The **Class X Interest Rate** will be the aggregate of the Class X Floating Rate and the Expected Class X Excess Spread Rate.

In addition to the Class X Interest Rate, Class X Additional Amounts will be paid to the Class X Noteholders.

The **Expected Class X Excess Spread Amounts** will be an amount equal to:

(i) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Expected Available Issuer Income after deducting Administrative Costs and amounts of interest due and payable on the Notes (which, for the avoidance of doubt will not include any Class X Additional Amounts), subject to, in the case of expected Class X Excess Spread Amounts in respect of the Note Interest Payment Date falling in November 2006, a cap (the **Class X Initial Cap**) of €600,000; or

(ii) on any day following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the available revenue receipts after deducting amounts required to pay Administrative Costs and all amounts of interest and principal due in respect of the Notes (which, for the avoidance of doubt will not include any Class X Additional Amounts).

The **Expected Available Issuer Income** means with respect to an Interest Period the amount of Available Issuer Income that would have been available on the Note Interest Payment Date falling at the end of such Interest Period assuming full and timely payment by the Borrower of amounts due and payable under the Loans on the relevant Loan Interest Payment Date falling in the relevant Collection Period and by the French Issuer and the Italian Issuer on the immediately following French Note Interest Payment Date and Italian Note Interest Payment Date, as applicable, without double counting.

The **Expected Class X Excess Spread Rate** means with respect to each Interest Period, the percentage calculated by multiplying a fraction, the numerator of which is the Expected Class X Excess Spread Amounts and the denominator of which is the Principal Amount Outstanding of the Class X Note, by 100.

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

The amount of Administrative Costs payable with respect to any Note Interest Payment Date will vary to the extent that some are payable on an annual basis while other fees are payable on a quarterly basis and the actual Administrative Cost may vary from the estimate of Administrative Costs as determined on each Interest Determination Date and, in respect of any shortfall resulting therefrom in respect of items (a) to (i) of the Pre-Acceleration Revenue Priority of Payments and the Post-Enforcement/Pre-Acceleration Revenue Priority of Payments and items (a) to (g) of the Post-Acceleration Priority of Payments (together the **Senior Administrative Costs**): (i) funds may be drawn from amounts standing to the credit of the Administrative Cost Reserve Account; and (ii) to the extent that the amounts standing to the credit of the Administrative Cost Reserve Account are insufficient to cover such shortfall, the Cash Manager may make an Administrative Cost Shortfall Drawing under the Liquidity Facility Agreement.

In addition to the interest paid on the Class X Notes in accordance with the preceding paragraph, the Class X Noteholders will be entitled to receive Class X Additional Amounts.

The **Class X Additional Amounts** will on each Note Interest Payment Date be the aggregate of:

(i) any amount identified as Class X Excess Spread Additional Amounts in accordance with the Pre-Acceleration Revenue Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments;

(ii) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full and following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on each day, all amounts received or recovered by or on behalf of the Issuer in respect of any Prepayment Fees or any amounts representing Prepayment Fees received or recovered by or on behalf of the French Issuer or the Italian Issuer and paid under the French Notes or the Italian Notes, as applicable; and

(iii) on each Note Interest Payment Date prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, and following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on each day, any Break Costs received by or on behalf of the Issuer, any amounts paid in respect of the French Notes or the Italian Notes representing Break Costs received by or on behalf of the French Issuer or the Italian Issuer or any termination amounts received by the Issuer (in its capacity as French Interest Rate Swap Provider and Italian Interest Rate Swap Provider), in each case paid to the Class X Noteholders in accordance with the Break Costs Priority of Payments.

Class X Floating Rate Amount will be the amount of interest in respect of the Class X Notes on the relevant Note Interest Payment Date calculated using the Class X Floating Rate in accordance with Condition 5.3(a) (*Rates of Interest*).

5.4 Publication of Rate of Interest and Interest Payments

The Agent Bank will cause the Rate of Interest and the Interest Payment relating to each Class of Notes for each Interest Period and the Note Interest Payment Date to be forthwith notified to the Issuer, the Trustee, the Cash Manager, the Paying Agents, the Noteholders and, for so long as the Notes are listed on Irish Stock Exchange Limited (the Stock Exchange), the Stock Exchange within two Business Days of the relevant Interest Determination Date. The Interest Payments and Note Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of a lengthening or shortening of such Interest Period in accordance with Condition 5 (*Interest*).

5.5 Determination or calculation by the Trustee

If the Agent Bank at any time for any reason does not determine the Rates of Interest or calculate an Interest Payment in accordance with Condition 5.3 (*Rates of Interest*) above, the Trustee shall procure the determination of the Rates of Interest at such rates as, in its absolute discretion (having such regard as it shall think fit to the procedure described in Condition 5.3 (*Rates of Interest*) above), it shall deem fair and reasonable in all the circumstances or, as the case may be, the Trustee shall calculate the Interest Payment in accordance with Condition 5.3 (*Rates of Interest*) above, and each such determination or calculation shall be deemed to have been made by the Agent Bank.

5.6 Notification to be final

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5.6, whether by the Reference Banks (or any of them) or the Agent Bank or the Trustee, shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Reference Banks, the Agent Bank, the Paying Agents, the Trustee and all Noteholders and (in the absence as aforesaid) no liability to the Noteholders or any other person shall attach to the Issuer, the Reference Banks, the Cash Manager, the Agent Bank, the Paying Agents or the Trustee in connection with the exercise by them or any of their powers, duties and discretions under this Condition.

5.7 Agent Bank

The Issuer will procure that, so long as any of the Notes remain outstanding, there will at all times be an Agent Bank. The Issuer reserves the right at any time with the prior written consent of the Trustee to terminate the appointment of the Agent Bank. Notice of any such termination will be given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*). If any person shall be unable or unwilling to continue to act as the Agent Bank, or if the appointment of the Agent Bank shall be terminated, the Issuer will, with the written approval of the Trustee, appoint a successor Agent Bank to act as such in its place, provided that neither the resignation nor the removal of the Agent Bank shall take effect until a successor approved in writing by the Trustee has been appointed.

5.8 Interest on the Class G Notes

Notwithstanding Condition 16.1 (*Interest*) if on any Note Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes becoming due and payable:

(a) the Interest Payment that would be due and payable on the Class G Notes under Condition 5.3 (*Rates of Interest*) (the **Class G Interest Amount**) is in excess of the Class G Adjusted Interest Payment; and

(b) the difference between the Interest Payment that would be otherwise due on the Class G Notes under Condition 5.3 (*Rates of Interest*) and the Class G Adjusted Interest Payment is attributable to a reduction in the interest-bearing balances of the Loans as a result of prepayments,

the interest that would be represented by such difference (the **AFC Excess Interest Amounts**) will be extinguished on such Note Interest Payment Date and the affected Noteholder will have no further claim against the Issuer in respect of such amount.

For the purposes of this Condition 5.8 (*Interest on the Class G Notes*):

Class G Adjusted Interest Payment on any Note Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes otherwise becoming due and payable will be an amount equal to:

(a) Adjusted Available Issuer Income available for distribution under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments, as applicable, on that Note Interest Payment Date or any other date following the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full; minus

(b) the sum of all amounts payable out of Adjusted Available Issuer Income under the Pre-Acceleration Revenue Priority of Payments or the Post-Enforcement/Pre-Acceleration Priority of Payments, as applicable or funds available for application under the Post-Acceleration Priority of Payments, as applicable, in priority to payments of interest on the Class G Notes in accordance with the applicable Priority of Payments.

As soon as practicable after becoming aware that any AFC Excess Interest Amounts will be extinguished, the Issuer or the Cash Manager acting on its behalf will give notice thereof to the Trustee and the Class G Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

6. REDEMPTION

6.1 Final redemption

Save to the extent otherwise redeemed in full and 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 falling in February 2019 (the **Final Maturity Date**).

Without prejudice to Condition 10 (*Note Events of Default*), the Issuer shall not redeem Notes in whole or in part prior to that date except as provided in Condition 6.2 (*Redemption for taxation or other reasons*), Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*), and Condition 6.4 (*Redemption upon exercise of Servicer Call Option*). The Issuer shall redeem the Class X Notes: (a) in full, but not in part; and (b) on the earlier of the Final Maturity Date and the date the Issuer redeems all other Classes of Notes in full pursuant to this Condition 6 (*Redemption*), but in each case without prejudice to Condition 10 (*Note Events of Default*).

6.2 Redemption for taxation or other reasons

(a) If the Issuer at any time satisfies the Trustee that:

(i) on or before the occasion of the next Note Interest Payment Date, the Issuer would become subject to tax on its income in more than one jurisdiction;

(ii) on the occasion of the next Note Interest Payment Date, the Issuer or a person acting on behalf of the Issuer would be required to make any withholding or deduction for or on account of any Taxes (as defined in Condition 9 (*Taxation*)) from any payment of principal or interest in respect of any of the Notes;

(iii) on or before the occasion of the next Note Interest Payment Date, the Issuer would suffer any withholding or deduction from any payment in respect of a Loan for or on account of any Taxes;

(iv) by reason of a change of law since the Closing Date, it has become or will become unlawful for the Issuer to make, lend or to allow to remain outstanding all or any advances made or to be made by it under a Credit Agreement; or

(v) an Interest Rate Swap Tax Event occurs and:

(A) the Issuer cannot avoid such Interest Rate Swap Tax Event by taking reasonable measures available to it;

(B) the Interest Rate Swap Provider is unable to transfer its rights and obligations thereunder to another branch, office or affiliate to cure the Interest Rate Swap Tax Event; and

(C) the Issuer is unable to find a replacement interest rate swap provider (the Issuer being obliged to use reasonable efforts to find a replacement Interest Rate Swap Provider),

then the Issuer shall, in order to address the event described, use its reasonable endeavours to arrange the substitution of a company incorporated in another jurisdiction approved in writing by the Trustee as the principal debtor under the Notes, which substitution would have the result of avoiding the event described above.

(b) If the Issuer is unable, having used its reasonable endeavours, to arrange such a substitution described above, then the Issuer may, having given not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*), redeem all (but not some only) of the Notes at their respective Principal Amounts Outstanding together with accrued interest on the next Note Interest Payment Date, provided that, prior to giving any such notice, the Issuer shall have delivered to the Trustee a certificate signed by a director of the Issuer stating that the event described in Condition 6.2(a)(i), (ii) or (iii) will apply on or before the occasion of the next Note Interest Payment Date or the event described in Condition 6.2(a)(iv) or (v) has occurred (as the case may be) and cannot be avoided by the Issuer using reasonable endeavours to arrange a substitution as aforesaid and that the Issuer will have the funds, not subject to the interest of any other persons, required to fulfil its obligations hereunder in respect of the Notes and any amounts required under the relevant Priority of Payments to be paid *pari passu* with, or in priority to, the Notes and the Trustee shall (in the absence of manifest error) accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above and it shall be conclusive and binding on the Noteholders.

6.3 Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds

Prior to the service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, the Notes then outstanding shall be subject to mandatory redemption in part on each Note Interest Payment Date if on the Calculation Date (as defined below) relating thereto there is Available Issuer Principal in an amount not less than €1.

Calculation Date means, in respect of each Note Interest Payment Date, the third Business Day prior to that Note Interest Payment Date.

(a) For the purposes of these Conditions:

(i) **Amortisation Funds** means the aggregate amount of principal received by or on behalf of the Issuer, the French Issuer and the Italian Issuer in respect of the Loans other than the Prepayment Redemption Funds, Final Redemption Funds or Principal Recovery Funds (each as defined below), **Available Amortisation Funds** means, in respect of any Calculation Date, the Amortisation Funds received by or on behalf of the Issuer, the French Issuer and the Italian Issuer during the period from (and including) the preceding Calculation Date to (but excluding) such Calculation Date (or, if applicable, in the case of the first Calculation Date, the period from (but excluding) the Cut-Off Date to (but excluding) such first Calculation Date) (each, a **Collection Period**);

(ii) **Available Issuer Principal** means, in respect of any Calculation Date, the aggregate of (A) Available Pro Rata Principal (as defined below); (B) Available Sequential Principal (as defined below) and (C) Available Limited Sequential Principal as at that Calculation Date;

(iii) **Available Limited Sequential Principal** means in respect of any Calculation Date the aggregate of:

(A) any Available Amortisation Funds in respect of a Category One Loan;

(B) any Category One Available Prepayment Redemption Funds, any Category One Available Final Redemption Funds and any Category One Available Principal Recovery Funds,

in each case received in respect of the relevant Category One Loan during the Collection Period then ended;

(iv) **Available Pro Rata Principal** means in respect of any Calculation Date the aggregate of (A) Available Pro Rata Category Two Principal (as defined below) and (B) Available Pro Rata Category Three Principal (as defined below), whereby:

(A) **Available Pro Rata Category Two Principal** means in respect of any Calculation Date 50% of: any Category Two Available Prepayment Redemption Funds, any Category Two Available Final Redemption Funds and any Category Two Available Principal Recovery Funds; and

(B) **Available Pro Rata Category Three Principal** means in respect of any Calculation Date the aggregate of any Category Three Available Prepayment Redemption Funds, any Category Three Available Final

Redemption Funds and any Category Three Available Principal Recovery Funds;

in each case received in respect of the relevant Loan during the Collection Period then ended;

(v) **Available Sequential Principal** means, in respect of any Calculation Date, the aggregate of:

(A) any Available Amortisation Funds (other than any Available Amortisation Funds in respect of a Category One Loan); and

(B) 50% of any Category Two Available Prepayment Redemption Funds, any Category Two Available Final Redemption Funds and any Category Two Available Principal Recovery Funds,

in each case received in respect of the relevant Loan during the Collection Period then ended;

(vi) **Category One Loans** means:

(A) the Anec Blau Loan;

(B) the French Retail Loan;

(C) the French Retail VAT Loan;

(D) the Malakoff Loan;

(E) the Toulouse 1 Loan; and

(F) the Toulouse 2 Loan;

(vii) **Category Two Loans** means:

(A) the German Supermarket Portfolio Loan;

(B) the ATU Germany Loan;

(C) the Nanterre Loan;

(D) the Netto Portfolio Loan;

(E) the CRIPA Portfolio Loan;

(F) the KingBu Portfolio Loan;

(G) the Montrouge Loan;

(H) the ATU Austria Loan; and

(I) the Pomezia Loan;

(viii) **Category Three Loan** means:

(A) the Flora Park Loan;

(B) the Century Center Loan;

(C) the Bielefeld/Berlin Portfolio Loan; and

(D) the Cassina Plaza Loan;

(ix) **Final Redemption Funds** means the aggregate of:

(A) the Category One Final Redemption Funds;

(B) the Category Two Final Redemption Funds; and

(C) the Category Three Final Redemption Funds;

(x) **Prepayment Redemption Funds** means the aggregate of:

(A) the Category One Prepayment Redemption Funds;

(B) the Category Two Prepayment Redemption Funds; and

(C) the Category Three Prepayment Redemption Funds;

(xi) **Principal Recovery Funds** means the aggregate of:

(A) the Category One Principal Recovery Funds;

(B) the Category Two Principal Recovery Funds; and

(C) the Category Three Principal Recovery Funds;

(xii) **Category One Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer and the French Issuer in respect of a Category One Loan as a result of the repayment of the Category One Loan upon its scheduled final maturity date, and **Category One Available Final Redemption Funds** means, in respect of any Calculation Date, the Category One Final Redemption Funds received by or on behalf of the Issuer and the French Issuer during the Collection Period then ended;

(xiii) **Category One Prepayment Redemption Funds** means (A) the aggregate amount of principal payments received by or on behalf of the Issuer and the French Issuer in respect of a Category One Loan as a result of any prepayment in part or in full made by the Relevant Borrower pursuant to the terms of the relevant Credit Agreement (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan), and (B) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer and the French Issuer as a result of a repurchase of an interest in a Category One Loan or a PH by the Relevant Seller pursuant to the Master Loan Sale Agreement and the French Loan Assignment Agreement and (C) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer as a result of the purchase of the an Issuer Loan that is a Category One Loan, the French Notes or the PH by a Relevant Servicer pursuant to the Servicing Agreement in an amount equal to the principal balance outstanding of the Issuer Loan or the French Loan which are in each case a Category One Loan as at the Calculation Date immediately preceding the relevant

Note Interest Payment Date and (D) the amount of principal payments received by the Issuer following a redemption in full of the French Notes for tax and other reasons, in an amount equal to the principal balance outstanding of the French Loan that is a Category One Loan, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date and **Category One Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category One Prepayment Redemption Funds received by or on behalf of the Issuer and the French Issuer during the Collection Period then ended;

(xiv) **Category One Principal Recovery Funds** means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer and the French Issuer as a result of actions taken in accordance with the enforcement procedures in respect of the Category One Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category One Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category One Principal Recovery Funds received or recovered by or on behalf of the Issuer and the French Issuer during the Collection Period then ended as adjusted for: (A) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer and the French Issuer under the relevant Interest Rate Swap Transaction or the French Interest Rate Swap Transaction, as applicable, to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of the Category One Loan; less (B) any amount to be transferred to Available Issuer Income or French Available Issuer Income on the Note Interest Payment Date or the French Note Interest Payment Date immediately following such Calculation Date for the purpose of paying Liquidation Fees or Local Liquidation Fees, if any, payable on that Note Interest Payment Date or French Note Interest Payment Date, as applicable, in respect of the Category One Loan;

(xv) **Category Two Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer, the French Issuer and the Italian Issuer in respect of the Category Two Loans as a result of the repayment of the relevant Category Two Loan upon its scheduled final maturity date, and **Category Two Available Final Redemption Funds** means, in respect of any Calculation Date, the Category Two Final Redemption Funds received by or on behalf of the Issuer, the French Issuer and the Italian Issuer during the Collection Period then ended;

(xvi) **Category Two Prepayment Redemption Funds** means (A) the aggregate amount of principal payments received by or on behalf of the Issuer and the French Issuer and the Italian Issuer in respect of the Category Two Loans as a result of any prepayment in part or in full made by the Relevant Borrower pursuant to the terms of the relevant Credit Agreements (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan), and (B) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer the French Issuer and the Italian Issuer as a result of a repurchase of an interest in a Category Two Loan by the Relevant Seller pursuant to the Master Loan Sale Agreement or the French Loan Sale Agreement, and (C) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer, the French Issuer and the Italian Issuer as a result of the purchase of an Issuer Loan that is a Category Two Loan, the French Notes or the Italian Notes, in each case in an amount equal to the principal balance outstanding of the relevant Category Two Loan by a Relevant Servicer, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date pursuant to the Servicing Agreement, (D) the amount of principal payments received by the Issuer following a redemption in full

of the French Notes for tax and other reasons, in an amount equal to the principal balance outstanding of the French Loans that are Category Two Loans, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date and (E) the amount of principal payments received by the Issuer following a redemption in full of the Italian Notes for tax and other reasons, in an amount equal to the principal balance outstanding of the Italian Loans that are Category Two Loans, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date, and **Category Two Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category Two Prepayment Redemption Funds received by or on behalf of the Issuer, during the Collection Period then ended;

(xvii) **Category Two Principal Recovery Funds** means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer, the French Issuer and the Italian Issuer as a result of actions taken in accordance with the enforcement procedures in respect of a Category Two Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category Two Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category Two Principal Recovery Funds received or recovered by or on behalf of the Issuer, the French Issuer and the Italian Issuer during the Collection Period then ended as adjusted for: (A) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer, the French Issuer and the Italian Issuer under the relevant Interest Rate Swap Transaction, the French Interest Rate Swap Transaction or the Italian Interest Rate Swap Transaction, as applicable, to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of that Category Two Loan; less (B) any amount to be transferred to Available Issuer Income, French Available Issuer Income or Italian Available Issuer Income on the Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date, as applicable immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date in respect of a Category Two Loan;

(xviii) **Category Three Final Redemption Funds** means the aggregate amount of principal payments received by or on behalf of the Issuer or the Italian Issuer in respect of the Category Three Loans as a result of the repayment of the relevant Category Three Loan upon its scheduled final maturity date, and **Category Three Available Final Redemption Funds** means, in respect of any Calculation Date, the Category Three Final Redemption Funds received by or on behalf of the Issuer and the Italian Issuer during the Collection Period then ended;

(xix) **Category Three Prepayment Redemption Funds** means (A) the aggregate amount of principal payments received by or on behalf of the Issuer and the Italian Issuer in respect of the Category Three Loans as a result of any prepayment in part or in full made by the Relevant Borrower pursuant to the terms of the relevant Credit Agreements (including upon the receipt of insurance proceeds not applied prior to the final maturity of the relevant Loan), and (B) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer and the Italian Issuer as a result of a repurchase of an interest in a Category Three Loan by the Relevant Seller pursuant to the Master Loan Sale Agreement, and (C) the aggregate amount of payments in respect of principal received by or on behalf of the Issuer and the Italian Issuer as a result of the purchase of a an Issuer Loan that is a Category Three Loan and the Italian Notes, in each case in an amount equal to the outstanding principal

balance of the Category Three Loans, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date, by a Relevant Servicer pursuant to the Relevant Servicing Agreement, and (D) the amount of principal payments received by the Issuer following a redemption in full of the Italian Notes for tax and other reasons, in an amount equal to the principal balance outstanding of the Italian Loans that are Category Three Loans, as at the Calculation Date immediately preceding the relevant Note Interest Payment Date, and **Category Three Available Prepayment Redemption Funds** means, in respect of any Calculation Date, the Category Three Prepayment Redemption Funds received by or on behalf of the Issuer and the Italian Issuer during the Collection Period then ended;

(xx) **Category Three Principal Recovery Funds** means the aggregate amount of principal payments received or recovered by or on behalf of the Issuer and the Italian Issuer as a result of actions taken in accordance with the enforcement procedures in respect of a Category Three Loan and/or its Related Security (other than Post Write-off Recovery Funds), and **Category Three Available Principal Recovery Funds** means, in respect of any Calculation Date, the Category Three Principal Recovery Funds received or recovered by or on behalf of the Issuer and the Italian Issuer during the Collection Period then ended as adjusted for: (A) any amount of Interest Rate Swap Breakage Receipts receivable by the Issuer and the Italian Issuer under the relevant Interest Rate Swap Transaction and Italian Interest Rate Swap Transaction to the extent utilised in the calculation of Adjusted Loan Principal Loss in respect of that Category Three Loan; less (B) any amount to be transferred to Available Issuer Income and Italian Available Issuer Income on the Note Interest Payment Date or Italian Note Interest Payment Date, as applicable immediately following such Calculation Date for the purpose of paying Liquidation Fees, if any, payable on that Note Interest Payment Date or Italian Note Interest Payment Date in respect of a Category Three Loan;

(xxi) **Interest Rate Swap Breakage Receipts** means the aggregate of all amounts paid to the Issuer (less any Interest Rate Swap Breakage Receipts to be paid by the Issuer to the French Issuer and the Italian Issuer under the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Agreement), the French Issuer and the Italian Issuer under the Interest Rate Swap Agreement, the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Agreement, as applicable, as a result of the termination, in whole or in part, of any Interest Rate Swap Transaction, French Interest Rate Swap Transaction or Italian Interest Rate Swap Transaction thereunder, and **Available Interest Rate Swap Breakage Receipts** means, in respect of any Calculation Date, the Interest Rate Swap Breakage Receipts received or to be received by or on behalf of the Issuer, the French Issuer or the Italian Issuer during the period since (but excluding) the immediately preceding Note Interest Payment Date to (and including) the immediately following Note Interest Payment Date, French Note Interest Payment Date or Italian Note Interest Payment Date (but excluding; (A) any Interest Rate Swap Breakage Receipts paid to the Issuer, the French Issuer or the Italian Issuer by the Interest Rate Swap Provider, the French Interest Rate Swap Provider or the Italian Interest Rate Swap Provider following a default under a Loan in respect of which no Loan Principal Loss arises; (B) any Interest Rate Swap Breakage Receipts paid to the Issuer, the French Issuer or the Italian Issuer as a result of a prepayment in whole or in part of a Loan by a Borrower; or (C) Interest Rate Swap Breakage Receipts paid to the Issuer, the French Issuer or the Italian Issuer following the occurrence of a Loan Principal Loss);

(xxii) **Post Write-off Recovery Funds** means the aggregate amount received by a Servicer on behalf of the Issuer, the French Issuer and the Italian Issuer in respect of a Loan following the write-off of such amounts by the Relevant Servicer on the completion of enforcement procedures in relation to such Loan;

(xxiii) **Available Final Redemption Funds** means the aggregate of:

(A) the Category One Available Final Redemption Funds;

(B) the Category Two Available Final Redemption Funds; and

(C) the Category Three Available Final Redemption Funds;

(xxiv) **Available Prepayment Redemption Funds** means the aggregate of:

(A) the Category One Available Prepayment Redemption Funds;

(B) the Category Two Available Prepayment Redemption Funds; and

(C) the Category Three Available Prepayment Redemption Funds;

(xxv) **Available Principal Recovery Funds** means the aggregate of:

(A) the Category One Available Principal Recovery Funds;

(B) the Category Two Available Principal Recovery Funds; and

(C) the Category Three Available Principal Recovery Funds;

but, in each case, without double counting, only to the extent that such monies have not been taken into account in the calculation of Available Amortisation Funds, Category One Available Prepayment Redemption Funds, Category Two Available Prepayment Redemption Funds, Category Three Available Prepayment Redemption Funds, Category One Available Final Redemption Funds, Category Two Available Final Redemption Funds, Category Three Available Final Redemption Funds, Available Interest Rate Swap Breakage Receipts, Available Limited Sequential Principal, Available Sequential Principal, Available Pro Rata Principal or Category One Available Principal Recovery Funds, Category Two Available Principal Recovery Funds, Category Three Available Principal Recovery Funds, as applicable, on any preceding Calculation Date.

(b) Application of Available Sequential Principal

Available Sequential Principal determined on each Calculation Date shall be applied on the immediately following Note Interest Payment Date in the following order of priority:

(i) first, in repaying, *pari passu* and *pro rata* (if a Sequential Trigger Event is outstanding) principal on the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) second, in repaying, *pari passu* and *pro rata*, principal on the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) third, in repaying, *pari passu* and *pro rata*, principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(iv) fourth, in repaying, *pari passu* and *pro rata*, principal on the Class D Notes until all the Class D Notes have been redeemed in full;

(v) fifth, in repaying *pari passu* and *pro rata* principal on the Class E Notes until all the Class E Notes have been redeemed in full;

(vi) sixth, in repaying pari passu and pro rata principal on the Class F Notes until all the Class F Notes have been redeemed in full;

(vii) seventh, in repaying pari passu and pro rata principal on the Class G Notes until all the Class G Notes have been redeemed in full;

(viii) eighth, in or towards payment of any Class X Additional Amounts to the holders of Class X Notes;

(ix) ninth, in paying any surplus to the Issuer.

(c) Application of Available Limited Sequential Principal

Available Limited Sequential Principal determined on each Calculation Date shall be applied on the immediately following Note Interest Payment Date in the following order of priority:

(i) first, in repaying, *pari passu* and *pro rata,* principal on the Class A Notes until all the Class A Notes have been redeemed in full;

(ii) second, in repaying, *pari passu* and *pro rata,* principal on the Class B Notes until all the Class B Notes have been redeemed in full;

(iii) third, in repaying, *pari passu* and *pro rata,* principal on the Class C Notes until all the Class C Notes have been redeemed in full;

(iv) fourth, in repaying, *pari passu* and *pro rata,* principal on the Class D Notes until all the Class D Notes have been redeemed in full;

(v) fifth, in repaying, *pari passu* and *pro rata,* principal on the Class E Notes until all the Class E Notes have been redeemed in full;

(vi) sixth, in repaying, *pari passu* and *pro rata,* principal on the Class F Notes until all the Class F Notes have been redeemed in full;

(vii) seventh, in repaying *pari passu* and *pro rata* principal on the Class G Notes until all the Class G Notes have been redeemed in full;

(viii) eighth, in or towards payment of any Class X Additional Amounts to the holders of Class X Notes; and

(ix) ninth, in paying any surplus to the Issuer.

(d) Application of Available Pro Rata Principal

(i) Following application of Available Sequential Principal and Available Limited Sequential Principal as set forth immediately above and prior to the repayment in full of the ATU Germany Loan, the ATU Austria Loan, the KingBu Portfolio Loan and the Cassina Plaza Loan, the Available Pro Rata Principal (other than any Available Pro Rata Principal arising in respect of the ATU Germany Loan, the ATU

Austria Loan, the KingBu Portfolio Loan and the Cassina Plaza Loan) determined on each Calculation Date shall, save if a Sequential Trigger Event exists on such Calculation Date, be applied on the immediately following Note Interest Payment Date in the following order of priority:

(A) first, *pari passu* and *pro rata* according to the Principal Amount Outstanding of each Class on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal and Available Limited Sequential Principal paid or to be paid to Noteholders on that Note Interest Payment Date, in repaying concurrently, principal on the, the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes and the F Notes until each such Note has been redeemed in full;

(B) second, *pari passu* and *pro rata* according to the Principal Amount Outstanding of the Class G Notes on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal and Available Limited Sequential Principal paid or to be paid to Class G Noteholders on that Note Interest Payment Date, in repaying principal on the Class G Notes until the Class G Notes have been redeemed in full;

(C) third, *pari passu* and *pro rata* according to the Principal Amount Outstanding of the Class A Notes on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal and Available Limited Sequential Principal paid or to be paid to Class A Noteholders on that Note Interest Payment Date, in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(D) fourth, in or towards payment of any amount of Class X Additional Amounts to the holders of the Class X Notes;

(E) fifth, in paying any surplus to the Issuer.

(ii) Following application of Available Sequential Principal and Available Limited Sequential Principal as set forth above, Available Pro Rata Principal arising in respect of the ATU Germany Loan, ATU Austria Loan, the KingBu Portfolio Loan and the Cassina Plaza Loan and, after the repayment in full of the ATU Germany Loan, the ATU Austria Loan, the KingBu Portfolio Loan and the Cassina Plaza Loan, all Available Pro Rata Principal, in each case determined on each Calculation Date shall, save if a Sequential Trigger Event exists on such Calculation Date, be applied on the immediately following Note Interest Payment Date in the following order of priority:

(A) first, *pari passu* and *pro rata* according to the Principal Amount Outstanding of each Class on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal and Available Limited Sequential Principal paid or to be paid to Noteholders on that Note Interest Payment Date, in repaying concurrently, principal on the Class B Notes, the Class C Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes until each such Note has been redeemed in full;

(B) second, *pari passu* and *pro rata* according to the Principal Amount Outstanding of the Class A Notes on the relevant Note Interest Payment Date after having made an adjustment to take account of any amount of Available Sequential Principal and Available Limited Sequential Principal paid or to be paid to Class A Noteholders on that Note Interest Payment Date, in repaying principal on the Class A Notes until the Class A Notes have been redeemed in full;

(C) third, in or towards payment of any amount of Class X Additional Amounts to the holders of the Class X Notes;

(D) fourth, in paying any surplus to the Issuer,

provided that, in the event that any of the following circumstances exist (each, a **Sequential Trigger Event**) on a Calculation Date, on the next following Note Interest Payment Date, Available Pro Rata Principal will be applied concurrently with, and in the same order of priority as, Available Sequential Principal as set out in (i) to (ix) of "Application of Available Sequential Principal" above, all as more fully set out in the Cash Management Agreement.

(A) if at such Calculation Date, 10% or more of the aggregate outstanding principal balance of the Loans are in default, provided that in determining whether a Loan has defaulted for the purposes of this paragraph (A):

I such determination shall be made solely on the basis of the terms of the relevant Credit Agreement as at the relevant Calculation Date; and

II a default shall not be deemed to have occurred if (a) the default is with respect to payment and/or (b) the default is other than with respect to payment and such default has been remedied or cured within 30 days of such default and/or (c) the default has been cured or remedied at any time and no Adjusted Loan Principal Loss has arisen in respect of the relevant Loan; or

(B) the aggregate principal outstanding balance of all the Category Two Loans and the Category Three Loans on such Calculation Date is less than €55,000,000; or

(C) if, as at such Calculation Date, 10% or more of the aggregate outstanding principal balance of the Loans are in default, where for the purpose of this paragraph (C) default means a default with respect to payment and such default has not been remedied or cured within 5 days of such default; or

(D) if the Principal Amount Outstanding of the Notes has been reduced by an Allocated Loan Principal Write-Down Amount in accordance with Condition 6.8 (*Principal Amount Outstanding and Write-Downs*),

(e) Class X Note Redemption

On the Note Interest Payment Date falling in November 2006, the Issuer or the Cash Manager on its behalf, will apply €80,000 standing to the credit of the Class X Principal Account, in part redemption of the Class X Notes. Thereafter, the Class X Notes shall not be redeemed on any Note Interest Payment Date pursuant to this Condition 6.3(e) unless the application of the Available Sequential Principal or Available Limited Sequential Principal or any Available Pro Rata Principal pursuant to Condition 6.3(b) and (c) and/or redemption

pursuant to Condition 6.2 (*Redemption for taxation or other reasons*) will result in the Notes (other than the Class X Notes) being redeemed in full in which case the Class X Notes will be redeemed in full *pari passu* amongst themselves from amounts standing to the credit of the Class X Principal Account (and for greater certainty, amounts standing to the credit of the Class X Principal Account will be available solely to redeem the Class X Notes in full and thereafter to pay the Class X Additional Amounts and will not be available to any other Issuer Secured Creditors).

(f) Application of Post Write-off Recovery Funds

On each Note Interest Payment Date, all Post Write-off Recovery Funds received by the Issuer or amounts representing Post-Write-Off Recovery Funds paid under the French Notes and the Italian Notes, in each case received by the Issuer, the French Issuer or the Italian Issuer during the related Collection Period will be applied by the Issuer or the Cash Manager acting on its behalf as Available Issuer Income or after service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full as available funds.

(g) Application of Prepayment Fees

On each Note Interest Payment Date, all amounts received or recovered by the Issuer in respect of any Prepayment Fees or amounts representing Prepayment Fees paid under the French Notes or the Italian Notes during the related Collection Period will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in or towards payment of any amount in respect of Class X Additional Amounts (the **Class X Prepayment Fees**).

(h) Break Costs Priority of Payments

On each Note Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date), any Break Costs received by the Issuer as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period, interest representing Break Costs paid in respect of the French Notes and the Italian Notes received by the French Issuer or the Italian Issuer, as the case may be, as a result of any prepayment by a Borrower of all or any part of a Loan during the related Collection Period and any termination payments received by the Issuer in its capacity as French Interest Rate Swap Provider or Italian Interest Rate Swap Provider as a result of the prepayment by a Borrower of all or part of a French Loan or an Italian Loan, as the case may be, where the French Issuer or the Italian Issuer has received Break Costs from the relevant Borrower, will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Break Costs Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

(i) Firstly, in or towards payment of any amount due and payable by the Issuer on that Note Interest Payment Date to the Interest Rate Swap Provider under and in accordance with the Interest Rate Swap Agreement, arising as a result of the termination of all or part of any Interest Rate Swap Transaction due to the prepayment by the Borrower of all or part of any Loan; and

(ii) Secondly, thereafter, in or towards payment of any amount in respect of Class X Additional Amounts to the Class X Noteholders (such amount being **Class X Break Costs**).

(i) Interest Rate Swap Breakage Receipts Priority of Payments

On each Note Interest Payment Date (and following service of an Acceleration Notice or the Notes otherwise becoming due and repayable in full, on any date): (i) any Interest Rate Swap Breakage Receipts received by the Issuer as a result of any termination of all or part of an Interest Rate Swap Transaction following prepayment by a Borrower of all or any part of a Loan during the related Collection Period or following a default by the Borrower to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds; and (ii) any amounts of interest representing Interest Rate Swap Breakage Receipts received by the French Issuer or the Italian Issuer as a result of any termination of all or part of a French Interest Rate Swap Transaction or an Italian Interest Rate Swap Transaction following prepayment by a Borrower of all or part of a Loan during the related Collection Period or following a default by a Borrower to the extent that the same is not taken into account in the calculation of the relevant Adjusted Loan Principal Loss or Principal Recovery Funds, will be applied by the Cash Manager on behalf of the Issuer or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, the Trustee (or, with the consent of the Trustee, the Cash Manager on its behalf) in accordance with the following order of priority (the **Interest Rate Swap Breakage Receipts Priority of Payments**) (in each case only if and to the extent that the proceeds and provisions of a higher priority have been made in full) all as more fully set out in the Cash Management Agreement:

(i) in or towards payment of any amount the Issuer (in its capacity as French Interest Rate Swap Provider or Italian Interest Rate Swap Provider) is obliged to pay under the French Interest Rate Swap Agreement or the Italian Interest Rate Swap Agreement;

(ii) in or towards payment of any amount the Issuer (in its capacity as Lender) has or would have to pay to the relevant Borrower under the relevant Credit Agreement in respect of the prepayment by the Borrower of such Loan; and

(iii) in or towards payment to Barclays Bank PLC as Seller as Deferred Consideration (such amount being **Excess Interest Rate Swap Breakage Receipts**).

(j) Application of Class X Additional Amounts

All Class X Additional Amounts (if any) will be applied by the Cash Manager on behalf of the Issuer on each Note Interest Payment Date or, from and including the time at which the Trustee takes any steps to enforce the Issuer Security, on behalf of the Trustee on each Note Interest Payment Date or on the same day as funds are applied under the Post-Acceleration Priority of Payments, as applicable, solely to the holders of the Class X Notes.

6.4 Redemption upon exercise of Servicer Call Option

Each of the Master Servicer and the Special Servicer has been granted a call option (the **Servicer Call Option**) pursuant to which it may, at its sole discretion, purchase the Issuer Loans, the French Notes, the Italian Notes and the PH on any Interest Payment Date provided (a) written notice is given by the Master Servicer or the Special Servicer, as applicable, in accordance with the Servicing Agreement, to the Issuer and to the Trustee, (b) written notice is given by the Issuer to the Trustee and to the Noteholders in accordance with Condition 15 (Notice to Noteholders) not more than 60

nor less than 30 days prior to such purchase, (c) that on the Calculation Date relating to such Interest Payment Date, no Acceleration Notice in relation to the Notes has been served and the Notes have not otherwise become due and repayable in full, (d) that the Master Servicer or the Special Servicer (or their respective assigns) as applicable, has, prior to giving such notice, certified to the Trustee that it will have the necessary funds to discharge on such Interest Payment Date all of the Issuer's liabilities in respect of the Notes (other than the Class X Notes) to be redeemed under this Condition 6.4 and any amounts required under the relevant Priority of Payments to be paid on such Interest Payment Date which rank prior to, or *pari passu* with, the Notes, which certificate (in the absence of manifest error) shall be conclusive and binding and (e) the then aggregate Principal Amount Outstanding of the Notes immediately following the redemption of the Notes in accordance with Condition 6.3 (*Mandatory redemption in part from Available Amortisation Funds, Available Prepayment Redemption Funds, Available Final Redemption Funds and Available Principal Recovery Funds*) is less than 10% of the aggregate Principal Amount Outstanding of the Notes as at the Closing Date.

Upon receipt of such amounts from the Master Servicer or the Special Servicer in respect of the exercise of the Servicer Call Option, as applicable, the Issuer will be required to redeem on such Interest Payment Date:

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

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

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

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

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

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

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

On the exercise of the Servicer Call Option the Class X Notes will be redeemed from amounts standing to the credit of the Class X Principal Account.

6.5 Notice of redemption

Any such notice as is referred to in Conditions 6.2 (*Redemption for taxation or other reasons*) or Condition 6.4 (*Redemption upon exercise of Servicer Call Option*) 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 this Condition.

6.6 Purchase

The Issuer shall not purchase any of the Notes.

6.7 Cancellation

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

6.8 Principal Amount Outstanding and Write-Downs

If on a Note Interest Payment Date there exists an Adjusted Loan Principal Loss which has not previously been allocated in accordance with this Condition 6.8 (*Principal Amount Outstanding and Write-Downs*), the Principal Amount Outstanding of the Notes will, subject as set out below, be reduced by a *pro rata* share of an amount equal to the Adjusted Loan Principal Loss after any amounts to be paid on such Note Interest Payment Date to the Noteholders have been paid (such amount in respect of each Note the **Allocated Loan Principal Write-Down Amount**) as follows:

(a) first, the Principal Amount Outstanding of the Class G Notes shall be reduced until the Principal Amount Outstanding of the Class G Notes is zero;

(b) second, the Principal Amount Outstanding of the Class F Notes shall be reduced until the Principal Amount Outstanding of the Class F Notes is zero;

(c) third, the Principal Amount Outstanding of the Class E Notes shall be reduced until the Principal Amount Outstanding of the Class E Notes is zero;

(d) fourth, the Principal Amount Outstanding of the Class D Notes shall be reduced until the Principal Amount Outstanding of the Class D Notes is zero;

(e) fifth, the Principal Amount Outstanding of the Class C Notes shall be reduced until the Principal Amount Outstanding of the Class C Notes is zero;

(f) sixth, the Principal Amount Outstanding of the Class B Notes shall be reduced until the Principal Amount Outstanding of the Class B Notes is zero; and

(g) seventh the Principal Amount Outstanding of the Class A Notes shall be reduced until the Principal Amount Outstanding of the Class A Notes is zero.

Unless otherwise expressly stated in any notice issued under or pursuant to these Conditions, all calculations in respect of the Principal Amount Outstanding of a Note shall be made on the assumption that the face amount of such Note on the date of issuance thereof was €100,000.

If the Principal Amount Outstanding in relation to any Note has been reduced by the deduction of the amount of any Allocated Loan Principal Write-Down Amount, an amount equal to the reduction shall become payable in full (together with the interest that would have accrued on the amount by which the Principal Amount Outstanding was so reduced, if no such reduction had been made) to the person holding the Note at the time the Issuer is wound up and the claim for such an amount shall rank *pari passu* with the other creditors of the Issuer.

For the purposes of these Conditions:

Adjusted Loan Principal Loss means, in respect of a Loan, the Loan Principal Loss for that Loan, adjusted such that if there are any Interest Rate Swap Breakage Receipts receivable by the Issuer, the French Issuer or the Italian Issuer under the relevant Interest Rate Swap Transaction, French Interest Rate Swap Transaction or Italian Interest Rate Swap Transaction, as applicable by deduction of those Interest Rate Swap Breakage Receipts until the balance of the relevant Loan Principal Loss is zero.

Loan Principal Loss in respect of a Loan means:

(a) the amount of any loss of principal in respect of that Loan as notified to the Cash Manager and the Issuer by the Relevant Servicer following completion of all applicable enforcement procedures in respect of that Loan; and

(b) the amount of any principal reduction agreed to by the Relevant Servicer in respect of a Loan in accordance with the Relevant Servicing Agreement.

Principal Amount Outstanding means in respect of any Note at any time the principal amount thereof as at the Closing Date as reduced by:

(a) any repayment of principal to the holder of the Note up to (and including) that time which has become due and payable, except if and to the extent that any such repayment has been improperly withheld or refused; and

(b) the *pro rata* share of any Allocated Loan Principal Write-Down Amounts in respect of such Notes that have arisen on or prior to such time.

The *pro rata* share of any principal or Allocated Loan Principal Write Down Amounts in respect of any Note shall, if necessary, be rounded down to the nearest penny.

7. PAYMENTS

7.1 Payments of principal and interest in respect of the Notes will be made in euro against presentation and, where applicable, surrender of the relevant Global Notes at the specified office of the Principal Paying Agent or, at the option of the holder of the relevant Global Notes, at the specified office of any other Paying Agent outside the United States of America subject, in the case of any Temporary Global Note, to certification of non-U.S. beneficial ownership as provided in such Temporary Global Note. Payments of principal and interest will in each case be made by euro cheque drawn on a bank in London or, at the option of the holder, by transfer to a euro denominated account maintained by the payee with a branch of a bank in London. A record of each payment made, distinguishing between any payment of principal and any payment of interest, will be made on the relevant Global Note by the Paying Agent to which such Global Note was presented for the purpose of making such payment, and such record shall be *prima facie* evidence that the payment in question has been made. Payments of principal and interest in respect of the Notes will be subject in all cases to any fiscal or other laws and regulations applicable thereto and to normal banking practice.

7.2 For so long as the Notes are in global form, each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as being entitled to a particular principal amount of Notes will be deemed to be the holder of such principal amount for all purposes save that none of the persons appearing from time to time in the records of Euroclear or Clearstream, Luxembourg as being so entitled shall have any claim directly against the Issuer or the Trustee in respect of payments due on such Note whilst such Note is represented by a Global Note and the Issuer or the Trustee, as the case may be, shall be discharged by payment of the relevant amount to the bearer of the relevant Global Note.

7.3 A holder shall be entitled to present a Note for payment only on a Payment Day and shall not, except as provided in Condition 5 (*Interest*), be entitled to any further interest or other payment if a Payment Day is after the due date.

Payment Day means a day which (subject to Condition 8 (*Prescription*)):

(a) is or falls after the relevant due date;

(b) is a Business Day in the place of the specified office of the Paying Agent at which the Global Note is presented for payment; and

(c) in the case of payment by transfer to a euro denominated account in London as referred to in Condition 7.1 above, is a Business Day in London.

In this Condition 7.3, **Business Day** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and which is also a Target Business Day.

7.4 The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

(a) there will at all times be a Principal Paying Agent;

(b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which, so long as the Notes are admitted to the Official List of the Irish Stock Exchange, will be Dublin; and

(c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination of appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 15 (*Notice to Noteholders*).

8. PRESCRIPTION

Claims in respect of the Notes shall become void unless made within 10 years, in the case of principal, and five years, in the case of interest, of the appropriate relevant date. In this Condition 8 (*Prescription*), the **relevant date** means the date on which a payment first becomes due or (if the full amount of the monies payable has not been duly received by the Paying Agents or the Trustee on or prior to such date) the date on which notice that the full amount of such monies has been received is duly given to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*).

9. TAXATION

All payments in respect of the Notes by or on behalf of the Issuer or any Paying Agent will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature and all interest, penalties or similar liabilities with respect thereto (**Taxes**) unless such withholding or deduction is required by law. In that event, the Issuer or Paying Agent (as the case may be) shall make such payment after such withholding or deduction has been made and shall account to the relevant authorities for the amount so required to be withheld or deducted. Neither the Issuer nor any Paying Agent will be obliged to make any additional payments to Noteholders in respect of any such withholding or deduction.

10. NOTE EVENTS OF DEFAULT

10.1 (a) If a Note Event of Default (as defined in Condition 0) occurs, then:

(i) the Trustee will, in its absolute discretion, be entitled to, and must, if:

(A) it is directed to do so in writing by the holders of not less than 25% of the aggregate Principal Amount Outstanding of the Most Senior Class of Notes then outstanding; or

(B) it is directed to do so by an Extraordinary Resolution of holders of the Most Senior Class of Notes then outstanding; and

in each case, provided that it has been indemnified and/or secured to its satisfaction, serve notice (an **Acceleration Notice**) on the Issuer declaring the Notes to be immediately due and repayable; and

(ii) the Issuer Security will become enforceable.

Each of the following events is, subject to Condition 10.2, a **Note Event of Default**:

(i) default being made for a period of three Business Days in the payment of any principal of, or default is made for a period of five Business Days in the payment of any interest on, any Note when and as the same ought to be paid in accordance with these Conditions (provided that a deferral of interest in accordance with Condition 16 **(**Subordination by Deferral**)** shall not constitute a default in the payment of such interest for the purposes of this Condition 10.1( )(i)); or

(ii) breach by the Issuer of any representation or warranty made by it in these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such breach is incapable of remedy, when no notice will be required), such breach continues for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(iii) the Issuer failing duly to perform or observe any other obligation, condition or provision binding upon it under these Conditions, the Trust Deed or any of the other Transaction Documents to which it is a party and in any such case (except where the Trustee certifies that, in its opinion, such failure is incapable of remedy, when no notice will be required), such failure continuing for a period of 30 days following the service by the Trustee on the Issuer of notice in writing requiring the same to be remedied; or

(iv) the Issuer, otherwise than for the purposes of such a pre-approved amalgamation or reconstruction as is referred to in subparagraph (vi) below, ceasing or, through an official action of the director or any shareholder of the Issuer, threatening to cease to carry on business (or a substantial part thereof); or

(v) the Issuer is or becomes unable to pay its debts within the meaning of Section 1 of the Dutch Bankruptcy Act *(faillissementswet)*; or

(vi) an order being made or an effective resolution being passed for the winding-up of the Issuer, except a winding-up for the purposes of or pursuant to an amalgamation or reconstruction the terms of which have previously been approved in writing by an Extraordinary Resolution of the holders of the Most Senior Class of Notes then outstanding; or

(vii) the Issuer has been declared bankrupt (*faillissement*) or granted a suspension of payments (*surséance van betaling*), or has applied for a declaration of bankruptcy or a suspension of payments or has become subject to any analogous insolvency

proceedings under any applicable law or has any of its assets placed under administration (*onder bewind gesteld*); or a liquidator or other similar official is appointed in relation to the Issuer or in relation to the whole or any part of the undertaking or assets of the Issuer or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of the Issuer, or a distress or execution or other process is 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) is not discharged or does not otherwise cease to apply within 15 days, or the Issuer consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or makes a conveyance or assignment for the benefit of its creditors generally.

10.2 In respect of the events described in subparagraphs (ii) and (iii) of Condition 0, the relevant event will not constitute a Note Event of Default unless the Trustee first certifies to the Issuer that such event is, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding. Upon service of an Acceleration Notice, each Note shall become immediately due and repayable at its Principal Amount Outstanding together with accrued interest as provided in the Trust Deed and the Issuer Deed of Charge (but subject to the Post-Acceleration Priority of Payments).

11. ENFORCEMENT

11.1 The Trustee may, at its discretion and without notice at any time and from time to time, take such proceedings or other action as it may think fit to enforce the provisions of the Notes and the Trust Deed (including these Conditions), the Issuer Deed of Charge, the French Note Pledge Agreement, the German Related Security Trust or any of the other Transaction Documents to which it or the Issuer is a party, provided that, subject to Condition 11.3 below, enforcement of the Issuer Security shall be the only remedy available to the Trustee for the repayment of the Class A Notes, the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes and the payment of accrued interest and, at any time after the Issuer Security has become enforceable, the Trustee may take such steps as it may think fit to enforce the Issuer Security. The Trustee shall not be bound to take any such proceedings, action or steps unless (a) it shall have been so directed by an Extraordinary Resolution of the holders of the Most Senior Class of Notes outstanding or so requested in writing by the holders of at least 25% in aggregate Principal Amount Outstanding for the time being of the Most Senior Class of Notes outstanding and (b) it shall have been secured and/or indemnified to its satisfaction.

11.2 Subject to Condition 11.3 below, no Noteholder shall be entitled to proceed directly against the Issuer or any other party to the Transaction Documents or to enforce the Issuer Security unless the Trustee, having become bound so to do, fails to do so within a reasonable period and such failure shall be continuing. The Trustee cannot, while any of the Notes are outstanding, be required to enforce the Issuer Security at the request of any of the Issuer Secured Creditors under the Issuer Deed of Charge or the French Note Pledge Agreement or take any action in respect of the German Related Security Trust.

11.3 If the Trustee has taken enforcement action under the Issuer Deed of Charge or the French Note Pledge Agreement or taken any action in relation to the German Related Security Trust and distributed all of the resulting proceeds (including the proceeds of realising the security thereunder or the assets held pursuant to the terms of any trust), to the extent that any amount is still owing to any Noteholder (a **Shortfall**), any such Noteholder shall be entitled to proceed directly against the Issuer in order to claim such Shortfall and the Trustee shall not be responsible for any liability occasioned thereby, nor shall it vouch for the validity of such claim.

12. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, SUBSTITUTION AND DISCRETIONS

12.1 The Trust Deed contains provisions for convening meetings of Noteholders of any Class (other than the Class X Notes) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of these Conditions or the provisions of any of the Transaction Documents (other than the Finance Documents) or any other documents affecting the rights and benefits of the Issuer which are comprised in the Issuer Security.

The quorum at any meeting of the Noteholders of any Class (other than the Class X Notes) for passing an Extraordinary Resolution shall be one or more persons holding or representing over 50% in aggregate Principal Amount Outstanding of the Notes of the relevant Class then outstanding or, at any adjourned meeting, one or more persons being or representing the Noteholders of the relevant Class whatever the aggregate Principal Amount Outstanding of the Notes of the relevant Class so held or represented except that, at any meeting the business of which includes the sanctioning of a Basic Terms Modification, the necessary quorum for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 75%, or at any adjourned such meeting, not less than 33% in aggregate Principal Amount Outstanding of the Notes of the relevant Class for the time being outstanding.

The Class X Noteholders shall not be entitled to hold class meetings or to pass resolutions (including Extraordinary Resolutions).

An Extraordinary Resolution passed at any meeting of the Class A Noteholders shall be binding on all the Class B Noteholders, the Class C Noteholders, the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders irrespective of its effect upon them except an Extraordinary Resolution (i) (if a Sequential Trigger Event is not outstanding) in relation to a Category Two Loan and/or a Category Three Loan; (ii) to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof; or (iii) in relation to certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class B Noteholders shall be binding on all the Class C Noteholders, the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders and (if a Sequential Trigger Event is not outstanding and the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraph) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class C Noteholders shall be binding on all the Class X Noteholders the Class D Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders and (if a Sequential Trigger Event is not outstanding and the Class C Notes are the Most Senior Class of Notes (ignoring for this purpose the Class A Notes)

where the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class D Noteholders shall be binding on all the Class X Noteholders, the Class E Noteholders, the Class F Noteholders and the Class G Noteholders and (if a Sequential Trigger Event is not outstanding and the Class D Notes are the Most Senior Class of Notes (ignoring for this purpose the Class A Notes) where the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class E Noteholders shall be binding on all the Class X Noteholders, the Class F Noteholders and the Class G Noteholders and (if a Sequential Trigger Event is not outstanding and the Class E Notes are the Most Senior Class of Notes (ignoring for this purpose the Class A Notes) where the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class F Noteholders shall be binding on all the Class X Noteholders and the Class G Noteholders and (if a Sequential Trigger Event is outstanding and the Class F Notes are the Most Senior Class of Notes (ignoring for this purpose the Class A Notes) where the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

An Extraordinary Resolution passed at any meeting of the Class G Noteholders shall be binding on all the Class X Noteholders and (if a Sequential Trigger Event is outstanding and the Class G Notes are the Most Senior Class of Notes (ignoring for this purpose the Class A Notes) where the Extraordinary Resolution relates to or concerns a Category Two Loan and/or a Category Three Loan) the Class A Noteholders, irrespective of its effect upon them except (other than an Extraordinary Resolution referred to in the previous paragraphs) an Extraordinary Resolution to sanction a modification of these Conditions or the provisions of any of the Transaction Documents or a waiver or authorisation of any breach or proposed breach thereof or certain other matters specified in the Trust Deed or the Issuer Deed of Charge, which shall not take effect unless the Trustee is of the opinion that it would not be materially prejudicial to the interests of the holders of each of the other Classes of Notes (other than the Class X Notes) or it shall have been sanctioned by an Extraordinary Resolution of the holders of each of the other Classes of Notes (other than the Class X Notes).

No Extraordinary Resolution to authorise or sanction a modification (including a Basic Terms Modification) or a waiver or authorisation of any breach or proposed breach of any provisions of the Trust Deed, these Conditions or any other Transaction Documents shall be binding on the Class X Noteholders unless the Class X Noteholders, as applicable, have confirmed in writing to the Trustee that their interests will not be materially prejudiced thereby (a **Class X Consent Notice**).

As used in these Conditions and the Trust Deed:

(a) **Extraordinary Resolution** means (i) a resolution passed at a meeting of a Class of Noteholders duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three fourths of the persons voting thereat upon a show of hands or if a poll is duly demanded by a majority consisting of not less than three fourths of the votes cast on such poll or (ii) a resolution in writing signed by or on behalf of not less than 90% in aggregate Principal Amount Outstanding of the Noteholders of a Class, which resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders of that Class and shall be as valid, effective and binding as a resolution duly passed at such a meeting; and

(b) **Basic Terms Modification** means, in respect of a Class of Notes:

(i) a change in the amount payable or, where applicable, modification of the method of calculating the amount payable or modification of the date of payment or, where applicable, of the method of calculating the date of payment in respect of any principal or interest in respect of such Notes;

(ii) alteration of the currency in which payments under such Notes are to be made;

(iii) alteration of the quorum or majority required to pass an Extraordinary Resolution;

(iv) the sanctioning of any such scheme or proposal in respect of such Notes as is described in **paragraph 19(i)** of **Schedule 4** to the Trust Deed;

(v) alteration of this definition or the provisos to **paragraphs 7** and/or **19** of **Schedule 4** to the Trust Deed;

(vi) alteration of the Pre-Acceleration Revenue Priority of Payments, the Pre-Acceleration Principal Priority of Payments, the Post-Enforcement/Pre-Acceleration Priority of Payments or the Post-Acceleration Priority of Payments; and

(vii) alteration of the Issuer Charged Property or amendment to any of the documents relating to the Issuer Charged Property or any other provision of the Issuer Security.

12.2 The Trustee may agree, without the consent of the Noteholders, (a) to any modification of, or to the waiver or authorisation of any breach or proposed breach of, these Conditions, the Trust Deed or any of the other Transaction Documents, which is not, in the opinion of the Trustee, materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding or (b) to any modification of these Conditions or any of the other Transaction Documents, which, in the opinion of the Trustee, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven. The Trustee may also, without the consent of the Noteholders, determine that Note Events of Default shall not, or shall not subject to specified conditions, be treated as such, provided that, in the opinion of the Trustee, it would not be materially prejudicial to the interests of the holders of the Most Senior Class of Notes then outstanding to do so. Any such modification, waiver, authorisation or determination shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any such modification shall be notified to the Noteholders in accordance with Condition 15 (*Notice to Noteholders*) as soon as practicable thereafter.

12.3 The Trustee shall be entitled to take into account, for the purpose of exercising or performing any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the Transaction Documents, any confirmation by any of the Rating Agencies that the then current ratings of the Notes or, as the case may be any Class or Classes of the Notes would not be adversely affected by such exercise or performance.

12.4 Where, in connection with the exercise or performance by the Trustee of any right, power, trust, authority, duty or discretion under or in relation to these Conditions or any of the other Transaction Documents (including, without limitation, in relation to any modification, waiver, authorisation, determination or substitution as referred to above), the Trustee is required to have regard to the interests of the Noteholders or the Noteholders of any Class, it shall have regard to the general interests of the Noteholders of such Class as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise or performance for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim from the Issuer or the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders.

13. INDEMNIFICATION AND EXONERATION OF THE TRUSTEE

The Trust Deed and the Issuer Deed of Charge each contains provisions governing the responsibility (and relief from responsibility) of the Trustee and providing for its indemnification in certain circumstances, including provisions relieving it from taking enforcement proceedings or enforcing the Issuer Security or taking any other action in relation to the Trust Deed or the other Transaction Documents unless secured and/or indemnified to its satisfaction. The Trustee will not be responsible for any loss, expense or liability which may be suffered as a result of any assets comprised in the Issuer Charged Property, or any deeds or documents of title thereto, being uninsured or inadequately insured or being held by or to the order of clearing organisations or their operators or by intermediaries such as banks, brokers, depositories, warehousemen or other persons whether or not on behalf of the Trustee.

Each of the Trust Deed and the Issuer Deed of Charge contains provisions pursuant to which the Trustee, or any of its related companies is entitled, among other things, (a) to enter into business transactions with the Issuer and/or any other person who is a party to the Transaction Documents or

whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies and to act as trustee for the holders of any other securities issued by or relating to the Issuer and/or any other person who is a party to the Transaction Documents or whose obligations are comprised in the Issuer Charged Property and/or any of their subsidiary or associated companies, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of the Noteholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

The Trust Deed and the Issuer Deed of Charge also relieve the Trustee of liability for not having made or not having caused to be made on its behalf the searches, investigations and enquiries which a prudent chargee would normally have been likely to make in entering into the Issuer Deed of Charge. The Trustee has no responsibility in relation to the legality, validity, sufficiency, adequacy and enforceability of the Issuer Security, the Issuer Charged Property or the Transaction Documents. The Trustee will not be obliged to take any action which might result in its incurring personal liabilities unless secured and/or indemnified to its satisfaction or to supervise the performance by the Master Servicer, the Cash Manager or any other person of their obligations under the Transaction Documents and the Trustee shall assume, until it has notice in writing to the contrary, that all such persons are properly performing their duties, notwithstanding that the Issuer Security (or any part thereof) may, as a consequence, be treated as floating rather than fixed security.

The Trust Deed and the Issuer Deed of Charge contain other provisions limiting the responsibility, duties and liability of the Trustee.

The Trust Deed and the Issuer Deed of Charge contain provisions pursuant to which (a) the Trustee may retire at any time on giving not less than three months' prior written notice to the Issuer, and will be relieved of any liability incurred by reason of such retirement and (b) the Noteholders may by Extraordinary Resolution of the holders of each Class of Notes (other than the Class X Noteholders) remove the Trustee. The retirement or removal of the Trustee will not become effective until a successor trustee is appointed. The Trustee is entitled to appoint a successor trustee in the circumstances specified in the Trust Deed and the Issuer Deed of Charge, respectively.

14. REPLACEMENT OF THE NOTES

Global Notes

If a Global Note is lost, stolen, mutilated, defaced or destroyed, it shall, upon satisfactory evidence of such loss, theft, mutilation, defacement or destruction being given to the Issuer and the Trustee, become void and a duly executed and authenticated replacement Global Note will be delivered by the Issuer to the Common Depositary only upon surrender, in the case of mutilation or defacement, of the relevant Global Note. Replacement thereof will only be made upon payment of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require.

15. NOTICE TO NOTEHOLDERS

15.1 Notices to Noteholders may be given by delivery of the relevant notice to Clearstream, Luxembourg and/or Euroclear for communication by them to Noteholders provided that so long as the Notes are listed on the Irish Stock Exchange, the Irish Stock Exchange so agrees. Any notice delivered to Clearstream, Luxembourg and/or Euroclear as aforesaid shall be deemed to have been given on the day of such delivery.

15.2 A copy of each notice given by the Issuer in accordance with this Condition 15 (*Notice to Noteholders*) shall be provided to each of Fitch Ratings Ltd. (**Fitch**), Moody's Investors Service

Limited (**Moody's**) and Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P** and, together with Fitch and Moody's, the **Rating Agencies**, which reference in these Conditions shall include any additional or replacement rating agency appointed by the Issuer to provide a credit rating in respect of the Notes or any Class thereof). For the avoidance of doubt, and unless the context otherwise requires, all references to rating and ratings in these Conditions shall be deemed to be references to the ratings assigned by the Rating Agencies. The Trustee will (at the expense of the Issuer) upon request from the Issuer or any of the Rating Agencies provide a copy to the Rating Agencies of any notice given by the Trustee to Noteholders under this Condition 15 (*Notice to Noteholders*).

15.3 The Trustee shall be at liberty to sanction some other method of giving notice to the Noteholders or to a Class or category of them if, in its opinion, such other method is reasonable having regard to market practice then prevailing and to the requirements of the stock exchange on which the Notes are then listed and provided that notice of such other method is given to the Noteholders in such manner as the Trustee shall require.

16. SUBORDINATION BY DEFERRAL

16.1 Interest

In the event that, on any Note Interest Payment Date, the amount available to the Issuer, subject to and in accordance with the applicable Priority of Payments to apply on such Note Interest Payment Date, in respect of interest due (including interest on unpaid interest) on the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and/or the Class G Notes, after, in each case, deducting amounts ranking in priority thereto under the applicable Priority of Payments, (each, an **Interest Residual Amount**), is not sufficient to satisfy in full the aggregate amount of interest (including interest on unpaid interest) due, but for this Condition 16.1 (*Interest*), on the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes and the Class G Notes, as the case may be, on such Note Interest Payment Date, there shall instead be payable on such Note Interest Payment Date, by way of interest (including interest on unpaid interest) on each Class B Note, Class C Note, Class X Note, Class D Note, Class E Note, Class F Note or Class G Note, as the case may be, only a *pro rata* share of the Interest Residual Amount attributable to the relevant Class of Notes on such Note Interest Payment Date.

16.2 In any such event, the Cash Manager acting on behalf of the Issuer shall create a provision in its accounts for the shortfall equal to the amount by which the aggregate amount of interest (including interest on unpaid interest) paid on the Class B Notes or, as the case may be, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F notes or the Class G Notes on the relevant Note Interest Payment Date in accordance with this Condition 16.2 falls short of the aggregate amount of interest (including interest on unpaid interest) payable (but for the provisions of this Condition 16.2) on the Class B Notes or, as the case may be, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes on that date pursuant to Condition 5 (Interest) (each such shortfall, a **Conditional Interest Amount**. Such Conditional Interest Amount shall itself accrue interest at the same rate as that payable in respect of the Class B Notes or, as the case may be, Class C Notes, Class X Notes, Class D Notes, Class E Notes, Class F Notes or Class G Notes, and shall be payable together with such accrued interest on the following Note Interest Payment Date, subject to the provisions of the preceding paragraph. The foregoing provisions of this Condition 16.2 will not apply to any AFC Excess Interest Amounts in respect of the Class G Notes as to which Condition 5.8 (*Interest on the Class G Notes*) will apply.

16.3 General

Any amounts of principal (other than in respect of any Allocated Loan Principal Write-Down Amount) or interest in respect of the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes otherwise payable under these Conditions which are not paid by virtue of this Condition 16 (*Subordination by Deferral*), together with accrued interest thereon, shall in any event become payable on the Final Maturity Date or on such earlier date as the Class B Notes, the Class C Notes, the Class X Notes, the Class D Notes, the Class E Notes, the Class F Notes or the Class G Notes as the case may be, become due and repayable in full.

16.4 Application

The provisions of the first paragraph of Condition 16.1 (*Interest*) shall cease to apply:

(a) in respect of the Class B Notes, upon the redemption in full of all Class A Notes;

(b) in respect of the Class C Notes, upon the redemption in full of all Class B Notes;

(c) in respect of the Class D Notes, upon the redemption in full of all Class C Notes;

(d) in respect of the Class E Notes, upon the redemption in full of all Class D Notes;

(e) in respect of the Class F Notes, upon the redemption in full of all Class E Notes; and

(f) in respect of the Class G Notes, upon the redemption in full of all Class F Notes.

16.5 Notification

As soon as practicable after becoming aware that any part of a payment of interest or principal on the Class B Notes or, as the case may be, Class C Notes, Class X Notes, Class D Notes, Class E Notes, Class F Notes or the Class G Notes will be deferred or that a payment previously deferred will be made in accordance with this Condition 16, (*Subordination by Deferral*) the Issuer will give notice thereof to the Class B Noteholders or, as the case may be, the Class C Noteholders, the Class X Noteholders, the Class D Noteholders, the Class E Noteholders, the Class F Noteholders or the Class G Noteholders in accordance with Condition 15 (*Notice to Noteholders*) at page 387.

17. RIGHTS OF THIRD PARTIES

This Note does not confer any rights on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from the Contracts (Rights of Third Parties) Act 1999.

18. LIMITED RECOURSE

The ability of the Issuer to meet its obligations under the Notes will depend on payments received by it under the Loans, the French Notes, the Italian Notes and the Liquidity Facility Agreement. In the event of non-payment, the only remedy for recovering amounts due on the Notes is through enforcement of the Issuer Security. If the Issuer Security is enforced, the proceeds of enforcement may be insufficient to pay all principal and interest due on the Notes, and neither the Trustee nor the Noteholders may take any further steps against the Issuer in respect of amounts payable on the Notes and all such claims against the Issuer shall be extinguished and discharged.

19. NON PETITION

Only the Trustee may pursue the remedies available under applicable law, under the Issuer Deed of Charge and under the Transaction Documents to enforce the Issuer Security and no other Issuer Secured Creditors shall be entitled to enforce directly the Issuer Security, unless the Trustee having been bound to take steps and/or proceedings, fails to do so within a reasonable time and such failure is continuing.

Notwithstanding any other provision of these Conditions or any other Transaction Document, none of the parties to the Transaction Documents (other than in the case of the Issuer its shareholders or directors if required by law to do so) shall be entitled to petition or take any corporate action or other steps or legal proceedings for the winding-up, dissolution, court protection, examinership, reorganisation, liquidation, bankruptcy or insolvency of the Issuer or for the appointment of a receiver, administrator, receiver manager, administrative receiver, trustee, liquidator, examiner, sequestrator or similar officer in respect of the Issuer or any of its revenues or assets for so long as the Notes are outstanding or for two years and a day after all sums outstanding and owing in respect of the Notes have been paid in full, provided that the Trustee may enforce the Issuer Security and appoint a receiver, receiver and manager, administrative receiver or manager or an insolvency official as permitted under the terms of the Issuer Deed of Charge and/or prove or lodge a claim in liquidation of the Issuer initiated by another party and provided further that the Trustee may take proceedings to obtain a declaration or similar judgment or order as to the obligations and liabilities of the Issuer under the Issuer Deed of Charge and/or the other Transaction Documents.

None of the parties to the Transaction Documents shall have any recourse against any director, shareholder or officer of the Issuer in respect of any obligations, covenant or agreement entered into or made by the Issuer pursuant to the terms of Notes, the Issuer Deed of Charge or any other Transaction Document to which it is party or any notice or documents which it is requested to deliver hereunder or thereunder.

20. GOVERNING LAW

The Trust Deed and the Notes are governed by, and will be construed in accordance with, English law.

NETHERLANDS TAXATION

1. GENERAL

The following summary describes the principal Netherlands tax consequences of the acquisition, holding, redemption and disposal of the Notes, but does not purport to be a comprehensive description of all Netherlands tax considerations thereof. This summary is intended as general information only and each prospective investor should consult a professional tax adviser with respect to the tax consequences of an investment in the Notes.

This summary is based on the tax legislation, published case law, treaties, regulations and published policy, in force as of the date of this Prospectus, though it does not take into account any developments or amendments thereof after that date whether or not such developments or amendments have retroactive effect.

This summary does not address the Netherlands tax consequences for:

(a) Noteholders holding a substantial interest (*aanmerkelijk belang*) in the Issuer. Generally speaking, a Noteholder holds a substantial interest in the Issuer, if such Noteholder, alone or, where such Noteholder is an individual, together with his or her partner (statutory defined term) or certain other related persons, directly or indirectly, holds (i) an interest of 5% or more of the total issued capital of the Issuer or of 5% or more of the issued capital of a certain class of shares of the Issuer, (ii) rights to acquire, directly or indirectly, such interest or (iii) certain profit sharing rights in the Issuer; and

(b) Pension funds and other entities that are exempt from Netherlands corporate income tax; and

(c) Investment institutions (*fiscale beleggingsinstellingen*).

2. WITHHOLDING TAX

No Netherlands withholding tax is due upon payments on the Notes, provided that the Notes are considered debt for Netherlands tax purposes and do not in fact have the function of equity of the Issuer within the meaning of Article 10(1)(d) of the Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*).

3. CORPORATE INCOME TAX AND INDIVIDUAL INCOME TAX

3.1 Residents of the Netherlands

If the Noteholder is subject to Netherlands corporate income tax and the Notes are attributable to its (deemed) business assets, income derived from the Notes and gains realised upon the redemption and disposal of the Notes are generally taxable in the Netherlands.

If the Noteholder is an individual, resident or deemed to be resident of the Netherlands for Netherlands tax purposes (including the individual Noteholder who has opted to be taxed as a resident of the Netherlands), the income derived from the Notes and the gains realised upon the redemption and disposal of the Notes are taxable at the progressive rates of the Income Tax Act 2001, if:

(a) the Noteholder has an enterprise or an interest in an enterprise, to which enterprise the Notes are attributable; or

(b) such income or gains qualify as "income from miscellaneous activities " (*resultaat uit overige werkzaamheden*) within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

If neither condition (a) nor condition (b) applies to the individual Noteholder, the actual income derived from the Notes and the actual gains realised with respect to the Notes will not be taxable. Instead, such Noteholder will be taxed at a flat rate of 30% on deemed income from "savings and investments" (*sparen en beleggen*) within the meaning of Section 5.1 of the Income Tax Act 2001. This deemed income amounts to 4% of the average of the individual's "yield basis" (*rendementsgrondslag*) within the meaning of article 5.3 of the Income Tax Act 2001 at the beginning of the calendar year and the individual's yield basis at the end of the calendar year, insofar the average exceeds a certain threshold. The fair market value of the Notes will be included in the individual's yield basis.

3.2 Non-residents of the Netherlands

A Noteholder that is not a resident nor deemed to be a resident of the Netherlands for Netherlands tax purposes (nor, if he or she is an individual, has opted to be taxed as a resident of the Netherlands) is not taxable in respect of income derived from the Notes and gains realised upon the redemption and disposal of the Notes, unless:

(a) the Noteholder has an enterprise or an interest in an enterprise, that is, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands to which Netherlands permanent establishment or permanent representative the Notes are attributable; or

(b) the Noteholder is entitled to a share in the profits of an enterprise that is effectively managed in the Netherlands, other than by way of securities or through an employment contract, and to which enterprise the Notes are attributable; or

(c) the Noteholder is an individual and such income or gains qualify as "income from miscellaneous activities" (*resultaat uit overige werkzaamheden*) in the Netherlands within the meaning of Section 3.4 of the Income Tax Act 2001, which include activities in the Netherlands with respect to the Notes that exceed "regular, active portfolio management" (*normaal, actief vermogensbeheer*).

4. GIFT AND INHERITANCE TAXES

4.1 Residents of the Netherlands

Generally, gift and inheritance taxes will be due in the Netherlands in respect of the acquisition of the Notes by way of a gift by, or on the death of, a Noteholder who is a resident or deemed to be a resident of the Netherlands for the purposes of Netherlands gift and inheritance tax at the time of the gift or his or her death.

An individual of the Netherlands nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, if he or she has been resident in the Netherlands during the ten years preceding the gift or his or her death. An individual of any other nationality is deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax only if he or she has been residing in the Netherlands at any time during the 12 months preceding the time of the gift.

4.2 Non-residents of the Netherlands

No gift or inheritance taxes will arise in the Netherlands in respect of the acquisition of the Notes by way of gift by, or as a result of the death of, a Noteholder who is neither a resident nor deemed to be a resident of the Netherlands for the purposes of the Netherlands gift and inheritance tax, unless:

(a) such Noteholder at the time of the gift has or at the time of his or her death had an enterprise or an interest in an enterprise that is or was, in whole or in part, carried on through a permanent establishment or a permanent representative in the Netherlands and to which Netherlands permanent establishment or permanent representative the Notes are or were attributable; or

(b) the Notes are or were attributable to the assets of an enterprise that is effectively managed in the Netherlands and the donor is or the deceased was entitled to a share in the profits of that enterprise, at the time of the gift or at the time of his or her death, other than by way of securities or through an employment contract; or

(c) in the case of a gift of the Notes by an individual who at the date of the gift was neither a resident nor deemed to be a resident of the Netherlands, such individual dies within 180 days after the date of the gift, while at the time of his or her death, being a resident or deemed to be a resident of the Netherlands.

4.3 Treaties

Treaties may limit the Dutch sovereignty to levy gift and inheritance tax.

5. OTHER TAXES AND DUTIES

No Netherlands value added tax, capital duty, registration tax, customs duty, transfer tax, stamp duty or any other similar documentary tax or duty, will be due in the Netherlands by a Noteholder in respect of or in connection with the subscription, issue, placement, allotment or delivery of the Notes.

6. EU COUNCIL DIRECTIVE 2003/48/EC

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required, from the 1st July, 2005, to provide to the tax authorities of another Member State details of payment 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).

Also with effect from 1st July, 2005, a number of non-EU countries including Switzerland, and certain dependent or associated territories of certain Member States have agreed to adopt similar measures (either provision of information or transitional withholding) (a withholding system in the case of Switzerland) in relation to payments made by a person within its jurisdiction to, or collected by such a person for, an individual resident in a Member State. In addition, the Member States have entered into reciprocal provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in a Member State to, or collected by such a person for, an individual resident in one of those territories.

SUBSCRIPTION AND SALE

Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4BB (the **Lead Manager**) has agreed, pursuant to a subscription agreement dated on or about 19 September (the **Subscription Agreement**), made between, among others, the Lead Manager and the Issuer to subscribe and pay for the (a) the Class A Notes at 100% of the initial principal amount of such Notes (b) Class B Notes at 100% of the initial principal amount of such Notes, (c) the Class C Notes at 100% of the initial principal amount of such Notes, (d) the Class D Notes at 100% of the initial principal amount of such Notes, (e) the Class E Notes at 100% of the initial principal amount of such Notes, (f) the Class F Notes at 100% of the initial principal amount of such Notes; and (g) the Class G Notes at 100% of the initial principal amount of such Notes, subject to certain conditions.

The Subscription Agreement is subject to a number of conditions and may be terminated by the Lead Manager in certain circumstances prior to payment to the Issuer. The Issuer has agreed to indemnify the Lead Manager against certain liabilities in connection with the offer and sale of the Notes.

United States of America

The Lead Manager 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**) or any state securities laws, and may not be offered or sold or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, U.S. persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state laws. The Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering of the Notes and the close of the offering(for the purposes only of this section "*Subscription and Sale*", the **Distribution Compliance Period**) within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each distributor, dealer or other person to which it sells Notes during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the later of the date of the commencement of the offering of the Notes and the close of the offering, an offer or sale of the Notes within the United States by a dealer, whether or not participating in the offering, may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

The Notes are in bearer form and are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in the preceding sentence have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

United Kingdom

The Lead Manager has represented and agreed that:

(a) it has complied and will comply with all applicable provisions of the Financial Services and Markets Act 2000 (**FSMA**), with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of

section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer.

Ireland

The Lead Manager has represented and agreed that (i) from the date on which the Prospectus Directive is implemented in Ireland, in respect of a local offer (within the meaning of section 38(1) of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland) of Notes in Ireland, it has complied and will comply with section 49 of the Investment Funds, Companies and Miscellaneous Provisions Act 2005 of Ireland and (ii) at all times:

(a) it has complied and will comply with all applicable provisions of the Investment Intermediaries Acts, 1995 to 2000 of Ireland (as amended) 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 Manager 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 (as amended or extended), it has complied with any codes of conduct made under the Investment Intermediaries Acts 1995 to 2000, of Ireland (as amended) and, in the case of a Manager acting within the terms of an authorisation granted to it for the purposes of EU Council Directive 2000/12/EC of 20 March 2000 (as amended or extended), it has complied with any codes of conduct or practice made under section 117(1) of the Central Bank Act, 1989 of Ireland (as amended); and

(b) it has only issued or passed on, and it will only issue or pass on, in Ireland or elsewhere, any document received by it in connection with the issue of the Notes to persons who are persons to whom the document may otherwise lawfully be issued or passed on.

The Netherlands

The Lead Manager has represented and agreed that this Prospectus may not be distributed and the Notes (including rights representing an interest in any Global Notes) may not be offered, sold, transferred or delivered as part of their initial distribution or at any time thereafter, directly or indirectly, to individuals or legal entities who or which are established, domiciled or have their residence in The Netherlands (**Dutch Residents**) other than to the following entities (hereinafter referred to as **Professional Market Parties** or **PMPs**) provided they acquire the Notes for their own account and trade or invest in securities in the conduct of a business or profession:

(a) anyone who is subject to supervision of the Dutch Central Bank, the Dutch Authority for the Financial Markets or a supervisory authority from another state and who is authorised to be active on the financial markets;

(b) anyone who otherwise performs a regulated activity on the financial markets;

(c) the State of the Netherlands, the Dutch Central Bank, a foreign central government body, a foreign central bank, Dutch regional and local governments and comparable foreign decentralised government bodies, international treaty organisations and supranational organisations;

(d) a company or entity which, according to its last annual (consolidated) accounts, meets at least two of the following three criteria: an average number of employees during the financial year of at least 250, a total balance sheet of at least EUR 43,000,000 and an annual net turnover of at least EUR 50,000,000;

(e) a company or entity with its statutory seat in the Netherlands other than a company as referred to in (d) above, which has requested the Dutch Authority for the Financial Markets to be treated as a professional market party;

(f) a natural person, living in the Netherlands, who has requested the Dutch Authority for the Financial Markets to be treated as a professional market party, and who meets at least two of the following three criteria: the person has carried out transactions of a significant size on securities markets at an average frequency of, at least, ten per quarter over the previous four quarters; the size of the securities portfolio is at least EUR 500,000 and the person works or has worked for at least one year in the financial sector in a professional position which requires knowledge of securities investment;

(g) a company or entity whose only purpose is investing in securities;

(h) a company or entity whose purpose is to acquire assets and issue asset backed securities;

(i) an enterprise or entity with total assets of at least €500,000,000 (or the equivalent thereof in another currency) as per the balance sheet as of the year end preceding the obtaining of the repayable funds;

(j) an enterprise, entity or individual with net assets of at least €10,000,000 (or the equivalent thereof in another currency) as of the year end preceding the obtaining of the repayable funds who has been active in the financial markets on average twice a month over a period of at least two consecutive years preceding the obtaining of the repayable funds;

(k) a subsidiary of any of the persons or entities referred to under (a)-(h) above, provided such subsidiaries are subject to consolidated supervision; and

(l) an enterprise or entity which has a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise, or which issues securities that have a rating from a rating agency that, in the opinion of the Dutch Central Bank, has sufficient expertise.

All Notes (whether or not offered to Dutch residents) shall bear the following legend:

"THIS NOTE (OR ANY INTEREST HEREIN) MAY NOT BE SOLD, TRANSFERRED OR DELIVERED TO INDIVIDUALS OR LEGAL ENTITIES WHO ARE ESTABLISHED, DOMICILED OR HAVE THEIR RESIDENCE IN THE NETHERLANDS (**DUTCH RESIDENTS**) OTHER THAN TO PROFESSIONAL MARKET PARTIES (**PMPs**) WITHIN THE MEANING OF THE EXEMPTION REGULATION UNDER THE DUTCH ACT ON THE SUPERVISION OF CREDIT INSTITUTIONS 1992 (AS AMENDED). EACH DUTCH RESIDENT BY PURCHASING THIS NOTE (OR ANY INTEREST HEREIN), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT IT IS SUCH A PMP AND IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A PMP.

EACH HOLDER OF THIS NOTE (OR ANY INTEREST HEREIN), BY PURCHASING SUCH NOTE (OR ANY SUCH INTEREST), WILL BE DEEMED TO HAVE REPRESENTED AND AGREED FOR THE BENEFIT OF THE ISSUER THAT (1) SUCH NOTE (OR ANY INTEREST HEREIN) MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED TO DUTCH RESIDENTS OTHER THAN TO A PMP AND THAT (2) THE HOLDER WILL PROVIDE NOTICE OF THE TRANSFER RESTRICTIONS DESCRIBED HEREIN TO ANY SUBSEQUENT TRANSFEREE."

France

The Lead Manager has represented and agreed that it has not offered or sold, and will not offer or sell, directly, or indirectly, the Notes to the public in France and that, offers and sales of the Notes in France will be made only to qualified investors (*investisseurs qualifies*) acting for their own account, all as defined in and in accordance with Article L.411.1 and L.411.2 of the *Code Monétaire et Financier* and decree no. 98-880 dated 1 October 1998.

In addition, each of the Managers has represented and agreed that it has not distributed or caused to be distributed and will not distribute or cause to be distributed in France this Prospectus or any other offering material relating to the Notes other than to investors to whom offers and sales of the Notes in France may be made as described above and that this Prospectus has not been submitted for approval (visa) by the *Autorité des marchés financiers* and does not constitute a public offer for sale or subscription of securities in France. The Notes may only be issued or sold, directly or indirectly, to the public in France in accordance with Articles L. 412-1 and L. 621-8 of the *Code Monétaire et Financier*.

General

Other than the approval by the IFSRA of this document as a prospectus in accordance with the requirements of the Prospectus Directive and relevant implementing measures in Ireland, no action is being taken in any jurisdiction that would or is intended to permit a public offering of the Notes, or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Notes in any jurisdiction where action for that purpose is required. This Prospectus does not constitute, and may not be used for the purpose of, an offer or solicitation in or from any jurisdiction where such an offer or solicitation is not authorised. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Notes may be distributed or published in or from any country or jurisdiction, except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

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

GENERAL INFORMATION

1. The issue of the Notes was authorised by resolution of the Managing Director of the Issuer passed on or about 19 September 2006.

2. It is expected that listing of the Notes on the Official List of the Irish Stock Exchange will be granted on or about 2006, subject only to the issue of the Global Notes. The listing of the Notes will be cancelled if the Global Notes are not issued. Transactions will normally be effected for settlement in euro and for delivery on the third working day after the day of the transaction. The estimated cost of the applications for admission to the Official List and admission to trading on the Irish Stock Exchange's market for listed securities is €5,500.

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg as follows:

	Common Code	ISIN
Class A Notes	026755344	XS0267553443
Class B Notes.....	026755433	XS0267554334
Class C Notes.....	026755450	XS0267554508
Class X Notes	026755719	XS0267557196
Class D Notes	026755492	XS0267554920
Class E Notes.....	026755557	XS0267555570
Class F Notes	026755573	XS0267555737
Class G Notes	026755603	XS0267556032

4. No statutory or non-statutory accounts in respect of any financial year of the Issuer have been prepared. So long as the Notes are listed on the Official List of the Irish Stock Exchange, the most recently published audited annual accounts of the Issuer from time to time will be available at the specified offices of the Irish Paying Agent in Dublin. The Issuer does not publish interim accounts.

5. Save as disclosed herein, the Issuer is not, and has not been, involved in any legal, governmental or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have, or have had, since the date of its incorporation, a significant effect on the Issuer's financial position.

6. The Issuer has not entered into any material contracts or arrangements, other than those disclosed in this Prospectus, since the date of its incorporation.

7. Save as disclosed in this Prospectus, since 29 June 2006 (being the date of incorporation of the Issuer), the Issuer has not commenced operations, no accounts of the Issuer have been made up and there has been no material adverse change in the financial position or prospects of the Issuer and no significant change in the trading or financial position of the Issuer.

8. Each of the Issuer Deed of Charge and the Trust Deed will provide that the Trustee may rely on reports or other information from professional advisers or other experts in accordance with the provisions of the Issuer Deed of Charge and the Trust Deed, respectively, whether or not such report or other information, engagement letter or other document entered into by the Trustee and the relevant professional advisor or expert in connection therewith contains any limit on the liability of that relevant professional advisor or expert.

9. Copies of the following documents may be physically inspected during usual business hours on any weekday (excluding Saturdays, Sundays and public holidays) at the offices of Allen & Overy LLP, Apollolaan 15, 1077 AB Amsterdam, The Netherlands and at the specified offices of the Irish Paying

Agent in Dublin for so long as the Notes are listed on the Irish Stock Exchange from the date of this document:

(a) the Articles of Association and the Deed of Incorporation of the Issuer;

(b) the Subscription Agreement; and

(c) a draft (subject to modification) of the Trust Deed;

10. The Cash Manager will, on behalf of the Issuer, provide or make available through its website (which is located at www.jpmorganaccess.com[36]) to the Trustee, for the benefit of, *inter alia*, each Noteholder, a statement to Noteholders based upon information provided in the quarterly financial report by the Master Servicer and the Special Servicer in accordance with the Servicing Agreement.

[36] The www.jpmorganaccess.com website and the contents thereof do not form any part of this Prospectus.

INDEX OF DEFINED TERMS

£ 3
€ 3
A Term Loan 233
Acceleration Notice 381
Account Bank 15
Accountholder 349
Act of 1951 104
Adjusted Available Issuer Income 305
Adjusted Loan Principal Loss 378
Administrative Cost Reserve Account 296
Administrative Cost Reserve Amount 305
Administrative Cost Shortfall 305
Administrative Cost Shortfall Drawing 286
Administrative Costs 52, 361
AFC Excess Interest Amounts 50, 363
Agency Agreement 297, 346
Agent Bank 15, 346
Allocated Loan Principal Write-Down Amount 378
Amortisation Funds 365
Anec Blau Borrower 260
Anec Blau Loan 259
Anec Blau Management Agreement 260
Anec Blau Property 259
Anec Blau Property Manager 260
Appraisal Reduction 287
Arranger 1
Assignment 149
ATU Austria Loan 214
ATU Germany Borrower 239
ATU Germany Loan 239
ATU Germany Management Agreement 239
ATU Germany Properties 239
ATU Germany Property Manager 239
Auction Value 168
Austrian Borrower 8, 214
Austrian Borrower Accounts 29
Austrian Claims 85
Austrian Credit Agreement 8
Austrian Finance Documents 6
Austrian General Partner 214
Austrian Law Transaction Documents 55
Austrian Loan 8
Austrian Loan Closing Date 28
Austrian Loan Receivables 6
Austrian Loan Sale Document 6
Austrian Loan Trust Agreement 6
Austrian Management Agreement 214
Austrian Properties 8, 214
Austrian Property 8
Austrian Property Manager 214
Austrian Related Security 6, 208
Austrian Security Agent 86

Austrian Security Agreement 28
Austrian Security Agreements 28
Austrian Security Power of Attorney 85
Austrian Seller 6, 14
Authority 164
Available Amortisation Funds 365
Available Final Redemption Funds 371
Available Funds Target Reserve Reduction Amount 305
Available Interest Rate Swap Breakage Receipts 370
Available Issuer Income 284
Available Issuer Principal 285, 365
Available Limited Sequential Principal 365
Available Prepayment Redemption Funds 371
Available Principal Recovery Funds 371
Available Pro Rata Category Three Principal 365
Available Pro Rata Category Two Principal 365
Available Pro Rata Principal 365
Available Sequential Principal 366
B Term Loan 233
Bank Account Agreement 295
Banking Act 20, 270
Bankruptcy Law 160
Barclays Group 331
Basic Terms Modification 385
BCMSL 321
Belgian Accession Agreement 6
Belgian Borrower 8, 217
Belgian Borrower Accounts 29
Belgian Credit Agreement 8
Belgian Finance Documents 6
Belgian Law Transaction Documents 55
Belgian Loan 8, 217
Belgian Loan Closing Date 29
Belgian Loan Sale Document 6
Belgian Parallel Debt 99
Belgian Property 8, 217
Belgian Related Security 6, 209
Belgian Security Agent 6
Belgian Security Agreements 29
Belgian Security Power of Attorney 99
Belgian Security Trust 6
Belgian Seller 6, 14
Bielefeld/Berlin Portfolio Borrowers 242
Bielefeld/Berlin Portfolio Loan 242
Bielefeld/Berlin Portfolio Management Agreements 242
Bielefeld/Berlin Property Managers 242
BNY 334
Borrower 10
Borrower Account 10
Borrower Accounts 10, 198
Borrowers 10
Break Costs 197
Break Costs Ledger 336
Break Costs Priority of Payments 309, 375
Break Gains 197

Business Day 50, 359, 380
Calculation Date 25, 365
Capmark 321
Caserta Property 258
Cash Cover Account 251
Cash Management Agreement 335
Cash Management Services 335
Cash Manager 16, 335
Cassina Plaza Borrowers 255
Cassina Plaza Loan 254
Cassina Plaza Management Agreement 255
Cassina Plaza Properties 254
Cassina Plaza Property Manager 255
Category One Available Final Redemption Funds 367
Category One Available Prepayment Redemption Funds 368
Category One Available Principal Recovery Funds 368
Category One Final Redemption Funds 367
Category One Prepayment Redemption Funds 367
Category One Principal Recovery Funds 368
Category Three Available Final Redemption Funds 369
Category Three Available Prepayment Redemption Funds 370
Category Three Available Principal Recovery Funds 370
Category Three Final Redemption Funds 369
Category Three Loan 366
Category Three Loans 366
Category Three Prepayment Redemption Funds 369
Category Three Principal Recovery Funds 370
Category Two Available Final Redemption Funds 368
Category Two Available Prepayment Redemption Funds 369
Category Two Available Principal Recovery Funds 369
Category Two Final Redemption Funds 368
Category Two Loans 366
Category Two Prepayment Redemption Funds 368
Category Two Principal Recovery Funds 369
CCS 193
Century Center Management Agreement 218
Century Center Property Manager 218
Certification 348
Chargor 10
Class 347
Class A Noteholders 349
Class A Notes 1, 346
Class B Noteholders 349
Class B Notes 1, 346
Class C Noteholders 349
Class C Notes 1, 346
Class D Noteholders 349
Class D Notes 1, 346
Class E Noteholders 349
Class E Notes 1, 346
Class F Noteholders 349
Class F Notes 1, 346
Class G Adjusted Interest Payment 51, 363
Class G Available Funds Cap 50
Class G Interest Amount 61, 363

Class G Noteholders 349
Class G Notes 1, 346
Class of Noteholders 347
Class of Notes 347
Class X Additional Amounts 52, 361
Class X Break Costs 309, 376
Class X Consent Notice 385
Class X Excess Spread Additional Amounts 305
Class X Excess Spread Amounts 51
Class X Floating Rate 358
Class X Floating Rate Amount 51, 362
Class X Initial Cap 51, 360
Class X Interest Rate 358, 360
Class X Noteholders 349
Class X Notes 1, 346
Class X Prepayment Fees 308, 375
Class X Principal Account 296
Classes 347
Clearstream, Luxembourg 1, 348
Closing Date 1, 24, 346
Collection Period 25, 365
Collections 11
commercial use 152
Common Depositary 348
common parts 75
Compartment 2006-02 Regulations 262
Compartment 2006-2 Regulations 18
Compensation 154
Completed Kingbu Portfolio Properties 251
Conditional Interest Amount 388
Conditions 347
Controlling Creditor 329, 357
Conversion 334
Conversion Date 181, 257
Corporate Services Provider 15
corrected 327
CPR 342
Credit Agreement 10
Credit Agreements 10
CRIPA Portfolio Borrower 248
CRIPA Portfolio Loan 248
CRIPA Portfolio Management Agreement 248
CRIPA Portfolio Properties 248
CRIPA Portfolio Property Manager 248
CRIPA PortfolioProperties 248
Cut-Off Date 10, 24
Cut-Off Date Balance 72
Cut-Off Date DSCR 182
Cut-Off Date ICR 182
Dailly law assignment 116
Data Subjects 164
Debt Service Account 199
Decision 1153/1969 162
Decision 4842/2002 161
Decree 119

Decree 239 273
Deferred Consideration 277
Definitive Notes 349
Definitive Suspension Period 108
DIA 123
Distribution Compliance Period 394
Dutch Residents 395, 396
Duty of Care Agreement 33
Duty of Care Agreements 33
Eligible Bank 296
Eligible Investments 287
English Law Transaction Document 55
English Law Transaction Documents 55
EO 87
EURIBOR 1
EURIBOR Screen Rate 359
Euroclear 1, 348
euros 3
Eurozone 360
Excepted Available Issuer Income 51, 360
Excess Interest Rate Swap Breakage Receipts 309, 376
Exchange Date 348
Expected Class X Excess Spread Amounts 360
Expected Class X Excess Spread Rate 52, 361
Extraordinary Resolution 385
fair indemnity 155
FCC 18, 261
FCC General Regulations 18
Final Maturity Date 1, 363
Final Redemption Funds 367
Finance Document 34
Finance Documents 34
Finance Parties 16
Finance Party 34
Fitch 1, 387
Fixed Rate Loans 181
Floating Rate Loans 67, 181
Flora Park Property 233
FP KG Borrower 233
FP Lux Borrower 233
Framework 82
French Account Bank 19
French Available Issuer Income 299
French Available Principal 299
French Bank Account Agreement 19
French Borrower 9
French Borrower Accounts 30
French Borrowers 9
French Credit Agreement 9
French Credit Agreements 9
French Custodian 18, 261
French Finance Documents 7
French Insolvency law 125
French Interest Rate Swap Agreement 19
French Interest Rate Swap Provider 19

French Interest Rate Swap Termination Event 268
French Interest Rate Swap Transaction 19
French Interest Rate Swap Transactions 19
French Interest Rate Swap Transactions) 268
French Issuer 6, 18, 261
French Issuer Assets 38
French Issuer Fee 39
French Issuer Liquidation Date 267
French Issuer Priority of Payments 265
French Issuer Priority Payments 266
French Issuer Regulations 18, 262
French Issuer Related Parties 19
French Issuer Related Party 19
French Law Transaction Documents 55
French Loan Closing Date 30
French Loan Closing Dates 30
French Loan Event of Default 125
French Loan Receivables 7
French Loan Sale Agreement 7, 277
French Loan Sale Document 7
French Loans 9
French Management Company 18, 261
French Master Servicer 19, 311
French Note Interest Payment Date 39
French Note Interest Period 39
French Note Maturity Date 40
French Note Pledge Agreement 55, 295, 347
French Note Principal Amount Outstanding 39, 266
French Noteholder 38
French Obligor 30
French Principal Ledger 299
French Principal Priority of Payments 299
French Properties 9
French Property 9
French Recoverable VAT 210
French Related Security 7, 209
French Residual Unit 264
French Residual Units 264
French Retail Borrower 222
French Retail Loan 221
French Retail Property 221
French Retail Property Management Agreement 222
French Retail Property Manager 222
French Retail VAT Loan 222
French Revenue Ledger 298
French Revenue Priority Amounts 298
French Revenue Priority of Payments 298
French Securitisation Law 113
French Security Agent 30
French Security Agreement 30
French Security Agreements 30
French Seller 7, 14, 18
French Servicer 18
French Servicing Agreement 18, 311
French Servicing Fee 317

French Special Servicer 19, 311
French Special Servicing Fee 317
French Subscription Agreement 6
French Sub-Servicing Agreement 19, 311
French Transaction Account 11
French Unitholder 261
French Unitholders 261
FSMA 394
General Account 198
German Accession Agreements 7
German Accessory Security Agreements 7
German Borrower 9
German Borrower Accounts 31
German Borrowers 9
German Credit Agreement 9
German Credit Agreements 9
German Finance Documents 132
German Law Transaction Documents 55
German Loan Closing Date 31
German Loan Closing Dates 31
German Loan Sale Documents 7
German Loans 9
German Mortgage 132
German Mortgages 132
German Non-Accessory Security Agreements 7
German Obligor 31
German Properties 9
German Property 9
German Related Security 7, 210
German Related Security Trust 55, 295
German Security Agent 7
German Security Trust 347
German Security Trust Agreement 7
German Security Trust Agreements 7
German Security Trusts 7
German Seller 7, 14
German Supermarket Portfolio Borrowers 236
German Supermarket Portfolio General Partners 236
German Supermarket Portfolio Loan 236
German Supermarket Portfolio Properties 236
German Transfer Certificates 7
Global Note 348
Global Notes 1
GmbH 137
GmbH Act 137
GmbH Borrower 252
GmbH Management Agreement 252
Grade 135
Grades 135
Guarantor 10
Guarantors 10
GWB Borrower 236
GWB General Partner 236
GWB Management Agreement 236
holder of Notes 349

IFSRA 1
Implied Continuation 137
Injunction Order 154
Insolvency Code 143
Insurance Policies 77
Insurance Policy 77
Interest Determination Date 358
Interest Payment 358
Interest Period 358
Interest Rate Swap Agreement 16
Interest Rate Swap Breakage Receipts 370
Interest Rate Swap Breakage Receipts Ledger 336
Interest Rate Swap Breakage Receipts Priority of Payments 309, 376
Interest Rate Swap Confirmation 47
Interest Rate Swap Provider 16, 181
Interest Rate Swap Tax Event 290
Interest Rate Swap Termination Event 290
Interest Rate Swap Transaction 16
Interest Rate Swap Transactions 16, 289
Interest Residual Amount 388
Investment Tranches 221
Irish Paying Agent 15, 346
Irish Stock Exchange 1
ISDA 16
Issuer 1, 14, 179, 346
Issuer Accounts 296
Issuer Assets 311
Issuer Charged Property 354
Issuer Corporate Services Agreement 297
Issuer Corporate Services Fee Letter 297
Issuer Deed of Charge 14, 54, 293, 347
Issuer Loan 321
Issuer Loans 321
Issuer Parent 16
Issuer Related Parties 17
Issuer Related Party 17
Issuer Secured Creditors 14, 293, 353
Issuer Security 54, 294
Issuer Share Capital Account 296
Issuer Transaction Account 11, 296
Italian Account Bank 20
Italian Accumulation Period 64
Italian Agency Agreement 20, 275
Italian Available Issuer Income 300
Italian Available Principal 301
Italian Bank Account Agreement 20
Italian Borrower 9
Italian Borrowers 9
Italian Cancellation Date 274
Italian Computation Agent 20
Italian Condition 41
Italian Corporate Services Agreement 21
Italian Corporate Services Provider 21
Italian Credit Agreement 9
Italian Credit Agreements 9

Italian Custodian 15
Italian Data Protection Code 164
Italian Deed of Charge 11, 43, 275
Italian Deed of Pledge 11, 42, 274
Italian Event of Default 302
Italian Finance Documents 8
Italian Intercreditor Agreement 43, 274
Italian Interest Rate Swap Agreement 22
Italian Interest Rate Swap Provider 22
Italian Interest Rate Swap Termination Event 276
Italian Interest Rate Swap Transaction 22
Italian Interest Rate Swap Transactions 22, 275
Italian Issuer 7, 20, 270
Italian Issuer Acceleration Notice 36, 272
Italian Issuer Event of Default 272
Italian Issuer Fee 42
Italian Issuer Parent 20
Italian Issuer Parent Corporate Services Agreement 21
Italian Issuer Parent Corporate Services Provider 21
Italian Issuer Related Parties 22
Italian Issuer Related Party 22
Italian Issuer Secured Creditors 11, 42
Italian Law Transaction Documents 56
Italian Loan Assignment Agreement 8
Italian Loan Closing Date 32
Italian Loan Receivables 8
Italian Loan Sale Documents 8
Italian Loans 9
Italian Mandate Agreement 43, 275
Italian Master Servicer 21, 311
Italian Note Interest Payment Date 42
Italian Note Interest Period 41
Italian Note Maturity Date 44
Italian Note Principal Amount Outstanding 41, 272
Italian Noteholder 41
Italian Notes Security 11, 43, 275
Italian Paying Agent 21
Italian Post-Enforcement Priority of Payments 302
Italian Principal Ledger 299
Italian Principal Priority of Payments 301
Italian Priority of Payments 302
Italian Properties 9
Italian Property 9
Italian Related Security 8, 211
Italian Revenue Ledger 299
Italian Revenue Priority Amounts 300
Italian Revenue Priority of Payments 300
Italian Securitisation Law 20, 145, 270
Italian Security Agreements 32
Italian Seller 8, 14, 20
Italian Servicer 21
Italian Servicing Agreement 21, 311
Italian Servicing Fee 317
Italian Shareholders' Agreement 11
Italian Special Servicer 22, 311

Italian Special Servicing Fee 317
Italian Subscription Agreement 7
Italian Sub-Servicing Agreement 21, 311
Italian Transaction Account 11
JMPCB 334
JPMorgan 334
KG 137
KingBu Portfolio Borrowers 252
Kingbu Portfolio Loan 251
Law 2/81 173
Law 29/1994 170
Law 392/78 ..... 152, 153
Lead Manager 1, 394
Leases 10
Ledgers 336
Lender 16
Lending Criteria 108, 181
Liquidation Fee 327
Liquidity Drawing 287
Liquidity Drawings 287
Liquidity Facility 284
Liquidity Facility Agreement 47, 284
Liquidity Facility Provider 15
Liquidity Ledger 336
Liquidity Requisite Ratings 287
Liquidity Stand-by Account 287, 296
Liquidity Stand-by Drawing 287
Liquidity Subordinated Amounts 288
Loan 10
Loan Closing Date 32
Loan Closing Dates 32
Loan Event of Default 69
Loan Hedge Counterparty 35
Loan Hedging Arrangement 35
Loan Hedging Arrangements 35, 200
Loan Income Deficiency Drawing 284
Loan Interest Payment Date 11, 24
Loan Interest Period 25
Loan Maturity Date 33
Loan Pool 10
Loan Principal Loss 378
Loan Protection Advance 325
Loan Protection Drawing 285
Loan Sale Document 8
Loan Sale Documents 8
Loan Security 10
Loan Warranties 36, 282
Loans 10
Local Business Day 24
Local Liquidation Fee 318
Local Loan 311
Local Loans 311
Local Restructuring Fee 318
Local Servicer 311
Local Servicer Termination Event 318

Local Servicers 311
Local Servicing Agreement 312
Local Servicing Agreements 312
Local Servicing Fee 317
Local Special Servicing Fee 317
Malakoff Borrower 225
Malakoff Investment Tranche 224
Malakoff Loan 224
Malakoff Portfolio 225
Malakoff Portfolio Property Managers 225
Malakoff Property 224
Malakoff Property Management Agreement 225
Malakoff Property Manager 225
Malakoff VAT Tranche 224
Management Agreement 234, 245
Managing Agent 195, 234
Managing Agents 195
Margin 50
Master Definitions Schedule 297, 347
Master Loan Sale Agreement 6, 277
Master Servicer 15, 311
Material Breach of Loan Warranty 282
Maximum Loan Drawing Amount 284
Minimum Interest Rate Swap Provider Ratings 291
Montrouge Borrower 227
Montrouge Management Agreement 227
Montrouge Portfolio Loan 226
Montrouge Portfolio Property 226
Montrouge Property Manager 227
Moody's 1, 388
Most Senior Class of Notes 347
Motion 153
Nanterre Borrower 220
Nanterre Loan 220
Nanterre Management Agreement 220
Nanterre Property 220
Nanterre Property Manager 220
Netherlands Law Transaction Documents 56
Netto Borrower 236
Netto General Partner 236
Netto Management Agreement 237
Netto Portfolio Borrower 245
Netto Portfolio General Partner 245
Netto Portfolio Loan 245
Netto Portfolio Properties 245
Netto Portfolio Property Manager 245
Non-completed Kingbu Portfolio Properties 251
North Property Investment Tranche 221
North Property VAT Tranche 221, 222
Note Event of Default 381
Note Interest Payment Date 1, 50, 358
Noteholders 25, 346, 349
Notes 1, 346
Notice of Intention 149
Notice of Title 149

Obligor 2, 10
Obligors 2, 10
Occupational Lease 10
Official List 1
One Year Suspect Period 160
OPCVM 113
Operating Adviser 16, 329, 357
Order 153
Originator 28, 190
Other Belgian Obligor 217
Other Italian Issuer Secured Creditors 43
Paying Agents 15, 346
Payment Day 379
Permanent Global Note 1, 348
PH 7, 165
PMPs 395, 396
Pomezia Borrower 257
Pomezia Loan 257
Pomezia Properties 258
Pomezia Property 258
Pomezia Property Manager 257
Portfolio 10
Post Write-off Recovery Funds 310, 371
Post Write-off Recovery Funds Ledger 336
Post-Acceleration Priority of Payments 306
Post-Enforcement/Pre-Acceleration Priority of Payments 306
pounds 3
pounds sterling 3
Pre-Acceleration Principal Priority of Payments 306
Pre-Acceleration Revenue Priority of Payments 303
Pre-Enforcement Priority of Payments 301
Preliminary Suspension Period 108
Prepayment Fees 34
Prepayment Fees Ledger 336
Prepayment Redemption Funds 367
Previous Bankruptcy Regime 173
Principal Amount Outstanding 49, 379
Principal Ledger 336
Principal Paying Agent 15, 346
Principal Recovery Funds 367
Priority of Payments 307
Professional Market Parties 395
Properties 10
Property 10
Property Management Agreement 260
Property Management Agreements 260
Property Manager 260
Property Managers 260
Prospectus 1
Prospectus Directive 1
Qualifying Bank 336
Quota 211
Rate of Interest 358
Rating Agencies 1, 388
Receivable Related Personal Data 164

Recoverability Determination 325
Recoverable VAT 196
Recovery Plan 108
Reference Banks 359
Reform 149
Regulation S 1
Reimbursement Rate 325
Related Security 10
Relevant Borrower 10
relevant date 380
relevant Finance Document 34
Relevant Lender 194
Relevant Lenders 194
Relevant Security Agent 10, 14
Relevant Seller 14
Relevant Servicer 15
Relevant Servicers 15
Relevant Servicing Agreement 10
Rent Account 10, 198
Rental Deposit Account 199
Report on Title 194
Representative of the Italian NoteholderS 20
Required Amount 205
Responsible Person 2
Restructuring Fee 327
Revenue Ledger 336
Revenue Priority Amount Drawing 286
Revenue Priority Amounts 286, 303
S&P 1, 388
Sales Account 200
SARL 116
Sarl Borrower 252
Sarl Management Agreement 252
SCI 116, 130
SEC 1
Securities Act 1, 394
Security Agent 10, 14
Security Interest 279
Security Interests 279
Security Trust Agreement 207
Security Trust Agreements 207
Seller 14
Sellers 14
Senior Administrative Costs 52, 361
Sequential Trigger Event 374
Servicer Call Option 376
Servicer Termination Event 328
Servicing Agreement 321
Servicing Fee 327
Servicing Standard 312
Share Charge 33
Share Charges 33
Shareholder Agreement 179
Shortfall 382
Six Month Suspect Period 160

SPA Claims 8
Spanish Borrower 32, 260
Spanish Borrower Accounts 32
Spanish Credit Agreement 10
Spanish Insolvency Law 173
Spanish Law Transaction Documents 56
Spanish Loan 10
Spanish Loan Closing Date 32
Spanish Loan Sale Document 7
Spanish Master Servicer 23, 312
Spanish Obligor 32
Spanish Property 10
Spanish Related Security 7
Spanish Security Agent 32
Spanish Security Agreements 32
Spanish Seller 7, 14, 23
Spanish Servicer 23
Spanish Servicing Agreement 23, 312
Spanish Servicing Fee 317
Spanish Servicing Power of Attorney 312
Spanish Special Servicer 23, 312
Spanish Special Servicing Fee 317
Spanish Subscription Agreement 7
Spanish Sub-Servicing Agreement 23, 312
SPE 68
Special Servicer 15
Special Servicing Event 322
Special Servicing Fee 327
Specially Serviced Loan 322
Stabilising Manager 3
sterling 3
Stock Exchange 362
Subordinated Creditors 212
Subordinated Debt 212
Subordinated Interest Rate Swap Amount 305
Subordination Agreement 33
Subordination Agreements 33
Subscription Agreement 394
Suspect Period 128
Target Administrative Cost Reserve Amount 306
TARGET Business Day 359
Tax Deduction 197
Tax Payment 197
Tax Reserve Ledger 305, 336
Taxes 380
Taxes Act 336
Temporary Global Note 1, 348
Tenants 10
Terms and Conditions of the French Notes 265
Terms and Conditions of the Italian Note 41
Terms and Conditions of the Italian Notes 271
Toulouse 1 Borrower 228
Toulouse 1 Loan 228
Toulouse 1 Management Agreement 229
Toulouse 1 Property 228

Toulouse 1 Property Manager 229
Toulouse 2 Borrower 230
Toulouse 2 Loan 230
Toulouse 2 Management Agreement 231
Toulouse 2 Property 230
Toulouse 2 Property Manager 231
Transaction Document 56
Transaction Documents 56
Trust Deed 14, 291, 346
Trustee 14, 346
Two Year Suspect Period 160
U.S. Persons 1
Units 261
UST 157
Usury Law 151
Usury Law Decree 152
Usury Rates 151
Usury Regulations 152
Valuation 28
Valuations 28
Valuer 28
VAT Loan 26
Villeneuve d'Ascq Investment Tranche 224
Villeneuve d'Ascq Property 224
Villeneuve d'Ascq Property Management Agreement 225
Villeneuve d'Ascq Property Manager 225
Villeneuve d'Ascq VAT Tranche 224
West/East Property Investment Tranche 221
West/East Property VAT Tranche 221, 222
ZVG 134

ISSUER

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